

EVENING SITTING

COMMITTEE OF THE WHOLE

**Bill No. 61 -- An Act to amend The Municipal Revenue Sharing Act**

Clauses 1 to 3 inclusive agreed to.

The committee agreed to report the Bill.

**Bill No. 62 -- An Act to amend The Assessment Management Agency Act**

**The Chair:** -- I would ask the minister to introduce the officials who have . . . Perhaps we'll wait for the officials to come in and then ask her to introduce them.

**Hon. Ms. Carson:** -- Thank you, Mr. Chairman. I would like to introduce the officials. John Edwards is to my right; he is the director of policy and legislative services. And behind me is Lorne Tangjerd from that department.

**Clause 1**

**Mrs. Bergman:** -- Thank you, Mr. Chairman. Welcome, Madam Minister, and to your officials as well. I appreciate the opportunity to say a few words about this Bill in clause 1 debate. My comments will take up only about 10 minutes, and I'll have a few questions at the conclusion.

The issue of changing the system of property assessment in Saskatchewan is both complex and contentious. The current administration inherited the problem from the past administration and has, in fairness, embarked upon extensive consultation.

Unfortunately the RMs (rural municipality) who have attended those discussions, the individuals who will be most affected by the government's action or inaction with respect to the Assessment Management Agency, have been left with the feeling that they have not been heard. After the months and months of discussion as to how to improve the system of property assessment, the substantive issue remains unaddressed and is likely to remain so for some time.

What has been changed as a result of this legislation is that the provincial government will offload a considerable amount of its financial responsibility for property tax assessment onto the municipalities. What does this mean in terms of cost to municipalities? It will cost the RM of Benson \$2,361 last year and \$6,308 next year. The village of Marshall, \$950 last year and \$2,455 next year. The RM of Pense, \$4,356 last year and \$11,637 this year. The RM of Saskatchewan Landing, \$1,675 last year and \$4,475 or 167 per cent increase.

I have listened on many occasions to the ministers of cabinet talk about how difficult it is to absorb costs being offloaded by the federal government, and I'm

certain that there will be even more opportunities to hear those laments in the future. But it is interesting that the Minister of Municipal Government, the minister responsible for SAMA (Saskatchewan Assessment Management Agency) has little hesitation in offloading the costs of SAMA to the municipalities.

There were some interesting discussions at this year's SARM (Saskatchewan Association of Rural Municipalities) convention, Mr. Chairman, when local RMs asked why they should collect property taxes for education on behalf of the province when they're being asked to bear the lion's share of the associated assessment costs.

While the minister has resolved nothing on the issue of property assessment, she has managed to alienate almost every RM in Saskatchewan by dumping these increased costs in their laps. Just how does the minister expect to foster the mutual cooperation that will be needed to proceed to the next stage of SAMA reform when this is the working relationship she has created?

I would remind the minister that we raised concern about this issue during question period on March 8, 1994 in response to the dozens of letters we had received. Since then we have received considerable additional complaints from the municipalities across the province. Last year the government provided SAMA with \$7.5 million. This year the government will provide only a total of 6 million and next year the government will only provide 4 million.

The service is still necessary, but the provincial government has left the municipalities to raise the money themselves. Currently municipalities pay 13 per cent of the cost of SAMA. When the government passes this legislation -- as it will quite likely do -- the 1994 municipal share will move to 35 per cent of those costs and by 1996 municipalities will be bearing 77 per cent of SAMA's costs. This Bill is a case of offloading. There are other features and other details but the essential issue here is cost. This legislation simply confirms the warning in this year's estimates that there will be a decrease in funding to SAMA. As a direct result of this legislation the cost to municipalities for assessment services will go up.

When you announced the proposed changes on May 3, Madam Minister, you said, and I quote: this Bill gives local government more financial responsibility for these services. More responsibility indeed, Mr. Chairman. Local municipalities will have more responsibility because they will have to shoulder an even greater portion of the cost of assessment services. And this raises questions of affordability of those services.

Others have noted that in two different RMs there are huge differences in the level of the increase. They raise serious concern about the mechanics of assigning costs. We have letters from a number of RMs requesting the government to reconsider their decision to offload the cost of assessments. Many of

the organizations that contacted our offices noted that the rising costs of this nature, without any appreciable increase or improvement in service, brings into question whether SAMA should exist at all. The Act provides for municipalities to arrange for their own valuation services. Municipalities could therefore find their own solution to the task of performing assessments. That poses the question as to how viable the continued existence of SAMA would become, whether SAMA could justify continued funding from tax resources.

Can the minister tell me what number of communities would have to opt out of SAMA before the few who remain would be unable to cover the cost?

**Hon. Ms. Carson:** -- That's not an easy question to answer because the formula that SAMA uses to calculate the requisition is very complex and it has a number of different variables in it. So it is not at this time apparent what those costs could be or might be. Certainly it's something that the board of directors and SAMA management will have to study carefully as they go through the transition phase for the next year or year and a half.

**Mrs. Bergman:** -- I find it incomprehensible that so many decisions are made without concern for the long term, without consideration for the impact they will have on Saskatchewan, particularly on rural Saskatchewan.

There are some critical changes which will be necessary to our system of property tax assessment, changes which are long overdue, but about which there still has been no consensus reached. Rather than alienate those who will be critical to achieving that consensus for the really important changes, I suggest that the minister should refrain from making nickel-and-dime changes to the SAMA Act until she has the whole package together and a new system to propose.

Madam Minister, could you explain why the decision has been made to separate the funding for SAMA from the issue of tax assessments.

**Hon. Ms. Carson:** -- Tax assessment -- I'm not quite sure what you're talking about. We have property assessment. Taxation comes from applying a mill rate to a valuation system, so tax assessment has no functional meaning. And maybe you would rephrase that question, and I'd better be able to answer you.

**Mrs. Bergman:** -- I'll have to admit that I'm not clear on that question myself, so I'll move on to the next question.

I know that we have received an enormous amount of mail on this issue, and I would like to know if the minister has held any further follow-up meetings since the SARM convention.

**Hon. Ms. Carson:** -- Well I don't think any issue has been discussed and has had more consultations around it than the issue of SAMA and the mandate and

the function of SAMA. We began our consultations about future change in SAMA in probably December 1991, and it has been ongoing since that time. I can give to you a list, a long list, of the meetings that we've had both with SARM and SAMA and SUMA (Saskatchewan Urban Municipalities Association) and SSTA (Saskatchewan School Trustees Association) and with individual municipalities, from the largest cities to the RMs to many small urbans.

We've discussed the issue at length in both the conventions, the SUMA and SARM convention. In many respects SUMA does support the initiative that we've taken and the direction that we're going. SARM had a number of municipalities who had expressed concern. But in the end after the SARM convention, the SARM board of directors passed a resolution, and I don't have it here but I certainly will get my officials to look at it. And in essence that resolution said two things: one -- this is from the SARM board of directors in early March -- that they ask the provincial government to fund the core services part of the agency and to fund it from the Consolidated Fund; and second, they said that they would support a move where municipalities would pay for field services either on a requisition basis or from fee for service.

Now I don't have the verbatim of that, but I certainly can get that resolution and pass it over to you. That was passed by the board of directors of SARM in early March after their convention.

So I guess to conclude, we have tried to arrive at a consensus, realizing that this is very difficult, and the issue of costs is extremely important as they look at their own budgets. And we have tried to accommodate all of their concerns.

I will read to you, though, a portion of a letter, and I will table it as well. This letter comes from the local government federation which is made up of SUMA and SARM and SSTA and it says:

I am writing to provide you with the positions of local government federation on Bill 62, An Act to amend The Assessment Management Agency Act. Representatives of the Saskatchewan Urban Municipalities Association, Saskatchewan Association of Rural Municipalities, and the Saskatchewan School Trustees Association met May 5, 1994 to review the proposed amendments and identify some areas of concern. In general the local government federation supports the legislation and appreciates your interest in achieving consensus on the following amendments.

(1915)

**Mrs. Bergman:** -- Thank you. I would appreciate having a copy of that agreement or resolution.

It is interesting that your government has been so resistant to allowing time for public debate on labour standards or The Trade Union Act or no-fault

insurance. The argument being advanced is that the ministers believe that discussions have gone on long enough -- enough for those issues -- even though the Bills haven't been out for more than a few weeks.

At the same time SAMA has been kicking the tax assessment issue around for years and we now hear that the decision could be put off until 1997. I wonder if you could tell me what the actual timetable is for the complete overhaul of SAMA, including the assessment base; and what is preventing you from bringing in a proposal for discussion at this stage? Or are you close to that point?

**Hon. Ms. Carson:** -- Well what we are doing at this point in time, is constructing an agency that has a capacity to do those things that you talked about in regard to property assessment -- not property taxation, but property assessment of property valuation.

When SAMA was formed in 1987, it was given an enormous amount of responsibility, but very little power to actually complete its work. And what we have done over the past two years, is finish the work of making SAMA a workable and functional agency. And this has taken a fair amount of dialogue and consensus forming.

And we believe the first step into achieving a reassessment system in Saskatchewan -- a property valuation system that is fair and equitable and based on current standards -- the first step is to develop an agency that actually has a capacity to find out from its stakeholders, what the needs are and how to implement those new assessment reforms.

So what we have is a Bill, first of all, that makes SAMA functional and the second step will be, as we go through the annual meeting and the resolutions that are coming from the various stakeholders, is try to achieve a consensus about what form reassessment will take. And at that point in time, then we'll move forward if required on legislation. But the form of that legislation is not at all clear and there is, at this point in time, no consensus whatsoever amongst the stakeholders, who are the municipal governments, about what reassessment means in Saskatchewan and what direction it should take.

**Mrs. Bergman:** -- Thank you. Could you review for me exactly how this legislation puts SAMA on the road to being able to do those things.

**Hon. Ms. Carson:** -- The legislation has a number of forms to it. What is not included in it, of course, is any issues related to reassessment. But it talks about the process through which the stakeholders will work on all issues regarding property valuation and property management and so on.

So I guess what I will say is, this Act deals first with the funding of the agency and establishes the commitment by the provincial government to fund the core services by \$4 million consistently from the Consolidated

Fund -- the provincial Consolidated Fund. Core services means policy development and research, data and information services, quality assurance services, and preparation of the manuals. That is the nerve centre of SAMA. That is where work is done.

The second part of this Act talks about the field services, which are the inspection services at the municipal level. Field services is that part of the assessment program that develops the assessment roll on which the municipalities base their tax roll. And that's another portion of this Act.

This Act also talks about the board, and how the board will be constructed. And the Act also talks about an annual meeting of all the stakeholders where the board of directors will provide an annual report and a budget and hopefully a strategic plan on how to move forward on assessment services. So in a nutshell that is the content, leaving out a lot of the details of course, but that is a general overview of this Bill.

**Mrs. Bergman:** -- Thank you. I've been handed five or six amendments here. Could you possibly explain what their impact on the legislation is?

**Hon. Ms. Carson:** -- The House amendments. When we put the Bill together there were a number of clauses that we had put in, and after talking to the local government federation and to SUMA and SARM, we decided that we would change a couple of the clauses in order to accommodate some of their wishes.

One clause talks about the need to go back to municipalities after the annual convention to have them pass a resolution, either supporting or rejecting any intended legislative changes that are recommended from the annual meeting. This would have had possibly a negative affect on trying to move forward with reassessment because it was a double process where first they go to an annual meeting and vote for legislative changes and then they would have had to go back and vote in their individual councils a second time. And this was felt to be redundant by a number of the municipalities and would have possibly interfered with the process of the annual meeting. So on their advice we withdrew that part in our Act that talks about going back to municipal councils, which is section 7.

The other part in the Act that we have brought in as a House amendment deals with how SAMA can collect on their requisitions, and on section 10 of the printed Bill it talks about the ability of SAMA, the agency, to withhold confirmation for municipal purposes if municipalities fail to pay their requisition.

On the request of -- section 9, pardon me -- on the request of the local government federation we are removing that and we're saying that if a municipality fails to pay its requisition, then the SAMA board of directors will not confirm their assessment role, and therefore you cannot apply taxes either on a school base, or on a municipal base, or a health base. In other words the tax roll is not legitimate and cannot be used

for any tax purposes. Originally in the Bill it was designed only for municipal tax purposes but we expanded that at the request of the local government federation to include all those services that come off the property tax.

**Mrs. Bergman:** -- Can I assume then that section 4, 6, and 10 don't have any particular meaning?

**Hon. Ms. Carson:** -- Yes, section 10 was a request by the boards of education to include that, in which it says is, that before a municipality will choose -- you might use the words opting out -- but will choose to do its own assessment services that they will consult with the local boards of education first before they make any major decisions regarding the services that are provided by SAMA. So it's merely a clause in there to ensure that the boards of education are consulted by their local government partners before there is any move made that will impact them negatively.

**Mrs. Bergman:** -- Thank you. In closing, I'm curious if you can quantify for me what level of support or opposition there is for these proposed changes. You've spoken a bit about it but I wonder if you might quantify that for me and for the changes to the actual basis for assessment itself and what you see actually changing in terms of support or opposition if you wait until 1997 or so to finish the legislative work.

**Hon. Ms. Carson:** -- Well there is no point to wait to 1997. I guess I'm not quite sure how to answer this except to go back to the beginning. SAMA is an arm's-length agency that is under the direction and control of municipal governments and it establishes the protocol for assessment services in Saskatchewan.

Now there are a number of changes that are going to be required in the forthcoming years to update our assessment system. This Bill does not deal with it, but it deals with the mechanism how we arrive at a consensus to move reassessment forward. There is no point at this point in time in holding up the Bill until we can go into reassessment because this is a tool that you need in order to move reassessment forward and to make sure that the partners in the system have been given an opportunity to develop an assessment system that they want and have actually bought into it. And the annual meeting and all the processes that we've outlined here provides for them that opportunity, to have their say and to influence the future direction of reassessment in Saskatchewan.

**Mrs. Bergman:** -- Thank you for going over that again with me. You know it much better than I do and you explain it well. I'll turn it over to the Leader of the Opposition who I believe has a few questions.

**Mr. Swenson:** -- Thank you, Mr. Chairman, that was very nice.

Madam Minister, I've listened very intently to your responses to the member from Regina. One thing sort of mystifies me about this process. You're into this consultation, and you're going to have this convention. But as I understand it, at the end of the

day it all has to come back to the local level for ratification -- council by council by council. So how are you going to talk anybody into attending in the first place -- to send delegates, to spend the money, to do all of these things -- if ultimately they have to deal with it at home? The annual meeting's a good idea, and everybody gets it off their chest, but I'm getting a mixed signal here about why people should invest in this.

**Hon. Ms. Carson:** -- Well thank you for that question. And as we developed this Bill, we talked to a number of municipalities that were frustrated with their inability to have their voices heard at SAMA and what they thought was a lack of responsiveness and a lack of accountability from SAMA back to the stakeholders.

And so what we wanted to put in were a number of checks and balances, so SAMA couldn't get out too far ahead of where the municipalities were and that the local municipal politicians had an opportunity to discuss what was happening at their councils with their local ratepayers if they needed to, before there were major changes made that possibly they wouldn't agree with. So as we developed the Bill, we put that mechanism in as a check-and-balance system.

As we talked further with the municipal governments about this, they brought up the very issue that you talked about, was when you go back to the municipalities of course then you are in danger of overruling a decision that was made by the stakeholders at the annual meeting. And so section 7 of the House amendment takes out of this Bill the very problem that you have identified. And so you don't have a double-jeopardy situation developing. You vote on it once at the annual meeting and that's the conclusion of it, and everybody will be given an opportunity to speak and to have their voices heard at that point.

**Mr. Swenson:** -- Perhaps what we need to do then, is you need to go through these amendments and give us an overview of each one, because I looked at this in section 7 and didn't get the same interpretation you have. So perhaps for our clarification, why don't you run through the amendments and give us a clear understanding of what you're trying to fix? And then we'll see if you've fixed it or not. How's that?

**Hon. Ms. Carson:** -- Are you talking about the House amendments or . . . I mean there are many, many amendments in the Bill but there's really only a few House amendments that are key.

**An Hon. Member:** -- The House amendments.

(1930)

**Hon. Ms. Carson:** -- Yes, I will. And I went over them a few minutes ago with the member from North West, but I'd be pleased to go over them again because they are somewhat complicated.

Section 4 of the printed Bill, which says, amend

section 6(4) of the Act, which is . . . it just cross-references another section. All right? Let me put it to you this way. Section 7 is the section that takes out the system of going back to municipalities for that double-jeopardy vote, which is section 3 and 4. Section 3 and 4 on page 8 of your printed Act will be eliminated. Not section 4; just section 3. I'm sorry.

Section 3 deals with where a majority of councils passed a resolution after the annual meeting. That's being eliminated. That's one House amendment.

The other House amendment is section 9 of the printed Act, and it takes out the word "municipal" in section 11. Move to page 11 . . . subsection 11 and where it says:

(11) Notwithstanding any other Act, where the agency withholds confirmation of the assessment roll pursuant to clause (10)(b), the withholding applies only to the use of the assessment roll for the purposes of levying municipal taxes . . .

Well we have taken out the word "municipal," and it reads "for the purpose of levying taxes" which will include education taxes, health taxes, library taxes and municipal taxes. So that's the change there.

The other change is section . . . subsection 22 . . . Page 12, section 22, where we are adding in the recommendation that:

. . . the council of any other municipality may decide at the municipality . . .

And then we're adding in:

, after consultation with all boards of education on behalf of which it authorizes levies, by itself or in conjunction with another organization or municipality, shall carry out its own valuations and revaluations, either directly or in some other manner, in accordance with the appropriate municipal Act . . .

So this is where we have made sure that boards of education have an opportunity to be consulted before municipalities take action.

**Mr. Swenson:** -- Okay. Thank you very much. What are you going to do if the RMs that have already publicly said they're not going to pay you, what are you going to do if they hold fast? I mean we have them in bunches now saying that they simply will not pay this assessment. What legally are . . . what's your Act say? What are they facing in the way of repercussions from the provincial government if they don't pay their assessment?

**Hon. Ms. Carson:** -- Well first of all let me correct what you say. They don't pay us. Their requisitions are not paid to the provincial government. Their requisitions are paid to SAMA which is their agency, their organization. We don't see that as our organization or an arm of government, so I wanted to

make that clear first.

Right now there is an obligation for municipalities of course to pay their requisition. It's already in the old Act, and the SAMA can actually take court action and sue them, and that has happened in the past, and still has the ability to happen as well.

But you're right. There is a lot of talk around that issue. We believe as we go out to the district and regional meetings with SUMA and SARM, and with the leadership of the president of SARM and SUMA, there will be a lot less controversy as those municipalities understand this Act and the ability it gives to them to control those costs.

But within this Act, as I said, there's always a choice that SAMA can go to court to collect; but what we have specifically in this Act says, number one, that where a requisition is not paid by the municipality then SAMA has the ability to withhold confirmation of their assessment roll. And if there is no confirmation of their assessment roll then they cannot levy taxes because it will be an illegal assessment roll and there will be no basis on which they can apply their tax mill rate.

So first of all that is one very, very strong act that SAMA can take. There is another one which is subsection (12), on page 11, which says that where a municipality has decided that they will not pay their requisition then SAMA can come to the provincial government and ask the provincial government to transfer that amount of money to them from their revenue-sharing allocation.

So there are two avenues I suppose besides the court avenue. One being simply withholding confirmation of their assessment roll; but another one being that they can make sort of a third-party demand on the revenue-sharing account that the provincial government holds for that municipality.

**Mr. Swenson:** -- But are not these potential penalties unequal? Because as I understand the process, and you can correct me if I'm wrong, the four major cities have assessment agencies over and above, and have the ability to put their tax roll in place to do all sorts of things that other jurisdictions don't have.

So one of the complaints all along with SAMA has been that those people, which is a large part of the population, have always been able to sort of manage their own end of the business whereas other people are totally dependent on the provincial agency in order to do their assessment. So you can't penalize Regina, Saskatoon, Moose Jaw, or Prince Albert because they have their own assessment agencies. Therefore they are different than everyone else.

