

EVENING SITTING

COMMITTEE OF FINANCE

General Revenue Fund
Finance
Vote 18

The Chair: — I would ask the minister to introduce her officials, please.

Hon. Ms. MacKinnon: — Thank you, Mr. Chairman. On my left is Gerry Kraus, the Provincial Comptroller. On my right is Kirk McGregor, the executive director, taxation and intergovernmental affairs. Behind Gerry is Bill Van Sickle, who's the executive director of administration. Behind me is Larry Spanner, the executive director of the treasury board branch. Behind Kirk is Jim Marshall, the executive director of the economics and fiscal policy branch.

Item 1

Mr. Aldridge: — Thank you, Mr. Chairman, and good evening, Madam Minister, and good evening also to your officials. Welcome back here today.

Just a housekeeping matter here. The last time we engaged in estimates, I had asked for the expenses related to your trip to New York after the budget had been tabled. I wonder if you have . . . I know at the time you said you hadn't had all the bills in yet. Would you be able to provide those at this time? I don't know if it was ever answered completely either as far as what staff actually attended the trip with yourself in that as well. So if you would just please respond.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, no, the bills aren't processed yet. Just the deputy minister attended with me.

Mr. Aldridge: — Thank you, Madam Minister. It has been considerable time now since the trip was taken and also since we made our first request for the cost of the trip. At this time, would it be too much to ask, at least could you give us some idea when we could expect that we get the total cost for your trip?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, it's difficult to say. It's a complicated process. We wait until they all come in. We have to go through the process of translating American dollars and Canadian dollars back and forth. So it usually takes a significant period of time and it's difficult to say exactly when they will be in.

Mr. Aldridge: — Madam Minister, I think it's just a simple matter of converting U.S. (United States) into Canadian funds. I don't know that it should take over the course of . . . over a month's time, I mean, to translate these bills back into Canadian funds from U.S. funds. However, it looks like this will be a matter that will come up again in estimates later. I would hope that you would be able to have those informations for us in our

next session, though. However, it seems like an inordinate amount of time.

If we might just turn to what has been suggested, a review of the income tax system, Madam Minister. I'd like to know when such a review might begin on your part and what sort of things may be involved in such an undertaking, a review of the income tax system, and whether maybe you have some sort of an outline as far as what such an undertaking of a review of the tax system might cost the taxpayers.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, we don't control the income tax system so we're not in a position to review it. So it will not be part of any review because it's basically the federal government that controls the income tax system. The provinces only have the capacity to add on surtaxes or to put in place credits at the bottom.

So beyond that what we have said is we will . . . we're not talking about a major review. We're talking about consulting with people with respect to taxation, but income tax cannot be a significant part of it. And that's been one of our disappointments with the federal government because we've always said that we wanted them to review the tax system. It's really the federal government that controls most of the main levers in the tax system. They're the ones who set the income tax bands, they're the ones who decide what the exemptions are, they're the ones who collect the tax. So really, without the federal government, anything a province can do in reviewing its tax system is very limited.

Mr. Aldridge: — So, Madam Minister, are you correcting me? Was I wrong? Did you not undertake prior to the election last year that there would be a review of the tax system?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, what we've always said, and we said prior to the election and during the election and after the election, is we want to see the tax system in Canada reviewed, overhauled, laid bare, so the public can have input; the public can look at the tax system, who pays taxes, who doesn't pay taxes; is everybody paying their fair share.

But — and we have always said as well, as have other provinces — that to do a really thorough, comprehensive, meaningful review of the tax system you require the participation of the federal government because many of the main levers, such as the income tax system, are controlled by the federal government. So we have consistently called on the federal government to overhaul its tax system.

As the member opposite would know, thus far the federal government has not been willing to do that. They've talked about some changes to business taxes, looking at the business tax side, and they've talked obviously about the GST (goods and services tax), trying to change the tax system to live up to their commitment to get rid of the GST. But never have they agreed to an overhaul of the tax system, which is what this government has consistently requested.

Mr. Aldridge: — Well, Madam Minister, I know we're always

being accused of old-time politics and playing games, and it would appear to me that in this respect if you're suggesting that you've suggested a review of a tax system but then on the other hand, it's beyond your control, well this would seem to be a highly political comment and tactic on your part as well. If you'd looked at having done a review immediately after the election, then perhaps we may have considered that there was some legitimacy to what you are suggesting.

On a similar note, the Premier is also putting off reducing the size of cabinet until some time in late 1997. And it does raise the question of whether or not these sorts of things are being done for political purposes rather than to assure that our tax system is speedily changed to ensure that it's helping to create jobs as soon as possible.

And I just ask, Madam Minister, why is such a review being delayed, albeit as you're saying here this evening, it would be rather limited in scope, given what powers . . . what you have control over?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, we're talking about the '96-97 budget. In the budget we say we'll look at the tax system in the province for 1997.

What I'm saying to the member opposite is, it's too grandiose to talk about that as a review of the tax system because if you look at the average person, the main taxes they pay are income taxes. The greatest source of revenue that we get from the average person is clearly income tax — over a billion dollars a year.

If you look on the corporate side, the main taxes that corporations pay are corporate income taxes. We don't control those tax systems. They're controlled by the federal government. So for us to say we're going to do a thorough review of the tax system is not legitimate. We cannot do that without the cooperation of the federal government.

We can look at what we control but it is quite limited, is what I'm trying to say to the member opposite. And that's why we have consistently, for the last three years, said to the federal government, we're willing to open up our tax system; you need to open up yours though because you control most of the levers in the tax system.

Mr. Aldridge: — Madam Minister, as you're suggesting here, it is rather limited in scope as far as what you can undertake in the way of a review. But you did maintain that you would do such a thing. And it's one thing to review a system. However, thereafter it's quite another thing to make any changes. And can the taxpayers of this province look forward to even some limited changes in the near future or are we going to have to wait some time for a very limited-scope review and some time thereafter for a tax relief? Can you provide some sort of a framework here in terms of a timetable, perhaps if you'd like, as far as when we might expect some change — even if it be an incremental one at best.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, what this government said in its recent budget is, for the 1997 budget we'll look at our part of the tax system. But

what I'm saying to the member opposite, and I'll make another point to the member opposite as well, is that to say to the province, do a thorough review of the tax system, is not reasonable because the province doesn't control the main levers of the tax system. It's the federal government that does that. So whatever we do will be very limited in scope.

I would also say to the member opposite, we will look at the tax system but we won't do what the members opposite have done, that is say to people in Saskatchewan, don't worry, we're going to protect your health care. We're actually going to spend . . . I think we've been keeping track upstairs of the spending of the members opposite, incredible spending, either want more money for this, more money for that, but don't worry, we're also going to decrease your taxes. So we will look at the tax system, as we said. People are interested in taxes. We won't try to be grandiose in telling people what can be done because when you don't control the main levers of the system, it's not being realistic to tell people that you can overhaul it. You can't. You can ask some limited questions of it.

We will certainly do what we can, and in terms of tax relief, we will do what we've always done. This budget had tax relief in it. We reduced income tax in this budget. We reduced income tax in the previous budget. So as we can afford it, we will continue to reduce taxes. We've reduced business taxes to create jobs and with a lot of success. So as we can afford to reduce taxes, our commitment is to do so.

Ms. Julé: — Thank you, Mr. Chair. And good evening, Madam Minister, and I welcome your officials.

I was just listening quite intently to your conversation here and your debate on what is within your control and what isn't. I understand that gas tax in this province is partially under your control. In fact the provincial portion of it would certainly be all under your control.

As you well know, there's been a great debate in the last few days regarding the price of gasoline in the province. So while discussing the price of gasoline, people have been asking me, Madam Minister, just what portion of a litre of gas, percentage-wise, goes to provincial taxes. Could you offer me that answer?

Hon. Ms. MacKinnon: — The provincial tax is about 15 cents a litre, which is very close to what the federal tax is on a litre of gas as well.

Ms. Julé: — Thank you, Madam Minister. Could you tell me what the federal tax is, please.

Hon. Ms. MacKinnon: — 14 cents a litre.

Ms. Julé: — Thank you, Madam Minister. Could you tell me also where we rate then as far as the rest of the provinces are concerned? Is this the highest, the lowest, or what is it? I'd like to know which province has the highest, or imposes the highest, gas tax in Canada?

Hon. Ms. MacKinnon: — It would be the province of Newfoundland has the highest gas tax in Canada — sixteen and a half cents.

Ms. Julé: — Thank you, Madam Minister. Could you tell me what province is the next highest, please?

(1915)

Hon. Ms. MacKinnon: — The province of Quebec is the next highest — 15.5 per cent.

Ms. Julé: — Thank you, Madam Minister. What province is the next highest after Quebec?

Hon. Ms. MacKinnon: — Saskatchewan is the third highest.

Ms. Julé: — Thank you, Madam Minister. Is Saskatchewan's . . . the 15 per cent right on or 15 point something or . . .

Hon. Ms. MacKinnon: — Fifteen even.

Ms. Julé: — Thank you, Madam Minister. Madam Minister, people are asking me that when the price of gas jumps like this, naturally the taxes go up also. And so actually the province of Saskatchewan benefits tax wise, or general revenue would benefit. I'm just wondering if it's been calculated over the past year, for instance when there has been a rise in gas prices, how much money in the last year has been . . . if it's been calculated, how much has been taken in and where that money goes to?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. I'm sorry, member, that's completely inaccurate. The tax on a litre of gas remains constant no matter what the price is. So there's no relationship between the price of gas and the taxation. It doesn't change with the price.

Mr. Aldridge: — Thank you, Mr. Chairman. Madam Minister, I have a few questions about some of the tax breaks that are in place. In your department's preparations for the budget tax expenditures present in the system . . . were obviously put on the advice of yourself or of previous ministers in their departments. But nonetheless I'd ask a brief question about whether there is some sort of an annual review that might be in place to assess whether these sorts of tax breaks, or tax expenditures if you'd have it, are reaching their targeted population. And in addition, I wonder if such a review is assessing whether the policies are making their intended impact?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, I'd like the member to be more specific. I'm not sure exactly what he's talking about in terms of tax measures.

Mr. Aldridge: — Madam Minister, for example with respect to tax expenditures, one which a number of people in the province apply for when they're calculating their taxes for tax credit or expenditure on education and health tax . . . that credit is worth \$200 per filer. And it's calculated in such a way it appears that very few people would actually get that sort of credit. So in this instance, I'd like the minister to tell us how many people might actually receive this credit from the province. Would you have that figure then perhaps?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, that's an automatic, low income reduction. So if you were a low income person, when you fill out your income tax, at the very end of it, you automatically get a tax credit which is a calculation of the fact that sales tax is not often the most progressive tax. And therefore people at the bottom can end up paying part of the sales tax that they shouldn't be paying. So it's a very important measure to ensure the tax system is as fair as possible so that low income people do not end up paying a disproportionate share of the sales tax. And its target audience is low income people. They are the ones who apply; they are the ones who get it and therefore it is effective.

And as I say, I don't know what else you can say about that particular tax credit.

Mr. Aldridge: — Madam Minister, then do you not have the figure for the total number of people who receive such a credit in the province?

Hon. Ms. MacKinnon: — What happens is that there are three different tax credits designed to benefit low income people. One is the sales tax credit; one is the child tax credit for families with children, and another is a senior's tax credit. And they're all open only to people at the lower end of the scale. There are 335,000 tax filers who take advantage of these tax credits. The cost to the province is \$53 million a year.

And this is something we're very proud of because it ensures that the tax system is a fair system; that there is relief for people at the bottom.

Mr. Aldridge: — Madam Minister, when you were in opposition your party was quite vehement about not having taxes that were regressive. I believe, in your pre-election paper about tax fairness for the 1990s, quite often it condemned the previous Conservative government for creating regressive taxes and adding to others. And in particular, you had condemned the introduction of a flat tax as well as you condemned the Tory decision to increase the sales tax.

But getting back to this sales tax, I'd like to know whether, since you've got to power, has your government ever undertaken a study to assess whether that \$200 education and health credit that is, as you acknowledge, it's for low income families, does that actually cover the amount of education and health tax that they are paying? And if you haven't undertaken such a study, I wonder why. Could you provide an explanation why you haven't?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, once again the member opposite is twisting words. I don't know intentionally or he just didn't quite understand what I said. It's not designed to cover the full cost of low income people's payment of the sales tax. It's not designed to replace all of the spending on the sales tax. It is designed to ensure that the tax system is fair and it provides some relief for people at the bottom. Does it do that? Yes it does.

Now with respect to the fairness of the tax system, we have always maintained that we have problems taxing essentials. It's one of the reasons why we oppose the federal Liberal harmonization proposal. Because people who support that . . .

and I'd be interested to hear whether the members opposite do support harmonization. Where do they stand?

Because if you support harmonization, what you're saying to people in Saskatchewan is you would like to see the tax, the sales tax, provincial sales tax, applied to essential commodities. You would like people in Saskatchewan to now be paying sales tax on home heating fuel. You believe people in Saskatchewan should now be paying sales tax on children's clothing. You believe people in Saskatchewan should be paying taxes on books. So what I would really like to know is — the members opposite have been quite silent on this — do they support harmonization?

We have said we don't because we do not believe that these sorts of essentials should be taxed and we're not prepared to tax them. I'm asking the member opposite, do they support harmonization? One would assume — they always support what the federal Liberals do — that they probably do. Does that mean, therefore, that they support taxing children's clothes, books, and home heating fuel?

Mr. Aldridge: — Madam Minister, with respect to going back to the education and health tax again and the tax credit, would you have any idea what is the maximum income one can have before you're no longer eligible for that particular tax credit?

Also, in relationship to tax expenditures arising from credits on the E&H (education and health), if we have low income people in the province that are paying this E&H tax, and as you're acknowledging here there's problems with this in terms that they're not getting all of that money credited back through the tax credit, does the minister have on average any idea what percentage at least of the E&H tax that is being rebated to these lower income individuals?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, what I would say to the member opposite is there are provinces in Canada that have sales taxes, and everyone except Alberta does. The Atlantic provinces have sales tax on a wide variety of essentials, and they provide no tax credits at all. So these are not parts of everyone's tax system.

We have it in Saskatchewan because we believe, yes, everybody pays their fair share of taxes, but we want to provide some relief to the people at the bottom.

It depends on . . . when you fill out your income tax, member opposite, you would know how much . . . when the thing phases in or out depends on your family circumstances. It depends on things like how many children you have, how many other deductions you have. So that number will vary.

Mr. Aldridge: — Madam Minister, also on the tax credit side, I wonder if you could provide us with the number of filers the department estimates will apply for the investment tax credit of 9 per cent that you've applied on the capital inputs for manufacturing and processing? How many firms will be using this to apply against their corporate income tax payable?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, that's a new tax measure. We haven't got the returns

in yet. What we do have in though, from that tax measure, is we do have companies saying they have moved their operations to Saskatchewan because of that tax credit and I'm thinking of the canola crushing plant in Floral, for example, as one of several examples.

What we do have in from that tax credit is the results. We know that in the last year alone there are 3,000 more jobs in manufacturing and we attribute a significant part of that increase to the fact that there is a tax credit. Because it hasn't been in place long enough, we don't know how many people will take advantage of it.

