

EVENING SITTING
COMMITTEE OF FINANCE

General Revenue Fund
Social Services
Vote 36

Subvote (SS01)

Mr. Osika: — Thank you, Mr. Chairman. Mr. Minister, welcome to your assistants, your officials.

Within the area of Social Services, I just . . . if you could for me define the department within Social Services that is particularly responsible for young people that are in custodial situations, in custody situations.

Hon. Mr. Calvert: — Mr. Chair, the division or area of the department responsible would be family and youth services and that division of the department will have responsibility for young people who are in conflict with the law — the young offenders, and also other young people who may need care and guidance. So that's the area of the department with the responsibility.

Mr. Osika: — Thank you, Mr. Chair. Mr. Minister, within that department is there any specific qualifications that are required of individuals who serve in that department? Are there any people with background in law or the practice of law?

Hon. Mr. Calvert: — Mr. Chair, there may be someone in the department, in employment, who has some experience in the law, but it's not a prerequisite. In terms of the front-line workers, they will be social workers or young offenders' workers. Any legal advice that we require will be provided to us through the Department of Justice.

Mr. Osika: — On that note, given some of the recent events that I've raised in the House with respect to a situation in Melville and by the way your intervention, your department's intervention is greatly, greatly appreciated — and we spoke about this. Could you give me some idea of your thoughts and your views on becoming more involved within your department with respect to these types of situations, from the intervention aspect?

Hon. Mr. Calvert: — Mr. Chair, currently we will find . . . or the department will find itself involved, workers within the department will find themselves involved in some custody cases where there is particular concern for the benefit and well-being of the children. That's been demonstrated in some circumstances, the one we've discussed being one. Where there are some real concerns, our workers will be involved with the children . . . may well then appear in the court setting to be called upon as witnesses on behalf of the children and to provide what advice that the courts may seek or need.

We've had a chat, you and I and others, about how that might be strengthened. I think that takes a fair bit of working through, as we've discussed, in terms of what better supports we might give children who are caught in circumstances of very . . . very

difficult circumstances between parents who may be in dispute in the court system.

Our focus as a department is first and primarily, to ensure the well-being of children. That is our first and important role. Now we recognize that the courts will have other issues that they must deal with in terms of marital breakdown, and divorce, and so on. Our concern must be the well-being of the children.

Now this does not, in my mind, mean that in each and every marital break-up or divorce proceeding, where access questions and custody questions are being dealt with, not every circumstance would require the kind of intervention that the department provides. Not every circumstance would require that. But wherever there is any risk to the children that, I think, is the appropriate place for Social Services and our folks to be involved.

Now it does take individuals with some special knowledge and some special training and perhaps some special understanding. It's not the kind of work that just any one of us can do — that is working with children in those difficult circumstances. And so there are, there are certain requirements we apply when hiring for those kinds of roles.

Mr. Osika: — Thank you. And I know that everyone shares the concerns that you have the well-being of young people that find themselves in conflict of any kind.

The legislation that we discussed, do you see some merit to that, Mr. Minister? And is your department working towards, perhaps with a view of enacting some legislation in the not too distant future, to allow perhaps some authority from the Children's Advocate's office to become involved.

Hon. Mr. Calvert: — Mr. Chair, as we have discussed more privately — and I'm certainly happy to do it public because I think it's a very important, it's a very important subject — I would indicate to the member that there is little or no possibility that in this session we would have legislation that we would feel comfortable in passing without the careful consideration in working with the justice system and others in our community.

As the member knows, there are some workshops being held across the province just now by our own Department of Justice which are concerning themselves with some of the questions of access and custody. I am told that there is also a federal joint Senate parliament committee. I don't have a lot of information about this, but I understand it's holding some hearings across the country right now, again examining some of these issues related to custody and access. My personal view is that there may well be merit in having an opportunity for children's voices to be heard in these access and custody circumstances. We're not at a point yet where we think that we've got sufficient consultation or research or understanding to craft that into further legislation.

But the intent that the member brings with the private member's Bill that he has introduced, the intent I believe we share, that's how can we best provide for the children caught in these circumstances. Are there better ways to have their voices heard through the process or their voices represented in the process? I

personally am not yet of the view of whether that should be legal representation, or it could come through the advocate's office or there might be some other process by which workers are involved. The goals I think we have are the same; we are not yet refined on how that process could work itself out.