So these rural RMs that are telling you that they're not going to pay their assessment, their levy, you can withhold part of their funding, you can take them to court, you can do all sorts of things. Do you consider that to be fair, that they aren't all treated the same?

**Hon. Ms. Carson:** -- Well I'm really glad you asked that question because we are now treating them the same. When the Act was brought forward in 1986, the old Act said that the four largest cities with their own field services could do their own assessment, field inspections. We're not talking about anything other than property inspections. So the four largest cities always had their own assessors and they never paid a requisition ever to SAMA. And SAMA only provided them with what you would call a manual on which they do their assessment.

In this Act we have made all municipalities equal to the four largest cities. And what we have said is if you want to do your own assessment services, inspection services -- like Saskatoon, Regina, Prince Albert, Moose Jaw -- you now have that opportunity.

So when you say we treat them different . . . any municipality that chooses to do their own assessment services, property inspection services, like the four largest cities, will not get a requisition because they will be indeed paying for their own services to develop their own assessment roll, just like Saskatoon and Regina does now. So Saskatoon and Regina are an example of where we want to go with all municipalities in Saskatchewan. And there will be an equal playing field and it's just the point that you have made that we have moved on.

**Mr. Swenson:** -- Madam Minister, I mean a lot of the RMs that were mentioned by the member from Regina North West, and the type of requisitions that they're dealing with, will tell you that their need in a given year is nowhere close to that. So in effect what you're saying is go out and we will have 4 or 500 different agencies.

I mean why would I buy in if I do two assessments a year? And in a lot of rural cases, that would be it -- two or three. And the further away you get away from a city, the less need there is to do it. So on one hand you say well, go ahead and do it, and then there's no requisition. So if they all take you up on it, at some place here it's not going to work. On the other hand you've got a bunch of rules in place to penalize people.

Now the nine RMs north of Saskatoon, and some of the ones down on the border, wouldn't be telling you what they're telling you if there obviously wasn't a lot of displeasure with what's being contemplated. And I'm told that they understand a lot of what you're proposing here fairly well. This is in the last two weeks. And your officials have been talking to them, and consulting with them, and they're still very unhappy.

What are you going to do if they all take you up on your proposal that they can all be treated like Saskatoon and Regina? Where does that leave us? Everybody doing their own thing -- tell me that.

**Hon. Ms. Carson:** -- Well you have to understand what we're talking about here. We're talking about a field inspection service where the field inspectors go

out and do the inspection of the property and from that inspection develop an assessment roll. And we're talking about the core agency which maintains the manuals and does policy development and makes sure that they do the audits and reviews, and does the quality assurance part of it.

Now those two separate functions are quite distinct. And you're right, in that for a number of years the RMs particularly paid a very low requisition. I don't know what the formula is that SAMA uses. They don't tell us how they develop a formula on which they send out requisitions.

There are a number of municipalities over the last couple of months that have been saying that it doesn't seem to me that we're getting our dollar's worth here; that we see our assessment going up and up and up; and that we have only had five or six pick-ups or reinspections in one year over the next, and that doesn't seem to be worth to us a \$30,000 bill.

What we're saying is, they may be right. There may be cheaper ways of doing this. And what we have to do is make sure that they have a way of finding out if there is a cheaper service. And as long as we maintain the integrity of the assessment system by virtue of having a strong core agency that has quality assurance as part of its function, as well as audits and reviews, and makes sure that they confirm everybody's assessment roll so everybody is using the same manual or the same assessment protocol, it doesn't matter who does the field services -- as long as they're qualified appraisers. They can hire somebody from the market-place or they can hire somebody on a requisition or a fee-for-service basis who works for SAMA, as long as they get the service provided. So I think the opportunity here is now open for them to look at those services that they're getting.

The services I'm talking about is related to only the field inspection services and not to the quality assurance that is provided by the core agency. So those two things are distinct, and you have to understand them as being distinct. And municipalities, as we go forward in the next year and a half, will be able to evaluate the cost that they're going to be able to pay relative to the service that they're getting. And I think after being able to do that, they'll have a better understanding of whether they want to buy their service from SAMA or from a separate firm.

**Mr. Swenson:** -- Could you tell me then -- so that I understand this -- give me a ballpark breakdown percentage-wise of SAMA's costs between their core agency and their field services. Can you tell me what that breakdown is?

**Hon. Ms. Carson:** -- Field services are \$4 million, and right now what we call the field services are \$5.3 million.

**Mr. Swenson:** -- So approximately 65 per cent of their budget is in field services then. And this is the portion that you're saying that RMs can go out and do with. They can find alternatives to that, they don't have to

subscribe to that.

Now my question back to you. If they all go out and do that, what you're telling me is that the requisitions will drop by 65 per cent across the province. If RMs, towns, villages go out and take you up on your offer and they go find a cheaper route -- but which they will pay for by the way -- that the cost then will drop by 65 per cent.

**Hon. Ms. Carson:** -- No, what you will find is the budget -- the operating budget of SAMA -- may drop by 65 per cent. I don't know what the cost to the municipalities will be. It may not drop by 65 per cent. But the operation budget of SAMA will of course not require that amount of field services to be done. So there will be a decrease in the operational budget of SAMA relative to what they are costing for field services.

What the municipalities pay I can't tell you because it'll depend upon the number of reinspections they have and the number of audits that have to be done and the assessment base and so on, and how complicated their assessment system is. So there's a number of factors that are going to determine what their actual costs of field services are going to be. But the cost of SAMA will likely drop over the years as municipalities look to see if they want to buy their services from independent firms or they want to buy their services from SAMA.

**Mr. Swenson:** -- Can you tell me why an independent service would be cheaper than SAMA? I mean these are supposedly people with the same qualifications, the same services, the same . . . Why? I mean if private people can provide the service why can't SAMA provide the service at the same cost? Why is that?

(1945)

**Hon. Ms. Carson:** -- Well we haven't made a statement saying that they will be cheaper. We're saying that they have the opportunity now to go out and make that determination on their own. They know that they have to develop an assessment roll every year. They have to have that assessment roll signed by a qualified appraiser. They know that they will have a certain number of pick-ups or reinspections to do each year. And they know that within the next three or four years there's going to be general roll-over, a general reinspection, and a general reassessment system put in place, and that is going to require a fair amount of work.

So we can't give them any assurance that whatever they're going to get by tendering that service to the market-place, relative to what they would get by buying it from SAMA, is cheaper or more expensive. But what we're saying is they can make that determination and they're not obliged or forced to pay that service until they've gone out and made their own determination about it.

**Mr. Swenson:** -- Well there's obviously something there, Madam Minister, because the larger cities don't

use SAMA. They use their own staff. They use the core service as you said. They have to have the manuals, they have to have . . . but the actual field staff are done separately in most cases. They must feel that they get a bigger bang for their buck that way then they would by using SAMA.

Now I'm just trying to follow the logic here. Obviously there's somebody out there that does it cheaper. The question I asked you is why are there cheaper people out there? And if there are, I would guess that everybody is going to go that route rather than using SAMA, so you'll be back down to a core service. Which is about the way it was before. That's only the question I asked.

**Hon. Ms. Carson:** -- Well I think you have to go back and take a look at what we're talking about here. SAMA always allowed Saskatoon, Regina, Prince Albert, and Moose Jaw to use their own field inspections. We're saying now that everybody has. You're saying is it going to be cheaper? And I'm saying we can't guarantee it's going to be cheaper. We know the work that has to be done and we're very strict in this Bill about what has to be done in order to follow those manuals.

Now is everybody going to go out to the market-place? I don't know how to answer that question because, as of yet, those determinations have not been made. They know at this point in time that they get a requisition from SAMA based on a formula that nobody seems to understand very well and that they have a lot of arguments about. The provincial government doesn't know what that formula is. SAMA develops that formula. There may be a lot of cross-subsidization. There may be a lot of inefficiencies. There may be a number of reasons why the requisition is high.

What we're saying is if they want to compete, maybe they'll have to look at their internal costs relative to what the market-place is. And maybe that's the best way of getting these requisitions down, and making sure that field services are first of all qualified and done according to the manual, and the inspections are done in accordance with the certified appraisers and the market-place will then dictate what those costs are going to be.

Clause 1 agreed to.

Clauses 2 and 3 agreed to.

**The Chair:** -- I have from the minister an amendment for clause 4 as well as for clause 6 and 7 and then other clauses subsequently. But the amendment for clause 4 and clause 6 do not make sense unless we deal first with the amendment for clause 7. So if it's agreed, we'll proceed to clause 7 and then revert back. Is that agreed?

**Clause 7**

**Hon. Ms. Carson:** -- Mr. Chairman, I move:

Amendment to section 11.1 of the Act as being enacted by section 7 of the printed Bill:

- (a) by striking out subsection (3); and
- (b) by renumbering existing subsection (4) as subsection (3).

Amendment agreed to.

Clause 7 as amended agreed to.

#### Clause 4

**Hon. Ms. Carson:** -- Mr. Chairman, I move that we:

Amend subsection 6(4) of the Act, as being enacted by section 4 of the printed Bill, by striking out "subsection 11.1(4)" and substituting "subsection 11.1(3)".

Amendment agreed to.

Clause 4 as amended agreed to.

Clause 5 agreed to.

#### Clause 6

**Hon. Ms. Carson:** -- Mr. Chairman, I move that we:

Amend subsection 11(2.3) of the Act, as being enacted by section 6 of the printed Bill, by striking out "subsections 11.1(2) and (3)" and substituting "subsection 11.1(2)".

Amendment agreed to.

Clause 6 as amended agreed to.

Clause 8 agreed to.

#### Clause 9

**Hon. Ms. Carson:** -- Mr. Chairman, I:

Amend subsection 18(11) of the Act, as being enacted by section 9 of the printed Bill, by striking out "municipal".

Amendment agreed to.

Clause 9 as amended agreed to.

#### Clause 10

**Hon. Ms. Carson:** -- Mr. Chairman, I:

Amend subsection 22(4.1) of the Act, as being enacted by section 10 of the printed Bill, by adding ", after consulting with all boards of education on behalf of which it authorizes levies," after "other municipality may".

Amendment agreed to.

Clause 10 as amended agreed to.

Clauses 11 to 13 inclusive agreed to.

The committee agreed to report the Bill as amended.

### Bill No. 20 -- An Act to amend The Urban Municipality Act, 1984

#### Clause 1

**Mrs. Bergman:** -- Thank you, Mr. Chairman. The amendments, Madam Minister, proposed in this Bill, appear for the most part to be tolerable. But there are two aspects which represent real costs and real headaches for the real estate industry. I wish to address these matters today.

The basis for assessment in urban Saskatchewan has not been reviewed for many years, and the calculations of assessments use 1988 figures for land and use 1965 figures for construction costs. The data is seriously out of date. One Saskatchewan lawyer who is a member of the discipline committee of the national appraisers profession described just how bad it is. During a recent discussion of a property case among professionals from Newfoundland, Saskatchewan, Ontario, Alberta, and Manitoba, the room broke into gales of laughter at the very notion that Saskatchewan bases its decisions on a 30-year-old database.

Saskatchewan is the only province in Canada that does not have a market-based system. Instead, Saskatchewan has a 1965 system. To base an assessment system on data this old is not only absurd; it is costly.

We now know that a review of the assessment system will be delayed until 1997. I recognize that it will take intestinal fortitude to enact changes to the assessment system. The results may not be pleasant but the alternative is worse. To put off the effort to reform and renovate the system is to shirk the administrative responsibility of government. Because of built-in inequities, the cost to some businesses will mount and the problem will only get worse. The costs, however, are borne by the real estate industry. This province cannot afford outdated assessment base data. The real estate industry deserves a better regulatory environment and it should be the responsibility of government to create it.

The actual value of a piece of real estate is determined in the market-place by a number of complex factors. Some of those factors are hard, tangible, concrete numbers. Others are soft or subjective matters. But in either case, in business, the value of a piece of land is about its contribution to the generation of income, and that's business. But with this Bill, the government is saying that the value of a commercial property is not related to its ability to generate income.

In this Act the government proposes to amend The Urban Municipality Act. The intent appears to be this: that any property owner, for whatever reason, who is no longer as productive or profitable as before, may

not introduce evidence of this change to an assessor or any appeal board when appealing the property assessment.

The amendment denies an assessor from considering evidence of prospective income earned or possible income lost when assessing the value of a piece of land. So a vacant building has the same value as a fully leased property. The Act calls those changes to the property economic or locational obsolescence.

The term sounds obscure and overly technical but what exactly does this mean? For instance, if a downtown building is given a heritage designation and there are limits on the extent of development, the property owner may be limited on the total income potential of the property. This is obsolescence according to the language of property management.

For instance, consider a roadside gas station. If the highway is upgraded and turned into a divided highway, only one half as many people can turn into the gas station to buy gas. The situation of the gas station has changed, and market conditions have changed, but the assessment of the property does not. This is what is meant by obsolescence.

Obsolescence is the simple business reality that because of changes in the economy, or changes in circumstances, a property is no longer able to generate the income for which it was developed. In the instances mentioned above, the assessment would have stayed the same even though the situation had changed and the income potential of the property was lower. Compared to a similar neighbouring property the assessment would be unfair.

To address the unfairness, a property owner might appeal the assessment of the property. By showing that the income from the property is lower than may be possible in other circumstances, the property owner could argue that the assessment should be lower. We now know that . . . excuse me. If this Act is passed, the government will remove the only means available in law to remedy the unfairness. It is critical to note that the costs of this are real.

Imagine there are two identical apartment buildings. One is beside a railway and one is not. Because of the noise and risk, the apartment near the railroad has a lower rent than the other apartment by 20 per cent. This lower rent was not the result of a lawyer's decision, not the result of an assessor's decision, it is the market's decision. But otherwise the properties are identical and the property assessment is identical.

(2000)

The owner of the property near the railroad considers this unfair so the owner launches an appeal. The Act says that the assessor shall take into account all circumstances affecting value including physical, functional, and locational matters, and the SAMA manual provides guidelines which suggest that an assessor should consider the impact of the railroad.

Now the onus is on the property owner to prove his case. With all this in mind, the property owner collects information showing the rents are lower in his building than in the one that is not near the railway. If the property owner has prepared the information well, the case would be won. But if the Act is changed, the property owner will no longer be able to use the loss of income in his argument for reassessment.

Another illustration. Consider a commercial building with main floor retail space and a second floor rental office space. Without an elevator any property manager will tell you that the second floor office space will be very difficult to rent. Most property . . .

**The Chair:** -- Order. Why is the member for Regina Albert North on his feet?

**Mr. Trew:** -- To ask leave to introduce guests.

Leave granted.

#### INTRODUCTION OF GUESTS

**Mr. Trew:** -- Thank you, Mr. Chairman, and I thank the member for Regina North West and apologize for the interruption. Mr. Chairman, in the Speaker's gallery are two friends of mine, Maryanne Federko, who is the president of the Yorkton-Esterhazy-Melville Labour Council and a SaskTel employee in taking a sales course.

And seated next to Maryanne is her cousin, Errin Broshko, who is a recent political science graduate, and if anyone is looking for those skills I know Errin would be pleased to offer his up. I ask you and all hon. members to join me in welcoming my two guests in the Speaker's gallery.

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

#### COMMITTEE OF THE WHOLE

##### Bill No. 20 (continued)

##### Clause 1

**Mrs. Bergman:** -- Thank you, Mr. Chairman. We'll go back to considering that commercial building with main floor retail space and second floor rental office space. Most property developers will tell you that it's expensive to install an elevator. Two buildings in the same situation, one with an elevator and the other without, will likely be assessed identically, but the rent earned by the property without the elevator will almost certainly be lower if it is leased out at all.

If the owner appealed the property assessment, the SAMA manual says the assessor should consider all factors in setting the value of the property, and the Act says the assessor should consider the loss of income in setting the value of the property. Upon the enactment of this Bill, the assessor may not consider loss of income, the assessments will be frozen, and the owner of the property without the elevator must simply suffer the consequences of lower rent for ever.

Many property owners and managers are facing these unfair costs, these hardships, as a result of the economic conditions in general and because of the unrealistic property assessments using an out-of-date database.

The new provision has the effect of removing the very means by which these property owners who face hardship are able to seek some relief. Until there is a general reassessment, now scheduled for 1997, there are no factors in the assessment system which deal with market forces. The government proposes to remove the ability to use forecasts of income to assess obsolescence. Now businesses already unfairly taxed due to obsolescence in their property can no longer even bring the evidence to the assessor or the appeal board. By doing this the government prolongs the difficulty of property managers already struggling with an unfair system.

There were signs that fairness would have been possible. In 1986 the assessment appeal committee began to endorse assessments based on income. A few years ago the committee heard a landmark case from Torwest. A property had been designated a heritage site and so the developer could not renovate the property into its most profitable form. The developer appealed the property assessment, claiming the assessment did not fairly reflect the situation they found themselves in. And the ruling made by the committee here was important. It indicated that rather than deny the use of loss of income as an approach to measure obsolescence, it said in fact that measuring loss of income should be encouraged. This has not been overturned by the Saskatchewan Court of Appeal and so would be considered to be still in effect.

However -- and this is a big however -- assessors in Saskatchewan have been refusing to use the income a property produces as a measure of its value. I am told there have been plenty of hours spent before appeal boards debating whether income can or cannot be considered in spite of that ruling of the appeals committee.

In some respects the government's argument is that the mechanics of assessing income makes it necessary to leave out the factor. They suggest they can't measure what can't be measured. It is true the calculations to capitalize lost income are complex and tedious, but the very existence of the real estate industry is based on its ability to forecast income potential from property. Perhaps government cannot assess the value, but the remainder of the industry believes that they can and they should.

Ultimately the assessment of lands and improvements is an assessment of value. In the real world of property management, real estate development, and real estate sales, the income stream from a property is the single central measure of its value. The fact is, there is no other reasonable way to practically measure obsolescence other than by analysis of potential income and loss of income. And unless taxes are fair,

older, obsolete buildings will be less likely to be redeveloped.

In other respects, the government's argument may be that the evaluation cannot be accurate. In 1987 the Saskatchewan assessment appeals committee stated to assessors that, it is the opinion of this committee that if obsolescence can be calculated by capitalizing lost income, such computation should be encouraged.

So to be fair, the ruling implies that accuracy is the issue. It would be reasonable to imagine that with enough discussion and professional analysis the industry and the government could create an accurate method. It appears that the government has not been successful. So in spite of the ruling by the assessment appeal committee, Saskatchewan assessors continue to refuse to use income as a factor in assessing the obsolescence of improvements.

One realty specialist advised us that as of April 1994 there were in excess of 400 assessment appeals pending, so it's not a small problem. Because of the volume of cases, the appeals committee hasn't even dealt with the 1933 cases, much less the 1993 cases. Seen from the administrators' point of view, this Bill has the effect of clearing up the entire backlog of cases by removing the only provision by which fairness can be had until the overall review is conducted. It is unfortunate if this government thinks it is desirable to solve administrative burdens by taking away the opportunity to redress cases of unfairness.

I also understand that there are two cases that have been heard recently and for which decisions are due shortly. It is possible that the committee has been consistent and has endorsed the income approach, making it the duty of assessors to consider income information. The announcement of these cases is delayed. It is unfortunate that the results could not be public now so that they could contribute to the thinking on this issue.

It appears that SAMA has said, we need a couple of years to get our house in order for the big reassessment and we don't have time to deal with the income approach evaluation. And so by removing the provision for using the income approach it has the effect of ratifying the position SAMA has taken all along. Is it true that SAMA cannot cope administratively? I hope this question can be answered satisfactorily in the future.

There appears to be a serious concern in the real estate industry over this amendment. One letter I received referred to a growing discontent within the business community. The owners of commercial property see this as a way for the government to freeze assessments without having the courage to say so. In one letter I received, a real estate professional said, if the government wishes to freeze the assessments, it should have the courage to do so openly so the matter can be debated. Government officials may argue that this is nit-picking or that once the Act recognizes categories of hardship it will be opening the

floodgates to other kinds of hardship.