Mr. Aldridge: — Surely, Madam Minister, though you have some sort of estimates within your department as far as what this tax expenditure may cost the people of this province. And also, just with respect to that canola crushing plant at Floral, am I to take it from the minister's comments that because of this investment tax credit this is the reason why Cargill — I believe is the private company you're speaking of in this case — why they in fact located their crushing plant here in Saskatchewan. Was their decision based solely on that?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, he was asking for the cost of the tax credit. I'd refer him to the budget. It's in the budget. It's on page 66 and it says the estimate for that year is \$8 million.

Mr. Chairman, to the member opposite, part of our strategy to create jobs in Saskatchewan is to take parts of the economy where we have a natural strength, which is in processing raw materials, rather than allowing the jobs to be exported by allowing others to process our products elsewhere. We believe that we need to do everything we can to encourage processing of these products in Saskatchewan.

Part of the way we've done that is to adjust our tax system so that, for a small to medium-size manufacturing and processing firm, Saskatchewan now has the lowest taxes in Canada. We believe this is important to ensure that we can attract those businesses here. And we believe the results are there; we monitor the results.

There are more jobs. Last job numbers show even more jobs coming in this area, so obviously these policies are having their effect. They're working.

Mr. Aldridge: — Madam Minister, if I could just put the question to you again I had with respect to the canola crushing plant however by Floral, you had mentioned that perhaps this investment tax credit was the reason why this crushing plant is going to be located in our province. Is this the sole reason why the Cargill company has decided to locate such a plant in our province?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, I think the fact that we have canola in the province would also be a factor in deciding to locate it here. I'm sure they wouldn't have located it here if we didn't have canola.

Mr. Aldridge: — Thank you, Madam Minister. I think also what played a key part in their decision was the demise of the

Crow freight rate. If that particular program had not met its end, I am quite sure that Cargill would never have located their crushing plant here in the province. So there is also that aspect of it too that I would mention.

I mentioned earlier though, Madam Minister, a need to be able to measure the success of any program, especially like a tax-expenditure program. And I'd suggest that the purpose of the one we're referring to here is, and as you have suggested as well, one of creating jobs.

But I would think that any program such as this would require some sort of a yardstick; some means of being able to measure what degree of success the program will have. And would the minister be able to just tell us tonight in this House what sort of a plan you have in place that would be able to measure how successful this very investment tax credit is at creating jobs in this province?

(1930)

Hon. Ms. MacKinnon: — Well, Mr. Chairman, to the member opposite, as I said to the member, the yardstick is the jobs. The jobs are there. They increase each and every year with each and every new tax measure. But, Mr. Chairman, I'm not going to let the member opposite get away with what he just said.

First of all once again his facts are dead wrong. The Cargill canola crushing plant was in place well before your Liberal friends in Ottawa cancelled the Crow benefit.

The negotiations preceded this particular change. And to say that because you don't have a benefit for farmers means that a canola crushing plant is going to locate here, is simply not accurate.

But once again the member opposite is right back into the old pattern, saying that he supports enthusiastically a measure which took over \$300 million out of the pockets of Saskatchewan farmers.

Mr. Member, why won't you start speaking up for Saskatchewan instead of always defending the Liberals in Ottawa. The Liberals in Ottawa did to the farmers of Saskatchewan one of the most unpopular things that's ever been done — cancelling the Crow benefit, costing them about \$300 million a year. And the member opposite stands up and says obviously this was a great and beneficial thing to the province of Saskatchewan.

This government will continue to defend the farmers of Saskatchewan. The member opposite can continue to defend the federal Liberals. We'll speak up for the people of this province.

Some Hon. Members: Hear, hear!

Mr. Aldridge: — Madam Minister, there was a great deal of attempt on the part of the members opposite to make a lot of political mileage out of the demise of the Crow rate. And I would just suggest to you that it's the ingenuity and innovation of the farmers in this province that prevented you from being able to make the political brownie points out of that that you had hoped to be able to take.

But if I could just go back again to some tax questions here again. I wonder if the minister could provide us some indication as to her budget and her department's work in forecasting this year on some of the figures that are used as assumptions. Like for example, does the minister have any idea how many tax filers there will be here in Saskatchewan this coming year and how that would vary from last year?

Hon. Ms. MacKinnon: — Generally there are about 600,000 tax filers in the province. Between 400 and 450,000 actually pay income tax. Our estimate is that there'll probably be more this year because the economy is very strong.

Mr. Aldridge: — Thank you, Madam Minister. But in a similar vein, I wonder if the minister has any idea of the geographic or socio-demographic breakdown of the filers and the taxpayers that you've referred to. Because I've noticed in recent years that there's been a number of people dropping out of the workforce. You're suggesting perhaps this trend is perhaps going to reverse this year. But if one looks back at some of the information that's being provided by Revenue Canada in the first two years of your government's administration, there was a drastic drop in the number of youth taxpayers. And does the department have any calculations on what social or geographic groups our taxpayers in this province come from?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, as I mentioned to the member opposite before, it's the federal government that collects the taxes from the province. It's the federal government that does any analysis. They do not break it down in that sort of detailed way. So we don't have any breakdown beyond the fact that we are anticipating — we get some sense of where the tax returns may go — that they will be strong because the economy is in good shape.

Mr. Aldridge: — Madam Minister, I would like to turn to the problem of the pension liabilities in the province. In Saskatchewan at the moment, we have about \$3.3 billion in unfunded pension liabilities. And after your wholesale retirement of hundreds of civil servants, the number of people paying into many of these different pension funds has gotten a lot fewer.

Now thanks to your government's decision to give teachers a raise without matching the appropriate funding increase to the boards, there undoubtedly will be a lot fewer people paying into the very large unfunded liability for the teachers in the province. And given these things, Madam Minister, I'd like to hear you explain why you're not being more aggressive in dealing with this situation of unfunded pension liabilities.

I know in the past — if I could just go on for one more moment, then you could make some comments — but in the past I see the Provincial Auditor's often criticized your government for not including the pension liabilities in the summary financial statements in the *Public Accounts*. And when you finally did this, he did compliment you and deservedly so. But then after reading how you used his quote in your platform, when he only said that your financial statements are accurate and nothing more, I start to worry how you're misusing the auditor's report.

But that aside, why is it that when you're telling everyone in the province what the sheer size of the debt is, this government continues to exclude the cost of its pension liabilities. I heard you say, Madam Minister, that part of your job is to explain things very simply and clearly to the public. And by excluding the pension liabilities when you're telling the average person in the province about our total level of debt, this strikes me as not being very clear in this regard.

And would you just explain why you would continue to give the public that sort of an inaccurate picture, because it does appear to me that it's for nothing more than political gain.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, I would say once again the member opposite is not correct. The financial statements of the province are not inaccurate. The auditor himself has said the summary financial statements that the Government of Saskatchewan provides are among the best in Canada, and has gone from saying that Saskatchewan in the '80s had among the worst financial statements in Canada, and we've gone to among the best.

So in terms of what is there, it is very open and accountable, and it is included in the summary financial statements.

The member opposite would know that this is not a new problem. Going way back to when the Liberals were in power, the Conservatives in power, there was not adequate funding of pensions, and there wasn't adequate accounting in the past of pensions. Nobody put them on their financial statements and said, yes, here is a liability.

So what I would say to the member opposite, this is the first government in the history of Saskatchewan that has actually recorded the pension liability on our summary financial statements. So there is nothing . . . there are no political gains being played. There's nothing being hidden. They are right on the summary financial statements.

And I said, once again, the auditor says the summary financial statements of the province of Saskatchewan are among the best in Canada.

Mr. Aldridge: — Madam Minister, by the very simple fact that you're reporting them and you're reporting them accurately now, I guess now at this point is the point where you have to take a step forward and start deciding how to go about at least attempting to solve some of those problems.

But if I might just make some mention of the Canada Pension Plan here. On repeated occasions, Madam Minister, I've heard you and some of your colleagues on the government benches fire back about the state of the Canada Pension Plan when we've asked certain questions in the House or in response to actions by the federal government. And aside from raising my concern that you, in fact, are more interested in federal politics than you are about serving the province, it shows an odd contradiction.

Could the minister explain why members opposite are so concerned about the state of the Canada Pension Plan, but you

cannot somehow be more concerned about provincial plans, getting a course of action and starting to implement it with respect to your own funding crisis in the pensions, especially . . . Could you just give us some sort of an indication as to when you might start to implement any sort of a plan of action?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. I welcome that question. There's a dramatic difference between the Canada Pension Plan and the pension situation in Saskatchewan.

The chief actuary of the Canada Pension Plan has said if no changes occur in the Canada Pension Plan by 2015, it will be out of business. It will not have the money that it requires to continue.

So what is being said is changes need to be made in the Canada Pension Plan in order to correct it.

What's happened in Saskatchewan is yes, the pension liability is an issue. But in 1978 the then NDP (New Democratic Party) government did take action to correct the problem for the future so that anybody who's joined the government — the members opposite, the members on this side — are . . . most of us are not in the old pension plan. We're in a pension plan that is fully funded and we're in a pension plan which is very inexpensive to taxpayers; one of the most inexpensive pension plans to taxpayers in all of Canada. So corrective action has been taken, as of 1978, in the province.

What has not occurred at the federal level is there has been no corrective action with respect to the Canada Pension Plan, and that's what your federal counterparts are saying as well.

Mr. Aldridge: — Madam Minister, I think a lot of the problems related to the Canada Pension Plan also attribute to the fact that a lot of money was lent out to many provinces at rather low rates of interest, too. So the provinces did have a part to play in that certainly as well in terms of under-funding.

But, Madam Minister, with respect to these unfunded pension liabilities here in the province again — and as we know we're referring to the defined benefit plans here; not the funded plans or defined contribution plans — the Provincial Auditor had a fair bit to say, as you know; I'm sure you've read since he released his spring report. And he made a number of observations regarding your department about pensions. And we have dealt with some of the concerns already.

But recently you made some remarks that really concerned many pensioners in the province about being able to serve . . . look out after their best interests. Because in the April 30 edition of the *Leader-Post* you were quoted as saying that the problem with some of these pensions will be over and done with when the people in these defined benefit plans retire.

And I'm concerned about that comment because it shows, I feel, a lack of understanding, because the problem just actually starts when these people retire. That's when you have to start paying those people's pensions and that's related to those off.

So I wonder if the minister could explain or provide some

comment, because there was some confusion surrounding the subject, and then with your comments that were in the newspaper.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, what I said before I'll say again. The main thing about pensions in Saskatchewan is that the change has been made.

That is, as of 1978 the whole pension scheme was changed so that anybody who was hired by the government in any way since then is on a new pension scheme. The new pension scheme is fully funded. The government puts its money away, the employee puts their money away. And what the employee gets when they retire is just what's been there and what has accrued because of investments and interest. So the problem has been fixed in that sense.

I would also like to correct the member opposite about the Canada Pension Plan. The Chief Actuary did not say that it was provincial borrowing that has caused . . . one of the problems. He has listed four factors that have caused the problems with the Canada Pension Plan and I would like to read these to the member opposite so that he can correct what he's been saying in the past.

The four factors are: changing demographics, that is the number of baby boomers who are going to retire beginning in 2011; changing economics — the old pay as you go system worked fine as long as the economy is expanding very rapidly; enrichments to the Canada Pension Plan — it was added on to in a way that was not properly funded; and there were increasing disability benefits. So those were the four factors that the actuary has cited in terms of the problems with the Canada Pension Plan. He did not cite problems with the provinces associated with the Canada Pension Plan problem.

Mr. Aldridge: — Madam Minister, at least the first three of those concerns that you've mentioned there are ones that would pertain to our own province's defined benefit pension. So I'm glad to see that there is some recognition that those sorts of things are causing problems with respect to unfunded pension liabilities because they would be of concern provincially here as well.

And back to the issue of the department's lack of action on these pensions. If you look over the Provincial Auditor's report you'll notice some pretty significant growth in these pension liabilities. On page 31 of the fall auditor's report it showed the pension liabilities growing by amounts that vary from 90 million to close to 300 million in one year — and this all occurred just over the past five years.

Now first off, the growth in liabilities is startling and the minister's response that there is no problem is not factual. My question to the minister however is this: can the minister offer us some idea of just how much these liabilities will grow? How much will they grow by . . . over the next year? Will it be another \$150 million like last year or are we going to drop even deeper into the red?

(1945)

Hon. Ms. MacKinnon: — Mr. Chairman, to the member

opposite, we don't have an exact estimate. All pension costs are built into the four-year financial plan. So as you can see, the four-year financial plan has spending reasonably flat. If this crisis that the member opposite — and I know the member opposite loves to talk about crises — were occurring, you would see a dramatic increase in spending over the next four years, which is not there.

But again, I must correct the member opposite in his last statement. He said that the three factors that I mentioned with respect to the Canada Pension Plan would obviously apply to the Saskatchewan pension system. That simply isn't accurate. The problem with the Canada Pension Plan is a demographic problem; that is, there are more and more baby boomers who are going to retire and there are fewer and fewer people to support them.

That is not true because . . . that would not be true of our situation because anybody who joined the government since 1978 would be in an entirely separate scheme. So they would not be in that sense depending on somebody coming after them to support them. Their pensions are fully funded. They take care of themselves.

The other thing that's true of the Canada Pension Plan is, the actuary talked about the number of enrichments that have occurred since 1966, and these enrichments were not part of the original scheme and they haven't been properly funded; that is there was no increase in premiums to pay for these. The pension plans that have existed in the province have not had enrichments tagged on to them as we've passed through the system, so that doesn't apply as well. So what the member said about the similarities between the Canada Pension Plan and our pension plan is not accurate.

Mr. Toth: — Thank you, Mr. Chairman. Madam Minister, just following up on some of the questions being brought forward by the member from Thunder Creek regarding the Saskatchewan unfunded pension liability. And it's interesting to note, while you brag about the decreases and how you've got the budget under control, we see an unfunded pension liability that has grown by \$500 million in the last five years. This, Madam Minister, will be a problem for the people of Saskatchewan.

Now you can talk about the defined plan and the fact that there are a number of . . . about a handful of members, and I'm not exactly sure, maybe you can clarify tonight as to the members on your side of the House that are still involved in the old, unfunded pension liability and the pension plan and whether any of them changed and moved under the new plan.

But, Madam Minister, the problem arises in the fact that sooner or later someone is going to have to pay for this plan. And what happens, whether it's your government, whether it's a government elected down the road next time around, Madam Minister, the Finance minister of the day all of a sudden is going to find themselves with a group of retired individuals who will be collecting under this unfunded pension liability, and that becomes a major liability and it is a draw on the general revenue of the province of Saskatchewan because there aren't enough assets to cover the pension funds and how it'll be

paid out.

So, Madam Minister, one of the things the Provincial Auditor recommended and the committee, the Public Accounts Committee recommended, was that you implement a commission . . . I believe it was the Gass Commission had also indicated this, indicate this, that there should be a public commission implemented, put in place, to review the unfunded pension liabilities and come up with a plan of action so that people, the taxpayers of this province, aren't left in the lurch when all of a sudden there's a major draw on this unfunded pension liability.

Madam Minister, will you do that? Will you implement this commission, bring them into place and review this problem?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, you really have to have a sense of humour in Saskatchewan to hear the Tories all upset about debt. They should know a lot about debt, Mr. Chairman. When they became government in Saskatchewan in 1982, the total debt — all debt, guaranteed debt, Crown corporation debt, government debt — all debt of the province was \$3.5 billion. By the time they'd finished with this province, Mr. Speaker, the debt was over \$14 billion.