Mr. Osika: — Thank you, Mr. Minister. I do take comfort, and I'm sure that the people who are perhaps hearing your commitment in that respect will take comfort, that your department is actively pursuing this type of legislation. And I know that it will not apply to all cases.

And I guess in my mind the reason for considering someone with a legal background, if in fact they needed to be involved in a hearing, that if there needed to be some further legal processes immediately at the termination of the hearing, then they would have the means, the wherewithal, and the knowledge as to how to initiate. So I appreciate that very much, Mr. Minister, and I'm sure the people of Saskatchewan appreciate that as well.

I want to thank you and I'd like to defer to my good friend and colleague from Athabasca. Thank you, Mr. Chair.

Mr. Belanger: — Thank you, Mr. Deputy Speaker. Just eight quick questions, Mr. Minister. The first question I have is a big, big problem in northern Saskatchewan, and it's senior citizens living on a limited income. They should all be eligible to receive medical-wide coverage from Social Services but they don't. They have to qualify according to policies and they in turn cannot afford to go on medical trips, and they also have . . .

The Deputy Chair: — Order, order. Order, order. Members, I appreciate the extra energy we have following supper, but I'm having a great deal of difficulty hearing the hon. member for Athabasca.

Mr. Belanger: — Thank you, Mr. Deputy Speaker. I guess the question for the senior citizens, those that live on fixed income, on limited income, they have a significant challenge meeting some of their medical needs including medicines and trips outside of northern Saskatchewan because of the high cost. What are you going to do to kind of adjust that situation?

Hon. Mr. Calvert: — Mr. Chair, from my own experiences in the member's constituency and in his community and in the North, he points . . . I think he draws our attention to a reality, that we will have individuals in the North who will be living on low income, seniors very often on fixed income, and because of their geography, the access to health services presents some exceptional costs.

Mr. Chair, the Department of Social Services, of course . . . if the income is low, seniors or anyone will qualify for social assistance. With the social assistance qualification comes the health benefits if we reach that level of income. There is the seniors income plan that we also provide to low income seniors, and I know that the Department of Health and the new health districts will be looking at, I think, a variety of options to try and assist low income seniors get the medical care they require.

Mr. Belanger: — Thank you and we'll certainly be assessing and keeping numbers on the number of senior citizens turned down. In the event that the numbers do grow, we'll certainly

advise your officials.

The rate for Saskatchewan in general for a single person is \$245 and that includes, of course, rent and some of the water and sewer and power and so on and so forth. The benefits are province-wide, so in northern Saskatchewan with the high costs associated with living in northern Saskatchewan, you have compensated an extra \$50 for groceries. Do you feel that's an adequate amount?

Hon. Mr. Calvert: — Mr. Chair, I'm in some ways always wrestling with the basic rates that we pay and provide for people under social assistance. Are they sufficient? The determination of those rates, of course, is built on the assessment of what we believe is required to provide the basic necessities of life. They are based and tailored somewhat to geographic location. As the member indicates, there is some special allowance for food in the North given the cost of food in the North. And there will be some adjustments for housing and so on.

While we attempt to set rates which meet basic needs, we're also constrained somewhat by resources available to provide those basic needs. It's a constant challenge for us to be sure that our rates are trying to meet basic needs, to live within the parameters of provincial spending and provincial budgets, and to meet as best we can the needs of people wherever they are in the province.

At the same time we're hoping to, through changes in the system and through a growing economy, to provide as much independence for individuals as we can — as opposed to dependence — to give folks as much income as we can into their families and households from other than public assistance.

Mr. Belanger: — Thank you. The other point I had is . . . clients that are forced to live under the social assistance concept, they sometimes receive an advance, and they have to pay back this advance a hundred dollars per month until the advance is paid. And some of the clients are living in poverty, and yet still have to suffer more in order to buy clothes with an advance. So it seems that some of the social services clients are penalized for options such as this. Could you comment on that please?