There are times and places where the government can and should step in to help relieve hardship. The government has an opportunity to use the resources already at its disposal to relieve the hardship faced by owners of property which has lost its ability to earn income due to its age, its location, or its condition. The proposed amendment will mean that the government will no longer have the flexibility to take those factors into account.

On the other hand, we recognize that there is another side to this matter. By keeping the provision in the Act to appeal cases using income information, it would be possible to reduce the assessment of some properties, but we understand that this would mean that municipalities would collect less tax revenue from some properties. In times of rising prices, municipalities may not be able to cope with reductions in tax income.

So on one hand we recognize the value of keeping mechanisms to reconsider assessments, and on the other hand, we recognize the value of stabilizing the tax base in municipalities. Either way, the government is obliged to act definitively rather than prolong the problem.

We contend, based on our consultations, that the property assessment system in Saskatchewan must evolve. As part of that evolution, the system must become flexible to the point that tax assessment takes into account the income-earning potential of a property. At the same time the system must recognize that municipal governments have little room to manoeuvre in their current budgets. Whatever changes are made in the property assessment system, they must be largely revenue neutral. Whatever changes are made, they must be made without unreasonable, unproductive delay. Fairness, competitiveness, and common sense must begin to guide our tax system of the future.

I've gone on somewhat at length. I wondered if the minister might comment on this particular issue of the income value of the property.

**Hon. Ms. Carson:** -- Thank you, Mr. Chairman. Yes, I would.

You have presented, I think, a very detailed overview of one side of the argument, and I will remind you there are other sides of that argument. But I want to say this: last year, after consultation with municipalities, and in response to their concerns, we prepared this Bill with Clause 13 included. This amendment would have the effect, as you said, of suspending use of a particular property assessment appraisal method for a limited time. Some municipalities have strongly recommended this type of amendment. However, since introduction of the Bill, the stakeholders have suggested further review of this matter.

Given the importance of a stable and secure property assessment and taxation system, I am accepting the

advice of the municipal and the business sector and will not proceed with this amendment at this time. I urge them to work together as we move towards an improved assessment system.

For House procedural reasons I will not be replacing clause 13 with a new clause, but I will be asking members to vote against clause 13 as currently stated in this Bill. The remainder of the Bill, of course, I strongly support.

**Mrs. Bergman:** -- Thank you, Madam Minister, and thank you to your officials.

Clause 1 agreed to.

Clauses 2 to 4 inclusive agreed to.

#### Clause 5

**Hon. Ms. Carson:** -- The amendment, Mr. Chairman, I propose:

Amend clause 48.2(1)(a) of the Act, as being enacted by section 5 of the printed Bill, by adding "in the case of a petition presented pursuant to section 88" after "petition".

It is a housekeeping amendment that was overlooked in the original Bill.

Amendment agreed to.

Clause 5 as amended agreed to.

Clauses 6 to 12 inclusive agreed to.

#### Clause 13

**Mr. Swenson:** -- There was just something I wanted the minister to give me her best guess at. In the explanatory notes when it was talking about this whole idea of income assessment -- and obviously we're all in agreement on some parts of that -- you talk about the needed time to train, collect data and train staff. Can you give us an indication, if this were to change, what that time frame would be? Maybe use other provinces for an example or what type of a training regime you have to go through in order to do that.

(2015)

**Hon. Ms. Carson:** -- Mr. Chairman, this is a fairly complicated process, and it hasn't been used extensively before. And it would require . . . We can't tell you what time and energy would be needed for retraining, but it would be a fairly large undertaking. And it would depend upon the resources, both within the large cities and within SAMA. So I can't give you a definitive answer -- I'm sorry -- except to say it would be complicated, and because of that we felt that there should be time given for them to get their resources and their house in order, if you like. But given that we've withdrawn that Bill, it will be up to the municipalities now to make that determination.

Clause 13 negatived.

Clauses 14 to 18 inclusive agreed to.

The committee agreed to report the Bill as amended.

### THIRD READINGS

#### **Bill No. 66 -- An Act respecting the Superannuation of Teachers and Disability Benefits for Teachers**

**Hon. Ms. Carson:** -- Mr. Speaker, I move that this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

#### **Bill No. 47 -- An Act to amend The Saskatchewan Government Insurance Act, 1980**

**Hon. Ms. Carson:** -- Mr. Speaker, I move that the Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

#### **Bill No. 61 -- An Act to amend The Municipal Revenue Sharing Act**

**Hon. Ms. Carson:** -- Mr. Speaker, I move that this Bill be now read a third time and passed under its Act.

Motion agreed to, the Bill read a third time and passed under its title.

#### **Bill No. 62 -- An Act to amend The Assessment Management Agency Act**

**Hon. Ms. Carson:** -- Mr. Speaker, I move that the amendments be now read the first and second time.

Motion agreed to.

**Hon. Ms. Carson:** -- Mr. Speaker, by leave of the Assembly, I move the Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

#### **Bill No. 20 -- An Act to amend The Urban Municipality Act, 1984**

**Hon. Ms. Carson:** -- Mr. Speaker, I move that the amendments be now read the first and second time.

Motion agreed to.

**Hon. Ms. Carson:** -- Mr. Speaker, by leave of the Assembly, I move that Bill No. 20 be read the third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

### COMMITTEE OF FINANCE

#### **General Revenue Fund Municipal Government Vote 24**

Items 1 to 3 inclusive agreed to.

#### **Item 4**

**Mrs. Bergman:** -- Thank you, Mr. Chairman. I have some questions for the minister on a variety of issues. There is considerable debate in the library community and civic administrations across the country about the governance of libraries. The tradition is for the public library as a steward of the community's freedom of information to be governed independent of politics. In Saskatchewan we have achieved that through provincial legislation governing libraries and then delegating the power of appointments to libraries to local government. Where does the minister stand on the matter of governance of public libraries?

**The Chair:** -- Order. We passed item 1. Generally all matters pertaining to Municipal Government could be raised. If the member has questions about item 6, Provincial Library, then we should wait till we get to that.

Item 4 agreed to.

Item 5 agreed to.

#### **Item 6**

**Mrs. Bergman:** -- Thank you Mr. Chairman. As I said there is a debate in the library community. Could you tell me where you stand on the matter of governance of public libraries?

**Hon. Ms. Carson:** -- Well the library system we have in Saskatchewan is one of the best in Canada, and we believe that there should be universal access by all of the public. We believe that there are local issues that should be managed by locally appointed boards and that there are partnerships within municipal governments and the local system that we certainly feel are very valuable, and we endorse the system as it stands today and have no sense or need of changing it, except as I have said, we have appointed a multi-type library board that would enhance coordination between a number of partners in the library system, and this is simply to make better use of our resources and to allow the systems to support one another better and access by the public.

So there will be no changes as far as I'm concerned in the ability of the local library boards to be autonomous and independent, and they are a system that are worth preserving, and we support them.

**Mrs. Bergman:** -- I agree with you, Madam Minister. Is the legislation governing the Provincial Library adequate as it stands?

**Hon. Ms. Carson:** -- Well I suppose any system can

be improved, and over years we do make those improvements, but they're with the endorsement and support of the stakeholders, and that is why we have the Saskatchewan Library Trustees' Association -- and we work very closely with them -- and our Provincial Librarian, to make sure that where needs have changed and we have to make changes, then we make changes, but with the consent of those people who are involved in delivering library services. It may be that in the future we will make changes, but I can't predict what they will be because they will have to be endorsed by the stakeholders.

Item 6 agreed to.

#### Item 7

**Mrs. Bergman:** -- Madam Minister, was the Saskatchewan Housing Corporation collapsed or was the reporting structure merely changed?

**Hon. Ms. Carson:** -- The corporate entity was changed but . . . retained, I'm sorry. The corporate entity was retained but the staff was rolled into the staff of the Department of Municipal Government.

**Mrs. Bergman:** -- Thank you. Does the housing operations budget handle the maintenance of existing housing or the development of new housing?

(2030)

**Hon. Ms. Carson:** -- Well in years past, the housing authority's budget dealt with both the maintenance program and the allocation of new capital for new social housing. But as of this year, there is no more new social housing program because our major partner, who happens to be the federal government, will not be delivering any new housing program any longer. And so, without their partnership, we cannot deliver either.

So we would like to be able to deliver new housing. We believe it's essential, and critical in fact, to some communities in Saskatchewan, but it depends very much on the federal government. If they want to put new money into a new program, then again we'll be delivering both a maintenance side and the new capital side.

**Mrs. Bergman:** -- Thank you. The home improvement program subsidies are being phased out, as previously announced. Is this the last budget in which there will be costs?

**Hon. Ms. Carson:** -- I'm not quite sure what the member is talking about, whether she's talking about the home improvement program that was brought in by the last administration and it was removed before we came to power. Is that what you're talking about? Home improvement subsidies for what program?

**Mrs. Bergman:** -- I'm not sure of the detail of this.

**Hon. Ms. Carson:** -- There is no home improvement program any longer. That was a program that the last

administration brought in.

**Mrs. Bergman:** -- Thank you for that. Please describe how the 27 million allocated to the Sask Housing Corporation will be spent. And what are the priorities for housing development in the upcoming year? What projects are planned for this budget year? And what projects will be completed in this year? And how much of the existing housing market should be replaced? Are we developing public housing fast enough?

**Hon. Ms. Carson:** -- That's a question that requires some detail. We don't have it with us, but we certainly would be prepared to give you that detail. I can tell you that we know that there is a need in northern Saskatchewan for at least 600 new units that we do not have the ability to deliver, that we are providing at this point subsidies for the urban native housing program and for public housing programs and for seniors programs, and will continue to do that. But as far as specific allocations in each of these individual cases, I don't have it here but I'd be very pleased to provide it.

What we're looking for in the future again is to expand upon our partnership with the federal government. We are going to be going to a ministers' meeting next month and we'll be presenting to the ministers of housing and the federal minister a proposal for the federal government to re-enter the housing program and to deliver houses to remote and rural communities because we feel that, especially in northern Saskatchewan and northern Canada, that is where the need is the greatest.

We of course don't have at this point in time, any assurance that the federal government will endorse our proposal but we are going there with the view of making a very strong argument that it is needed.

**Mrs. Bergman:** -- Thank you, Madam Minister. Could you tell me about collections of unpaid loans in the Saskatchewan home program? I understand collection has been contracted out to the private sector. What is the cost of the contract? We have had some complaints about heavy-handed tactics in collections. Have you had any complaints and are you satisfied with the service from the private sector?

**Hon. Ms. Carson:** -- Wherever and whenever possible, we try to make sure that our own people contact the people who have delinquent accounts and try to persuade them to bring their accounts current. There are some instances where we simply don't have the resources and the time and the persuasive powers, I guess you would say, to accomplish a great deal.

And for those accounts that are delinquent over a number of years, we have turned them over to a collection agency, and they have had a great deal of success in the last couple of years. And our delinquent accounts and our accounts in arrears have now been reduced substantially by over a couple of million dollars, I believe.

So it was a concern to us in the past. We had to take action. This is public money and there is a responsibility on the part of the provincial government to make sure that we protect the position of the provincial government. And in those cases we have engaged the services of a collection agency.

**Mrs. Bergman:** -- Have you had any level of complaints about the . . . you have had some complaints?

**Hon. Ms. Carson:** -- Well yes. Of course the collection agencies are professional people who deal with people who have accounts in arrears and they employ certain methods that we don't, and we have had a number of people who have complained to us. We have looked seriously into those complaints.

We have provided for the collection agency, a criteria or a list of standards that they must adhere to. We certainly do not approve tactics that intimidate or threaten people, but occasionally people interpret that to be the case when they're talking to a collection agency. And we work very closely to make sure that wherever possible the collection agency accomplishes its task without putting a great deal of stress on the people that they're talking to, but it's not always possible.

**Mrs. Bergman:** -- Thank you. I would appreciate on that question about the Sask Housing Corporation, if you could give me that information. And thank you for your answers to the questions.

**Mr. Swenson:** -- Thank you, Mr. Chairman. I need to understand the criteria a little better on the local housing authorities, and I'll give you a case scenario which surprised me.

The village of Chaplin have a low-cost housing thing; it's been there for a long time. I believe right now they have six . . . it's either four or six units empty and they've been empty for some time.

One of the local churches is getting a new pastor. He's an American citizen and is in a catch-22. He can't become a landed immigrant until he secures a job, which he's now done. He's graduated from university just last month. He now is going to Chaplin to become a pastor.

There's very little other housing available. They wanted to allow him to use the low-cost housing because he draws a very minimal salary at present, but they were told they could not change the criterion, and they would have to charge him \$50 a month more than what the maximum charge is if you are a low income individual. And yet he meets all the criteria as far as income goes, but because he's currently an American citizen, and hasn't achieved his landed immigrant status, no one seems willing to bend. And the units have been sitting empty for months and months and months and months and it's upset a lot of people in the community.

And we're finding, around rural Saskatchewan, a

number of these units now are becoming vacant for longer periods of time. And if we maybe can't, in this case, rethink the rules a little bit in order . . . because this individual will be helping that community a lot.

**Hon. Ms. Carson:** -- Why, you have mentioned an issue that we are also very concerned with, and if you will forward that individual to us, we can see what we can do about it.

The standards or the criteria that the local housing authorities use depend upon the type of public housing that they are managing. And we do have a federal partner, who also helps us establish those programs, and it would have to be with the consent of the federal partner because, as you know, we do provide a subsidy to those people . . . to those units that are being used. So there's a number of issues here, and certainly I agree with what you're saying, and I'd be happy to look into it and see if we can do anything.

**Mr. Swenson:** -- You mention, Madam Minister, that there is a federal-provincial conference on the issue. Are criteria going to be a major part? Because our population is changing dramatically out there and I mean we're seeing all sorts of shifts occurring, particularly in rural Saskatchewan. So housing projects that were built 15 and 20 years ago are not applicable in some cases now, and goodness knows with the changes in health care, there are going to be all sorts of ramifications for people who currently are in some type of facility that may have to look at something else.

A number of communities are looking, I know, at some of this housing as maybe being renovatable and home care or somebody can maybe use them. Is this the type of thing that's on the agenda?

**Hon. Ms. Carson:** -- Well first of all, we are working very, very closely with the local district boards, because you have brought forward a problem that we're aware of, and we certainly believe that many times the option of providing -- especially seniors housing -- is a good one with adequate home care rather than moving into an institutional care. So we are working on the very issue that you talked about. We have a team of experts working very closely with the Department of Health.

In regard to what we're doing at the federal level, the issue of the criteria around the programs and the subsidy levels is something that all jurisdictions are looking at very closely. And we are doing currently a national review on that to see where perhaps we can have a better harmonization of programs, make better use of some resources, perhaps redesign some of our programs to be more effective in the current economic climate.

One thing we'll have to be reminded of though, is Saskatchewan has a large rural population, and Toronto and Vancouver and Winnipeg have a totally different type of problem. So to find something that is consistent across Canada is sometimes difficult when we're looking for agreement from jurisdiction to

jurisdiction. But we are working with the federal government to redevelop those programs, to redesign them, to find better efficiencies and we are also working with the Department of Health and the local district boards.

**Mrs. Bergman:** -- Madam Minister, you are the minister responsible for Sask Housing and there are some senior citizens in Radisson whose lives have been turned upside down because you appear unwilling to reverse a bad decision. I have a petition here signed by 13 residents of the Villa Housing Project. And I'm not going to present the petition in the House because I simply want to try to get you to make a common sense decision here and give them a commitment. The petition says:

We are current tenants of Sask Housing and intend to pay our rent into a trust account that will be withheld until major changes are made to the Radisson Housing Board. We feel justified in doing this because there has been nothing but upheaval since this board was put in place by Doris Lerch, your provincial representative. We have only two demands: complete replacement of the Radisson Housing Board, and replacement of Doris Lerch as the provincial representative. News media and federal government will be advised as to how you are handling our crisis in Radisson.

Madam Minister, all these people want is for their housing authority to make majority decisions of who should sit on the Radisson Housing Board. They want your representative replaced on the housing authority, and they want the right to achieve a majority decision as to who sits on the housing board.

They have given you plenty of opportunities to change your mind. And you have stated on many occasions with respect to other matters that you do not interfere in the decisions of boards.

Can you give me any good reason why you would want a group of seniors calling the news media and the federal government just to achieve a perfectly reasonable bit of democracy for a small town in rural Saskatchewan?

**Hon. Ms. Carson:** -- The issue that you bring up is an issue that has been bubbling along for quite some time. The community of Radisson has had a very deep and long-standing rift within it, and there are certain people within the community that have had a problem coming to terms with some of their problems, not only within the municipal structure but now it has gone and become a controversy on the local housing authority, and we regret that.

Housing provides what we hope is the very best services for those people who need public housing. The people who have been appointed to the Radisson board are qualified, competent people who are very capable of making sure that the services to the tenants are the highest quality. I will not replace the housing authority board, and I will not replace the provincial

representative.

I believe that the process that we have gone through is a process that has been followed for many, many years, maybe 10, 20, 30 years. We are doing nothing differently in appointing this board than we have done before. It's always been the prerogative of the provincial rep to make the final determination of who sits on the board. We regret very much the controversy that has erupted there. As I said, there is a number of personality conflicts involved there and I would say to some extent, sadly, some of it revolves around the new board's decision to tender out the maintenance contract that previously was undertaken by the manager at a cost above and beyond his contracted position as the administrative manager of those units.

(2045)

And it was that decision by the new board that erupted into this controversy and we believe that it is a reasonable and a responsible approach by the board to tender out the maintenance contract to see what the competitive price is. We regret that the manager has seen fit to resign over this, but we cannot condemn the housing authority for taking this step. We believe it's the proper step, and I would say to you that there are a number of issues in the background here and you have only heard one side of the issue, and it's a very complicated process. And we're asking the community to put this behind them and we're sending our officials out to work with the people in those units to make sure that they have the very best of services.

**Mrs. Bergman:** -- Madam Minister, for years this housing project has gone along without a glitch, and as you say, there is many sides to this issue. And I realize that there can be personality conflicts but please tell me what you've got to lose by responding to the request of these people to have the majority of the members on their housing authority agree to the representatives who administer their seniors' complex.

**Hon. Ms. Carson:** -- Well I guess we believe that there is a precedent here that the people who are living in the units obviously want to be able to live in a certain degree of confidence in the board, and we ask them to let the board operate and to . . . the board has done nothing at this point in time that would give the tenants any concern whatsoever.

We are sending out a team of officials who will do a complete audit and a complete review of this housing authority going back a number of years, to find out exactly what has been going on there. You say that this has been going along just fine. I think we still have to make that determination. As I said, I think the dispute really revolves around the local board -- the current board -- making a decision to tender out the maintenance contract.

You have to listen very carefully to that. The local board decided when they came in that they were going to tender out the maintenance contract to make

sure that the price that they were paying was competitive. This action resulted in the manager deciding to resign. The managers of the local housing authorities sometimes become very close to these senior citizens, and they feel a very deep and strong friendship, and I understand that.

But there is also a responsibility on the part of the board to make sure those practices that are engaged in by the manager are ones that can be supported, and can be verified. And we are undertaking a process right now to review the practices of the past manager and do an audit of that authority.

Item 7 agreed to.

#### Item 8

**Mrs. Bergman:** -- Thank you, Mr. Chairman. Madam Minister, I would like to ask you some questions about the Royal Saskatchewan Museum. Does the museum have a marketing plan?

**Hon. Ms. Carson:** -- Yes, it does.

**Mrs. Bergman:** -- Can you tell me what the museum's budget for marketing and public communications consists of.

**Hon. Ms. Carson:** -- Mr. Chairman, I don't have that here, but I know that when they opened the first nations gallery, they engaged upon a very extensive public relations media campaign, and last year they had a hundredfold increase in the number of visitors that are visiting the first nations gallery. It is a tremendous asset to not only the first nations people but to the people of Saskatchewan.

We are also currently doing a long-term development strategy for the other parts of the royal gallery to reconstruct it after it was destroyed by fire, and so that is a long-term process that requires a fair amount of capital investment. But we have engaged a firm now that will undertake the preliminary details on that design, and we see that as a process that will probably continue over the next four or five years.