So for them to stand up and say, when by the way is this government going to be concerned about the pension liability . . . which by the way, you were in office for over a decade; you didn't even book it. You didn't even put it on your books. You didn't even put it on your books, never mind decide how you're going to spend it. So for people who've taken a province from a debt of three and a half billion to 14 billion to stand here and call to account a government that has taken a \$14 billion debt and reduced it progressively, so that it'll be about 12.5 billion when this current financial plan is finished, for them to stand up and sanctimoniously say, when are you going to deal with the pension liability, is a little bit laughable.

Mr. Toth: — Well, Madam Minister, it's interesting that you can stand in this House or this Assembly and talk about bringing things under control. Who built up the unfunded pension liability had nothing to do with the last decade, had nothing to do with Grant Devine and the Conservatives. It was there prior to. In fact, Madam Minister, go back to 1989 — go back to the teachers, the STF (Saskatchewan Teachers' Federation) and the concerns they had. The former government made a commitment to reducing that unfunded liability, putting in an additional amount of funds into the . . . to bring that liability under control. And the unions in this province berated the Grant Devine government in 1989 for not putting the additional funds in.

Now we see . . . I guess a person's not supposed to use proper names in this Assembly, but the member from Regina South sure likes getting involved when I'm in the debate. And I appreciate that; I enjoy having him getting involved in the debate.

But, Madam Minister, what I find very interesting is how one party over 10 years created such a massive debt. Take a look, Madam Minister. Take a look, Madam Minister. And I see the

members opposite really getting . . .

The Chair: — Order, order. Order, order. The hon. member from Moosomin has the floor and he's having a terrible time being heard. So I will ask the members to please come to order.

Mr. Toth: — Madam Minister, you seem to forget that your former Finance minister previous, the member from Regina East I believe, was the individual who indicated, yes, acknowledged, that there was a major debt in the Crown corporations prior to 1982. He acknowledged the unfunded pension liability.

And also, Madam Minister, who bought all the land in Saskatchewan? Who bought the potash holes in the ground, that were producing revenue to the province of Saskatchewan, became a major liability to this province. The 1.2 billion lost in 1986, written off in order to get the Potash Corporation into a position where it could manage as a company. And look what it's doing today. Look at . . . how much revenue are you bringing in because of potash and what it's done and how it's evolved as a company.

Madam Minister, maybe you should go back a little bit and review the land bought under the land bank system and find out how much short . . . there wasn't enough revenue generated on an annual basis to pay the interest. In fact take a look in the blue book. On an annual basis, there was almost \$10 million had to be taken out of an additional fund to pay for that land bank funding. Where did the money come from? I'm sure you found it on a tree. It came from New York just like you did with potash, buying holes in the ground. You had a revenue source, but no, you had to own the company, ran it into the ground. You couldn't run it. Finally we dispersed it and look what it's doing today.

Now we're into an unfunded pension liability that you continue to say is somebody else's problem. And I see the Provincial Comptroller there shaking his head as well. Well it is a problem. Who's responsible for this, Madam Minister? When are you going to start paying attention to your own commission, the Gass Commission, that asked you to put in place a commission to review unfunded pension liabilities and how we're going to address these?

I suppose, Madam Minister, if you lose the next election and you're fortunate enough to win, if you're still around two or three terms down the road, you're going to come back and say, well look what the former government did. Whether it's Conservative or Liberal, look what they did; we're deeper in debt. Well it would be interesting . . .

The Chair: — Order, order. We're on item 1 in Finance and the hon. member from Moosomin has the floor. I'm having a great deal of difficulty hearing the hon. member and . . .

An Hon. Member: — Obviously we can't understand him.

The Chair: — Order. I invite all members to join me in listening to the hon. member from Moosomin as he puts his question.

Mr. Toth: — Madam Minister, when will you establish this commission that was basically promised — I believe the Premier promised via the Gass Commission back in 1991 in this big, open-the-books fiasco which was drawn up to try and get the public to realize what you knew, and what the Premier knew, all along even back in the mid '80s — when will you, Madam Minister, establish a commission to review the unfunded pension liabilities so that a government elected down the road isn't going to be stuck with trying to address a problem that you're allowing to continue to grow on an annual basis? When will you do that, Madam Minister?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, first of all, I would say this is the first government in this province that has ever properly accounted for the pension liability. We have said at some point in the future, yes we will look at them and we will pay them.

But for the member opposite to be standing in this legislature asking where did the debt come from, let me tell you — and these people in the Department of Finance know because they were there as you racked it up — each and every year your government spent in the 1980s more than a billion dollars than you took in. There's where the debt came from.

You managed to take assets of this province, like the Potash Corporation of Saskatchewan, and sell it for peanuts, losing in one fell swoop \$400 million for the taxpayers of Saskatchewan. There's where the debt came from. You were one of the most irresponsible administrations in all of Canadian history. There's a couple in Quebec; perhaps Duplessis might be a bit of a challenge, I'm not sure.

And when the member opposite calls the Gass Commission a fiasco, the only thing that was a fiasco about the Gass Commission is he exposed to the people of Saskatchewan what the members opposite had done to this province, which is come as close as one would ever want to get to bankrupting this province.

Mr. Member, I would advise you to not stand here and lecture us about debt. You're the ones who racked it up. We're the ones paying it down.

Some Hon. Members: Hear, hear!

Mr. Toth: — Well coming from a university prof, that's a very interesting scenario of how we define economics in this province. You talk about writing off a loss in the Potash Corporation. Madam Minister. The former government didn't create the debt in the Potash Corporation. The former government did not buy Potash Corporation. Who bought the holes in the ground?

The Chair: — Order, order. Order, order.

Mr. Toth: — Mr. Chairman, I find it very interesting, especially having been here prior to 1991. And some of the members who are entering the debate today and the resolve that they had in trying to address the spending and the fact that the former government tried to bring lower spending and cut down

the expectancy of the public, especially in the public sector, when it came to teachers and when it came to health spending and what have you, and it wasn't good enough . . . and how we're going to get waste and mismanagement under way, and it would be so much rosier.

It seems to me, Mr. Chairman, and, Madam Minister, it seems to me that while there was a deliberate move at that time in the opposition to try and really discredit . . . and they did a fine job, I'll have to admit that, did discredit a . . . did a fine job. The fact is we haven't seen the increases in Health. We haven't seen the increases in Education. The only increase we've seen over the past few years in this province is an increase in the unfunded pension liability plus a pension . . . plus a debt load that has gone from 14.6 to 20. — what is it? It's over \$20 billion total debt — \$20 billion total debt.

It's interesting as well, Madam Minister, that now all of a sudden we've got a value on assets, so you may make it a net debt of 10. Well don't you think there was a value on assets back prior to 1991?

So, Madam Minister, why don't you just come clean first of all and address the unfunded pension liability because, Madam Minister, I don't care what you say today. I don't care what you say tomorrow. Until you get that unfunded liability under control, until you rein it in . . . You may not be sitting in that chair two years from now, but somebody else is going to be responsible for it when it starts to pay out, when people who are part of that plan, including the Premier of this province, including the Economic Development minister, including the member from Regina East, when those members start drawing, then their pensions plans . . . The last figures I saw were somewhere in the neighbourhood . . . could be over a million dollars themselves just for each individual. And how many of the public sector out there . . .

So, Madam Minister, how do we address the unfunded pension liability unless you're going to today sit down and address that liability rather than continually letting it or allowing it to grow?

(2000)

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. I've already answered the pension question I think about three times. But the member opposite has raised some other points which I would very much would like to engage him on here.

He talks about the Potash Corporation of Saskatchewan. And let's set aside whether or not we should have kept the Potash Corporation public or private. Let's just set aside that consideration. Let's set aside whether we should have held on to our Cameco shares or not. Imagine the business acumen of the members opposite who managed to sell shares, the government's shares in the Potash Corporation, when they were valued at \$18. Today they're between 85 and \$100. Imagine people trusting a government that figures out how to sell at the bottom. When is the price the lowest possible so that we can sell this asset and lose the most amount of money for the people of Saskatchewan. Losing \$400 million in that particular transaction, and still have the nerve to stand up and mention

Potash Corporation in this legislature. If I were a Tory and I were interested in my survival, there are certain words I would never say. Debt would be one; deficits would be another; and Potash Corporation would be another.

Then look at their most recent record. They were urging, as were the Liberals, this government to sell our Cameco shares when the shares were about \$18. Right, nice bottom — get them when the price is good and low so you can lose lots of money for Saskatchewan taxpayers. We actually sold the Cameco shares when they were selling for \$75.50, netting \$700 million for the people of Saskatchewan.

The member opposite is absolutely incorrect when he says where's the new money in health, education, and social programs. Over the next four years we'll be putting 242 million new provincial dollars into health, education, and social programs.

So I mean, I don't know where the member opposite is coming from. And I guess what's really distressing to me is it doesn't seem as if they've learned anything. I thought they had learned from the '80s that they didn't want to do things like sell assets and spend the money.

But when we were discussing the sale of Cameco shares, the very member asking these questions was reported by the press saying exactly what he just said tonight — where's the new money for health, education, social programs. Sell your Cameco shares and find new money for health, education, social programs. Use one-time money from selling an asset to finance long-term programs. If you have an asset and you can sell it, the only thing the Tories do with it is spend it.

And then he says, in his previous question, how did we get \$14 billion in debt in this province. Just listen to the members opposite. It's easy to see. The same logic was there in the '80s. Sell something, spend it, let tomorrow take care of itself.

Mr. Toth: — Well, Madam Minister, you can be sure thankful that the former government did disperse of PCS (Potash Corporation of Saskatchewan Inc.) because it wouldn't have . . . the share would not have the value they have today. They wouldn't have. If you'd still own Potash Corporation of Saskatchewan, it'd be running up another debt alongside Power and telephone and all the other corporations. Even though they're making big money, their long-term debt is still there. Potash Corporation would still have that. It would not have that value that it has in shares today.

What about the Cameco shares? Where did they come from? All of a sudden you get a little windfall in your pocket and you take credit for it. You had nothing to do with it, Madam Minister. You had nothing to do with the Cameco shares. Besides, we didn't ask you to sell Cameco shares at \$18 a share. They were up over \$70 when we suggested . . .

You were going around crying like a spoiled brat around this province, telling people how bad it was. In fact if I remember right, and I think it's been going . . . we've been hearing this for the last six months. You've been blaming nobody else but the federal government. It seems that the problems in this province

have everything to do with either Jean Chrétien and the federal Liberals or Grant Devine and the former Conservatives or the health districts or the school boards. Nothing, as far as you're concerned, lies at your feet.

Madam Minister, headlines today, at the end of the day the problems in health care, Madam Minister, stop at your feet. You're the Minister of Finance. You allocate the funding to health care. The problems in education, the Scenic Valley health district . . . or school district . . . I'm not sure. The Minister of Education . . . I don't see her around right at this moment. But the Scenic Valley School Division just voted for a four-day school week.

I would like to ask the Madam Minister if she's going to okay that, if she's going to give them the ability to put their four-day school week in place so that they can address the \$278,000 shortfall that's coming as a result of your policies, Madam Minister.

And you talk . . . And then on top of it we got \$77,000 for a 1-800 sex line. We've got a few more dollars for another line over here. Madam Minister, get out of everybody's moral life and decide where the real responsibilities are, Madam Minister, so that you've got the funds to deal with this province.

What have we got to brag about as a province that the Premier suggested he was going to eliminate hunger. All of a sudden he had to admit a few days ago that unfortunately hunger is going to be with us; we can't do much about it. And a lot of that hunger was created through policies that the NDP did in opposition to try and stir the pot.

Madam Minister, we get back . . . we can address all these issues, but we still have not addressed the one issue that I've asked you about that you've skirted time and time again. When are you going to put in place a public commission to review the unfunded pension liabilities so that former Finance ministers and governments are not left holding the bag while you continue to allow that unfunded liability to grow.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. I've already answered that question several times.

I'd like to take the member opposite up on the other points that he raised. The success of the Potash Corporation of course has nothing to do with potash prices being at record levels.

With respect to Cameco, he says the NDP government can take no credit for the value of the Cameco shares. Cameco was a corporation which originated with Saskatchewan Mining Development Corporation, a Crown corporation created in the 1970s by the then NDP government, a very successful Crown corporation. So I think we can take some credit for that.

The member opposite though, I mean, where is this member going? He says . . .

An Hon. Member: — Nowhere.

Hon. Ms. MacKinnon: — Well I think nowhere is possible. We have put . . . over the next four years we're putting 242

million new provincial dollars into health, education, social programs. All we hear from the member opposite is more, more, more. And every so often he'll raise some little item that costs \$77,000 and he said: you see, I wouldn't do that, but I would use that to fund the \$1.5 billion health budget.

The member opposite can't have it every way. Where is he going to get the more than 242 million new dollars for health, education, social programs? Is he going to get it by continuing to find other things to sell and spend it? Is he going to get it the way they got it in the '80s by running deficits, by racking up more debt?

There is no consistency in what the member opposite is saying. I do not believe the people of Saskatchewan will see the Conservative Party of Saskatchewan as the people to rely on for a quality health care system. I do not believe that for a minute. They will run scared at the prospect of a Conservative government in charge of their health care system.

And I'd like to conclude, Mr. Chairman. The member says where does the Premier get this idea that Saskatchewan is such a great place to live? He gets the idea that this is a great place to live by living here and by talking to people here, and by the very fact that when provinces all across Canada were evaluated in terms of their quality of living, this is the best place in Canada in which to live. We're proud of that fact. We're proud of the fact that we live in the best province in the best country in the whole world in which to live.

Mr. Toth: — Mr. Chairman, I sure appreciate the fact that this is in *Hansard* because a lot of things that the Madam Minister was alluding to what I was saying certainly were not what I was addressing to just a moment ago, but suggesting to spend more and more and more, take from here and spend it over there

And maybe we . . . we were just discussing it here, maybe one of the reasons we don't have to worry about the unfunded liability is because our health care system is becoming such a shambles that all the seniors may not be around to collect it so it's not going to be a major problem. I'm not sure. Is that how we address it?

But it's interesting, Madam Minister, you talk about Conservatives or Liberals, whether they be federal or provincial, giving over the health care system to the private sector. Well I see today, and I commend the Minister of Health for it, finally bringing down the regulations that allows for private care homes to expand from 10 to 40 beds. Because what it's saying, Madam Minister, there are many people in this province who are reaching out to back-fill the holes that you have created through your choices.

And, Madam Minister, I think if you made . . . the way your choices are being made . . . and unfortunately here's where I disagree with the Minister of Health, is his suggestion that the funding is going where the services are being provided. I guess if you shut down 52 hospitals and as every district is looking right now at shutting down the hospital beds, yes people are going to have to go elsewhere. So then all of a sudden local districts lose their funding. And it's just an ongoing scenario.

It's easy for even the bureaucrats sitting here; they live in Regina. They have access to health care. All the decisions right now are being made by individuals who have access to all the health care in the world. They forget about the person out in Moosomin. They forget about the person down in the south-west, Rose Valley, or north-east, wherever.

Madam Minister, but while we're discussing this, and I guess I'm getting a little off track too because I get back to the one question, the question I'm still trying to get a committed answer to: how do we address the unfunded pension liabilities? When will you put in place a commission to sit down and look at that unfunded liability that hasn't grown because of me, hasn't grown because of the current Liberal opposition, has grown because of your policies by over \$500 million in the last five years.