Hon. Mr. Calvert: — Mr. Chair, for the information of members tonight, there has been a relatively recent change in the advance and payback mechanism. The member is correct that for families the advance — although we've never really encouraged the advances, but where they were required they would have been provided — they have been \$500 per family at a recovery rate of \$100 per month; 250 was available to individuals, again at a substantial recovery rate.

We've now lowered the limit of the advance to 240 with a recovery of \$40 per month, based on the concept that we now have the new programs coming into place that we hope will bring new benefits into those families, into those homes. And I believe that a \$40 recovery rate per month is more manageable for the families involved.

Mr. Belanger: — Thank you. And again I'm getting these questions from some of the clients and I think it's very

important that we get the answers back to them.

One of the items one of the clients wants to know . . . the challenge that he has furthering his education and he wants to take a certificate program to qualify for benefits. Yet clients who attend the university classes are immediately disqualified from receiving assistance. The question he has is, why?

So when the client does quit going to the classes and continues to receive social assistance, why are clients discouraged from attending post-secondary education classes? Clients should deserve to get a better education like everyone else.

Hon. Mr. Calvert: — Again, Mr. Chair, there have been some recent changes where we are trying to encourage people and provide the means for people to access more educational opportunities.

We have now established, as the member knows, the provincial training strategy. Part of that is the training allowance . . . the training allowance that we'll provide for basic needs, not from welfare, but from the training allowance.

Now in the circumstance that someone is going to school and getting student loans that are developed on the basis of providing for the needs of those students, all the needs, then we consider that to be their income source.

There are, however, circumstances where if the loans do not provide for the basic income, the social assistance benefits can be continued or partial benefits can be continued to make up the difference. It's always based on a concept of need, to meet a person's basic needs. If other sources of income, including loans to the student, don't meet that need then social assistance can be made available.

But what we're trying to do is move people into the provincial training allowance, which we believe is a better way to support folks off welfare, by providing basic needs through an educational program.

Mr. Belanger: — Thank you. A client commences a job, and right away he or she is cut off from assistance, even though he or she does not get paid from salary or wages until the end of that month. Why are clients discouraged from working in full-time, permanent jobs and encouraged to remain dependent on social services right from the day they start working to the day they receive their first pay cheque? There's a 30-day lapse, Mr. Minister, and there's concern in reference to that particular problem.

Hon. Mr. Calvert: — Mr. Chair, our understanding is — and if the member has some examples where this is not happening, I'd appreciate him providing those to us — it's my understanding that we would provide benefits until the first pay cheque is in the hands of the individual. That it would . . . that those benefits should be there because, exactly as the member says, we want to encourage people to get work and if they can do that, we want to cover those days or weeks until they're actually paid.

Mr. Belanger: — Thank you. One of the other problems too is many of the clients that live in northern Saskatchewan are people like Gary Tinker and people at the Gary Tinker

Federation also serve the disabled people. And they indicate that they need more than an extra \$40 per month for assistance because of their particular physical or mental challenges.

Clients who are disabled need equipment services and yet there are no extra services for them. There's very limited opportunity for them when you look at the social services system. Could you expand a bit on what plans you have and what other assistance that they could expect in the event that they are . . . have been meeting with you and asking these questions. And there are approximately 400 people that are in this particular situation, Mr. Minister.

Hon. Mr. Calvert: — Mr. Chair, I appreciate it. About a week ago now, I had an opportunity to meet with Gary Tinker and some other officials from the Gary Tinker foundation, widely known in the North, and we discussed some of these issues. It's really an issue of adequacy of benefits for the disabled folks living in the North, and like many in the North there are some exceptional costs by way of travel, food, and so on.

I had what I thought was a very profitable discussion with Gary about the adequacy of benefits for the disabled in the North. I committed to him that we are constantly reviewing the adequacy of our benefits. But there are some special needs that are faced by the disabled, not just in the North but around the province.

As I indicated in the House this afternoon, it's my hope that we might move at some point, not perhaps immediately, but at some point that we might move to looking at other income security programs to support the disabled in our province that wouldn't be seen as social welfare. I think that's a direction that I'd like to take us.

We are establishing in very short order the office of disability issues. We expect to have that office staffed and running relatively soon. And one of the tasks that they'll have is to try and coordinate a total, provincial approach to disabled issues.