**Mrs. Bergman:** -- The name of the Museum of Natural History was changed to the Royal Saskatchewan Museum last year, and there has been some sense that that part of it wasn't fully publicized. And we're wondering when there will be more promotion of this new name because the museum had been known by one name for many, many years.

**Hon. Ms. Carson:** -- Well you may point out a deficiency. They are very busy working at reconstruction of the top part of that museum, and certainly they are always willing to take advice or to take constructive criticism from the public about whether they're doing a job in publicizing the museum adequately. They have to work within the resources that are allocated to them, and sometimes they don't stretch as far as they would like. But we will certainly undertake a review of whether they're doing adequate publicity around the Royal Saskatchewan

Museum. Thank you.

**Mrs. Bergman:** -- And then on the Saskatchewan Archives, the budget for the archives is going up 15 per cent by \$232,000. What is the additional spending going to achieve? And is the additional spending going to improve the quality of storage?

**Hon. Ms. Carson:** -- No, the increase in that budget really is designated to the increase in salaries for the staff at the archives.

You have laid your finger on a very critical point. For a number of years the archives have been experiencing a severe storage space shortage, and we are undertaking right now with SPMC (Saskatchewan Property Management Corporation) a long-term strategy to try to identify both the costs and the locations so that we can move our archives into a more current condition and provide better access by the public.

**Mrs. Bergman:** -- Funding for the Western Development Museum, the MacKenzie Art Gallery, the Saskatchewan Science Centre, and the Wanuskewin Heritage Park have all been kept stable. In fact the MacKenzie Art Gallery hasn't been kept stable this year. Can you tell me how this will affect operations for all of them, including the MacKenzie Art Gallery?

**Hon. Ms. Carson:** -- Well it's always difficult because every institution and agency that we fund has a priority, and it's very, very much a part of Saskatchewan life, and certainly the institutions that you just mentioned are important. And we're doing the best we can with the resources we have to support them.

The Western Development Museum is adding an expansion, a very important part, to their site in Saskatoon and it's going to be a very exciting part. So they are continuing to function under the 1.5 million that we allocate to them. Wanuskewin is I think developing a very good marketing plan, and they are moving forward, and their budget seems to be adequate. The Saskatchewan Science Centre -- we came to government, they were in crisis, we provided them with money, and we are trying to stabilize their budget and move them into a new self-sufficiency so that they will not permanently rely on provincial funding, and we're working with them.

The area that caused some concern is a decrease in funding to the MacKenzie Art Gallery. We decreased their funding next year. They are very concerned about it because they do provide a lot of outreach, a lot of programing to communities outside of Regina, and this takes a considerable amount of resources, and we have been working to try to identify perhaps a better way of giving them adequate resources for this year that will not result in such a drastic reduction in their programing. I think we have possibly some solution there. I can't tell you about it tonight, but there seems to be some glimmer of hope that perhaps we can help them out a little. So we're working on it.

We understand that the MacKenzie Art Gallery is of particular significance and certainly we don't like to see any programs cut, but sometimes you have to make tough choices.

**Mrs. Bergman:** -- Well indeed I have received quite a number of letters on the MacKenzie gallery and I'm sure they'll . . . it'll be some comfort to know that you're looking at their budget.

What percentage of the revenue for each of these organizations do grants from your department occupy?

**Hon. Ms. Carson:** -- I don't have their budget here and I would have to look in their annual report to make that determination. I would say that something like the Western Development Museum gets a majority of its funding from the provincial government.

The MacKenzie Art Gallery, although we provide them a grant, we also provide them with free accommodations and free utilities at their current facility.

The Wanuskewin Heritage Park, I don't know what percentage it is, we could certainly find that for you. These people have other funding partners and they also have patrons that provide them with grants. So we would have to look up the individual budget for each of those institutions and find out what the percentage of public funds as opposed to private funds are; but I can provide you with that.

**Mrs. Bergman:** -- I'd appreciate that, and I'd also like to know how much of each of these agencies' budgets are made up of self-generated revenues.

Do you know of any new revenue-generating activities in the upcoming years in any of . . . in the coming year or in any plans for new areas for generating revenues in these organizations?

**Hon. Ms. Carson:** -- They're all engaging in their own marketing strategy and trying to determine their own best approach to getting the necessary funds. I don't know of any. These are agencies at work at arm's length of the provincial government and they develop their strategy complete and separate from what we're doing.

**Mrs. Bergman:** -- Thank you.

Item 8 agreed to.

#### Item 9

**Mr. Swenson:** -- Madam Minister, last week we raised an issue with you in question period regarding Mr. Lefler and a grant that he'd received from the Arts Board, and you gave the indication that you were going to look into it. Maybe this would be the appropriate time, before we vote this fairly large sum of the taxpayers' money, if you could tell us exactly what has transpired there.

**Hon. Ms. Carson:** -- I can tell you that last Thursday I sent a letter to the chairman of the Arts Board asking them to reconsider and review Mr. Lefler's application.

I want to state that this government supports freedom of artistic expression; that we also reject any notion of discrimination against homosexuals and their lifestyles. We are very concerned about invasion of privacy. We are also very concerned about the use of public funds and we . . . I'll have to tell you, personally, I cannot defend the action of the Arts Board in approving this application. I think it evolves around ethics in art and it should be examined.

I apologize to anybody who has been harmed in any way by the action of the Arts Board. It is a concern to us. Under the legislation I do not have the authority to overrule the Arts Board decision. I will say that I believe that they have abdicated their responsibility in exercising due diligence on this application. I regret it very much and I also will say that I would hope that they would continue to review this application and that they would not rely solely on an unaccountable, an anonymous three-member panel to make the decision for them in the future and at this point in time that's the update that I can give you.

I do not defend the decision of the Arts Board, and I regret any harm that has done to anyone in our community.

(2100)

**Mr. Swenson:** -- Thank you, Madam Minister, I concur with your thoughts.

The Arts Board, I believe some of those people are appointed by order in council, and some are nominated by various groups, is that -- that's the mix? I wonder if you could provide me with a complete list of who is currently on there, when their terms expire, and which groups appoint them, please. I think there's a lot of people in society today would like to know exactly who these people are and how they got there. There's a lot of angry people out there who would like to write some letters and I'd like to be able to provide them with appropriate information and be able to tell people when terms are up and that type of thing.

**Hon. Ms. Carson:** -- We will provide you with that information.

**Mrs. Bergman:** -- Thank you, Mr. Chairman. Madam Minister, the total arts budget it going down but fortunately only slightly. How will this affect the ability of the arts and cultural sector to contribute to the Saskatchewan economy?

**Hon. Ms. Carson:** -- We have undertaken this year an extensive review of the whole arts industry, arts and cultural industry. We have about 12 separate reports that have been prepared for us, everything from integrating the library system, to status of the artist, and the single arts agency that was recommended by

the task force; those are just 3 of 12 reports that we have.

We are working at developing a White Paper that will provide not only a long-term strategic view of the position or the place of arts and culture within Saskatchewan both as an industry and as an intrinsic value to the quality of life, and we'll be bringing that report out as a White Paper and discussing it and hopefully it will point the way to new funding partnerships and to new legislative frameworks within the next two or three years.

**Mrs. Bergman:** -- SaskFILM is allocated 1.5 million, and in the world of feature films and even industrial video and independent film-making, 1.5 million doesn't go very far. What will be achieved by spending this amount?

**Hon. Ms. Carson:** -- This \$1.5 million budget hopefully will cover about two or three of their films that they can work in partnership with . . . They don't provide total funding for any one film. It is provided as seed money as they look for partners both within Saskatchewan and outside Saskatchewan.

It is a substantial industry. It is growing. It is, we believe . . . has a potential to grow even greater. SaskFILM has also . . . They lend out the money and they recover the money so their budget is not limited to the \$1.5 million that you see here. It is a budget that is greater than that but they manage their resources very skilfully and they do make a dollar stretch, and they have a terrific economic impact on Saskatchewan's economy and we hope that it will grow in the future.

**Mrs. Bergman:** -- Thank you. What is the financial contribution from this subvote to the book publishing sector and what has it achieved?

**Hon. Ms. Carson:** -- The Arts Board provides some funds to people who are publishing books. They also get some money out of SCCO (Saskatchewan Council of Cultural Organizations) which isn't in this subvote. So what you have in this subvote will be only dollars that are either allocated to the Arts Board where . . . As I said, some can be passed through to the publishing people but most likely you would see funds coming to the publishers through grants from the SCCO.

**Mrs. Bergman:** -- There was a time when the government devoted a full-time position to the economic dimension of arts and culture. The position was moved from one department to the next. It was in Economic Development for a while and then in Community Services for a while. Does this department still devote full-time attention to the development of the arts and culture as an economic sector?

**Hon. Ms. Carson:** -- Well we have a associate minister by the name of Mr. Ken Alecxe who is the bureaucrat or civil servant responsible for the arts and cultural sector. We have a number of very qualified people who have been working for a number of years

with the arts and cultural people, in partnership with them, and we believe it's a very good partnership and one that has a lot of positive potential.

**Mrs. Bergman:** -- The salary budget in the arts and multiculturalism area is decreasing. How was this achieved?

**Hon. Ms. Carson:** -- You're talking in the arts and multicultural, subvote 9, and they decrease from . . . I don't understand where you see salaries have decreased. For 1994-95 the salaries are 400,000; for '93-94 it's 397. I'm not sure of what you're talking.

**Mrs. Bergman:** -- I'll ask the next question. The arts and culture sector is facing considerable change since the Sask arts task force and the subsequent consultations toward the design of a new structure for funding the arts, culture, and multiculturalism. What is the role your department will play this year in the redesign of funding mechanisms? What is the status of the government's efforts? What is your government's policy on funding the arts, and will your government consider additional tax-based funding for the arts and culture?

**Hon. Ms. Carson:** -- You have mentioned a number of the issues that will be presented in the government's White Paper that we are preparing now and hope to release very soon, but all of those issues will be presented for stakeholder comment as we move forward to develop what we hope is a integrated, comprehensive, modern approach to supporting and enhancing arts and culture in Saskatchewan.

**Mrs. Bergman:** -- You wouldn't be able, at this point, to give some detail of your policy on funding the arts?

**Hon. Ms. Carson:** -- Not at this time. As you know, under the SCCO, under Saskatchewan Lotteries, they are one of the globals and they receive some money through the lottery foundation. What we have here is what you have seen, and we don't see enhancing those subvotes within the next two or three years.

But we believe that we can still support a very positive and a very creative approach to arts and culture. And I ask you to wait for the release of our White Paper, and I think we'll be able to provide you with more information at that point in time.

Item 9 agreed to.

#### Item 10

**Mrs. Bergman:** -- In recreation, on what do you spend the million dollars?

**Hon. Ms. Carson:** -- We support development of sport in many capacities in Saskatchewan. We provide recreation services to a lot of small municipalities. We have regional recreation directors across Saskatchewan who help develop programs for the people of Saskatchewan. So whether it's the individual sports and the development of the Saskatchewan Summer Games or the Saskatchewan

Winter Games, there is money allocated in this program for that. And there is also, as I said, money allocated year to year to develop programs through the assistance of the regional recreation directors for a number of the rural municipalities and small urban municipalities.

**Mrs. Bergman:** -- Madam Minister, in November 1993, the Public Service Commission co-sponsored a one-day seminar at which Ted Gaebler, author of **Reinventing Government**, was the guest lecturer. In the course of his presentation, he commented that the whole exercise of reviewing expenditures and budget plans hinges on one simple question that I would like to ask of you now. How is the quality of life of the citizens of Saskatchewan better as a result of your department's activities?

**Hon. Ms. Carson:** -- Do you mean the whole department, Municipal Government, public safety, housing, or just recreation -- the subvote that we're talking about now . . . (inaudible interjection) . . . I beg your pardon?

**Mrs. Bergman:** -- The whole department.

**Hon. Ms. Carson:** -- Well we have a very broadly based department, and first of all we have a very strong and long-standing partnership with municipal governments. We provide them with advisory services and community planning services. Through public housing, as we just talked about, we enhance the quality of life of a number of the citizens who are not, through economic circumstances, able to provide their own shelter. And through our public safety division, we provide regulatory support to not only the building standards and the building codes, but through, as you know, our services in certifying the pressure vessels certification.

And I guess the public safety side is a little more difficult to explain, but we also have under us the Fire Commissioner's office, who provides advisory support to a number of not only the professional fire-fighters of Saskatchewan, but also the volunteer fire-fighters. We have an emergency response division within our department that helps those communities that are facing disasters and help them mobilize in an emergency situation.

And then we move into the area that we've just talked about which is heritage, arts, multiculturalism, and recreation, which of course enhances that other quality of the lives of the public of Saskatchewan through access to programming in arts, heritage, or culture.

**Mrs. Bergman:** -- Thank you, Madam Minister. Previous ministers have agreed to respond in writing to a number of written questions submitted by the official opposition. I'd like to ask you today if you'd ensure that we have the same answers to those questions and the other things that you've said that you'd give to us.

**Hon. Ms. Carson:** -- Certainly. We'd be very pleased.

I thought you already had those answers but if you don't have that document with the answers for the questions, we'll provide it. And with any other information, whether you ask it this evening or at any other time, we'd be more than pleased to provide you with access to any information or answer any of the questions that you may have.

**Mrs. Bergman:** -- Thank you, and thank you for your time at the end of the session and for the time of your officials, who have been very helpful.

Item 10 agreed to.

Vote 24 agreed to.

**General Revenue Fund  
Saskatchewan Municipal Board  
Vote 22**

Item 1 agreed to.

Vote 22 agreed to.

**Hon. Ms. Carson:** -- Yes, Mr. Chairman. I would like to thank the members of the opposition for the questions not only on our estimates tonight but on the Bills. I thank you very much. I believe it was a very good session and I want to thank the members of the department that were with me this evening, and for all their support through the years. So I thank you.

**Mr. Swenson:** -- Thank you, Mr. Chairman. I also would like to thank the minister and her officials for the session this evening. We covered a lot of work and I appreciated the answers. And as the member from Regina North West said, any of that information, we'd be pleased to get it as quick as possible.

(2115)

**General Revenue Fund  
Energy and Mines  
Vote 23**

**The Chair:** -- It has been some time since this department was last here, and I would ask the minister to reintroduce the officials who have joined us here this evening.

**Hon. Mr. Anguish:** -- Thank you, Mr. Chairman. I have two officials with me this evening. I have Pat Youzwa, who is the deputy minister of Energy and Mines, and Ray Clayton, who is the associate deputy minister of Energy and Mines.

**Item 1**

**Mrs. Bergman:** -- Thank you, Mr. Chairman. Mr. Minister, as you know, we are interested in talking about the vision, objectives, plans, and guidelines for government departments; recognizing the volume of department estimates that we've been through, and some still to go through, I'll limit the range of my questions.

Could you describe the senior management structure

of the agency?

**Hon. Mr. Anguish:** -- There's the deputy minister, who's the permanent head of the department; there's the geological and mineral division, we have an executive director in charge of that; there's the petroleum division, we have an executive director in charge of that; we have the administration division, which Mr. Clayton is in charge of. And is there one other? There's resource policy and planning which has an executive director in charge of that.

**Mrs. Bergman:** -- Thank you. What are the specific public policy objectives that drive your department? In terms of the objectives, who established the objectives, how are they reviewed and revised, and what means do you use to communicate them to your employees and to your clients?

**Hon. Mr. Anguish:** -- Well in terms of policy, we want to maintain the reputation of Saskatchewan as a good place to make investments in the mineral sector, as well as the petroleum sector; and to have a sensible, efficient, and streamlined regulatory system that protects the interests of the public and does not impose unnecessary burdens on the private sector which we represent in the mining and the petroleum side.

We have a set of fiscal policies that optimizes the government's revenues to assist in financing the public services such as health, education, justice, and the infrastructure of the province. And secondly to provide a reasonable return to the private sector so as to encourage ongoing investment and job creation within the province in those two main sectors that the department represents. We maintain adaptability to the changing circumstances and conditions.

The new oil incentives package, for example, it was developed in consultation with the industry as a good example of the adaptability of the department. We also provide technical information to assist in the investment decisions and encourage development within the province of Saskatchewan. I might point out to the hon. member that the Department of Energy and Mines is likely the only department in government that's had eight or nine years of consecutive budget reductions and still has the reputation with the mining sector, and oil and gas throughout Canada, as one of the best possible departments to deal with anywhere across this country.

**Mrs. Bergman:** -- That's an impressive record. Could you explain how you've been able to do that?

**Hon. Mr. Anguish:** -- By having professional employees within the Department of Energy and Mines and having a consistent policy of government.

**Mrs. Bergman:** -- In the interests of facilitating the work of the House I'll move on to some other questions.

The total budget for the department is increasing by

\$124,000 which is a 16 per cent increase. I would expect this has meant some considerable changes in operations in the department. What benefit will the people of Saskatchewan receive as a result of this increased spending?

**Hon. Mr. Anguish:** -- I don't know what the hon. member is referring to. We've not had an increase in the budget. In fact in answer to your previous question I've pointed out that . . .

**An Hon. Member:** -- This is the administration.

**Hon. Mr. Anguish:** -- In the administration branch of the department? The overall budget of the department this year compared to last year is a reduction of some \$32,000. The only areas where there's been an increase in the budget, there's \$160,000 for accommodation and central service which is of no control within the department. That's set by those elsewhere.

In terms of mineral revenues, in the mineral revenue collection branch and the mineral compensation, there's been modest increases in the budget. The mineral revenue collection is \$24,000 increase; the mineral compensation is \$43,000. They represent, respectively, a 1.7 per cent increase and a 5.6 per cent increase. Those two, and other than the accommodation and central services, every other item in the budget for the department has been decreased, resulting in a total decrease of \$32,000 in the budget.

**Mrs. Bergman:** -- Could you explain why the central services is not accountable; that you don't have a direct influence on that?

**Hon. Mr. Anguish:** -- Those rates are set by the Saskatchewan Property Management Corporation and you may want to ask that during the Crown Corporations Committee or some other venue. They are viewed somewhat by our department as the landlord, or landperson if you may prefer, and they set the rates and we pay the rates. We feel that they're reasonable and reflect the cost of doing business.

**Mrs. Bergman:** -- Revenues from coal resources are increasing by 400,000 from the 1993-94 forecast. Your increased revenues are a cost to the industry. What impact will these increased costs have on the coal industry in general and investment by the coal industry in research and development?

**Hon. Mr. Anguish:** -- Well in terms of the coal industry, the coal industry has a very fortunate situation in the province because of the previous administration. Only about 15 per cent of the coal that's mined within the province is bound for export. I believe that only 15 per cent is bound for export. The rest is used domestically within the province. Almost all, if not all of that, is used by the Saskatchewan Power Corporation, and any revenues that are . . . or any royalties that are paid by the coal companies in regard to coal supplied to the Saskatchewan Power Corporation are in turn reflected in payments by the

Power Corporation to the coal companies. And that's a very cushy arrangement that was arranged by the previous administration in some very ironclad contracts. So I think the coal companies in Saskatchewan have a very enviable position in terms of their bottom line, the royalties they have to pay.

**Mrs. Bergman:** -- Thank you. Revenues from natural gas are projected to increase from \$34 million to \$90.7 million. Why is the percentage increase so large in a single year? Is this purely a response to changes in volume produced, or does it reflect higher rates of revenue captured by the government?

**Hon. Mr. Anguish:** -- There's been virtually no change in terms of the royalty structure for natural gas in the province. The increase in the amount of royalties that we're going to garner into the province from natural gas is because of the increased activity in the province.

I think that shows, one, is that the price of natural gas in the market-place is determined to stay stable or rise upwards, as the member would be very well . . . as it did last year, and also some confidence in the overall scheme of things in the province that the gas industry is very active in the province last year as well as this year. The overall drilling activity for oil and gas in the province is well up over 30 per cent of what it was last year in terms of exploration activity, and we expect that will continue. Therefore with the expanded industry in the province, there will be increased revenues for the province of Saskatchewan.