You balance the general fund but you let the unfunded pension liability to grow. Don't worry about it, just like Mr. Blakeney did in 1982. He didn't worry about the unfunded liabilities which grew to an astronomical number. They, in reality, may not. As the Provincial Comptroller said the other day, well you don't need the \$3 billion today. That's correct. But when you have to start paying it and if there's a shortfall, every Finance minister down the road is going to have to budget for that unfunded liability because more and more people — like the Premier, like the member from Regina East, like the Economic Development minister — will all of a sudden one of these days be collecting their pensions and somebody's got to pay for that plan.

When, Madam Minister, are you going to sit down and review that plan? And don't give me this garbage about the Canada Pension Plan and how the federal government's addressing it. Let's deal with the unfunded pension liability in the province of Saskatchewan.

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, I've already answered that question three times. What I would say to the member opposite is, what is going to be of concern, as people in this province look back over the last 10 to 15 years, is not the \$3 billion pension liability but the debt of this province that went from 3.5 billion in 1982 to over 14 billion in 1991. So it is absolutely beyond credibility that the Tories would be standing up in this legislature trying to portray themselves to the people of Saskatchewan as concerned about the indebtedness of the people of Saskatchewan.

If they were concerned about the indebtedness of the people of this province, they wouldn't have a record, as one of my colleagues said . . . *The Globe and Mail* called the Devine regime arguably the worst government ever in Canada — ever. And the member opposite was part of that government.

So for the members opposite to stand here and to talk to us about debt and what it's going to mean for our children and our grandchildren — our children are going to pay the debt that the administration that you were part of racked up. That's what they're going to be paying.

Now with respect to health, you can ask the Minister of Health in greater detail. The commitment of this government in this

budget is to a universal, publicly funded health care system. And this is a line in the sand that divides us from the members opposite, both sides. Liberals in their federal budget were prepared to have three-quarters of their cuts in the area of health, education, and social programs. Three-quarters of everything they cut in the most recent federal Liberal budget was to health, education, and social programs.

(2015)

You can tell what the members opposite would do if they ever again became the government of this province — which I can't believe would occur — by listening to them and by watching what's happening elsewhere.

Look at Alberta. A two-tiered health care system. If you want to have access to an MRI (magnetic resonance imaging), and you have the money, great — you go to the front of the line. If you don't, you go to a separate system and a longer line. You look what's happening, you look what's happening in Ontario, where some of the most dramatic cuts are being levelled at the people least equipped to deal with them.

Mr. Member, this government is proud of the fact that not only have we dealt with the deficit of the province and balanced the books and reduced the debt; we have maintained a quality health care system and we will continue to do that in this province.

Mr. Toth: — Well thank you, Mr. Chairman. Madam Minister, I'm pleased to hear that we finally got a little bit of acknowledgement from you about debt. And the fact that all of the sudden that Crown corporation debt has a reality, and you take that 3.5 out of the 14 and all of a . . . we're down to 11 billion. And then below the 11 billion, if you take the unfunded pension liabilities that were there that were beyond the 2.8 that were left you in 1992, then you reduce that below 10 billion.

And if you look at all the purchases, Madam Minister, that the former government was left with and the debt that arose there, Madam Minister, it's interesting. And also, part of that debt was interest like part of your debt is interest. Take a look at every year, the interest that was being paid on debt that had accumulated. Madam Minister, I find it very interesting. Here again, we blame somebody else.

You talk about the line in the sand in health care. Well I tell you, you go out to some of the communities I represent. They know where the line is. The line has already been drawn. It's either get well, stay well, or farewell. It has nothing to do with quality health care whether it's a universally accepted health program. . . . That's why we have people building private care homes around this province, because the line has been drawn, and there aren't any services left for many people. They fall between the cracks. So people have finally said, well here's the line; well we've found a way that we can . . . where to cross the line or whatever it is, we've found a way to meet the services and meet the needs out there.

But, Madam Minister, you can give all the arguments you want, but so far you keep telling me you've answered the question. You haven't even come close to answering the question. You

haven't even told me . . . come close to even acknowledging the fact that the auditor has suggested a commission. I believe Donald Gass suggested a commission to review the unfunded pension liabilities. When, Madam Minister, will you put that process in place? And don't just build . . . make the commission up of some bureaucrats. Get some people out in the private sector or outside of the bureaucracy who are not involved with any of these pension plans, and get them to look at the pension plan and determine how you address that unfunded liability. When will you do that?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, I've already answered that question. But I mean, tonight is really a night in which you have to have a sense of humour — a member of the previous Conservative government standing here and so devoted to the auditor and his report. I remember being in the galleries in this House when the Finance minister in your regime took on the auditor in one of the most blatant, ill-advised, impolite attacks I've ever seen on a public official. That same auditor said, I can't tell the people of Saskatchewan what the debt is because I can't get access to the books.

So to see the member opposite standing here and reading so diligently an auditor's report, as I say, you have to have a tremendous sense of humour when you look at what happened to the auditor under them. The auditor didn't have access to the basic information so that he could tell the people of Saskatchewan what the debt really was, because if they had known, they would never have re-elected those members opposite. So, Mr. Member, I think that tonight is a historic night when you've just waded right back into the past of this province. And the more the people of this province are reminded of your past, the more these members are going to have an opening.

Mr. Toth: — Well, Madam Minister, I find that very incredible because if you can tell the people of this province . . . And we might be able to excuse you, Madam Minister, because you weren't here. But, Madam Minister, this Premier as an opposition leader knew exactly what the debt was. The debate in 1991, the Premier acknowledged the debt was 14.6. The former premier acknowledged that the debt was at \$14 billion. We were trying to . . . the former government tried to let people know or tried to get people to understand that that debt had to be addressed. We were dealing with an opposition that was totally irresponsible. And I'll excuse you, Madam Minister, because you weren't here . . . (inaudible interjection) . . . And I hear the member from Regina South getting into it and blabbering from his seat again.

Madam Minister, you should have been in Public Accounts three weeks ago and heard what your members are saying about the Provincial Auditor, about the recommendations he was bringing. We passed motions not even to go ahead, proceed with the recommendations because these members — your members on the Public Accounts Committee — didn't want to have things opened up.

And now you're telling me whether or not the former Finance minister took on the Provincial Auditor is irrelevant. And it may have been wrong at that time, and I don't disagree with you.

But all of a sudden, one minute you're supporting the Provincial Auditor; then the next minute the Provincial Auditor comes with a report to the committee, raises it before the committee, brings forward recommendations. And all of a sudden the government members are bringing motions that won't even acknowledge these recommendations.

So don't talk to me, Madam Minister, about the Provincial Auditor and about government members and how they support them. And there are many members sitting in the Assembly tonight who were in that debate, who stood up and said no; we do not agree with this recommendation by the Provincial Auditor. And one of the recommendations, Madam Minister, is that the government consider establishing a pension commission to study the many issues related to its pension plans.

That's his recommendation in his report this year. Madam Minister, when will you establish that commission?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite, I've said to him before, that question has been answered. But what a wonderful view of history. Now I know where the debt came from in the 1980s. It was the irresponsible opposition that racked up the debt. Is that right? The irresponsible, current Premier was so irresponsible as an opposition member that he racked up the debt.

Mr. Member . . . I don't understand why this member is getting himself into this particular argument. The budget before the election . . . the members opposite said the deficit was going to be, I believe, \$265 million. People, economists across the province, expressed doubt. The current Premier was so concerned that he wrote a letter to the members opposite and said I would like to have confirmation in writing as to what the deficit of the Government of Saskatchewan is going to be. Lorne Hepworth, the then Tory minister of Finance, wrote back to our current Premier reassuring him that the deficit was \$265 million. When in fact we got the books, it was over a billion dollars.

So the member opposite says the current Premier knew about the size of the debt. He couldn't have known. Even your own Finance minister was saying he didn't know, or else there is another interpretation as to what he was doing.

The other thing is, what the auditor was saying at that time is quite different than any criticism he's ever made of the government. He said, well you should look at this, or you should do that. He has consistently said that in the summary financial statements of the Government of Saskatchewan they are among the best in Canada, and we tell the people exactly what their responsibilities, their liabilities, their debts, are.

At that time, the auditor himself was saying in the 1980s, he couldn't tell what the Crown situation was like. He didn't know what all of those little entities created without even orders in council . . . no public scrutiny of all those little entities created over on the Crown side — absolutely no public scrutiny. We got in there and opened it up, and it was just awful to see what they'd done there — the debts that they had racked up on that side that even the auditor didn't have access to.

So, Mr. Member, if we want to rehash the '80s, I'm quite prepared to do it. But I'm not sure why he thinks this line of questioning is going to be to his advantage because the only thing that's becoming clear is that the Conservatives in 1980s put this province into a financial mess that will take many, many, many years for the people of this province to dig their way out of. What's fortunate is that we are beginning that process.

Mr. Toth: — Well, Madam Minister, I said it in 1991, and it certainly has come home to be true. And I will acknowledge, Madam Minister, that summary financial statements that we have in front of us are a positive form of public accounting. And I regret the fact that they weren't . . . in that someone didn't take the initiative even back in the late '70s, early '80s, to set that out because it would be a lot easier. It would be a lot easier for me as a member to follow financing in this province.

But what I find interesting, and I come back to 1991 when the former minister brought forward his budget of 250 . . . around \$257 million shortfall for the year 1991 and then you were elected in October.

The interesting thing is, Madam Minister, the number of claims, even by the present Premier while in opposition saying, we will not allow you to pass this budget. Why, Madam Minister? Because they didn't want to have to show the public that there was a nice . . . they had to cook the books and feed the numbers differently because there was enough funding there to show that that \$257 million deficit was achievable. All of a sudden there wasn't a payment from the Crowns, there wasn't a payment from the Crowns in 1991, and the other related issues.

There was debt taken out of the Crown corporations in '91 when you became government added to, to build up to that billion dollars.

Madam Minister, it's easy to snowball — easy to snowball the public of Saskatchewan because even today, ask anyone on the street if they can understand the finances of this province. Even ask them if they really know what the finances are of this province. You could come in tomorrow and present a major shortfall and blame the Liberals and get away with it. You can almost get away with anything.

But, Madam Minister, that still doesn't address the unfunded pension liability that the auditor is asking you to put in place a commission to address. You keep telling me you've addressed it. Well I'm not sure where you've addressed it or how you're going to address it because I haven't heard anything yet other than blaming the federal Liberals for having to address the Canada Pension Plan and some of the other issues. This unfunded pension liability is there and will not go away by simply putting your head in the sand.

And why will you . . . if you're going to all of a sudden say the Provincial Auditor is coming out and his recommendations are something to be adhered to, then why don't you follow those recommendations, Madam Minister?

Hon. Ms. MacKinnon: — You know, I think what the public does know — the public knows a lot more about finances than

the members opposite are willing to give them credit for. What the public does know though is they would never trust the members opposite with the finances of this province. Never. I mean never.

Because just realize what you said, Mr. Member. You have said incredible things. You have said that this government could come in with a budget with any numbers in it and we would somehow or another get away with that. This is only the track record of a government that used to operate that way.

What would happen is what happened to your administration, and the public is far too aware of finances to allow it to happen again. Rating agencies all over this country and beyond this country would say these numbers don't stand up. They said it to Mazankowski, the last Tory Finance minister in Ottawa. They said these numbers don't stand up. They said it about your numbers — these numbers don't stand up.

The difference is in the '80s the public didn't understand how bad the debt was, because they had hidden it; the members opposite hid it, a lot of it, in some of those entities they created without public scrutiny.

This won't ever happen in this province again, because the moment any government is told by any credible agency that these numbers are not accurate numbers, they're fiddling around, people of this province's antenna will go up and they'll say, we've been through that before, and we've been through that with the Tories.

Just realize what else the member opposite just said. He said, well the problem with the 1991 budget was that the minister of Finance, Lorne Hepworth, said the deficit was going to be \$265 million, and had he had a chance to put that budget in place, the deficit would have been \$265 million.

Mr. Member, for the first time in the history of Saskatchewan, a government prorogued the legislature without putting a budget in place. The Tories themselves chose to end the legislature and not pass their own budget. Unprecedented. Unprecedented.

And this, Mr. Member, is why *The Globe and Mail* has called the Tory Government of Saskatchewan arguably the worst government ever in Canada. This is why people are telling me, in Calgary and Edmonton today there are full-page spreads about the shenanigans of the Tories under Devine — still, even in a Tory province like Alberta, full-page spreads about what happened in that government.

Mr. Member, if we want to stand here all night and talk about the '80s, I welcome that.

(2030)

Mr. Toth: — I find that interesting, Mr. Chairman. And the Madam Minister obviously didn't spend very much time in this Assembly prior to 1991.

The Madam Minister didn't sit in here when the member from Regina North East basically had said that — and the Minister of Education and the minister responsible for Northern Affairs and

a number of other members . . . oh yes, the member from Regina Victoria — stood here in this Assembly and said, we will never allow that budget to pass. There was just no way that budget would pass in the Assembly.

In fact, Madam Minister, we as an opposition may not be a lot of members, there may not be a lot of members on this side of the floor, Madam Minister, but your budget could be debated to the point that it would never see the light of day. And if you think that these members do not have that kind of a resolve . . . we may be fewer than what the opposition was in that day, but I remember the member from Regina North East and he was a good debater, he was, when he was standing here and criticizing the former member's budget. And we realized at that time, Madam Minister, we may as well throw in the towel because there was nothing gained by trying to sit in the Assembly, nothing gained whatsoever. Whether it was right or wrong, there was no alternative — there was no alternative.

And the member from Regina South, I believe, was here in a capacity of an EA (executive assistant) to the present Premier at that time, learned a little bit more from the '91-95 period, and then comes as a member and sits in the back and continues to chirp. I'm sure there are times when he'd like to be back working in the EA's office because I'm positive he was making more money as an EA than he is as an MLA (Member of the Legislative Assembly).

Regardless, Madam Minister, if you were here, if you understand how this . . . and you'll get to understand how this Assembly can really operate if you really want to test the will of the opposition. The will of the opposition in those days was such that they didn't want the budget before the public so the public could really give it the scrutiny that they wanted to in order that . . . it would be so that when they came and took over, they could make these false, grandiose accusations claiming that, oh look what we found. And I can see the member from Regina North East is just enjoying this thoroughly because I learnt from him. He was a great orator and a great teacher.

Madam Minister, you still haven't answered the question. We've done all this debating tonight and you've . . . I guess part of it's my problem for getting off and raising all these other concerns as well. We haven't answered that question. I guess the next time we're up in the Assembly we will again debate unfunded pension liabilities.

Hon. Ms. MacKinnon: — Mr. Chairman, and to the member opposite, I have answered that question.

Mr. Member, in a parliamentary system, a government that is relying on its opposition to pass its budget has a very frail understanding of the political process. Once again what you're saying is the problems of the '80s was because you had an irresponsible opposition that wouldn't allow you to pass your budget. You were the majority. You were the ones who supposedly were running the government. You couldn't pass your budget because your own government began to disintegrate before your eyes.

Your House Leader resigned, your House Leader resigned, and

your House Leader said, I can no longer sit with this government and this party because of what it stands for. Your government didn't pass its budget because it began to disintegrate before the eyes of the public.

Hon. Mr. Shillington: — Mr. Chairman, I think we need a while to absorb this new, refreshing view of history that we've had tonight. I'm going to move we report progress.