Mr. Belanger: — Thank you. Some of the clients that are on social services receive travel expenses. And the travel expenses are 10 cents per kilometre for gas; \$15 a day for meals; and accommodations at \$38 a night. So how can a person eat three meals in one day with \$15, especially if they're on a special diet like low-fat or a low-salt diet? And where could you find a decent room for \$38 a night? And that's some of the concerns that we've been getting from those people that are travelling south for all the medical appointments that they have to attend. And there are a great number of people in this particular situation.

Hon. Mr. Calvert: — Mr. Chair, in small steps we're trying to address some of these. We were able to increase the mileage rate a little bit last year and we're continually reviewing the adequacy of all the benefits. In this case of course these would be seen as in addition to other monthly benefits that'll be paid through Social Services.

But I thank the member for drawing this issue to our attention. You're certainly not going to get rich or live high off the hog on these kinds of benefits and we recognize that. At the same time we know that we're just trying to meet basic needs — we're

trying to meet the basic needs.

Mr. Belanger: — Thank you. I have two more questions for you, Mr. Minister. The second last question I have is that we in northern Saskatchewan certainly want to see as many people off the social assistance program as possible. And sometimes families that do find work, many times they look at the option of working and they find that it is simply impossible to retain the same benefits for their family if they are working as opposed to being on social assistance. So many times clients do turn down low-paying jobs. Clients should be encouraged to find employment with a salary of more than \$5.60 per hour and not be penalized for turning down a five-month, minimum-wage job that doesn't offer any value or benefit to his family.

So I would encourage you to comment on that, and secondly, to understand that many of them do want to be off social assistance. Many of them are trying very hard, but the fact of the matter is that there isn't enough effort being undertaken to really recognize the particular challenge of working for a living as opposed to simply working and nobody appreciates it.

Hon. Mr. Calvert: — Mr. Chair, I thank the member for that question. We have yesterday received our first applications for the Saskatchewan employment supplement program that will begin in July which is designed specifically to address the very issue the member raises. So that if a family today who is dependent on social assistance — a household dependent on social assistance — is able to secure some employment income, we are going to turn the system on its head.

Tonight the way the system is, if they secure that income it gets deducted from their welfare cheque. As of July 1 for those who register and enrol in the program, instead of deducting from their income as a result of going out to work, we're going to supplement that income. We're going to provide that incentive. We're going to make sure that it's better for families to be working than to be on social assistance. We're going to provide it as a supplement knowing that this will encourage . . . and tear down that welfare wall . . . encourage families and tear down the welfare wall that has entrapped people for so long.

Mr. Belanger: — Thank you. And my final point, Mr. Minister, is . . . The two points I want to emphasize is exactly that point I'm talking about. That takes a lot of emphasis and a lot of work because people do want their pride back. And sometimes when you're on social assistance, your own family and your own self as well as the community kind of look down on that and that really discourages people from breaking free of that mould.

And the second point is there are many senior citizens in northern Saskatchewan that have a lot of tremendous pride as well. They need certain medicines and they simply can't afford those medicines on the amount of money that they're taking in. So I'm certainly pleased to see that you're looking at each case individually and that we'll monitor the situation to make sure that senior citizens are taken care of.

And the final point. I want to share a letter with you. It's from one of your employees and I'm going to clip off the name. And this is kind of a complaint that they have in reference to the

tremendous workload that many of your employees are facing in northern Saskatchewan. And I'll just quickly take three or four excerpts of the letter and I quote:

Employees in northern communities are often forced to use up to three sick days for each medical appointment with a specialist. This is because it takes one day to get to Saskatoon, another day for the appointment, and yet another day to drive home.

Due to the lack of cover-off in Social Services, we return to face massive amounts of paperwork that has piled up during our absence.

Vacation leave:

The leave should relieve workers of their duties and responsibilities while they are away, not simply put everything on hold until they return. It is wrong to assume that one worker can manage the workload of two people when someone is absent. This causes tremendous strain physically, mentally, and emotionally.

Another quote, "our northern clients also have high expectations of us".

And the final two quotes, Mr. Minister:

The employer is saving money on the backs of their employees. Our employer needs to hire five people, four full-time and one on call in each of the two offices to ensure workers are in a healthy environment.