**Mrs. Bergman:** -- In mineral revenues, the cost to collect mineral revenues is going up. What is being done differently to collect revenues, and will mineral revenues themselves go up proportionate to the effort expended to collect the revenues?

**Hon. Mr. Anguish:** -- Basically the royalty structure is the same as it was in the previous year. What we have is a situation in Saskatchewan where there is some increased activity. The member may know that the active companies in Saskatchewan are certainly increasing their exploration activities in regard to diamonds. There's been a good amount of exploration in terms of uranium. There's been increased activity looking for other base minerals. I'm sure that the member opposite will know that Cameco has announced and will be having a ceremony very soon about the Contact Lake gold mine which is opening in northern Saskatchewan.

Again the increased revenues for minerals in the province are because of increased activities, not because of a change in the royalty structure.

**Mrs. Bergman:** -- Why is it necessary to compensate former owners of Crown oil and gas rights and holders of mineral trust rights?

**Hon. Mr. Anguish:** -- It was part of the arrangement when the Crown took over those mineral rights, a contractual arrangement, whereby the previous owners would be compensated.

**Mrs. Bergman:** -- Thank you. The Department of Environment is responsible for the operation of the uranium board of inquiry. This must be of considerable interest to your clients, the energy industry. What have your clients told you about the process underway and the board of inquiry? Are they satisfied with the process?

**Hon. Mr. Anguish:** -- Well I believe that the uranium companies within Saskatchewan are satisfied with the process. If not, they feel somewhat frustrated from time to time; not by the process itself, but because of the repetitive nature of many of the reports that they have had to do, and many of the accountability sessions you might say, with different agencies and departments of the federal government, and then different agencies and departments of the provincial government.

So they do feel -- I must say to you -- that they feel the work is sometimes repetitive. But they're good environmental citizens of the province and see the need to have the utmost scrutiny when it comes to uranium developments in the province. And they are willing and sometimes frustrated participants in the process.

**Mrs. Bergman:** -- Thank you, Mr. Minister. The mineral development program is being reduced by a 100,000 or 20 per cent. This would appear to be a considerable drop. Economic theory suggests that the mineral industry requires long-term, steady support, to correspond with a slow but steady growth profile. A cut to the program appears that it might be counter-productive. Why is the cut necessary, and what will change in the mineral development program, and what will the mineral development program achieve in the forthcoming year?

**Hon. Mr. Anguish:** -- We believe that the reduction in the program will have minimal, if any, effect in terms of the mineral development program in Saskatchewan. I might say that the hon. member may want to, in some conversations with your federal colleagues, talk about their withdrawal from the Mineral Development Agreement that was in place for many, many years, and we feel that it was beneficial to us in Saskatchewan. We'd like to see that program continued, and the federal participation is very important not only in Saskatchewan but all of the provinces. The \$100,000 reduction from our part in the mineral development in the province should have very little effect.

All departments and all agencies of government have had to tighten their belt to help recover in terms of the spending of government and this is just part of what's happened within the Department of Energy and Mines. We feel that we can accommodate with internal efficiencies within the department and cooperation with the mining companies active in Saskatchewan to achieve even a greater level of success than what we had previously, but it does mean more work on behalf of the departmental officials and more diligence on the part of the mining

companies involved in Saskatchewan. We feel we do have good cooperation and a good understanding and it should not have any effect. If there is an effect it would certainly be minimal.

**Mrs. Bergman:** -- Maybe I'm not getting it, but you say it doesn't matter if you don't have the \$100,000, but you would like the federal participation to return to the program, but it doesn't have any effect. And it's a little bit confusing to me. Maybe you could explain it.

**Hon. Mr. Anguish:** -- Well I believe this is the last year of the Mineral Development Agreement. This is the last year of the Mineral Development Agreement. It was a five-year program in which there was cost sharing of items that would qualify under the Mineral Development Agreement.

What I'm saying to you is it would be nice if the federal government would continue the program. In terms of the federal government they have completely cut out the program. We've reduced our participation in a similar type of program by \$100,000. We're still participating; we very much want that to happen. And all I'm indicating is that if some chance in the future you could convince your federal colleagues to enter into a new Mineral Development Agreement, we as a government, and I think the mining sector, would be very much appreciative of that.

**Mrs. Bergman:** -- What then would be the effect of having more funding? You say that the 20 per cent cut, really, you've been able to work efficiencies. What would be the benefit of having increased funding and support and continuation of this program?

**Hon. Mr. Anguish:** -- Well if you can convince the federal government to re-enter a new Mineral Development Agreement, I'll assure you that the \$100,000 will be back in the program next year.

**Mrs. Bergman:** -- In petroleum and natural gas, the operations cost appears to be stable. Is there anything new underway in this branch?

(2130)

**Hon. Mr. Anguish:** -- Over the past couple of years there were two task forces in cooperation with the oil and gas industry. One was on the fiscal regime; the other was on the regulatory side. There are items that are ongoing with the industry, in consultation, in partnership you might say with the industry, and we plan on continuing those cooperative measures with the oil and gas industry.

I think that if you look at the increase in drilling activity in the province this year, it bears out what I'm saying to you, is that we've been successful within the department in restoring confidence, with the oil and gas industry being very active in Saskatchewan. We plan on continuing that through cooperation. You'll know that the fiscal policy that came in about January 1 of this year, I think it came into effect, whereby there is an agreement to do a number of things in the fiscal

regime that are attractive to the province and that means that we're getting increased royalties. It's also attractive to the industry in that they're increasing their participation in the province.

**Mrs. Bergman:** -- Does the province have a single, clear, comprehensive energy policy?

**Hon. Mr. Anguish:** -- I don't think there's any province or any jurisdiction throughout the world that has a clear and concise energy policy; you can pick up one book and look at and say this is the energy policy for this particular jurisdiction. We are making attempts in that direction.

Currently the Department of Energy and Mines, in cooperation with other departments and agencies, is developing a comprehensive energy strategy. The comprehensive energy strategy will be placed on my desk sometime this late summer and we hope to be able to release that later this year to the public for further development of the comprehensive energy strategy which will be a guiding document to guide us into the future, in terms of what we do with the energy, whether it's electrical generation or other forms of energy, and what the economic development opportunities are associated with that.

**Mrs. Bergman:** -- What is the status of the interdepartmental review of the conservation strategy for sustainable development? Is this what you're talking about in terms of what will be . . . it was planned for 1992 and 1993?

**Hon. Mr. Anguish:** -- Well I'm not totally conversant with the sustainable development direction that you're talking about. The comprehensive energy strategy encompasses all of that and more. As I said in the answer to your previous question, the comprehensive energy strategy will look at our options for energy into the future well past the year 2000 and examine what the economic development possibilities are associated with those developments.

**Mrs. Bergman:** -- Thank you. SECDA (Saskatchewan Energy Conservation and Development Authority) was formed in June 1992. How many employees are there, and how many were Saskatchewan residents when they were hired?

**Hon. Mr. Anguish:** -- I don't have that exact information with me, but I'd be happy to provide that to the member, and I give her my undertaking that we would provide that yet this week to you.

**Mrs. Bergman:** -- While you're providing that, some of the other things that we'd like to know: are there other, similar organizations in other Canadian provinces or in the States? What tangible results have been produced by this agency after nearly two years of operation? And how much money has been spent on this agency to date?

When it was formed, the minister claimed that this agency would advise other departments and agencies. What departments and agencies have been

assisted? What specific services have been provided? I think that's probably . . .

**Hon. Mr. Anguish:** -- Well it would be quite an undertaking to determine other jurisdictions throughout North America that play a comparable role to Saskatchewan Energy Conservation Development Authority. I suppose if the member really wants that information we can undertake to acquire that for you. It wouldn't be an easy task that we could acquire within a short period of time, I mean communicating with all other jurisdictions in North America to gather that information together for you. And if you really have a purpose for wanting that, I suppose our aim is to serve you in that regard. And if you want to communicate that further to me by letter, then I would undertake to provide that to you.

In terms of the budget, the amount of money that's been spent on the Saskatchewan Energy Conservation Development Authority to date, I believe the budget within their first year was \$300,000. The second year was \$1.5 million. And this year again it's \$1.5 million. So if you total those together, it would be \$3.3 million over a three-year period that's been expended with the Saskatchewan Energy Conservation Development Authority.

In terms of providing advice to other government departments, it has not taken on a major role in that regard. I don't know what you're referring to, what the minister said when SECDA first came into existence. But the major part of SECDA right now is consumed by providing information which will be part of the comprehensive energy strategy. Once they've completed that, they'll fulfil other items within their mandate.

**Mrs. Bergman:** -- Well I'm not suggesting you spend that hundred thousand you saved on getting me the list of stuff from the States. We're just curious as if there are other similar sort of organizations in the U.S. (United States) and in Canada.

What specific technical advice and service has SECDA provided to SaskEnergy prior to becoming Wascana Energy and to SaskPower?

**Hon. Mr. Anguish:** -- Well I'm not sure that the member understands what it is that SECDA is doing at this point in time. In terms of providing information to Wascana Energy, I can't see any relationship whereby they would provide any detailed information. They may have some communications with them to examine how a private sector company views the long-term energy options within the province and maybe even beyond the province.

In terms of SaskPower, the role that SECDA performs right now, in regard to the Saskatchewan Power Corporation, would be to look at the electrical generating options for the future, and that will certainly be part of the comprehensive energy strategy, and the member will have an opportunity to review that later this year.

And when you look at the electrical generating options for the future, in regard to SaskPower, when you see that in the comprehensive energy strategy, you'll know that it's the Saskatchewan Energy Conservation Development Authority that has produced that, working in consultation with SaskPower.

**Mrs. Bergman:** -- What sort of role would SECDA play in -- say -- the decisions about the Queen Elizabeth line or other generating projects?

**Hon. Mr. Anguish:** -- None.

**Mrs. Bergman:** -- Does SECDA have a role in serving municipal governments?

**Hon. Mr. Anguish:** -- It's not a priority now, but they may in the future. And just by the nature of the work that the Energy Authority does, there may be some demand-side management options that they may develop packages on that could be used by municipal government in the future, but it's not been a high priority or a thrust of the Energy Authority at this time.

**Mrs. Bergman:** -- Thank you. What are your future plans for SECDA? Is there a preplan termination date for the agency? Is there a major review plan to assess the mandate and role of the agency, or will this become a permanent agency of the government?

**Hon. Mr. Anguish:** -- That determination has not been made. I think that it's worthy of some debate within this legislature amongst all members, once the mandate has been completed by the Saskatchewan Energy Conservation and Development Authority, as to what the longer-term roles should be.

And certainly right now the Saskatchewan Energy Conservation and Development Authority need to look at their mandate which is basically to look at energy options for the future; to look at conservation measures that may be used within Saskatchewan that are timely and cost efficient for the province as a whole and for the consumers; and to look at the economic development opportunities that are associated with that. So those three items are the summary I guess of the mandate of the particular agency of government.

In terms of the long haul -- and I'm thinking beyond the next three years or so -- I think that we all have to examine what the role is. They may play a very valuable role or they may have a sunset clause at some time in the future. But that's certainly not been determined. They play a valuable role to the government at the present time and I think a valuable role to the public in Saskatchewan.

**Mrs. Bergman:** -- Thank you. SECDA produced a study titled **Small Hydro Inventory Study**. What was the cost of the study? It appears that all of the information and data contained in this report were readily available from SaskPower and SaskEnergy. When the minister set up SECDA he said the agency would not duplicate the roles of existing agencies.

What new information did the study yield?

**Hon. Mr. Anguish:** -- Well I think it authenticates information that's already there. Mainly because of questions in this place and questions by the public, it's valuable sometimes to have an independent assessment of what exists. And I think that although this information may have existed within Crown corporations in Saskatchewan, it gives some validity to having an independent assessment of that, so that members don't say there's some kind of a vested interest in the information that's already there.

And I think that in itself, of having an independent appraisal -- which in this case I believe SECDA has done -- that's the value and I don't want to view it as a duplication because there may be items that they're looking at that are not contained within one of the Crown corporations currently.

But certainly by having the independent assessment by SECDA it brings forward all of that information and brings it into a public light which I think is above question as to their methodology and the objectives and why they place that information before you and other members of the legislature and through us to the public.

**Mrs. Bergman:** -- Was there new information the study yielded?

(2145)

**Hon. Mr. Anguish:** -- I don't know that exactly at this time. If the member requires that information, I can certainly give her my undertaking that I would provide that to you at an early opportunity. It would involve not only the work that SECDA has done but for me to go back and have my officials determine what was there before SECDA actually did the study. And I understand what you're asking for. I don't understand quite what your objective is in wanting that information, but if you want that, I'll certainly try and determine that for you.

**Mrs. Bergman:** -- Well SECDA produced another study titled **Background Document with Integrated Resource Planning Review: Saskatchewan's Electrical Energy Requirements**. What was the cost of that study? And just as with the previous study, it appears that all of the information and data contained in the report were readily available from SaskEnergy and SaskPower. You had said that there would be no duplication of the roles of existing agencies, and again I ask, what new information did the study yield?

**Hon. Mr. Anguish:** -- In the particular study that you're referring to, if I understand your question correctly, no new information but validation of the methodology and the information obtained in the load growth forecast for SaskPower. A few years ago, all utilities across Canada were projecting somewhere between a 3 per cent and a four and a half per cent load growth factor in terms of the generating that would be required within any particular jurisdiction across Canada.

The load growth forecast with the methodology used at SaskPower has dropped to one and a half per cent, to 1 per cent. So the incline for load growth has gone down substantially. Members of this legislature and members of the public questioned that, and I think through that somewhat question the integrity of SaskPower in terms of their methodology and their motives in providing the lower load growth forecast.

There were a couple of items that . . . or a couple of actions that took place. One was an independent organization that SaskPower asked to validate their methodology in projecting the load growth forecast. And secondly SECDA also looked at the load growth forecast to see if the methodology and the information was something that could stand the test of any scrutiny that would come before it, either from this legislature or from elsewhere. And that was the value in having that study done, is that it restored and validated the integrity of the system at SaskPower for projecting a load growth forecast.

And so no new information as far as I know, but what it did say is yes, the methodology and the information coming out of SaskPower was accurate, it was correct, and there was integrity in the way in which they projected the load growth forecast and that is important in the accountability process. It's also important in terms of planning how we generate and how much we generate electricity in the future.

**Mrs. Bergman:** -- Just in conclusion on SECDA, what other studies . . . on this part . . . what other studies has SECDA commissioned which are complete, which are in progress, which are planned but not yet begun?

**Hon. Mr. Anguish:** -- I don't think we have that information readily available tonight but I will provide that to you.

In terms of an earlier question that you asked, in terms of the employees at SECDA, there are 12 permanent staff and 6 temporary staff. As to the origins of those people, I can't answer that for you this evening, but I'll provide that at a later date to you.

**Mrs. Bergman:** -- I'd appreciate that, Mr. Minister. We would like to raise a concern about the level of taxation on mining companies. How much of the total provincial corporate tax revenue is received from the mining industry?

**Hon. Mr. Anguish:** -- In the overall provincial revenues we wouldn't have that information. You would more appropriately ask that to the Minister of Finance during those estimates.

**Mrs. Bergman:** -- In 1992 the mineral taxes paid by members of the Saskatchewan Mining Association were just over one-half million dollars. In 1993 the revenues you received from them jumped to 1.57 million. Can you explain the reasons for the change?

**Hon. Mr. Anguish:** -- Can you explain what you mean by mineral taxes? You seem to have us just a

small bit stymied here in terms of the increase that you're talking about from the half million to the 1.5 million. Could you just give us a little further information on what you're asking?

**Mrs. Bergman:** -- I could not explain that to you, so perhaps we should talk about this at another time. I can get more information on what we want.

I think that concludes the questions I wanted to ask today, and I appreciate the many answers you've given me. And thank you to your officials.

Item 1 agreed to.

Items 2 to 7 inclusive agreed to.

Vote 23 agreed to.

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

Item 1 agreed to.

Vote 35 agreed to.

**General Revenue Fund  
Loans, Advances and Investments  
Saskatchewan Power Corporation  
Vote 152**

Item 1 -- authorized by law.

**General Revenue Fund  
Loans, Advances and Investments  
SaskEnergy Incorporated  
Vote 150**

Item 1 -- authorized by law.

**The Chair:** -- That concludes the estimates for Energy and Mines and related votes. And at this time I would ask the minister to thank the officials who have joined us here this evening.

**Hon. Mr. Anguish:** -- I would like to thank the members opposite for their questions here this evening, Mr. Chairman. And I'd like to thank Ray Clayton and Pat Youzwa for their assistance in the House, two very good and professional employees of the province of Saskatchewan. Thank you.

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

**Mr. D'Autremont:** -- Thank you, Mr. Chairman. I would like to thank the minister and his officials for their participation this evening.

**General Revenue Fund  
Saskatchewan Property Management Corporation  
Vote 53**

**The Chair:** -- I would invite the minister to introduce the officials who have joined us here this evening.

**Hon. Mr. Lautermilch:** -- Thank you, Mr. Chairman. I'd like to introduce to my left, the president of Property Management Corporation, Brian Woodcock. Immediately behind him is Al Moffat, the vice president of commercial services, and behind me is Norm Drummond the corporate controller.

**Item 1**

**Mr. D'Autremont:** -- Thank you, Mr. Chairman. Welcome, Mr. Minister, and officials. I have a few questions for you this evening.

Were there any reclassifications in human resources department of the Saskatchewan Property Management Corporation during the last year; and if so, please provide the details.

**Hon. Mr. Lautermilch:** -- My officials are just looking up that information. If you have another question, we could maybe carry on with that as they bring forth that information.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister; it relates to the same area. What position does Barrie Hilsen hold with SPMC, and has Mr. Hilsen received a reclassification or an increase in salary over the last year?

**Hon. Mr. Lautermilch:** -- Mr. Hilsen is the vice-president of human resources, and there has been no change in his salary level.

**Mr. D'Autremont:** -- Has there been a change in his classification level?

**Hon. Mr. Lautermilch:** -- No.

**Mr. D'Autremont:** -- Has there been a change, Mr. Minister, in any of the other people working within the human resources department?

**Hon. Mr. Lautermilch:** -- Thank you very much. There were six reclassifications, and I can send across a copy of those if you would like.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I'm assuming that with the reclassification there will also be a change in the salary levels. Is that the case?

**Hon. Mr. Lautermilch:** -- Yes there were. I have the changes to salary levels, and those will be also included with the reclassifications.

**Mr. D'Autremont:** -- Thank you very much. How many people are employed in the human resources department?

(2200)

**Hon. Mr. Lautermilch:** -- Mr. Chairman, as my officials are looking for that information, putting that together, there were some questions that were asked of us the last time we were here, and I have had the officials put that together and we can send that across for you this evening so you can peruse this at your

leisure. I think we have the numbers with respect to the human resources personnel. We have 19 permanent employees, 3 temporary employees, 2 part time, 2 casual, for a total of 26 employees within the human resources department. And I'll send this information that I had referred to earlier across.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. You had 19 permanent, 3 temps, 2 part time. And what was the fourth category, if you would, please?

**Hon. Mr. Lautermilch:** -- Casual.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. How many of these, the temporary, part time, or casual, would any of those be summer students?

**Hon. Mr. Lautermilch:** -- In the human resources, I am told by the officials, that there were no summer students employed under this part of the department.

**Mr. D'Autremont:** -- Okay. Are there summer students employed within SPMC in other areas, then?

**Hon. Mr. Lautermilch:** -- The number of summer students that Property Management Corporation has been hiring in the past couple of years is in the neighbourhood of 120 to 140. The officials tell me that, although all the hirings are not complete, they're anticipating in the neighbourhood of 140 summer students that will be hired over the course of the summer.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. In the previous year what was the salary range for summer students?

**Hon. Mr. Lautermilch:** -- I'm told, Mr. Member, that the salary range for summer students varies depending on the kind of employment, the kind of job that they're doing, but that the salaries would average in the neighbourhood of between \$10 and \$12 an hour.