**General Revenue Fund
Indian and Metis Affairs Secretariat
Vote 25**

The Chair: — I would ask the minister to introduce her officials first, please.

Hon. Ms. Crofford: — Thank you very much, Mr. Chair. This evening I have with me Ernie Lawton, the assistant secretary of Indian Affairs; Donavon Young, the assistant secretary of Metis Affairs; and John Reid, the executive director of policy and planning. And I think we'll be joined in a while by Gord Nystuen, the secretary of the Secretariat.

Item 1

Mr. Belanger: — Thank you, Mr. Chairman, or Deputy Speaker. Again, thanks for the opportunity to discuss this budget with you and I also want to welcome your officials this evening. We'll be again concentrating on the Metis perspective this evening and again indicating that the Indian part of the discussion will come at a later time.

I'd like to spend a bit of time on the actual organization, the Metis Nation of Saskatchewan, which of course your department is responsible for. One of the key problems that this particular organization has is, because the provincial government doesn't recognize them constitutionally, the federal government doesn't recognize them constitutionally, you can't discuss certain issues with them because they're involved with a court case and you don't generally negotiate with any organization or people that you're involved with because of the court case. You really don't look at the population stats because it doesn't reflect your policy when dealing with a certain group, and on and on and on.

However the Metis Nation of Saskatchewan, one of the things that they've been having a difficult time in is of course lack of funding. They believe that the funding and the commitment from the government is coming way too slow. In fact their year end was March 31 and they've not yet received any funding from the government to date.

And of course the Metis Nation are in desperate need of that type of money, and from what I can gather, this type of cash flow problems happened every year. And I would ask the Minister of Indian and Metis Affairs what type of problems that you do have in allocating this money, and can you give us a commitment as part of the Indian and Metis portfolio is that you would ensure from this day forward that the Metis Nation would not encounter these problems again in the future years and the future allocations?

Hon. Ms. Crofford: — I'm pleased to report to the member that I met with the MNS (Metis Nation of Saskatchewan) executive recently and we did talk about the funding. We wanted to have a discussion with them first about the funding changes before we moved to actual allocation of funding.

I'll point out that they were cut 17 per cent by the federal government and 10 per cent by ourselves, so there's no doubt that they have somewhat less funds in the direct funding area to work with, although we still anticipate that they will have some uptake in the gaming area that has not yet been fully fleshed out.

As far as the population stats go, it's certainly an area we're discussing. They've put forward a proposal that would cost in the realm of 500,000, and in the framework of the current funding they already receive from both the federal government and the provincial government, that would be equal to their whole, entire funding allocation. So one has to be very thoughtful about whether in fact that is the best and most productive use of that money.

Mr. Belanger: — I guess when you . . . again, you go back to the point of the money coming on time. I think that's a key thing. We talked about interim supply here a couple of nights ago, and the purpose of interim supply was to provide money to the people that were affected by government and that were to receive money by government. And yet the Metis Nation of Saskatchewan, whom you've said would not be treated any differently or with special services and all that, they haven't got their funding yet. So the key thing here is, are we going to see them get their funding on a regular basis, on regular times and the time that they're supposed to be getting it, as of March 31 of each year?

Hon. Ms. Crofford: — I guess I can only confirm that we did have a discussion with them about this and made a commitment to them to flow that money through as quickly as the paperwork can be completed. It was really due to the late budget and also discussing with them, wanting to meet in person and discuss with them, the changes in funding levels before we allocated the funding.

Mr. Belanger: — Was that same problem with the schools? Obviously the schools were told they were going to be getting some money cut back, the hospital boards were also advised they might get money cut back, and so were the municipal governments and every organization that were told they were going to be cut back. I do not believe that they had a problem with their funding arriving on time so that they can continue their operations. My point is that if the same time was not allowed, or the same privilege was not allowed to the Metis Nation, why wasn't it?

Hon. Ms. Crofford: — None of the funding that is provided in this area is guaranteed in the sense of it being an operating funding like a school board has per number of pupils or anything like that. The funding is not allocated in that way. It's allocated within a policy framework, and we've had considerable discussions — particularly since the tabling of the federal policy on aboriginal self-government — we've had substantial discussion on which things are the obligation of the

federal government to provide and which things are the obligation of the provincial government. And subsequent to that policy framework and our own internal discussions, there have been some shifts in allocation in various areas, also with the slightly less money.

But this is not finalized yet because we're still having ongoing discussions about the application of the policy framework to the budget. And it won't be, I don't think, totally finalized for a couple of months yet. So what we're doing is in this particular area, because we have had a long-standing relationship with them, we've just made a decision to go ahead and allocate a portion of that funding soon. But in other areas there will be areas where we will not be funding again people who we previously funded.

Mr. Belanger: — So I guess the . . . to answer the question — I'm trying to be as fair as I can here — I guess the point is, is because there are some cuts coming down from the federal government and cuts coming down from the provincial government, that the Metis Nation of Saskatchewan cannot get their funding. When you say they'll get it soon I'd like to get a, you know, a date, you know, to clarify a date.

And because all these cuts are coming and we're not sure who is going to be cutting what and so on and so forth, that in the meantime this organization, who are being cut and who are in desperate need to have some kind of cash flow, will have to suffer further delays in getting their cash, will probably have to pay some interest and debt on some of the overdrafts that I'm not sure if they have but I imagine that they do have, simply because we are trying to negotiate with the federal government on the fact that how much is going to be cut from who, when, and where.

So really I think that's a very poor excuse and that we should try and move a little bit faster in terms of allocating these guys their proper and due dollars as soon as their budget runs out, which is March 31.

(2045)

Hon. Ms. Crofford: — We were just discussing whether or not there might be a misunderstanding about the nature of the MNS funding.

Now this is not core funding for the purposes of running the organization; this is funding under the tripartite agreement with the federal government that's based on particular work plans that are mutually agreed to by the MNS, the federal government, and the province. So it would be pending resolving the work plans that the money is granted. It is a grant. It's not core funding to the organization.

And now that interim supply is passed, we certainly are moving ahead with the paperwork, to get it processed, so I think it's just within a very short time frame that they'll have what they need to meet their obligations.

Mr. Belanger: — So in reference to that question, I guess the real thing is what exactly does the province contribute to the Metis Nation each year. I'm talking about all the grants, the educational grants, the enumeration grants, the tripartite grants,

the GDI (Gabriel Dumont Institute) grants, all that type of information.

Hon. Ms. Crofford: — Last year SIMAS (Saskatchewan Indian and Metis Affairs Secretariat) alone provided 350,000 to MNS and its affiliates, and that would be other locals that were doing various kinds of events.

But the figures I don't have, but we certainly could provide to you if you want us to assemble them, is to include other things like housing, GDI, those kinds of things that we don't fund directly. They're funded through the Department of Education and other people.

And then I would also say that, as citizens of the province, they would also have access in relation or proportion to their numbers to all of the programs of general application that are available to all citizens as well.

Mr. Belanger: — Thank you. I guess the other thing is, there has been a number of discussions and meetings on reference to the Gaming portfolio and you have here that there is an agreement between the province and the Metis Nation to negotiate some of the gaming cash. And I was wondering, what's the situation in terms of all the revenues and the breakdown of that particular gaming between the first nation, the Metis, and the provincial government?

Hon. Ms. Crofford: — We have a commitment to revenue share in the gaming area. The only matter that's under discussion right now is the amount, the procedure for delivering the funds, and the criteria under which funds could be allocated to the priorities within that area. We have a team set up of two representatives from MNS, one from SIMAS, and one from Economic Development, who are currently discussing that.

Mr. Belanger: — I guess once all that process gets set up, who will be controlling the proceeds of the agreement? You know, obviously they want to get the thing moving because it all of sudden become . . . if it's government controlled again, they may have problems, you know, waiting for their allocation. So if it begins to get set up and everything is chugging along, who would have the control of the process, and who would be in charge of the decision making in terms of representation and number of people, etc.?

Hon. Ms. Crofford: — Well really the kind of thing we would be looking at as we go through our discussions is representation, accountability, good priorities, non-political use of the funds. Those would be the kind of things we'd be looking for as the discussions go on.

But aside from that, we're of an open mind on the matter, and we are negotiating in good faith on how this would be done.

Mr. Belanger: — I think that one of the key things that the Metis people are having a problem with and also the Metis Nation — they're probably the ones that are dealing with this thing on a regular basis — is the fact that they need to organize effectively, you know, as a special interest group. I don't want to say a special interest group for the lack of a better word, because obviously they're recognized in the constitution.

But they're having a very tough time doing anything in terms of discussing land issues, discussing self-government, discussing economic development, social agencies, and the whole bloody bit because they simply haven't got, you know, adequate sources of revenue. They haven't got adequate control of those revenues.

So I think when you talk about this gaming agreement, what type of agreement have you got? Is it true that 5 per cent of all the revenues from the VLTs (video lottery terminal) in this whole process will be going to the Metis Nation? Was that 5 per cent being shared with other groups? And how much is going to first nations? And kind of the breakdown of that particular agreement.

Hon. Ms. Crofford: — VLTs are not part of this equation. The revenue sharing is based on casino development, and so it would be based on all the casinos — Regina and the four other casinos that are being established in the province.

Mr. Belanger: — What's the breakdown on that particular agreement? Like suppose they made a hundred bucks after a year. What portion of those revenues go to the Metis Nation? Is there a sign-on bonus? Will both the Metis and the treaty being . . . getting a sign-on bonus? Is there a larger portion for other groups, and what happened to the other interest groups that are also involved with, you know, with gambling, like for example, exhibition parks and different people involved with gambling?

Hon. Ms. Crofford: — There's some basic principles by which the revenue sharing was developed, and of course first nations, as proponents and developers in the gaming industry, have tied up a considerable amount of their revenue in the actual capitalization of the casinos. I suspect that in fact the Metis Nation may see liquid cash sooner than some of the first nations will because they have had to actually capitalize the investment on these facilities.

As far as the other groups that receive benefits from the fund, it's been done on a principle of people who are impacted by the shifts in gaming revenues. So exhibition associations were affected, broadly based charitable revenues, and targeted particularly to more vulnerable sectors within the social development sector. But the actual details have not been announced yet and we would not anticipate any money to be flowing until later this year after the government has a budget approved.

Mr. Belanger: — So I guess, in essence, we can talk about the dollar value of this particular project, that everything is off the table in terms of the sign-on bonus, if there is one, for the Metis, a sign-on bonus if there is one for the first nations group. I guess in terms of a percentage of the revenues, that's also up in the air in terms of, you know, whether you'll be replacing these dollars with the current allocation that you give or is this in conjunction with the current allocation? These are the three questions that I'd like you to answer, please.

Hon. Ms. Crofford: — Again, these are intended to be additional dollars. The cuts that we had in SIMAS were no different than the cuts experienced in many areas of government

as we tried to assemble the money — and I'm sure you're familiar with this refrain right now — to back-fill the \$114 million that was removed by the federal government. So everybody anted up a bit to participate in that effort.

But the gaming dollars would be new dollars into that pool. And certainly their priorities and our priorities would be to look very carefully at the ability to utilize some of those dollars to invest in economic development partnerships and to actually get on to some job creation and investment opportunities through that vehicle.

Mr. Belanger: — I guess the other issue is the treaty land problem in northern Saskatchewan. There's a lot of different areas where the Metis people have some value of a certain piece of land, and has there been any choices or discussion made with the Metis Nation in reference to land claims? Is there any value in them pursuing that on a provincial perspective? Does the provincial government support the issue of Metis land claims?

Hon. Ms. Crofford: — Well this is one of those tricky areas that you've mentioned before in your comments where it's in court and I really can't comment on it.

Mr. Belanger: — Okay. I guess the question here is, how much exactly in terms of acreages or hectares have the Metis Nation laid a claim on in north-west Saskatchewan?

Hon. Ms. Crofford: — I hope this is an adequate answer, but it's Green Lake to the southern shore of Lake Athabasca on the west side of the province. It is a huge tract of land.

Ms. Draude: — Thank you very much, Mr. Chairman. Madam Minister, I'm wondering if the moneys spent on programs for Indian and Metis nations are kept separate in your books and in your records?

Hon. Ms. Crofford: — Certainly they are where there's a dedicated program, but in the instance of services received by any citizen of the province, no, we wouldn't be able to differentiate there. Only where there's, you know, perhaps funding to an educational institution, to a special community service, to treaty land entitlement, places where there's, you know, a special focus of it. But otherwise we did not keep track of the funding province-wide based on a person's status, no.

Ms. Draude: — Thank you, Madam Minister. I was noticing in the *Estimates* that the support for the aboriginal organization issues was downsized from \$1.009 million to \$550,000. Could you give me a breakdown of that and explain it, please?

Hon. Ms. Crofford: — There's 314 million less to Indian and Metis organizations, 70 million less to — oh, pardon me, 70,000 less. Let me start again. Wouldn't they be thrilled.

Okay — 314,000 less to Indian and Metis organizations; 70,000 less to the aboriginal employment development program; and 75,000 less to Indian and Metis management authorities.

Ms. Draude: — Thank you, Madam Minister. Could you explain to me basically what effect that's going to have on the people? What do these various programs involve?

(2100)

Hon. Ms. Crofford: — Probably the most important thing to mention, that it's not in the service delivery area. It's in the area of the funding to fund some of the bilateral and tripartite processes. But we've tried to protect the funding that actually goes into the community for programs.

Ms. Draude: — Could you explain to me what the bilateral and tripartite programs are?

Hon. Ms. Crofford: — They're essentially forums for discussion. We have bilateral discussions, and bilateral means either for ourselves . . . with ourselves and first nations. With the tripartite it's ourselves, the federal government, and the Metis.

And really it's the method by which we come together and have discussion around matters of mutual concern. And just the very fact of doing preparatory work for the meetings, getting together at the meetings, there's expense involved. And that money would have been used to fund those kind of activities.

Ms. Draude: — Are they broke down and a certain percentage? With the bilateral one is that 50/50 or is there a different percentage for each group?

Hon. Ms. Crofford: — We're just discussing what would be the best way to answer your question because we're not really sure exactly what you want to know. But maybe I could just explain that with the FSIN (Federation of Saskatchewan Indian Nations) we only at this point have a bilateral process. With the Metis we have a tripartite process. And then we also provide funding to the Aboriginal Women's Council, the treaty Indian women, and the Metis women because they have experienced some greater difficulty in being represented in the processes. So we have provided funding to those three women's groups as well.

Ms. Draude: — Thank you, Madam Minister. I have some questions on the interim supply. I understand that there actually hasn't been any money yet given to the Metis Nation from this year's budget.

Hon. Ms. Crofford: — It would be accurate that we have not yet forwarded the tripartite funding but we are in the process of doing the paperwork that would release those funds.

Ms. Draude: — Madam Minister, we have had two sessions of interim supply now where we've been voting off money to give to these people. And we were told and we quite recognize that every group was needing their money, and we felt that it was our job as opposition to ensure these people receive their funding on time. Could you please explain to us how this could happen that a group of people that would desperately need their money haven't got it, whereas there are other organizations must have or I'm sure they would be complaining by now.

Hon. Ms. Crofford: — There's actually many people that do not necessarily get funded year to year, and it's always within the context of policy and budgetary decisions that there's a

decision on whether people are funded or not. And this year, because of the cut and because the provincial government has been involved in policy discussions based on a response to the federal government policy, again we have not totally determined yet all of our funding priorities, so that created some slowness in this area. And there's no doubt that they do need the money and that we do need to get it released as quickly as possible.