And these offices, of course, are Buffalo Narrows and La Loche.

So I'll send this letter over to you, Mr. Minister. I'll get one of the pages to collect it after my presentation. But this is certainly evidence that the system is overworked. This is certainly evidence that the system needs to have some innovation to it, and this is certainly evidence that the people of the North do not want to stay on social assistance. So I'll share all those concerns with you, Mr. Minister, and I look forward to some of your responses and actions this evening and certainly in the days to come. Thank you.

Hon. Mr. Calvert: — Mr. Chair, I thank the member for his question. It's true, it's true, across this province our workers are very, very pressed. They have just tremendous workloads in some cases. We've been able in the last few months to secure funding for 50 new positions within the department; they'll be spread throughout the province. But we know, and working with SGEU (Saskatchewan Government Employees' Union) and our own management, we're hoping to address this even further in the future. Thanks for the observation.

Subvote (SS09) agreed to.

Vote 36 agreed to.

**Supplementary Estimates 1997-98
General Revenue Fund
Budgetary Expense**

**Social Services
Vote 36**

Subvote (SS03) agreed to.

Mr. Belanger: — Just quickly, Mr. Minister, in my haste I forgot to thank your officials for their time, and certainly thank yourself as well. Thank you.

Subvotes (SS04), (SS05) agreed to.

Vote 36 agreed to.

Hon. Mr. Calvert: — Mr. Chair, just before making that motion, I would want to join my colleague from the North and my colleagues in the Saskatchewan Party, who have expressed their thanks to the officials who have helped us during the process of estimates. Through those officials who are in this House, Mr. Speaker, I would want to extend our thanks, as legislators, for the tremendous work they do on a daily basis across Saskatchewan in providing human services to families and people everywhere in this province. I want to thank them.

The committee reported progress.

COMMITTEE OF THE WHOLE

**Bill No. 43 — The Queen's Bench Revision Act/Loi portant
révision de la Loi sur la Cour du Banc de la Reine**

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

Hon. Mr. Nilson: — Mr. Chair, I'm pleased to have with me tonight, Susan Amrud from the legislative services branch, and Tom Irvine from the constitutional law branch.

Clauses 1 to 8 inclusive agreed to.

Schedules A, B, C, D inclusive agreed to.

Hon. Mr. Nilson: — Mr. Chair, I would first like to thank the officials for coming tonight. We've heard them help us on many other occasions, but tonight we didn't need a lot of help.

The committee agreed to report the Bill.

**Bill No. 47 — The Saskatchewan Insurance
Amendment Act, 1998**

The Chair: — I would ask the minister to introduce the officials for this Bill.

Hon. Mr. Nilson: — Yes, Mr. Chair. I'm very pleased to have with me tonight Karen Pflanzner who is the deputy superintendent of insurance and also the deputy registrar of credit unions. And behind her is Jim Hall, who is the superintendent of insurance and the registrar of credit unions. And right behind me is Brent Prenevost, who is Crown counsel and who has been working on this project as well.

Clauses 1 to 41 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 46 — The Credit Union Act, 1998

Clause 1

Mr. Gantefer: — Thank you, Mr. Deputy Speaker. Welcome, Minister, and your officials. Briefly, Minister, I think that it has been explained to us by the credit union board and individuals from the credit union that the purpose of this Act is to make the credit union be in a position so — in a world of increased competition in finance institutions and insurance institutions — that they be in a position to be able to respond to potentially changing market-place. Is that the intent of this legislation?

Hon. Mr. Nilson: — The purpose of the legislation is to update The Credit Union Act so that they can deal with all of the changes in the financial services industry. And, as you know, we have worked extensively with the credit unions, but also other concerned groups within the community before we have proceeded with this legislation.

Mr. Gantefer: — Thank you, Minister. One of the arguments that has been raised in terms of some of the new features is that potentially at least credit unions would want to avail themselves of some of these. If the federal Bank Act is changed so that banks can get into the insurance business then the ability of credit unions to do a similar business of selling insurance would also be possible. Is that one of the features covered in the regulations?

Hon. Mr. Nilson: — The extent to which credit unions can enter into the insurance business as set out in this legislation will be the same as under the Bank Act. And as you know some of the banks are involved in the insurance business already. But at this stage the legislation basically makes it a level playing field.