What we can is get a list for you in terms of the kinds of jobs and the rate pay of the summer students, and we can send that and we will send that across to you. I don't know if they have that here tonight, but we'll get it to you at any rate.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I'm particularly interested in whether or not there has been a change in that salary scale from last year to this year?

**Hon. Mr. Lautermilch:** -- The only changes that would be between last year and this year in terms of summer students would be what would have come through the collective agreement with the union. If there was no change in the collective agreement then there would be no change in the salary scale for summer student employment.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. Students are therefore covered under the collective agreement, are they, when they're employed with SPMC?

**Hon. Mr. Lautermilch:** -- Yes they are.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. The reason I ask these questions is that we received a phone call that because of the increase in salary levels in human resources, that some of the summer students employed in that area were given a decrease in their salary.

And this person was quite concerned about that. They felt that the decrease was improper in that the students were then asked to work an additional two hours of overtime to bring their level back up to an agreed-upon salary scale. Does SPMC provide overtime pay for students if they do work an additional period of time?

**Hon. Mr. Lautermilch:** -- I am told by the officials that there has been no increase in the number of people that work in the human resources services arm of Saskatchewan Property Management Corporation.

Whatever would be covered by the collective agreement for a full-time employee, or a part-time or temporary employee, would be covered as well for summer students. If under the collective agreement the regular employee, or a year-round or permanent employee, would be covered by overtime for the hours worked, then that would as well be covered for summer students.

But in terms of any differentiation between the rates and the remuneration for overtime, it's the same. It's dependent on the number of hours worked and the rate would be dependent on the kind of employment that that particular individual would be doing.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I wonder if you'd mind looking into that situation though in the human resources sector to ensure that the students are being paid their full salary scale as laid out in the collective agreement and that there's not something happening there that should not be.

The person who phoned in felt that perhaps your office would not be aware of the situation at the time.

**Hon. Mr. Lautermilch:** -- Yes. I was just conferring with my officials. I can say to the member that I certainly will look into the hiring practices and the salary, pay practices within that particular part of Property Management Corporation.

It's been one of the goals of government over a long period of time to assist students and to try and create, when the holidays are taking place for the permanent employees, the ability to come in and take over some of those jobs, to assist them in helping with their post-secondary education. And that program continues. We think it's a very positive thing for the young people of Saskatchewan, and I say to the member that I certainly will be looking at how the employees in that branch are hired, what the pay practices are, and we will get to you a full report.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. It is, I think, a worthwhile effort both in government and private industry that they do indeed hire students to replace the permanent employees while those employees go off on holidays during the summer months. I might say that sometimes it's of benefit to both students and permanent employees if those kind of hiring practices can take place at other times of the year rather than just May, June, July, and August.

Mr. Minister, there have been a number of terminations within SPMC over the last year, most recently the termination of a number of nurses. Mr. Minister, where were those nurses employed, and why were they terminated, and will they be replaced?

**Hon. Mr. Lautermilch:** -- Yes. I think what you may be referring to is . . . there was a change in terms of the structure of air ambulance and how the nursing staff are dealt with.

Property Management Corporation did abolish two positions in terms of full-time nursing, and I am told that one of the people who had those jobs went on long-term disability, and the other one retired. They are now looked after by the Department of Health. The Department of Health is responsible for staffing, and for nursing staff to air ambulance. So those I think may be the positions that the member may be referring to.

**Mr. D'Autremont:** -- Well, Mr. Minister, I have your globals that you sent us across and this is in Saskatoon. I have one, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve, thirteen, fourteen, just on this one page alone, and I have a number of other pages with nurses listed; and these nurses are in Regina and Saskatoon. Nurse classifications 2, terminated all of them on the 06-08-93. Now I'm assuming that's the sixth month, the eighth day -- but you can correct me if it's the other way around -- of '93 and just wondering where all these people are working and what were they doing, and are they being replaced?

**Hon. Mr. Lautermilch:** -- I am told that the number of nurses that you're looking at here, and they're mainly based in Regina and in Saskatoon, were casual nurses that were used and maybe picked up for an hour here and an hour there and used through the air ambulance process. When this staffing was moved to the Department of Health and it became their responsibility we no longer then had the need to keep these nurses on our casual list. But I'm assuming that they would have been picked up, some of them, if they felt they wanted to transfer to the Department of Health, that that could have been an option for them. But when we moved the nursing staff over to the department, there became no need for Property Management Corporation to maintain a list of casual people that they would call in when the need required.

(2215)

**Mr. D'Autremont:** -- Well thank you, Mr. Minister. I

find it surprising though that there'd be two pages of nurses' names that were no longer needed, and hopefully they did find some employment elsewhere.

How did air ambulance work if they had so many part-time nurses on call? I would assume they were. Whenever air ambulance needed a nurse, they simply called the first one on the list or just what happened?

**Hon. Mr. Lautermilch:** -- There were and had been under Property Management Corporation two nurses on a full-time basis, and the rest of the nurses were called in when the need would arise. For an example, if it required the staff be on a flight to wherever it might be and there was a need for someone to be in the station in case another call would come in, then the air ambulance operation would call a nurse and ask them to come in on a casual basis.

This list was developed, I guess, over a period of time. It wasn't the list that was always active. Some of these people may have in fact been on a list, and this list had been built over a period of months and years. But basically there were only two full-time employees at air ambulance in terms of the nursing staff, and those two full-time jobs had been moved over to the Department of Health. Who is staffing them now, I'm not sure. But I'm sure during Health estimates you'd be able to find out who staffs the air ambulance with respect to the nurses.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I see that SPMC has a sales staff out at Fort Qu'Appelle. What does SPMC sell that they need a sales staff?

**Hon. Mr. Lautermilch:** -- What those positions are are just classifications for the moment, and we believe there is one person stationed out at Echo Valley at the conference centre. They're in the process, as I understand, of revamping that position to give it a more appropriate title in keeping with the actual work that that employee does.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister. When I look at the globals here we have quite a number of people who are classified as sales staff. It says sales service attendant 1, and just on this page alone there's seven or eight of them and then if I flip over to the next page, I notice that there's more on there still, so there's more than one person who is performing or whose classification is at least sales. Could you explain what that's all about?

**Hon. Mr. Lautermilch:** -- What these are are the housekeeping staff out there and it's an inappropriate name really for the job that they do because what they do is look after the rooms, make the beds, do the dusting, and those kinds of things. And SPMC is in the process of putting a proper classification to these particular jobs.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister, because my next question was, how much money did these sales people raise. But since they're looking after rooms, I gather that they would not have generated a lot.

Mr. Minister, I'd like to deal now with leases and SPMC. How many SPMC leases were renegotiated during the last fiscal year?

**Hon. Mr. Lautermilch:** -- Mr. Chairman, the officials are just putting that information together. There have been a number of properties, as you will know, throughout the province from one corner of Saskatchewan to the other and what they're doing is putting that information together. So if you have another question that you may want to continue with, we'll get that information to you, or I can send it across or read into the record -- whichever you prefer.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. If you just send it across, that will be fine.

My next question also deals with the leases, though. How much money did the government save through these renegotiations?

**Hon. Mr. Lautermilch:** -- What you're asking is fairly detailed, and we can compile an aggregate figure in terms of the amount. I have, on this sheet, a list of different properties that some action was taken on in the year. Some were renewed leases. Some were revised in working with the owner of the facility. And in this page there's probably about 30 of them, I would suggest. We can get together in terms of each individual one, and then put together an aggregate figure for you if you would like. And we'll compile that, and we'll send that all across to you if you're interested in that information. I think that's what you're asking for.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. Yes, I was interested in how much total was saved. But if you didn't want to bother adding them all up and if you just want to send that across, that would be fine -- also, if you would define all of them.

On another issue on SPMC, Fort San, I was wondering if you could explain the status of Fort San now.

**Hon. Mr. Lautermilch:** -- We had a very busy year over the last few months. We were looking at the facility in terms of its long-term viability, what we may be able to do to turn that facility from an annual cost to the government to a break-even or even a profit-making operation at best.

The analysis that was done on the facility was that, in order to establish a revenue base, we needed to secure an anchor tenant. So the officials, working with the federal administration, started looking at what we may be able to do with the sea cadet program. They were housed . . . this particular sea cadet program was housed at Gimli in Manitoba. The facility was in very poor shape. They looked at what we had to offer at Fort San in terms of the lake, in terms of the physical facilities. And it was determined it would be worth while for the provincial government to work with the federal government to see if we couldn't put together a proposal that would work in the best interests of Ottawa and of the Government of Saskatchewan.

We were able to reach an agreement with the federal government to secure a long-term lease that would give us an anchor tenant, would give us a base of revenue, that would make an investment in that facility to bring it up to the standards that they require, that would make that a good business decision. So based on that analysis we continued the negotiations and were fortunate enough to secure a contract with the national Department of Defence to secure the sea cadet program out at Echo Valley.

We as well are looking at leasing it or contracting with groups, with individuals, as a low-cost conference centre, and we're certainly hopeful that we'll be able to secure a busy facility there year round to be able to make sure that that is no longer a drain on the public purse, but in actual fact would generate some revenue for the province.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I support the agreement with the sea cadets. I was never a sea cadet but was in the air cadets and found it to be a very valuable program. The agreement you have with the sea cadets, what proportion of the cost of operating Fort San would that agreement cover -- 50 per cent? 75? 20? What type of numbers are we looking at here?

**Hon. Mr. Lautermilch:** -- It actually is a fairly substantial portion of our revenue. The annual contract with the Department of Defence is \$582,000. Our overall revenue is in the neighbourhood of \$1.2 million and our total expenses are just around \$1.191 million. So basically that program almost accounts for 50 per cent of the costs of operating that facility. So what we were able to do is to achieve a fairly substantial anchor tenant that certainly puts us in the kind of a position where, with a little bit of work, a little bit of marketing, we should be able to put that in at least a break-even position.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I wonder if you used the term anchor tenant before or after sea cadets moved in. Mr. Minister, how much time do the sea cadets utilize Fort San? Is it a couple of months a year that they're receiving for this payment? Or what kind of a time frame are you looking at that is available for others?

**Hon. Mr. Lautermilch:** -- Our anchors generally arrive in around July 1 and are there through until the end part of August. There's a little preliminary, and some of the instructors will come in a little early to ensure that they have things prepared for when the sea cadets come in. But basically the brunt of the activity is from July 1 to the end of August.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister. I would encourage you to find further tenants for this facility, or as was previously contemplated, perhaps the sale of it would also be appropriate. I think it's one of the areas where the government isn't necessarily needed in this type of enterprise, that it's perhaps better dealt with through the private sector rather than the public sector because it doesn't provide directly a

benefit to the province as a whole.

Mr. Minister, I notice that you had some significant computer purchases on the globals -- actually \$472,000-plus which were tendered. I wonder, Mr. Minister, what was purchased and where was it purchased from?

(2230)

**Hon. Mr. Lautermilch:** -- As you will see, the aggregate amount with respect to computer purchases is just in the neighbourhood of \$475,000, of which 473,000, roughly, was tendered. There was about \$2,500 that was not tendered. The officials are looking for the list, who the purchases were from and what the amounts are, and we will send that list over to you.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. Are you contemplating any further increases in computer equipment in the upcoming budgetary year?

**Hon. Mr. Lautermilch:** -- The officials are anticipating expenditures in the neighbourhood of \$150,000 for this year. And basically what it is is part of the equipment . . . we're serving a \$3 million computer system. We deal with all of the government's mail, with the operations, the procurement, the purchasing, the tendering process, so it's a fairly elaborate computer system that Property Management uses. I certainly wouldn't suggest to you that we'll be able to maintain a level of \$150,000 because, as you will know, computer . . . the life of a computer is fairly limited in terms of the changes in technology, what's available, and the fact that sometimes electronics do break down whether we like it or not. So next year's a relatively small year in terms of purchases for computer equipment. But certainly in upcoming years, we will be increasing that expenditure fairly dramatically.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I do understand that computer technology is moving ahead fairly fast and that computers that you may have purchased today are obsolete by the time you put them up in your office. But those computers are still able to perform the duties that are required of them, and you don't necessarily need the fastest and the latest to do the job, that sometimes the older computers can still function properly and still do the necessary job that you have required of them.

And I would encourage you to look very carefully at the expenditure dollars when you are spending them on computers because it is very easy to go for the latest and best where perhaps the second or third tier down the line would do the job sufficiently even though they may not necessarily have all the bells and whistles.

Now perhaps if you let the Minister of Labour in there he would have some influence on that. But I'm not sure just exactly what direction it would go in. So while you may take a look at the equipment he uses, I wouldn't suggest though that you necessarily follow his example on this matter but that you take care and

consideration when you are ordering new computers to make sure that they will do the job, but that you're not overbuying for the situation.

Thank you, Mr. Minister.

Item 1 agreed to.

Vote 53 agreed to.

**General Revenue Fund  
Loans, Advances and Investments  
Saskatchewan Liquor and Gaming Authority**

**The Chair:** -- Although there's no estimate as such for this year, the members do have an opportunity to ask questions. Are there any questions? For the Saskatchewan Liquor and Gaming Authority there are no loans or advances required for this year. No questions?

**Hon. Mr. Lautermilch:** -- Mr. Chairman, if I could I'd like to thank the member for his questions and I'd like to thank my officials for their work this evening and their work that they do throughout the year. We will certainly heed your advice with respect to our purchases. Finance department generally makes pretty good sure that we don't overextend ourselves. And the budget seems to be shrinking, so we have to -- it seems -- do a little more with a little less. But I thank the member for his questions.

**Mr. D'Autremont:** -- Thank you, Mr. Chairman. I would like to thank the minister and his officials for coming in today and for their cooperation. I know that he's disappointed that we didn't ask any questions tonight on gambling and liquor, but we will get to you on that one.

**General Revenue Fund  
Agriculture and Food  
Vote 1**

**Item 1**

**Mr. D'Autremont:** -- Thank you, Mr. Chairman. Although I'm not going to get into, Mr. Minister, your book, **Agriculture 2000**, I did have to make a comment on it and that being that this would have perhaps been a good document from say October 22, 1991 until about March 1, 1992.

But to have come out with it earlier this year I think was an inappropriate time for this kind of a document. I think this year would have been the time to come out with a document that had some substance in it, that outlined some real programs and some real solutions rather than some airy-fairy ideas that will actually be projected until the year 2000 before there's any meat in it, because the farmers of this province need some meat-and-potatoes answers dealing with the problems that they're facing today, and **Agriculture 2000** does not provide that. In fact it provides very little of anything other than wasting 26 pages worth of paper.

Mr. Minister, I'd like to ask you a few questions about

the tripartite stabilization program. That program is discontinuing, and what kind of a program are you bringing in, in the interim to replace it? And what are you bringing in for a long-term program?

**Hon. Mr. Cunningham:** -- Mr. Chairman, the member is right; tripartites are being discontinued for most commodities. As the member knows, we're out of tripartite for beef, moving out for hogs and honey and sheep and others. That was not necessarily a Saskatchewan decision. In fact in the beef tripartite, we voted against the winding down that program but lost the vote because of the amending formula which says that six provinces and the federal government are needed to change or eliminate the program, and hence we are out of it.

Saskatchewan is working very hard to come up with new safety nets to replace those with, and we hope to have some of those in place by the end of '94. And the federal government has assured us that this is possible, and we continue to work very hard to replace those programs that are being eliminated.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. What kind of an interim program, though, are you looking at before a permanent program would come into play?

**Hon. Mr. Cunningham:** -- Mr. Chairman, one of the reasons for winding down the tripartite program was the trade problems that they presented. Many of the cattle producers wanted out of tripartite programs because of the potential countervail from the Americans. And we already have a countervail on the hogs so any interim program really only makes that problem worse.

We are trying to put some money into a beef development fund and possibly in some other commodities having development funds to help the industry. But until we get a whole-farm program, and one that is trade-neutral, an interim program winding down -- a program because it's countervailable -- and then introducing a program that is more countervailable is not logical.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister. While you may not have agreed with the discontinuation of the program, it did happen, and it had an impact on agricultural producers in this province. While at the same time, your government -- of which you are one of the cabinet members, sit around the cabinet table -- have authorized increases in utility rates which have had a major impact on meat producers in this province, particularly those in an area of high-intensity . . . well hog operations but also in the feather industries where they have a high cost of heating, a high cost of electricity.

And that has had a very major impact on the viabilities of those industries. Mr. Minister, what are you doing, or what have you done, to try and lessen the impacts of those increased utility rates?

**Hon. Mr. Cunningham:** -- Mr. Chairman, in the supply-managed industries, which are some of the

intensive operations, those things are built into the cost-of-production factor, which will help those particular farmers. Certainly energy rates are somewhat subsidized for our farmers in this province. We cross-subsidize and we're able to do that because we have Crown corporations that can make those decisions.

But certainly there are some concerns for farmers with utility rates and that's the reason we need to develop new safety nets that will help farmers get through tough times; although the livestock industry is not now in as tough a situation as the grain industry is.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. The cattle industry is doing fairly well but as I talk to the hog producers they always seem to have a complaint that they're not receiving enough for their commodity, and they in particular are affected by the increases to the natural gas rates. And perhaps I should be directing these questions to the minister for Energy when it comes to this particular issue but it's a direct impact on agriculture, Mr. Minister. And I would encourage you to talk to the Minister of Energy to try and decrease the costs that are directly affecting agricultural producers and the hog producers of this province.

You state that the market board industries, the feather industries, are protected because that's computed as part of their cost and what they receive for their product would go up correspondingly. But for the hog industry that doesn't happen.

You mentioned that the Americans apply countervail against our hogs as they go across the border because of such things as tripartite. But I would suggest that if they were receiving a lower cost of energy that that would not be directly attributable as a subsidy to that industry if all farmers were to receive that across the board.

So, Mr. Minister, I think it's very important that whatever can be done to lessen the utility costs to farmers should be encouraged and should happen. Now perhaps you will have to twist the Minister of Energy's tail at the cabinet table to get him to give this some consideration but I would certainly encourage you to do so.

You say that an interim measure would not be appropriate because of the possibilities of countervail against the red meat industry if some sort of a safety net program was put in place. What are you looking at then for a long-term solution to the problems that the red meat industry faces that would not be subject to countervail?

**Hon. Mr. Cunningham:** -- Well, Mr. Chairman, in regards to the natural gas, the member will well know that natural gas prices at the wellhead, where SaskEnergy purchases, went up something like 40 per cent and we only passed on a small portion of that to all of our natural gas consumers; so certainly the Minister of Energy and Mines has done his share to help mitigate the problem.

As regards to the safety nets, in order to be non-countervailable, one solution is to have it whole farm. And as the member pointed out, if it applies to all farmers across the piece then it would not be countervailable and it certainly . . . under the new GATT rules I'm not sure that anybody knows the exact answers as to how to design programs that won't be countervailable. But certainly there are ways to do that that can prevent countervail and that's what we're looking at.

(2245)

**Mr. D'Autremont:** -- Thank you, Mr. Minister. The problems of trade are not just a problem of north-south. It's also a significant problem going east and west. My constituency borders with Manitoba and I may have brought this up to you last year, but the situation hasn't changed.

I have a butcher at Gainsborough who receives meat from Winnipeg. The actual animals come from Moose Jaw, go to Winnipeg, are slaughtered or processed . . . they may be slaughtered in Moose Jaw and processed in Winnipeg, come back into his store, his butcher shop in Gainsborough. He has contracts that he could supply into institutions in Manitoba but because his butcher shop is not federally inspected, he can't ship across the border. I mean his neighbours . . . he's two miles from the Manitoba border and he can't supply meat that comes from Winnipeg in Manitoba back to Manitoba. Mr. Minister, what are you doing about these kind of situations?

**Hon. Mr. Cunningham:** -- Mr. Chairman, the member rightfully points a very serious problem and I think he is also right in that it has been ongoing for quite some time, in fact a good number of years, as one of the problems that we're working on with the federal government to try to iron out differences in regulation.