Ms. Draude: — Thank you, Madam Minister. We've listen to the Minister of Finance explain to us how important it was to make sure that we voted off one-twelfth of the funding, and that that was how the money was going to be spent, and it was going to be given to them. I really feel like either we were misled or the people out there were misled.

You say they're working on it very . . . they're working on it. How soon does it mean that the people will actually have some money in their hand?

Hon. Ms. Crofford: — Well one learns after a while, I guess, in this kind of work, never to second guess the system. But I suspect it would be in about a week.

Mr. Osika: — Thank you, Mr. Chairman. Madam Minister, good evening and welcome to your officials. Just a point of clarification on that funding you were just so kindly explaining — with the funding being cut by almost 50 per cent, does that mean that there will be that much less ongoing conversation, discussions, and meetings, whether tripartite or bilateral? Since consultation is a very important process, I just wanted that clarified. Does that mean less talking now with these people?

Hon. Ms. Crofford: — The difference, for example MNS from last year, would only be a difference of 15,000. It is a difference but it's not an overwhelming difference. There's no doubt that on the first nations end of things, they are more adequately resourced from the federal government. And given the federal government's policy that they're responsible for on-reserve funding and we're responsible for off reserve, we may in fact have to make some decisions that require the federal government and first nations to pick up a bit larger share of the costs.

Ms. Julé: — Thank you, Mr. Chairman. Madam Minister, my questions are sort of around the social services end of this, and although partly they belong to the Social Service minister, I hope that possibly you can help me with some of them. And these questions I'm asking are pertinent to certain situations that I've had brought to me so I'm asking you for this information.

Are Indian people under 18 years old, living off reserve, able to receive social assistance in this province?

Hon. Ms. Crofford: — Definitely, since the federal government revised its policy last year. It used to be that you had to be off reserve for a year before you switched onto provincial social assistance. But there was a policy change and now people immediately switch onto provincial social assistance.

Could we get a clarification — are you speaking just off reserve?

Ms. Julé: — Yes. I'm speaking specifically of people that have chosen to leave their reserves for reasons that they can't in fact live on the reserve any more. And I don't want to go into it because they have very good reasons for not wanting to return home. And I understand that there were some of these people that are on the streets basically, and needing some assistance. And they were told that they had, in order to get any kind of assistance or so on, that they had to go back to the reserve. Is that in fact this government's policy, or what's the case here?

Hon. Ms. Crofford: — No, that wouldn't be accurate. In fact my office spends a lot of time helping various people get their assistance. But that's more to do with a lack of understanding of how the system works.

We certainly do have a policy within Social Services to try to repatriate people with their families, but that's done in a cooperative mode. It's not just saying, go back home; it's done in conjunction with the parents and with the young person in question. So I'm not sure what . . . and there would be no way of knowing without working on the individual situation to know what their particular situation was. But certainly they would be eligible.

Ms. Julé: — Thank you, Madam Minister. So, for instance, someone who is 17 years old, if in need, would be able to receive social assistance if they were off reserve. Is that correct?

Hon. Ms. Crofford: — That's my understanding. Now I'm not a specialist in the total application of social assistance but as a general rule, yes.

Ms. Julé: — Thank you, Madam Minister. Another question I have pertains to health needs, for instance hospitalization, or the right to education for people that are of Indian status. Would these people . . . who would fund their health needs at this present time, hospital needs and that kind of thing if they were hospitalized? Who pays for that if these people are off reserve?

Hon. Ms. Crofford: — Off reserve it's the province. Now there's some exceptions. Where a university student might be attending university, their home band often pays for their education, but for the most part it would be the province if they're off reserve.

Ms. Julé: — Thank you, Madam Minister. Madam Minister, does the federal government pay any portion of hospitalization for off-reserve Indians?

Hon. Ms. Crofford: — There is a list of benefits called non-insured benefits that, whether they're on or off reserve, all people are entitled to, and that includes eyeglasses, dental, prescription, and prosthesis. And I think this is an area that the federal government is currently debating whether they're going to continue in this area. And there would certainly be people who argue that some of these things are covered under the medicine chest provisions of treaties. But currently, both on and off reserve, these services are covered by the federal

government.

Mr. Belanger: — Just one question here. When a on-reserve treaty Indian goes into the hospital for certain services, is the federal government billed for that, or does the provincial government cover those health needs? How does that work?

Hon. Ms. Crofford: — This is done in the form of being part of the formula for the funds transferred under block transfer from the federal government. So they assume that they transfer a certain block of money to the province, and in return for that the province provides the same insured services to all the population in the province.

Mr. Belanger: — So in essence what you're saying today is that if I was living on a reserve and I was a treaty Indian and I come into Saskatoon and went to the University Hospital and got cured there, you know, for whatever illness I had, that you, as a province, would then bill the federal government for services rendered to me. Or does that all come in the same block funding you speak about?

Hon. Ms. Crofford: — You're right. It comes as part of the block funding, and they've sort of purchased a block of services on behalf of that population.

Mr. Belanger: — So in essence the block of funding that you speak about is specifically designed to help you compensate for medical services to the treaty population, the first nations of Saskatchewan. Is that correct?

Hon. Ms. Crofford: — That's accurate.

Mr. Belanger: — So the second part is, when you look at the Constitution of Canada, the Metis people are not included in any specific block; they're just lumped in together with the rest of the population. Is that correct?

Hon. Ms. Crofford: — It's certainly the federal government's position that they do not have specific fiduciary responsibility in a self-government sense as they do for first nations. It's their position that they do not have that for Metis people.

And basically the province is not the captain of that particular ship. We would like very much if the federal government would recognize their responsibility in that area. You will know that there was a test case where the Inuit tested it and became included in that definition, but there never has been a test case for the Metis.

Mr. Belanger: — So explain this as simply as you can because I have a tough time walking and chewing gum at the same time here.

The federal government gives you block transfers in health. A certain portion is for Saskatchewan population, and a separate portion is for the status Indians. Now of the total block funding you get for health care, what is that amount and what portion of that's for Indian and what portion is for the rest? Is there a specific breakdown of that?

(2115)

Hon. Ms. Crofford: — They just do it on the basis of all citizens of the province. I guess what they've done is moved from providing it separately to providing it in a total population number. So they wouldn't divide up how many of those people are Indian, how many are Metis, and how many are anything else. It would just be the total population.

Ms. Julé: — Thank you, Mr. Chairman. Madam Minister, in relation to the block funding, my understanding of block funding is that it is a lump sum given to the provinces for the provinces to determine completely how they would distribute that money for any department, for any service, in any way that they see fit. I was never under the impression that block funding would have any kind of regulations, you could call it, attached to it. That a certain portion of that federal money would have to be given to the Metis, to any department, or whatever.

Hon. Ms. Crofford: — There are criteria within the CHST (Canada Health and Social Transfer) that you have to meet in terms of providing services of general application to all the citizens, but they aren't specified by virtue of Indian or Metis or anything. They're just . . . but the services that have to be provided with that block of money are specified.

Ms. Julé: — Thank you, Madam Minister. Could you tell me what those criteria are or what is included in that that has to be looked at?

Hon. Ms. Crofford: — We could probably provide that information for you but the one comment I would make is this is moving pretty far off of SIMAS estimates. This is really moving into Finance and into other areas which we are not as familiar with the details. I mean we would know generally how they apply but these are the kind of details that really Finance is more able to provide.

If you want us to provide you written responses to some of those questions and you just state clearly what your question is, we would be able to do that or you can decide to bring it back when you have Finance here.

Mr. Belanger: — Thank you. I guess the other thing I want to point out is when we look at some of the agreements that you're making in terms of your employment strategies, there is no question in my mind that we have to increase the numbers of Metis and Indian people in the workforce. I think the native people in the province, being such a small number in terms of the general population and an ever-increasing number, you know, I might add, we had to deal with that particular group.

I think the other thing is when you look at the FSIN being highly organized, you look at the Metis Nation being under-funded, there begins to be disparity in numbers. And I guess, is there a specific target date or a target number that you have set for different dates to meet your effort of increasing the aboriginal participation in the workforce, in the health care, in government and so on, so forth?

Hon. Ms. Crofford: — Our goal has always been as a policy to have the representation of Indian and Metis people in the workforce be representative of their presence in the population

at large. And there's a number of initiatives, for example the employment equity policy that was adopted, I think, a year ago or a little over a year ago in all the Crowns and executive government where they're all required to have equity plans now that specify what they're doing in those areas. We've certainly done a lot in terms of the mining sector. Certainly this casino agreement had very specific provisions and has had quite a bit of success in the area of employment. Money is certainly targeted towards a lot of training initiatives because training is still the best way to get anybody into a job.

And then we have a lot of work being done in the partnership area where health boards and other employers are making commitments to undertake their own internal examination of how they can improve the access and the inclusion of first nations and Metis people within their workforces, within their service delivery, and within the economic development opportunities that may spin off from health boards and other activities.

I'm actually very supportive of these new partnership approaches because you've been around a long time, Buckley, you probably know there is periods where there was the old Liberals supernumerary program, and then there was . . . oh, sorry, hon. member, and then there was the quota systems and what not. And really when you look at the numbers over time, they really didn't produce the kinds of results that I think people hoped for.

And one of the real advantages of the new partnership agreements is both of the partners come to the table with the true intent to understand how they can do better and to work together on it. And I'm going to be watching them very closely to see whether they're producing the results we hoped for. But I think we have a better chance with this approach than we've had in the past.

Mr. Belanger: — Yes, I thank you for that. And they say if you're named, then you're out of here, so I guess I'm allowed one more time.

I look at the effort of increasing the numbers. And certainly if we use the amount of 50,000 in terms of the Metis population in the province, that accounts to roughly what, 5 per cent of the population? And yet we see some of the problems, you know, in jails where 80 per cent of the population is of native ancestry. We see the problems of unemployment where many of the unemployed are native people.

So we both realize that we have to have a commitment to the Metis people and the Indian people. There's no question about that. But where I think we differ, Madam Minister, is a fact that I think we should be more focused on what we want to do.

And several weeks ago we talked about having the Crown corporations participate in increasing those numbers. And we see some tremendous work being done by SaskEnergy. And I guess a true effort of ensuring first nations and Metis people in participating for Crown corporations and government work is to make these efforts politics-proof.

No matter what government is in power, these businesses and

these positions will be held or owned by the aboriginal community and they can continue to participate equally. Legislation can change but a well-developed plan can certainly water down potential political interference.

Right now we can talk about increasing the number of the people in the workforce. That is just simply an effort on your part. It's not required in terms of the mandate of your department?

Hon. Ms. Crofford: — Again I'll go back to the fact that the mandate of our department is employment development. And that . . . there's two things that really primarily happen there. One is that inventory is maintained so we can . . . when people ask us, do we have some names to suggest, we do have an inventory of names to suggest.

But the other part is to really sign these partnership agreements because we couldn't begin to create the number of jobs that people would have access to by having access to a large employer. So it's really important that where there's major employers in the province, that Indian and Metis people be brought into full participation with those major employers.

As far as the jail issue goes, I think the Government of Saskatchewan is probably at the leading edge of governments across Canada in terms of moving into new, restorative justice and sentencing option types of approaches. And of course those are all just beginning so we won't see the results for awhile, but we certainly are as eager as anyone is to see people having opportunities instead of being in jail which is very costly and unproductive.

On the education front, yes, it's government's responsibility to do a percentage of this, but we are not the school boards, and school boards also have to embrace — as I know many of them are — the need to retain more students within the school system, to provide a more relevant education, and to generally make it work better. So it's going to be incumbent on health boards, on school boards, on municipalities, all the major structures in our society — business — to make sure that they help provide those opportunities.

From the economic development point of view, one of the main barriers, as you've indicated, for Metis participation is the lack of investment equity. And hopefully, the gaming revenues will help them overcome some of that barrier.

Government's main mandate within its own sector is the employment equity policy that we passed which we could forward a copy of that to you, but that applies again to all the Crown corporations and executive government.

Mr. Belanger: — In reference to your point about that applying to all the Crown corporations, the government was serious about opening the door to start the process of increasing the number of native employees and also having the companies participate.

We see one Crown corporation doing one job in one town with one group. If the government is really quite serious about the effort to increase the amount of native people in employment,

what's the relationship with the different Crowns? We have SaskTel, we have Sask Water, SaskPower — is there one Crown better than the rest? And if there is, wouldn't that insinuate that there's some inconsistency with the policies amongst the Crown?

Hon. Ms. Crofford: — Every Crown has its own management and its own union and normally the way these things are done is through a joint union-management committee. So there is no one method that's enforced upon each of the work units. That's up to them to figure out how they're going to meet the goals they set out for themselves to achieve a representative workforce.

It's too bad I don't have it with me tonight. When I was here for the Women's Secretariat estimates, I did have all the figures for employment within government for women, for aboriginal, etc., but I don't have them with me here tonight.

One of the things I would mention is we also have a policy on all our boards, commissions, and agencies to be representative. And I think we've done very well in that area as well.

But if you're interested in the figures, I can get them for you, but I don't have them with me tonight.

Mr. Belanger: — I guess it appears when you have a discussion with, say, for example, SaskEnergy or SaskPower, obviously you're going to have the unions involved in the discussion about increasing the numbers. Is this effort designed to lump the unions and the first nations and the Metis together? Because really if we look at it, you have to really begin to talk with FSIN and Metis Nation as to how they feel about unions.

And the second part of the question is, in essence if there is a job position opened, seniority is still the rule of thumb in terms of whether you're aboriginal or non-aboriginal. If you have worked for the government longer, you obviously would have that position first. Is that correct?

Hon. Ms. Crofford: — Seniority maybe part of the factor but it's not the whole situation. It's got to do with everything from qualifications, to entry into the job, to promotion, to seniority.

But what has happened, which is a very positive development, there's the aboriginal government employees network, which has 500 members, and they have recently signed an agreement with the SGEU (Saskatchewan Government Employees' Union) to work together with the union on removing barriers to employment. They'll be looking at all matters such as seniority, initial intake, promotion, career paths, those kind of things.

I think what a lot of people are finding right now is, as people strive for more and more equity, it's important to keep up our efforts on the education front as well, so we make sure that we've got those good candidates that really have a real opportunity to get those jobs.

Mr. Toth: — Thank you, Mr. Chairman. Madam Minister, a couple of responses or questions that were brought to me and I want to bring them up tonight and maybe get some responses in case you aren't sure where we're at. In getting back to specific

land claims, or something with regards to specific land claims, I've got a letter from the rural municipality of Wolseley. I've had one from the Golden West RM. Concerns that RMs are having. I'm sure these aren't the only RMs, but two RMs in my area specifically that are dealing with some significant land settlements and are looking at losing a fair bit of land.

And I'm wondering, Madam Minister, what has taken place, what has transpired, what has your department done in conferring with the federal government regarding land claim, these specific land claim settlements, and the taxation problems that will arise when this land enters up under specific land claim?

(2130)

Hon. Ms. Crofford: — This is a matter that we've met several times with SARM (Saskatchewan Association of Rural Municipalities) on and that we've also met with Mr. Goodale on. And I would just urge you to do whatever you can to help the federal government understand that this is a serious matter for Saskatchewan municipalities and any influence that you can contribute to this discussion would be appreciated. Because we have a reasonable arrangement under the treaty land entitlement of 22 times tax loss compensation, but under specific claims they're only prepared to acknowledge five times which is not enough for the municipalities to create a fund that can replenish the tax loss that takes place. So it is a concern.

We've approached the federal government many times at both the bureaucratic and the political level. I've met with Ron Irwin, minister of Indian and Metis affairs, on this, met with Ralph Goodale, and they have the feeling that this is not a serious matter because they have not, I guess, been hearing enough from municipalities about it. So anything that either the opposition or yourselves can do to improve their hearing would be appreciated.

Mr. Toth: — Thank you, Madam Minister. And the reason I am raising it is because I want to know exactly what your government has done and is doing. I realize we've had this discussion on other occasions and other years, and certainly it's an ongoing thing, and until it's settled, people will not be satisfied. Certainly rural municipalities and . . . and even if you will, Madam Minister, if your districts, municipal districts Act should happen to go through or you went to larger districts, it really does not do away with the problem that this piece of legislation on the specific land claims settlement is going to do to the province.

So I want to assure you, Madam Minister, that this caucus is more than prepared to work with you and I'm sure the official opposition are prepared to work with you as well because this is a problem to Saskatchewan people. It's a problem that comes back to rest on myself as a rural resident, as a rural taxpayer, and taxpayers across this province.

So I would only indicate to you, Madam Minister, then, and to your colleagues and certainly to members in your department that have been intimately involved in this whole process, that you do everything within your power and, if you will, even encouraging the Premier of the province in talking to the federal

Prime Minister, the Prime Minister of this country, and making . . . reiterating to him that this is not a small matter, that this is a major problem. And it's time we got back to and we addressed it.

If you will, Madam Minister, maybe it's appropriate as well for this Assembly to, if you will, pass a resolution that says that this Assembly is supportive of the proposal put forward by the Saskatchewan Association of Rural Municipalities that specific land claims receive the same treatment as the compensation for the other reserve status, or land that's going to fall under the reserve status. So — or treaty land entitlement claims — and so, Madam Minister, I assure you tonight that we're more than prepared to back you.

And it's imperative that each and every one of us . . . and while I . . . in my responses to these RMs (rural municipality) and my firing off letters to the federal minister are important, I'm one member, and the member from Souris-Cannington is one member. You're one member. It's still important as well, I think, that this Assembly if you will . . . if that's what it takes.

And I think it's very important that while you're in debate with your colleague in Ottawa, Mr. Irwin, or the Minister of Agriculture . . . which in some cases I wonder if the present Minister of Agriculture federally really even knows anything about the West any more in some of the policies that he's been bringing forward.

And if as you've indicated, that he seems to think this isn't a very serious matter, well, Madam Minister, maybe it's time he came out and sat down with some of the RMs. I have encouraged the federal minister, Mr. Irwin. RMs have asked for a public meeting. I've encouraged them to come out to this province, to sit down with RMs, to look at them. The RM of Wolseley for example is . . . I just don't remember the number of quarters, but I know I was in the RM office just the other day, and it's a substantial chunk of land that they lose to native land, Indian land entitlement and specific land claims, which means a substantive tax base that's lost.

So, Madam Minister, I'd indicate to you that I'm more than prepared — I think my colleagues are — to stand up and give you whatever support you need and whatever it will take for the federal minister, the Prime Minister, anyone involved in Ottawa, to realize that this is a very important and very serious matter.

So, Madam Minister, I would encourage you to hold to your guns and to get your colleagues, the federal minister . . . or the provincial Minister of Agriculture . . . the former minister of Social Services I think wants to enter the debate. Get his support; I think he's offering it tonight. And, Madam Minister, we just tell you that there is support in this Assembly for this. And I just want to encourage you. If a resolution will help, bring forward a resolution. I'd support you in that, Madam Minister.

Hon. Ms. Crofford: — Well your idea of a resolution is one that deserves consideration. The Premier wrote to the PM (Prime Minister) nine months ago, and I guess he wasn't reading his mail that day.

The federal position is based on kind of a narrow legal interpretation that the land was illegally surrendered, and therefore the federal government is merely reclaiming, reacquiring, land that was illegally surrendered. So their view would be that the municipalities never had the right to those taxes in the first place. So it's kind of a narrow legal discussion that's taking place.

But we are, I think, just about at our wits end for what else we can do to get any action on this because I do agree that, whether it was illegally surrendered or not, municipalities have gotten used to this tax base and will now feel the absence of it.

Mr. Toth: — Thank you, Madam Minister. Madam Minister, I believe there was an agreement, and I don't know . . . in fact I'm not exactly sure if there was anything signed on paper. But I think there was an understanding prior to the last federal election that there would be the same consideration given to specific land claims as there were to land entitlements. And I'd just like your response to that.

It seems to me that there was some discussion, and there was a fair bit of an understanding that that would come into place. But once the election was over, all of a sudden it disappeared. And I'm not sure. Is that something we can argue or go back to and just say there was an understanding prior to? Madam Minister, are you aware of that?

Hon. Ms. Crofford: — We have no evidence of that, but certainly the fact that we may be heading in the next year into another federal election, it might be something that candidates might want to consider having a position on in the areas where people would care.

Mr. Toth: — Thank you, Madam Minister. Madam Minister, I'm going to move away just a bit from that topic, but I certainly indicate that, bring forward a resolution and we'd be more than ready to support you in that.

The other thing, Madam Minister, is in dealing with reserves in this province. And I've had a number of native leaders come to me, one of them specifically, the Pheasant Rump Reserve down in the area west of Moose Mountain Provincial Park; Cote Band up at Kamsack. It has to do with housing, and I just don't remember if the member from Athabasca raised some of the questions. I know there was some debate going on regarding university and education and what have you. But band housing is a major concern, and I'm wondering what is in place right now? Is there anything provincially, or is this all federal jurisdiction?

And if I'm hearing from the bands themselves . . . and one of the problems that's really arising, Madam Minister, is many of the band members are very concerned about the fact that there have been land entitlements, and there have been land settlements. There's been cash coming out to the bands, but at the end of the day there's nothing. There are people on the reserves . . . and you can go around a number of the reserves in the province. And like I say, the Pheasant Rump individuals just came to me recently, Cote Indian Band. Substantial chunks of change have been offered to the band, been given to them, and yet band members themselves are finding that they are without the housing that they were expecting would be part of . . . and

would be derived or arrived at once some of this land settlement money was in their possession.

And so, Madam Minister, I wonder if you can respond to that and if these are some of the issues as well that your department is bringing forward with the federal government in passing on the fact that they have a responsibility in managing this funding, not just handing a chunk of change to a band, but making sure that the funds are used to meet the needs of band members.

Hon. Ms. Crofford: — Well although the quality and quantity of housing concerns us a fair bit, because of course if people don't have a place to live, then they have to move whether they want to or not, but housing is a capital agreement signed between the Indian bands and the federal government, and we really have no involvement.

But I'd like to clear something up on the TLE (treaty land entitlements) front. The bands can't spend any money until after they've acquired all of their equity acres. So I don't think there's any bands yet that really have cash in hand aside from the money that must be spent on land. And only after they've fulfilled . . . a certain percentage of that allocation has to be spent on land, and it's only after all of that is fulfilled that then money would be flowing.

And certainly I've had discussions with various investment bodies in Saskatchewan to be a bit proactive in terms of being available with good investment advice as well as hopefully sound opportunities. But it's not really quite at this stage yet.

Mr. Toth: — Madam Minister, would your department know whether the Pheasant Rump has the ability to begin to administer some of these funds or to provide the housing that many of the band members are expecting?

Hon. Ms. Crofford: — Well you've apparently raised a sticky wicket there. Pheasant Rump is in court. It is a band that has a specific claim. It's not under TLE. And it looks like the money is there. But because the books aren't open, there's a lack of surety about it. And the Department of Justice has offered mediation services to go in and try to work some of these matters out.

I might say though that not every band is looking to those funds for housing.

For example, one of the bands in the province made an agreement with Indian Affairs to receive their housing allocation up front and they built about 10 years worth of housing all at once, which is going to be paid off with the money that would have come in each year to build one or two houses at a time. And in that way they've managed to meet a housing need much sooner through more creative application of funds that they would have received at any rate, and they made that arrangement with Indian Affairs.

So there are bands looking at different ways of doing it, or else in some instances borrowing money from a first nation trust to repay with the funds that are received, for example, for accommodation for people.

So there's different kinds of creative financing that can be used to achieve some of this housing without it necessarily having to come out of these funds or having to come directly out of a special housing program.

Mr. Toth: — Madam Minister, you mention that there are some legal problems right now that the band is facing. Is the Pheasant Rump Band under third party administration or whatever — I forget what, there's a term, analogy for that — do they have control or is it somebody else on the outside that's basically helping or administering their funding?

Hon. Ms. Crofford: — I guess all we can say at this point that there's concern, but a final decision hasn't been made.

Mr. Toth: — But would your department or would the provincial government be involved? Have you been approached by any bands whatsoever and some of the problems that they're facing such as Pheasant Rump?

It's interesting, I've received a letter, and this is what one of the band members say. He titled it "Town Lights on the Lone Prairie", and he was talking about the fact that so far all they've seen is a few street lights, a sewer system, and a street system, but there's no housing. No place for people to live.

(2145)

They've got the lighting, they've got this ... and a sewer system that's pushing sewer uphill instead of you'd think going downhill. Like, it was fairly interesting talking to this individual.

But I know one of the problems we face, and there isn't a reserve around the province that doesn't have that, there's a fair bit of — I think politics in this Assembly here can be fairly aggravating at times; I think politics on reserves — really there's a fair bit of politics on reserves that creates a real problem.

But what I'm wondering and asking, Madam Minister, is the province ... does the province get involved in any of the administration, or helping, or putting forward ideas regarding administration, or disbursement of funds, or meeting needs of individuals?

I understand one of the concerns that's been raised over the past number of years is the number of people in this province, the native people, who are falling onto the welfare rolls of the province of Saskatchewan. And I am aware of the fact too that, even on this specific reserve, I think there are some problems regarding welfare fraud. Now would that be provincial; is that federal?

Hon. Ms. Crofford: — No, anything on reserve is federal related or else directly under the first nations control.

Now one of the comments I would make — and I don't want to go too far afield here — but as we know, there's many very small towns in rural Saskatchewan that, unless you can establish an economic base, essentially there's not a viability

there. And as more and more reserves get focused on economic development, and sort of their long-term objectives, there may be a question I think in some of their minds whether they can sustain some of the communities if an economic base cannot be found, either through development of an industry or a natural resource that's recurring there or some other mechanism.

So as the bands move into more and more self-determination, as far as authorities that used to belong to Indian Affairs but are being reassigned or given over to the bands, certainly they will be having to grapple with many more of these questions in a much more substantive and accountable way than likely was the case when they were essentially treated as wards of the federal government. I mean we really are in a time of transition here.

And all I can really say on this particular topic is that we should all offer whatever support in the process of sorting these things out that we can. Because it's partly a learning experience and partly partnerships, hopefully, that can be formed with rural municipalities and other people for some joint service provision and other types of arrangements. Because they do have some budget capacity there and they do have an ability to contribute to the whole municipal area as well. And I know there's been some joint policing agreement, some joint fire protection agreements and other things. So there is some opportunity there to work more closely together and get some mutual benefit out of that understanding that can develop there.

Mr. Toth: — Madam Minister, if a status Indian leaves a reserve because he can't find adequate housing, and moves into a local community, who's responsible for the welfare? If that person comes and seeks welfare, who is responsible for that?

Hon. Ms. Crofford: — The province.

Mr. Toth: — So as status Indians leave the reserves looking for adequate housing, or to meet some of the needs that they may be not finding on the reserve, then the province is left carrying that load. And I guess that becomes a problem for us as well. And that's another issue in raising with the federal government in the fact that maybe it's time they sat down and really got serious about settling some of these claims, getting them settled, as well as looking at ways in which they can offer some support to a lot of the reserves and making sure they can set up proper administration so that the funding is used to build for the native people of this province and the Indian people.

I know many Indian people who really want to go ahead, who have sound economic ideas and have put forward some really sound economic platforms and are working very hard to, in many cases, move away from any dependence on government. So I think that's another area, Madam Minister, that we need to encourage as a province, need to encourage the federal government not to just settle land claims and treaty land entitlements or specific land claims, and throw their hands up and say, okay, we've done all we can, and then throw the money in a pot or throw it up in the air and let each reserve get the funding that is coming to them, and then walk away. Because I don't know if many of the reserves are really set up with the administrative level to properly administer the funds so that the people, the status Indians on the reserves, are going to receive the adequate funding, to receive the housing, to receive

the education.

And if the federal government doesn't make sure some of this is in place, then what's going to happen? It's going to fall back on us as these individuals leave their specific reserves because they feel that they have nothing offered there. Then it comes and it falls on the taxpayers of the province as they move off the reserves into other locales to find the housing and to find the support. So that's another issue, Madam Minister. We need to really work together to reiterate the fact that we just don't throw money but we have some designed policy that indeed addresses many of the problems that we face out there.

Hon. Ms. Crofford: — As I often joke with the chiefs, that the best accountability systems in the world can't protect you from a government that doesn't spend money wisely. I think we're dealing with about 800 million a year in interest payments on the debt acquired in a similar situation. So the very fact of having accountability systems and good administrators, etc., does not always protect you from folly. But hopefully the active interests of band members and chiefs and others in these processes will contribute overall to success, and I'm sure that that's their intent. But as in the rest of the community, good government always depends on also the people requiring it from their government.

Ms. Draude: — Thank you, Mr. Chairman. Madam Minister, I understand, and I think I'm correct, that the Secretariat is responsible for the Treaty Land Entitlement Framework Agreement?

Hon. Ms. Crofford: — Yes, that's right.

Ms. Draude: — Do you negotiate with federal counterparts and the first nations people for the amount of money to be paid for specific parcels of land?

Hon. Ms. Crofford: — Our basic responsibility was in negotiating the broad financial agreement with the federal government and the first nations. And we would only get involved if there's Crown land involved. If it's private land, it's really up to them to make whatever purchases that they wish to.

Ms. Draude: — By "them" I take it you mean the first nations people.

What type of time span are you expecting that it will take to fulfil the obligations in the province under the TLE?

Hon. Ms. Crofford: — The financing covers the 12-year period, but they can continue to purchase land after that time period. The speed at which we can get it done really depends on the speed at which third party interests can be satisfied, because we have a willing buyer, willing seller policy. And sometimes it takes quite a while for the sellers to feel that their concerns are met as far as either their future ability to lease the land or other arrangements.

And so sometimes the desire for some consensus makes the process take longer but we try to move it along as quickly as we can because we think this is a very large bit of outstanding business that it would be best to get done and get it behind us

and move on with all the other areas that need attention.

Ms. Draude: — Thank you, Madam Minister. The willing buyer, willing seller policy is creating some problems in different areas. Now I understand that some of the bands from the South are going up North or to northern parts of my constituency looking for land. Is this the type of situation that's happening more often now?

Hon. Ms. Crofford: — I think that just reflects their real estate thinking. They're looking for a better deal and the land was a little too costly adjacent to their reserve, which they would have preferred, I think, in the instance you're talking about and have had to just go further afield in order to get affordable land.

Ms. Draude: — Am I correct in believing that land taken into the TLE status can't have any type of encumbrance on the title — meaning mortgages, caveats, easements, that type of thing?