If you are not federally inspected -- the member is right -- you cannot ship into other provinces, or out of the country, and it becomes a problem. We have some federally inspected plants, and some provincially inspected plants, and it's one of the areas of overlap and duplication that we are working on with the federal government; and also some other areas of duplication, and trade barriers, and so on that we're hoping to make some headway on very shortly.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. Can you give us some sort of a time frame that I might pass on to my local butcher so that he can look at expanding his business? He had the opportunity to get the contracts into a couple or three co-op stores, just across the border, but he couldn't supply it. What kind of a time frame are we looking at here before anything will change in this matter?

**Hon. Mr. Cunningham:** -- Well, Mr. Chairman, there is a committee that's working on some of these issues. They have resolved some of the easier ones. This one, along with some other complicated ones, are being

worked on by a committee and we will be getting a report in July, at the Ag ministers meeting, back from this committee and hopefully we can make headway on some more of these difficult issues.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. It may be complicated on the grand scale, but for my local butcher and the co-op store at Reston, it seems like a fairly simple issue that his meat comes from Manitoba and why can't he send it back to Manitoba. To the people that have to deal with this, to them, it seems like a fairly simple thing and they just can't understand why the bureaucracies can't see it all so that it's a fairly simple issue.

Well, Mr. Minister, like tripartite, the cereal grains, oilseed safety nets are in a position where they're winding down. Mr. Minister, what do you see in place for interim programs in those areas?

**Hon. Mr. Cunningham:** -- Well, Mr. Chairman, as the member knows we are in the GRIP (gross revenue insurance program) program in Saskatchewan for this year. This will be the last crop year for GRIP. Other provinces certainly will be moving out, I think the member rightfully points out, will be moving out of GRIP probably very shortly. And we're working again to develop a safety net that will replace not only tripartites for beef and hogs and honey and sheep, but also for the grain industry, which will also soon not have an adequate safety net.

**Mr. D'Autremont:** -- Well, Mr. Minister, I think everybody knows that we're moving out of it. But what are you bringing in to replace it? We have a situation in the north-east that I'm sure you're fairly familiar with since a lot of it occurred in your own constituency, where the farmers up there suffered a devastating loss and yet crop insurance provided minimal coverage. If GRIP had been in place as it was in 1991, there would have been some significant funds available to compensate those farmers and yet very little has happened to this date, because of the changes to GRIP.

Now it may not help the farmers in the north-east, a new program coming in, but it will alleviate other problems that will develop in the future. Because Saskatchewan is a fairly diverse environment and we have a drought in one area and 30 miles up the road we may very well have a flood. I'm trying to seed and I have a flood right now. So we need programs in place that can deal with all of these issues across the province and yet the safety nets are disappearing and nothing is coming into place. What can the farmers count on from this government this fall, next fall, and on down the road?

**Hon. Mr. Cunningham:** -- Well, Mr. Chairman, this government is spending in the neighbourhood of 10 per cent of our money into agriculture and farm aid. So certainly we will continue to spend a good chunk of our budget. But we cannot carry agriculture by ourselves. As the member well knows, this is a split jurisdiction between the federal government, that any new safety net that's developed will have to be

developed in conjunction not only with the federal government but with other provinces. I think all provinces agree that we need a national safety net and one that's a level playing-field across this country.

I think all provinces agree that the safety net system that we have now is not very functional. It has created trade problems, or will create trade problems, with the new agreements that we've signed; that it's not adequately keeping farmers on the land; and it's not the best use of taxpayers' money. And all provinces and the federal government agree that we need new safety nets.

Certainly Saskatchewan, I think, is leading the way in developing those. But we cannot unilaterally develop a safety net without some consultation and some cooperation with the federal government and other provinces as well.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister. Indeed we can't move unilaterally. There is a federal component here and it needs to be a significant federal component. But we don't hear of this government pushing ahead for those kind of programs. We hear very little from this government on any agricultural issue.

Your **Agriculture 2000** is nothing. It provides no information and no hope. The things that it contemplates are already happening in agriculture. Diversification into the livestock industry has already been happening for a significant number of years. And so to promote that is fine but to base your pamphlet on that provides very little for anyone in agriculture. And the people in agriculture today need to have some hope for the future. And your programs so far have not done it.

Your support for agriculture, where people can see it and hear it, haven't provided that hope either. As far as the majority of farmers in rural Saskatchewan, when they stop and think about the Saskatchewan government and agriculture, in their minds it doesn't exist any longer; that there is very little support for agriculture, very little thought from this government directed toward the agricultural industries, Mr. Minister. And that needs to change. If Saskatchewan is going to lead the way in pressuring the federal government on some issues, then you need to come out and do that, where people can see it's happening, that you are doing something and that you are getting some results.

Mr. Minister, we have a third issue here dealing with crop insurance. I went to do my crop insurance the other day and my agent asked me, what are you seeding? So I told him. He said, what was seeded there before? So I told him. He said, well did you know that if you seed wheat on wheat you may not receive any crop insurance coverage? And I said no, I didn't realize that.

And he said, well it's on this little letter here. I said yes, I got that letter. I read the front page of it because it said you have to have your crop insurance done by March

31 or April 30, or whatever the date was -- April 30. So, like most people who are in a hurry and you're reading this while you're trying to sit down and eat dinner, or supper, as you're rushing back out to the field, I read the first page and it told me the date, and I thought that was the important information.

But you flip over on the back side of this letter and it has some other information on it, and even that, Mr. Minister, when you read it it doesn't clearly say what it means because it was written by a bureaucrat. It doesn't say, if you grow wheat on wheat you may not receive any protection. So, Mr. Minister, how many farmers know about the fact that they may not be receiving crop insurance coverage even though they've paid the premium because in the minds of your department you may say, well you didn't follow good husbandry practices; you seeded the same commodity twice in a row and the reason you have this problem is because of that. Mr. Minister, it was not clear on that letter and I think that it needs to be made clear if that is actually going to be the policy.

In this province, wheat is still king. It's changing, but it's still there and there's a good many farmers in this province that grow nothing but wheat. And some of them change and some of them don't want to change. They say, I'm going to be in farming for another 10 years and I don't want to learn how to grow lentils. I've grown wheat all my life, and that's what I like to grow, and that's what I want to continue to grow. But your program is telling them, even though they've paid their premiums, that you might not cover them. If they do put wheat on wheat and pay the premiums, and you decide that they're not going to be covered for that, will you reimburse their premiums?

**Hon. Mr. Cunningham:** -- Mr. Speaker, to the . . . Mr. Chairman, pardon me, to the first tirade on safety nets -- we are not leading the way as others have in this area -- we have decided to take a consultative approach, to be constructive. We have consulted very much with producers. We have a Farm Support Review Committee that worked very diligently, actual grass roots farmers with dirt under their fingernails who gave a report to me.

We are talking constantly with the other provinces. We've had an agreement at the last Ag ministers meeting. The four western ministers signed an agreement as to what principles and design that we would like to see in a safety net. We met very diligently with the federal minister and even though we have had differences on many occasions, we have taken an approach of trying to work out the best solution for our producers rather than a lot of rhetoric and high public profile on trying to score political points.

As regards to the crop insurance problem, what the letter says is:

In areas experiencing wheat midge infestations, the corporation would like to remind wheat producers to take appropriate measures to prevent loss. Producers should be

prepared to use proper crop rotations as well as chemical or other control measures to minimize damage. Failure to attempt to minimize damage may result in denial of insurance liabilities.

And certainly this is nothing new for Saskatchewan Crop Insurance. We have always insisted that we cover farmers for losses which are not within their ability to control.

In areas where there has been wheat midge infestation last year, particularly on fields that have suffered wheat midge damage last year, if producers seed wheat on those particular fields and take no cultural measures like seeding early or using chemical spray or some such measures, it's almost certain that they will receive significant losses this fall. And if that's the case, as with any other cultural practices where farmers obviously do not farm according to accepted practices we reserve the right to reduce the coverage that's available.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister. You may be taking a cooperative and consultative approach with farmers, and the four provinces, and with the federal government, but as of yet you've delivered no results for your consultation or your cooperation.

Mr. Minister, on the issue of the wheat midge, I believe in my area that Carlyle was classified as a wheat midge area. Now I'm not sure if you blanket how large an area with crop insurance based on a wheat midge infestation, but to the best of my knowledge, no one within my particular area has had any wheat midge.

Now I'm 30 miles from where the report was at Carlyle. What distance, what areas, what measurements do you use to base whether or not a person would classify within an area of infestation?

(2300)

**Hon. Mr. Cunningham:** -- The criteria would be whether or not the farmer is using acceptable farming practices and I would suspect that it would only apply to cases where there was known damage from wheat midge last year.

So if you had no wheat midge damage, and none of your neighbours had wheat midge damage, you could not be expected to anticipate large damages this year; and therefore it would be a normal sort of loss and would be covered. It's only in cases where it's obvious that there is a problem, and risk, and farmers take no steps to prevent it, that we use uninsurable causes and not cover the full loss.

**Mr. D'Autremont:** -- So any farmer who did not suffer a wheat midge loss last year would be relatively safe then in seeding wheat on wheat and that they would not be affected by a cut-back in their coverage?

**Hon. Mr. Cunningham:** -- Yes, certainly that would

certainly be the case. I mean there might be situations where the next door neighbour obviously had it, but generally thinking if they had no damage last year that . . . there are not going to be large numbers of farmers who are going to seed wheat on wheat if they know there's going to be damage. I would suspect that it would be a very rare occasion where a farmer knowingly goes out and seeds wheat where he knows it's going to be seriously damaged, or almost certainly going to be seriously damaged, without taking some steps. Certainly some farmers will seed and use chemical treatment or will try cultural practices to control it. And if that's the case and damage still does occur, then it would be covered. But it's strictly a situation of protecting Crop Insurance as we always do and restricting it to losses that are caused by things beyond the control of the farmers.

**Mr. Toth:** -- Thank you, Mr. Chairman. Mr. Minister, a couple of questions relating to a personal call that came in. How many production loans are still out in the province regarding the production loan program?

**Hon. Mr. Cunningham:** -- There are a total of 22,179 loans in the production loan area.

**Mr. Toth:** -- Mr. Minister, how many of those loans are recoverable?

**Hon. Mr. Cunningham:** -- Mr. Chairman, there are 10,508 of those loans that are now in arrears. Certainly most of those will be recoverable, but we don't know exactly what proportion will not be.

**Mr. Toth:** -- Well, Mr. Minister, the question that arises comes from a constituent in the Fleming area who basically went through a mediation process. Farm Credit called the loan. There wasn't a lot of finances available to cover his operating expenses plus maintain his loans. And basically at the end of the day he just turned everything back to the banks and Farm Credit and he thought ACS (Agriculture Credit Corporation of Saskatchewan) had also accepted the fact that he had no way of paying off anything. He basically just walked away from everything and let the creditors take over.

However, he's been receiving letters lately from ACS asking for the repayment of a \$6,600 loan. And the name of the gentleman is Scott Russell, I believe, from Fleming, and he asked me to raise this because he's trying to subsist. He's found himself a job with the local RM, but it's just a seasonal job; it's not a full-time job.

Where Farm Credit has basically accepted the fact that he can't pay the loans, they've taken the land in lieu of that and they've written off the debt, and the other creditors have written off the debt, it seems ACS is still looking to try and recover the production loan which he doesn't have the funds to pay back. And he's just wondering what the policy is.

And I'm just wondering, in other situations, what is ACS's policy on this? Is it ACS's policy to continually harass through letters to try and recover that funds? I

know lots of people say if you've got a loan you pay it back. But if you don't have the funds and everyone else has basically said, well there isn't anything there, and you voluntarily walk away from that business of farming operation, we're going to forgive your debt and just get on with life. Where's ACS in all of this and what's their policy regarding those type of operations?

**Hon. Mr. Cunningham:** -- Well, Mr. Chairman, I would certainly take up the individual situation with the member opposite at some time if he's interested. In general, our policy normally would be to deal with the individual when the other lending institutions have dealt with them on a business basis.

It may have . . . sometimes it arises that people just automatically assume that we're not collecting and don't come in to see us and then obviously they will continue to get bills. But we certainly . . . it would be based on ability to pay and security we hold and so on, but we certainly would be prepared to look at that individual case.

**Mr. Toth:** -- Well thank you, Mr. Minister, and I have forwarded the name to your office and I believe . . . (inaudible) . . . is doing some follow-up and I just wanted to make sure that we weren't . . . it didn't get lost in the shuffle and maybe we wouldn't hear anything.

One other question, Mr. Minister, and that's regarding ACS as well. you're quite well aware of the situation in the Corning area with Mr. Pander and the problems over the years of trying to recoup some loans and his, I guess you would say, failure to move off the property. ACS basically just tried everything, as it would appear, to give him a chance to operate but finally he had to move.

I'm wondering . . . the question has arisen: how much money has ACS spent to date in legal bills, not only in this situation but in other circumstances where they finally had to take action against individuals who simply refused to make any amends or come up with any type of terms to come to an agreement with ACS in repaying their loans, or paying their loans or paying up their obligations to try and continue to farm?

If you'd like, you could get that information if you don't have it all just in front of you, and certainly compile it and get it to us.

One other question while you're looking at that. I'd like to know what the cost of recovery is in going and foreclosing versus the value of the assets recovered. At the end of the day is it costing you more than the value of assets recovered? Maybe an option is to look at ways in trying to help people continue to maintain some kind of an operation versus sending them . . . foreclosing on them and possibly putting them in a situation of ending up on the welfare rolls. That'll cost the financial costs that you're incurring, going through all the hoops and the legal challenges whether or not there's a benefit at all.

**Hon. Mr. Cunningham:** -- Certainly we can try to get

the breakdown of ACS legal costs. The case that the member refers to was nothing to do with ACS. That was a lands branch lease situation and the legal costs incurred there were incurred by the Department of Justice, and not by us. But the ACS, certainly we can get those numbers if we can.

We deal on a case-by-case basis and try to deal on a businesslike basis. I think the member's absolutely right. In many cases ACS is the least secured of the creditors, and we have a better chance of getting something if the operation continues to survive rather than have it collapse.

But I can certainly get our legal . . . numbers from our legal bills and forward those to the member.

**Mr. D'Autremont:** -- Thank you, Mr. Chairman. Mr. Minister, in your estimates under item no. 3 you have ethanol. And I notice you have 3.165 million allocated this year for spending in that area as compared to 3 million last year. What is that being spent on? And are you promoting and encouraging further ethanol production in this province?

**Hon. Mr. Cunningham:** -- The ethanol expense that we have in our budget is the grants that we pay, the subsidies that we pay to the ethanol plant at Kerrobert and the one at Lanigan. These are two pilot type projects that have a government component to them and certainly hoping that we can begin new ethanol production without large government subsidies. And these two pilot projects, I think, are leading the way and showing people that it can be done. And there certainly are a lot of interest in ethanol, a Weyburn group and others, who are very close to being, I think, off the ground without government subsidies.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. Is the money going to Poundmaker in Kerrobert, is that a direct subsidy or is that a write-off of some of the taxes that they would normally pay on that type of fuel?

**Hon. Mr. Cunningham:** -- This is a direct subsidy on a per litre of ethanol produced.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. I would certainly encourage the government to aid and assist and encourage others to get into the ethanol industry because I think it's certainly an area which we can utilize some of our excess grain production, our lower quality grains.

Under item no. 4, land and regulatory management, I notice losses on sale of land. Can you explain why the estimate last year was \$600,000, and the estimate this year is again \$600,000, and what did the actual numbers turn out to be?

**Hon. Mr. Cunningham:** -- Yes, the number that shows up there as the loss on land is because of the accrual accounting system we've gone to. If the government sells land, such as former land bank land, that we sell for less than we originally pay for it, it shows as a loss in our budget.

We don't have the exact number here. I can get it for you. I'm told it's in the neighbourhood of 400,000 rather than the 6 that was estimated, the actual number for last year. I can get that number for you.

**Mr. D'Autremont:** -- Yes if you would please supply that for us, Mr. Minister. The next item on that list is land revenue, bad debt allowances, and 1.8 million. And this again the same number as utilized last year, so based on your accrual accounting, you're carrying it forward. What is that item for?

**Hon. Mr. Cunningham:** -- That simply is leases or lease fees that we have to write off that we're unable to collect, situations like the case that your colleague mentioned earlier, where people are unable to pay their rent, and we have to write it off.

(2315)

**Mr. D'Autremont:** -- Thank you, Mr. Minister. This 1.8 million, is it a reoccurring annual loss -- so it's 1.8 million every year -- or is this accumulated loss?

**Hon. Mr. Cunningham:** -- This is the annual estimated loss. We look at the accounts each year and set an estimate, and we just set the two years' estimate identical. But it is an ongoing annual cost that we estimate each year.

**Mr. D'Autremont:** -- Thank you, Mr. Minister. If when you're supplying the numbers for the losses for land sales, could you provide also the actual losses for land revenue bad debt allowance?

**Hon. Mr. Cunningham:** -- Yes we can.

Item 1 agreed to.

Items 2 and 3 agreed to.

#### Item 4

**Mr. Toth:** -- Thank you, Mr. Chairman. Mr. Minister, a question that comes to mind . . . and I spent a good couple hours in a home one day of a land bank tenant. Needless to say the general feeling was that this individual has had this land, I believe 22 years. He's been making payments, and basically the payments they've made over the 22 years roughly put the value they put into that land double what the original price was. Of course his argument to me was that now it's time it should be turned over to him because he's basically paid two times the equivalent price of the land.

I'm not sure exactly how you argue because I don't necessarily agree with that type of principle, but I'm wondering, Mr. Minister, what your policy is, whether the department is making any of this land available for sale, if people request it, if you've got a policy on that, and what your viewpoints are regarding land that people have come to the point of saying they've put so much in maybe it should be just . . . the title should be handed to them already. Nobody else really gets that opportunity, but I'd like to know where you stand on

that issue, and whether or not you've got a policy as far as trying to move some of this land out for the private and get it off of your shoulders.

**Hon. Mr. Cunningham:** -- Well certainly we do have a sales policy for land. Anybody who is leasing land can apply to purchase it. We would appraise it within the department or alternatively allow them to have an independent appraiser appraise the land and sell it to them on a cash basis.

As to whether or not we should turn over the land, I guess I could point out that our rent is less than commercial rent in almost all cases that I can think of, so while these people get the land for less than commercial rent, they're not making payments on the land. They're renting land as they would from any other landlord and certainly with the tough times on the farm we would like to be able to turn some of this land over but I'm not sure that would be fair to the taxpayers.

Item 4 agreed to.

#### Item 5

**Mr. D'Autremont:** -- Thank you, Mr. Chairman. Mr. Minister, since we're dealing with policy and planning on this particular area, I think there's some issues in the news right now that would deal in that area. And I read the headline from today's copy of **Agriline**: Mexican trade officials may launch anti-dumping legislation. This is a carry-on of the arguments with the U.S. that also deals with Argentina and Brazil. What effort is the government doing to counteract this kind of attempt to stop us from selling our products around the world?

**Hon. Mr. Cunningham:** -- Well I think this rises from the American protest. Certainly their allegations are groundless. We're not subsidizing wheat to a greater extent than the Americans are. They've attempted to bring in other countries around the world as allies.

I discussed this issue as recently as Friday with Mr. Goodale. I think there may be some things we can do in terms of public relations. There is a meeting of western governors and Mexican and western premiers coming up, and we may want to have some representation at that meeting to make our case. Certainly in Saskatchewan I think we'll do what we can to try to educate and to defend in the world what we're doing. I think it's not us who has to defend; I think it's the Americans who should be defending but they seem to have us on the defensive on this particular issue.

**Mr. D'Autremont:** -- Mr. Minister, when the items keep coming up that we are subsidizing and therefore should be eliminated from the market, it's our grain that is being condemned or an attempt made to prevent our grain from entering in the markets, I think we have to defend our positions and do so in a very forthright and forceful manner. And I would encourage you to do it in exactly that manner with the federal minister and with those other jurisdictions that

may be involved -- and seek allies amongst the other provinces to carry forward with that.