Hon. Ms. Crofford: — Well all the land that's acquired in this way because it's reserve land . . . and it must be free of encumbrances. This has been a difficult problem that's been around for many years, is how to protect the land for the communal use while still enabling borrowing to be done at the bank and what not. And I think what's happened is some of the banking institutions are getting involved with bands and looking at financing on a slightly different basis than just using property as an asset. But there's no doubt it is a problem in terms of financing, but it also protects the land for future generations.

Ms. Draude: — Thank you, Madam Minister. I'd like to get into the idea of the banking problems. But first of all I'd like to ask you — I finally have the right person to ask — about the easements for water rights for local conservation development areas. It's a concern that many C&D (conservation and development) areas have. And because they've spent a lot of time and money getting easements for right of way to get onto the land, to maintain the ditches and maintain the waterways, if that is purchased by a native band, is there any way that those easements can be taken off.

Hon. Ms. Crofford: — The differentiation here is whether or not the land purchased already has developed infrastructure like drainage ditches, etc. If it was undeveloped, that would be a different situation. But where there's developed infrastructure, they would have to consider the conservation authority as a third party interest and would have to negotiate an agreement with them about the disposition of those infrastructures.

Ms. Draude: — I guess I'll have to ask for a clarification because the infrastructure could mean as little as riprap culvert some place, but there's still a lot of problems that could be involved with flooding in the cases of years like this. So how can the C&Ds be expected to be able to go onto this land and maintain their works if they have no right of access onto it? So are you saying to me then that they could negotiate their way out of this easement?

Hon. Ms. Crofford: — Yes, that's right.

Ms. Draude: — The C&Ds, they will no longer be liable any more?

Hon. Ms. Crofford: — Yes. Because they had the agreement for access they would still be liable because no one is preventing their access to do whatever they have to do.

Ms. Draude: — But then how can the land actually be taken into TLE status if the easement remains on that land?

Hon. Ms. Crofford: — I'm not sure why it's a problem. I mean there's easements for power lines and other things. And the fact that they're on a reserve doesn't change the fact that they're looked after or that someone has to look after them. I'm really not sure what the ownership of the land has to do with it. (2200)

Ms. Draude: — I'm wondering if, in order to take the land into the TLE status, if all the easements have to be removed, then the area authorities would no longer be able to get onto the land to maintain the structures. And what happens if flooding is the result of the structures not being maintained and the water would go off land that didn't belong to the . . . and it's TLE status.

Hon. Ms. Crofford: — The easements aren't removed; they're just renegotiated, if you want to put it, with a different landlord. It doesn't change the fact of the access or the person who was always looking after them, looking after them. It doesn't change any of that. All it changes is who you have the agreement with.

Ms. Draude: — I guess that's what I was waiting to hear — then the easement could still remain on there. And previous to this you told them that they couldn't have any kind of encumbrance on the title in order to go into the status. So I'm just confirming that, yes, area authorities can have an easement even if it belongs in TLE land.

Hon. Ms. Crofford: — Again, essentially it's just they have an easement now with whoever the landowner is, and they would have the easement with the first nation instead but it wouldn't change anything else. And in order for them to be able to take the land into TLE they must have satisfied that requirement as a third party interest, so there's kind of no way not to satisfy that concern.

Ms. Draude: — Okay, that's just what I needed to have clarified then, that there will still be an easement; there still will be a right of access by the conservation development areas. They'll still have that on the title.

Hon. Ms. Crofford: — If they've negotiated it. I mean if there has been any kind of infrastructure they would have had to have negotiated it, so yes.

I was just talking over whether we're just having a communications glitch here. And the point that probably should be clear is that it doesn't just automatically happen. The conservation authority, as a third party interest, has to negotiate the easement onto the reserve property. It wouldn't just sort of automatically be assumed that everything would be as before. It

would have to be negotiated on. But the safeguard for the conservation authorities is that it would not be given reserve status unless that agreement had been worked out.

Ms. Draude: — Thank you, Madam Minister. That doesn't mean that there will be any pressure on the conservation areas to change the original easement or any of the agreements that had been made with landowners?

Hon. Ms. Crofford: — We can't speak for them, but certainly it's been my experience in meeting with bands and discussing problems with third party interests that, for the most part, they've bent over backwards to be accommodating to a whole range of interests. So you know, we wouldn't know about the individual situation — that's really up to them. But I have every faith that they would be as good on this matter as they have been on anything from community pastures to other issues.

Ms. Draude: — So then is a conservation easement one of the few things that we'll be able to carry over with a piece of land when it goes into TLE status?

Hon. Ms. Crofford: — If it's negotiated, yes, and if it is sufficient infrastructure to qualify as a third party interest, there could not be reserve status granted unless there is an agreement.

Ms. Draude: — Thank you. As far as mortgages will go, if land is purchased by a band, and it would of course have to be purchased then without any mortgages on it, and it's held in a fee simple or some status until it's put into TLE status, in that time, in that 18-month period, if the band puts a mortgage on it themselves, or through a holding company, then I understand that they can't transfer it into Treaty Land Entitlement until that mortgage is removed. Am I right?

Hon. Ms. Crofford: — Yes, that's correct.

Ms. Draude: — Is there any kind of deterrent in place so that this land will not be mortgaged, so it can be put into status earlier?

Hon. Ms. Crofford: — I guess two pieces here. If there is a mortgage on it, it can't go into reserve status. But also, unless it goes into reserve status, under TLE, the money that goes for compensation to the municipality wouldn't be forthcoming. So they would then be directly responsible for all of those costs separate from the TLE agreement. So there's a lot, I guess, of self-interest in completing the process to reserve status because otherwise the tax loss money wouldn't be forthcoming, and they'd basically be responsible for it then.

Ms. Draude: — Thank you, Madam Minister. That was my next question, then, that as long as the mortgage is there, they are still paying taxes to the RM.

Hon. Ms. Crofford: — Correct.

Ms. Draude: — A final question, and that is: who is responsible for paying education for status natives both on and off the reservation?

Hon. Ms. Crofford: — Yes. On reserve it would be the federal government; off reserve, it's us. And the only exception to that would be post-secondary, of which a very large percentage is covered by the federal government. But there are also instances of people who are not . . . sometimes there's not sufficient funds, and they would then apply for regular student loan.

Mr. Belanger: — Thank you. Madam Minister, the question I'm going to ask is, do you support the Metis rights that they've been talking about? I'm talking about the Metis land claims; I'm talking about the inherent right to self-government; I'm talking about the general way they were treated, the Metis were treated, over time. I'm talking about the Manitoba Act; we're talking about the whole process of land. Do you personally support the effort of the Metis to get a land base and to look at the inherent right of self-government?

Hon. Ms. Crofford: — I would have to say that we're here tonight to speak to estimates. And certainly if we're in the middle of an election campaign I would give you my personal views, but we're here on estimates tonight.

Mr. Belanger: — And the reason why I'm trying to do that is to tie estimates into the commitment. The key thing here is, in any community that you have, obviously there's not going to be one total answer to some of the economic problems in northern Saskatchewan. And that's where a lot of the Metis people are as well and throughout southern Saskatchewan as well.

But the only way a people is going to survive, and that people is going to flourish, Madam Minister, is if they have access to land; if they have direct access to the land and the resources on that land.

And in northern Saskatchewan, when you sell a large piece of land, most of the land in the North is owned by the government; it's Crown land. So in the event that you do sell a piece of land to an Indian band under the TLE agreement, where does that money go?

How much do you suspect you might derive from the sale of northern Crown lands? And instead of having the government pay 30 per cent of the land, which you would normally do under a regular purchase of private land, you would in essence gain 70 per cent of the sale of Crown land. Can you respond to some of these points?

Hon. Ms. Crofford: — I'm not sure that we're 100 per cent clear on your question here. If the land in question was being purchased under TLE, Crown land, then the money from those sales would go into the General Revenue Fund. And really it would be impossible to estimate till we're further along through this land claim process how much land that will actually involve in the North. But I'm not sure if that was your entire question.

Mr. Belanger: — No. I imagine just the fact that you do have some idea how much land is being looked at in northern Saskatchewan from the TLE. And my point is, do you have any kind of guesstimate as to how many acres of land that any northern Indian band or southern Indian band might have interest in in northern Saskatchewan that the Crown owns?

Hon. Ms. Crofford: — This is a fairly complicated question because of the ability to take land in many different ways. For example, Peter Ballantyne, which is the second largest settlement in the province, is only taking 820 acres. But they've selected their land strategically and they've selected communities. And so they have not been selecting a large tract of land. Canoe Lake, about 20,000 acres; and English River, about 30,000 acres.

Mr. Belanger: — Is there a value of that land? Like what are you selling it at? Is it a per acre? What's the roundabout figure are you using? And what's the value of the land, total sale?

Hon. Ms. Crofford: — The Crown land figure was set in the agreement and we're just trying to recall what the agreement was. It was actually specified in the TLE agreement. It's not arbitrary. There was a figure established. If we can locate it for you we will. And we could even go on with another question if you like and we'll just keep checking to see if we can get the actual figure.

Mr. Belanger: — Yes, I think the thing I'm trying to get at, and I understand it's been raised before, but the whole issue is, in northern Saskatchewan we talk about the Metis land claim that you have in front of you, Green Lake north. And on the other side you say okay, because the federal government has the federal obligation to treaties — which we all understand and we all, you know, understand these dues got to be paid — but the question I have here is that, when you buy northern Crown lands, instead of the provincial government having to fork over 30 per cent of the sale, which I think is the funding arrangement that you have, and when you buy a piece of private land in the South, 70 per cent is covered by the federal government and 30 is covered by the provincial government — I'm assuming that's the arrangement in terms of payment. Is that correct?

(2215)

Hon. Ms. Crofford: — It is 70/30 but there is an additional 19 per cent for anticipated cost savings when land is transferred from provincial to federal when there's a community involved. Because that whole community then becomes the responsibility of the federal government rather than the provincial government.

Mr. Belanger: — Actually, I guess in reference to the 70/30, you mentioned 19 per cent. I need a bit more clarification on that. What is meant by the 19 per cent? Like for example, I'll take a community in my constituency, Patuanak. They live right next door to a small hamlet. Actually Patuanak is broken in half. There's about 200 people on the hamlet side and another maybe 8,900 on the Indian band side. What would happen if the Indian band wanted to assume ownership of the hamlet? Would you allow that to happen, and is this the example where you're talking about 19 per cent?

Hon. Ms. Crofford: — Okay, all this complicated math; 70/30 in the case of where there was a transfer of a community from provincial responsibility to federal, may shift to a 51/49 kind of arrangement to recognize the cost saving when all those costs

are moved over under the federal government.

But in any instance, like take for example, one situation where it has happened, Peter Ballantyne wanting to buy Sandy Bay. There is a northern municipality there and it's up to the individuals in that community to decide whether or not they want to participate in that transfer.

Mr. Belanger: — So I guess, in essence, that if the band wants to buy Sandy Bay, the mayor and council says no, we're not for sale, then obviously they're not for sale. I'm talking about the community. So you're saying that bands could potentially buy up communities in terms of assuming ownership of these certain towns?

Hon. Ms. Crofford: — It's not the mayor and council make that decision. It's the individual property owners.

Mr. Belanger: — So if one property owner says no, then obviously you can't pick lots and properties in town. You've got to be . . . obviously have some kind of rhyme or reason to this whole process.

Hon. Ms. Crofford: — Well this is an interesting topic here. In Deschambault — too interesting actually for this time of the night but — in Deschambault 99 per cent of the people decided to go with the band and one person said no. So there is one person who's not a member of the band.

Mr. Belanger: — Okay. Now if I understand this correct, now the Indian bands can actually assume ownership of communities in the instance where the communities and the local landowners say yes, you know, you can assume us. Then obviously your responsibility as a provincial government would lessen in terms of financial means because you're no longer supporting municipal governments in the North.

And secondly, the question about general purchasing of land, not communities, in the North. So if the English River Band buys 10,000 acres and you sell it at so many acres, in essence the provincial government could, you know, profit a great, tidy sum on this whole process in terms of saving some municipal governments, in terms of sales of Crown land.

Am I correct in assuming these two statements?

Hon. Ms. Crofford: — The thing you have to keep in mind on this high math here is that as well as receiving some money for the sale of Crown land, we're also a financial participant in providing the money to buy the land. So the province would be putting in all together about \$285 million into the actual process of purchasing the land around the province. And only a portion of that would be Crown land; a lot of it would be private land.

Mr. Belanger: — Well I'm having an awful time understanding the math here.

Instead of a certain sale . . . the sale of Crown land that you are selling to the federal government which in essence is the Crown land in the North, is being settled through the federal government. Instead of it costing you 30 per cent, you're gaining 70 per cent of the sale of that land so . . . and you're also gaining from the sales of . . . or from the savings of

operating municipal governments in the North that are being purchased by these Indian bands.

So I can't understand the rhyme and reason and logic behind your statement, the fact that it's costing you 285 million. In essence I think you're going to be making more than 285 million over a period of time.

Hon. Ms. Crofford: — Okay. Well back to what I mentioned earlier, that not by a long shot is all the land involved in the North. The largest amount of it is in the South and it's private so this money would go largely to private persons who, for various reasons, have either decided to get out of land ownership or have decided that it's a good deal for them.

In the North, the cost is not just the land purchase. A lot of the money is money that the bands pay directly to the third party interest to resolve their interest in the land. So the actual land itself is only a portion of the cost. It's the resolving of third party interest and compensation to individuals would be part of what the bands pay for. And we wouldn't receive that.

Mr. Belanger: — Okay, obviously we'll be going at this again a different day. The key thing here is, what's really difficult for me to understand as a Metis person in the House and certainly looking at the Metis people in general — and again we're going to commit points to the Indian people as well, as time permits — what I have a difficult time in explaining is that throughout the years, the Metis people, right from the Manitoba Act in the early years, were guaranteed 1.4 million acres of land and settlement of Rupertsland, the whole bloody bit.

The key thing here I'm trying to impress upon you, Madam Minister, is that you look at the history and how the Metis people were treated, they were not treated fairly at all. There were promises made. The whole issue about script being purchased and sold the same day. The list goes on and on as to the injustice that the Metis people have suffered throughout the years.

Now it's 1996. The current trend continues. Not only do I feel is your government not recognizing the rights of the Metis people, you're not dealing with the land issue. You're not dealing with the fact that when it comes to northern land, we're not going to deal with the Metis people; we're going to continue to ignore the Metis people. And the list goes on and on.

And to add insult to injury, Madam Minister, we have one small group of people that are working through the Metis Nation of Saskatchewan to try and bring recognition to these issues, and we're under-funding them, and we're grossly under-funding them. And to top it all off, we don't even respect their March 31 deadline. It's been two months, almost two months, since they've had any funding. Obviously they're not getting their funding on time. So at the very least, Madam Minister, will you commit to something today for the Metis people that we can take back — a tangible document; even something as simple as a Metis Act.

Hon. Ms. Crofford: — I guess because it's before the courts, again I can't discuss it. But we do not normally fund people to

launch court cases against the government. I mean it's just not a thing that's done.

And perhaps because the first nations have always had a reserve system, there are many more locations in which they have definable communities. There would be instances in the North, surely, that are substantially Metis communities, and I think there will be, once we settle this issue of this outstanding court case, some further discussion on those matters. But it does create a barrier, at the moment, to discussion.

The committee reported progress.

The Assembly adjourned at 10:30 p.m.