The second item of interest in this particular **Agriline** reads, Sask Pool is making contingency plans. The potential for a strike there still looms, Mr. Minister. It seems to be moving forward, closer and closer every day to a strike actually happening. Hopefully it won't, but that doesn't seem to be the circumstances. What kind of contingency plans is the government putting into place if that does indeed happen, if a strike occurs in the major grain collection system that we have in this province?

**Hon. Mr. Cunningham:** -- Well, Mr. Chairman, certainly I've written letters to both the union and to Sask Wheat Pool outlining our grave concern. We certainly do not need another work stoppage in grain movement this year. We've had a bad year as it is and so we've certainly made that quite clear. I think the government and the Minister of Labour and Minister of Economic Development have offered our assistance in helping in whatever way we can to mediate the dispute.

As the member knows, again this is federal jurisdiction that comes under federal labour law, the whole grain handling system. And so we've also written letters to the federal ministers, several federal ministers, to attempt to be sure they understand the gravity of the situation should grain movement cease in the province.

**Mr. D'Autremont:** -- Well thank you, Mr. Minister. Has the government offered its support to the federal government if it has to move and take some action to ensure that grain continues to move in this province?

**Hon. Mr. Cunningham:** -- Well certainly we haven't told them how they should carry out their responsibility, but we certainly have made it very clear that we want to keep the grain moving, and they should take whatever action is absolutely necessary to keep it moving.

**Mr. D'Autremont:** -- Well, Mr. Minister, let me put it to you straight. Will you support back-to-work legislation if that's what it takes to keep the grain moving?

**Hon. Mr. Cunningham:** -- Well certainly we would like to see a collective bargaining solution to the problem. And if sometime in the future something else seems to be what's required, we will certainly look at that position. But we certainly do not want to take sides in this dispute. We do not want to make the issue worse by appearing to take sides in it, but we certainly do believe that the grain has to keep moving.

Item 5 agreed to.

Items 6 to 10 inclusive agreed to.

#### Item 11

**Mr. Toth:** -- Mr. Chairman, regarding Crop

Insurance, it was two or three years ago or four years ago the big game depredation was put under the crop insurance program. I'm wondering, Mr. Minister, is that program still up and running? Where does it sit? Is there spot-loss damage available for big game depredation and what's the policy to date?

**Hon. Mr. Cunningham:** -- The compensation part of the program was moved out of Sask Crop Insurance. We decided to go to a program of prevention where we were getting a better bang for our limited dollars. This fall with the disaster -- crop left out, particularly in the north-east -- we were able to convince the federal government to come in with us for half a million dollars each so that we have a million dollars that we will be paying out shortly for damage to crops that were left out last winter.

And we're still working. There's a committee that's reporting back. I think there was a final report on wildlife compensation and we'll see what flows from that.

**Mr. Toth:** -- Thank you, Mr. Chairman. So what you're saying, Mr. Minister, we really don't have a big game depredation program in place at this time that addresses the concerns of individuals that face it on an ongoing basis.

And I guess if you just look at crop insurance, certainly the concern with crop insurance was the fact that you'd have a loss of maybe two or three acres here and four or five acres there, but in the overall scheme in a crop, it wasn't enough to basically affect it. But it's certainly an economic loss when you're looking at . . . depending on the type of crop you're growing.

And the concern we have out there in talking even to our local wildlife people, I think a number of people are beginning to realize that if we're . . . the wildlife associations want to be protecting wildlife. Maybe they need to be looking at and offering some alternatives to how we address the problem of big game depredation damage.

I think for the sake of individuals who are affected on an ongoing basis, we should be looking at something, and maybe through your department as well, whether we discuss it with Environment and forest management and/or the wildlife associations, how we address this ongoing problem, a problem I would suggest that the department take and come up with some ideas and put their heads together, you and your colleagues, and we'd certainly be willing to offer some ideas as well along that line to address the issue and I would encourage you to do that, Mr. Minister.

**Hon. Mr. Cunningham:** -- Certainly it's an issue of concern to us as well as to the members opposite. One of the problems is a shortage of dollars and we were getting better prevention . . . better bang for our buck with prevention, but certainly as I say the committee has been ongoing, we've had good cooperation from SARM and from the wildlife federation and other stakeholders and so hopefully we can work together to solve the problem.

Item 11 agreed to.

Vote 1 agreed to.

**General Revenue Fund  
Loans, Advances and Investments  
Agriculture and Food  
Vote 146**

Items 1 and 2 agreed to.

**Item 3**

**The Chair:** -- Advances to the Saskatchewan crop insurance fund pursuant to The Crop Insurance Act. There is no estimate. Are there any questions? No questions.

Advances pursuant to The Agricultural Safety Net Act for the purpose of the Gross Revenue Insurance Program Agreement. There is no estimate. Are there any questions? No questions.

Vote 146 agreed to.

D

**Supplementary Estimates 1993-94  
General Revenue Fund  
Budgetary Expense  
Agriculture and Food  
Vote 1**

Item 1 agreed to.

Vote 1 agreed to.

**Supplementary Estimates 1993-94  
General Revenue Fund  
Loans, Advances and Investments  
Agriculture and Food  
Vote 146**

Item 1 agreed to.

Vote 146 agreed to.

(2330)

**Mr. Toth:** -- Thank you, Mr. Chairman. Mr. Chairman, I'd like to take a moment to thank the minister and his officials for giving us of their time tonight to address a number of questions -- and not only this evening but on other occasions when we've had the opportunity of being able to quiz the minister regarding the spending in his departments. We appreciate the time they've given. Thank you.

**Hon. Mr. Cunningham:** -- Mr. Chairman, I would also like to thank my officials for the time they've given up and the sacrifice of missing a good hockey game to be here tonight. And thank the members opposite also for their dedication of also missing a hockey game and being here. Thank you.

**General Revenue Fund  
Economic Development  
Vote 45**

**Item 1**

**Mr. Toth:** -- Thank you, Mr. Chairman. To the minister, and welcome to your official tonight. Mr. Minister, just a couple of questions.

Number one, regarding economic development throughout the province, certainly over the past number of years a number of individuals have come up with ideas and tried to put their ideas into practice. They've been looking for ways and means of accessing any avenues of funding that may come from government or just information that would help them in developing and designing their business program. And over the past number of years, there have been rural economic development corporations sitting around the province that have been available to sit down with people, look over their ideas, try and put them together, try and put a business plan together. Are these corporations still in existence and what type of work have they been able to accomplish in the past year regarding new businesses opening up across the province of Saskatchewan?

**Hon. Mr. Lingenfelter:** -- Yes, the RDCs (rural development corporation) are still in place and will continue to be in place as long as the local communities are supportive of them.

In addition to that, you mentioned the regional economic development authorities. I believe we now have four up and running in different regions of the province and it looks like by the end of the full cycle, when all of them have completed their work, we'll probably have between 25 and 30 REDAs (regional economic development authority) in the province. There are a number that are very close to being announced, and will be announced over the next few months. We've established a 1-800 number which sort of opens up the single-window concept into the business advisory role that the department plays.

As well, you'll know that during this session we have established the Trade Development Corporation, the Tourism Authority, which will work with tourism people jointly with the government; and as well, you'll know that the Sask Opportunities Corporation has now been officially established and will come into place about July 1. So there's a myriad of operations that are open to business people in the province.

**Mr. Toth:** -- Mr. Minister, another question that continually arises, and I go back to a **Leader-Post** . . . I believe it was in the **Leader-Post** about a week or so ago, regarding the Saskatchewan government growth fund, and the indication that, if I'm not mistaken, I may be out a few numbers, but it seems to me there was, the article indicated there was roughly I think around \$65 million that has now been distributed or put into business enterprises in the province of Saskatchewan. And I forget if they gave a number as to the amount of money available.

I'm wondering, Mr. Minister, if you could give us an idea of how much money has been in the program to date, the money that's been made available to

businesses, what type of businesses have been helped by the government growth fund? And what format that individuals would use in approaching the government growth fund to possibly access some of the funds that may be available?

**Hon. Mr. Lingenfelter:** -- What you have to remember with the Saskatchewan government growth fund, that this in fact is private sector money through the federal program whereby people can buy their immigration papers to Canada. And the growth fund is one of many growth funds. The Saskatchewan government growth fund is one of many programs in the province that carries out this function.

Within that program at the present time there's about \$105 million, the majority of which has now been placed. I think there would probably be . . . I can get you the exact numbers, but probably about 15 million of that still to be invested. And it's invested in such things as Flexi-Coil, which was one of the first endeavours undertaken by your government. And more recently an expansion at Canamino in Saskatoon. And so it looks as well at the six clusters that we've identified as being fast-growth areas in the economy of Saskatchewan. And so the immigration funds in the province of Saskatchewan as a means of calculating by per capita, we probably have one of the strongest immigrant investor fund investments of any province in Canada.

**Mr. Toth:** -- Thank you, Mr. Minister. Mr. Minister, you indicated that there are a number of dollars that have been made available and are out working. It seems to me that most of the money has been invested basically in large-scale projects. And I'm wondering if there's any guidelines in place that would suggest or at least allow or request some aid that would ask the growth fund to even look at smaller projects and investing in smaller amounts.

Because it seems to me that unless you've got a grandiose program to invest in, if all you're looking for is maybe 2 to 3 or \$500,000, basically you really don't stand a chance of even accessing any of those funds from what I gather from your comment there. And I'm wondering if the government growth fund itself has some limitations to it or whether it's just you're telling us it's outside of government; it's a private investor type of program. They are specifically just looking . . . from your information, are they just looking for large projects or do smaller opportunities have the ability to access some of the funds?

And if they do, Mr. Minister, what's the process and who would they contact to possibly make a request and determine whether or not their project would be a feasible project for the growth fund to look into?

**Hon. Mr. Lingenfelter:** -- Well there are some smaller projects that are invested in by the growth fund or by other immigrant investor funds for that matter. But you're right in saying that these are not government-administered programs. Although it's called the Saskatchewan government growth fund it really is arm's length and there's no direct relationship

either management-wise or otherwise from the government to the fund.

But one of the, I guess, more local projects would be Wapos in Swift Current, the rabbit processing plant, where a couple of hundred million dollars was invested through the . . . (inaudible interjection) . . . pardon? Yes, by Saskatchewan government growth fund, so these are the kind of numbers. I don't think that there are many below 100,000 that are given simply because the administration costs are relatively high, and the growth fund's management simply have decided that those are sort of the bottom limitations of where they will get involved.

If you're looking at where smaller companies might come, if they're looking at small manufacturing, small processing, Sask Opportunities Corporation of course fills in part of that gap. And then the very small ones, of course, the SBLAs (small business loans association) or the small business loans program sort of fill in the bottom end, the 5 to \$10,000.

So when you look at the area where monies are made available -- the regular lending institutions, the credit unions, SBLAs, then the Sask Opportunities Corporation and then all of the immigrant investor funds and some of the other investment tools -- we are not finding in Saskatchewan that good projects are lacking in funding. In fact we're continually scrambling to find good projects.

There are many projects that go unfunded of course in any province or any jurisdiction, but when it comes to good, solid, hard projects that have a good bottom line, there aren't very many that I know of, if any, where it's a lack of funding that keeps them from going ahead at the present time.

**Mr. Toth:** -- Mr. Minister, one quick question. What's the process or who would a person contact regarding the government growth fund to see whether or not they would fit the criteria that the growth fund has established for some funding?

**Hon. Mr. Lingenfelter:** -- Right now the easiest way would be to call directly to the Department of Economic Development or the 1-800 number. This would give you the entry into the system, and then you'd be streamed off to the Saskatchewan government growth fund.

The way the system works, we actually have the Saskatchewan growth fund itself, which deal directly, and then four agents that deal on behalf of the growth fund. And any one of those agents would be able to bring your application or your needs assessment into the system to be looked at and recommendations then would go forward. And your program would be reviewed, and in relatively short order, although there's always need for a fair bit of due diligence.

And one of the things that I always advise people if I'm talking to them is they should be prepared for a rigorous examination of their project. They shouldn't come in on the back of a cigarette package and say, I

have a wonderful idea, and I need a million dollars, and here's my analysis of how I'm going to pay back the money. It really is a relatively sophisticated process; that you have to come in with your business plan, cash flow projections, a strong history of where your company has been and where you're planning to go. And it takes some months rather than some days to go through this process. And so people should not be disconcerted by the fact that if the money isn't in their hands within a week or 10 days, that somehow the process is working too slow.

With many risk operations, where there's an element of risk or where there's a new application, this is going to take some time. It's not like a banking institution where you've banked for 10 or 15 years on your farm, and you go in for a loan in the spring, and you've done this for 5 or 10 years. This can happen relatively quickly. But if you're a company that's coming for the first time, this will take some weeks and months to go through the process. So people should be ready for that kind of a process when they come forward.

(2345)

Item 1 agreed to.

Items 2 and 3 agreed to.

#### Item 4

**Mr. Toth:** -- Mr. Chairman, and, Mr. Minister, I notice there's some \$7 million expenditure in this next subvote on tourism, and I'm wondering, Mr. Minister, if you could give us an idea of what that funding is for, where it's going, and what programs it's delivering, Mr. Minister.

**Hon. Mr. Lingenfelter:** -- Well the \$7 million for tourism development in the province will basically go for administration. It goes for funding of some of the local tourism authorities. Some will go into the TV ad campaign. I guess TV isn't probably the best one; we do a lot of direct mailing.

**An Hon. Member:** -- Any Get Smart?

**Hon. Mr. Lingenfelter:** -- No, we don't do any of the **Get Smart** advertising any more. The vast majority in fact would go into print material. In fact I'm not sure that we're doing any TV ads this year, and this comes as a recommendation from the private sector.

But as you know, with the establishment of the Tourism Authority, on a prorated basis, the vast majority of that money will go to the Tourism Authority in a direct grant. And ours, it would probably split about 1 to 6: 1 million staying in the department for administration, and a bit of long-term expansion within structures, and then the \$6 million would actually go to the Authority for the help in their administration.

So when the Authority is up and running, if this were next year, it would be about a 6:1 ratio if the numbers were still 7 million. Now when the Authority kicks in,

you'll see the balance of that budget being prorated on sort of that kind of configuration.

**Mr. Toth:** -- Mr. Minister, does TISASK (Tourism Industry Association of Saskatchewan) receive any funding under the tourism program, and also does this part of the department offer any help to communities trying to set up tourism programs or tours and packages to promote their community or their area of the province?

**Hon. Mr. Lingenfelter:** -- We have a bit of money going to TISASK for the visitors' information centres as well as a small grant for operation of TISASK.

Then there are some grants that flow through the regional tourism boards in the various areas for small projects that they might be doing.

But these are not big numbers, and we're not talking about a tourism board that might want to build a museum or build something that would create a great deal of tourism. These are small grants that help with the management of the various projects in the areas. But I say again: these are not large numbers when compared to what might be needed to get tourism going.

The fact is, is that most people believe that most of the investment in tourism will come from the private sector and what government should be doing is working with them to help with their ad campaigns through the Tourism Authority and that kind of thing, but there are some small seed grants that are allocated on an annual basis.

Item 4 agreed to.

**Hon. Mr. Lingenfelter:** -- I believe that I have the number here; it's 1-800-665-3366.

Items 5 and 6 agreed to.

#### Item 7

**Mr. Toth:** -- Mr. Chairman, to the Minister, this business investment programs expenditure of \$11 million. I noticed you . . . it talks about administrating programs to increase investments in Saskatchewan businesses, including community bonds, business immigration and equity investment, partnership agreements and communication, technology and rural development.

How much money is being made available through community bonds this year? How many groups are coming forward requesting community bonds? And also what I'd like to know is the rationale for the other expenditures of funds under this part of your department, Mr. Minister.

**Hon. Mr. Lingenfelter:** -- Just so you keep in mind there's about 4 million through the community bonds in terms of guarantees which we are required to establish. This is also the area, Mr. Chairman, where AECL's (Atomic Energy of Canada Ltd.) grant comes

through. I think about \$6 million would come through that portion. And then there's a package for product development, and those would be the three main areas that would be included in the \$11 million.

Item 7 agreed to.

#### Item 8

**Mr. Toth:** -- Mr. Minister, regarding the Saskatchewan Opportunities Corporation, I believe this is the corporation that's basically taking over for SEDCO (Saskatchewan Economic Development Corporation). Regarding the SEDCO portfolios that are still available, will they just be rolled into and operated under the Saskatchewan Opportunities program, or are you going to try and maintain a separate division? SEDCO just continue to operate until it's expenditures are all taken care of and brought in and SOC (Saskatchewan Opportunities Corporation) Co as we know it today is going to begin totally anew. Is that your intent, Mr. Minister?

**Hon. Mr. Lingenfelter:** -- Yes, in a general way that's true. At some point as SEDCO winds down, if there are only a few investments left, it may make sense that the performing loan portfolio out of SEDCO actually be rolled into Saskatchewan Opportunities Corporation. But at the present time it's expected that there'll be a barrier between the two companies in terms of both automatic moving of staff . . . There will be no automatic moving of staff or loan portfolio so they really will run as two entities, one being wound down and one being racked up.

But at some point in the future there may be someone who decides that in the best interest of the taxpayers, that rather than keeping SEDCO going for an extra year to wind down a few remaining portfolios, that it would actually be better to manage them through Saskatchewan Opportunities Corporation. But at the present time it's the mandate of the two corporations to have very different structures and very different mandates.

**Mr. Toth:** -- Mr. Chairman, Mr. Minister, I guess that's the concern we have in the fact that we're forming a new corporation and basically you're having a whole new administrative process, and the fact that you have administration under a new program plus the old administration, and at the end of the day wouldn't it be just as simple once you've got . . . SEDCO will no longer be putting out any more loans. Basically it's just a matter of handling the portfolios that are already out there and it might seem that those portfolios that are there really wouldn't make any difference if SOC Co took them over rather than having the two administrations, one just to administer old portfolios and another one administration to get on with the new life of providing loan opportunities or investment opportunities to the people of Saskatchewan. So that's just the point I was really getting to, is the rationale as to maintaining the two entities when they're basically doing the same thing.

**Hon. Mr. Lingenfelter:** -- Yes. This debate went on as

we were setting up Sask Opportunities Corporation because we really looked seriously at three options: one, shutting SEDCO down and not having any tool for government involvement in economic development in terms of lending; we looked at just simply keeping SEDCO in place and revamping it and basically trying to create a new company out of it; and then we looked at the two parallels of winding SEDCO down and setting up Sask Opportunities Corporation.

When we consulted with business people it became very clear, the vast majority of them, first of all wanted SEDCO wound down. But they also clearly wanted some much smaller, leaner operation to continue to do strategic lending, strategic syndicating of loans or direct investment.

And so it came, as a result of a lot of consultation with business, that there shouldn't be linkages between the two, that SEDCO was sadly tarnished and really couldn't be revamped. And it was believed that keeping the two separate really would give a new and proper life to Sask Opportunities Corporation and so that's basically why we've gone that route.

But I say again, at some point there may be someone who may make the argument that it would be better rather than completing the absolute wind-down . . . although my particular view is, is that you should not mix the old and the new.

I say again, people who want a job at Sask Opportunities Corporation, if they're interested from SEDCO, will have to go through the same process of applying for jobs as anyone else in the job market. And my belief is, is that the two should remain separate and apart from one another for that reason.

Item 8 agreed to.

Item 9 agreed to.

Vote 45 agreed to.

#### **General Revenue Fund Loans, Advances and Investments Economic Development Vote 167**

Item 1 -- authorized by law.

Items 2 and 3 agreed to.

Vote 167 agreed to.

**Mr. Toth:** -- Thank you, Mr. Chairman, certainly a word of appreciation and thanks to the minister and his officials for joining us this evening, and discussing and kind of wrapping up the discussion and debate we've had over the past number of weeks regarding Economic Development.

**Hon. Mr. Lingenfelter:** -- I'd like to thank the members of the opposition and also my staff, Bob Perrin, who came out quickly on short notice, and I understand left a very exciting hockey game which at

the time was tied 3-3. And unfortunately Vancouver went on to win 4-3. But thank you very much, Bob, for coming out tonight.

The committee reported progress.

The Assembly adjourned at 12 a.m.