Mr. Gantefer: — I understand that the changes that were requested of the federal Bank Act were not granted in the last review of the national Bank Act so that the banks can't directly sell insurance out of their institutions. I think they do it by way of purchasing some subsidiaries or things of that nature. But at the current moment the banks are not able to have that authority.

Hon. Mr. Nilson: — That's correct. And what this legislation does is bring the credit unions into a similar position to the banks under the 1992 Bank Act.

Mr. Gantefer: — Thank you, Minister. One of the concerns that has been expressed to us, and I'm sure to yourself in the discussion of this Bill, were from the independent insurance brokers. In terms of their concern of being placed at a disadvantage if the credit unions were able to market a product similar to what they're marketing in advance of the Bank Act being changed. Has that concern been expressed to yourself?

Hon. Mr. Nilson: — Yes.

Mr. Gantefer: — Minister, I understand you have given the undertaking that you would not implement regulations that would put the independent brokers at a disadvantage and that

the credit unions would not be allowed to move into that field if the federal Bank Act was not changed in order to allow the commercial banks to get into that field.

Have you given the undertaking to the insurance brokers that you would not be doing or enacting these regulations prior to it potentially happening on the national level?

Hon. Mr. Nilson: — Thank you for that question. What I will do for you is quote from a letter that I've provided to the Insurance Brokers' Association of Saskatchewan dated April 21, 1998:

The most obvious and likely circumstance that could lead to changes to the business insurance regulations would be changes to the rules that apply to federal financial institutions. However, this is not to say that this may be the only circumstance. Saskatchewan may have cause to examine regulations as the role of and policies respecting deposit-taking institutions change over time.

What is equally important is that the Insurance Brokers' Association of Saskatchewan and other interested parties have the opportunity to review changes in advance and provide a contribution to future changes.

And then moving further down in the letter:

I wish to emphasize that the Saskatchewan government is committed to consulting with the insurance brokers' association prior to making material changes to the insurance business regulations. This commitment includes our agreement to give a minimum of 90 days advance notice of material changes prior to cabinet consideration.

So that's the commitment that I've made and it's been acknowledged and confirmed by the insurance brokers that this is a commitment that will stand them in good stead in dealing with this issue.

Mr. Gantefer: — Thank you very much, Minister. I wonder if you'd be free to table a copy of that correspondence with us if that is possible, Minister. And second of all, I took from your comments that the insurance brokers have replied to your commitment. I expect that that might be in writing as well and would you be able to table that correspondence?

Hon. Mr. Nilson: — I'd be happy to provide you with a copy.

Mr. Gantefer: — Thank you, Mr. Minister. That addresses a concern that we had in this regard.

Mr. Hillson: — Yes, thank you, Mr. Chair, and first of all, welcome to the minister and your officials this evening. I do want to say that on behalf of the Liberal caucus we have reviewed the new legislation, and we are in favour of its general thrust. And certainly we acknowledge with gratitude the work of the credit union movement in the building of Saskatchewan. They have played a significant role in our communities and in our province, and they will continue to be a key player in the financial strength of Saskatchewan and of our communities. At present, I understand that there are over 100 communities in Saskatchewan where the credit union is the only financial

institution available, and so that is certainly important, say, to our province and to our smaller communities especially.

And I would like to say to you, Mr. Chairman, if I may, that I think that some of the things that we see going on in the international and national level with bank mergers may well have the affect of strengthening the credit union movement in Saskatchewan. Because it seems to me that if the number of bank branches in this province effectively is cut in half in the next two years, I can see many people feeling a greater affinity to their credit union and its commitment to our towns and villages than they may feel to banks, if in fact we do get mergers and large-scale closures. And I hope that that will not be the case, but certainly the news we hear at present suggests that that is the direction in which things are moving.

Mr. Chairman, the Liberal Party agrees that we need updated legislation and that our credit unions have to be on a level playing field. However as the member from Melfort-Tisdale has already flagged, our concern is that while credit unions on the whole strengthen our smaller communities, they will not strengthen our smaller communities if they go into the insurance-selling field. The insurance-selling field, if given to our credit unions, will have the effect, I submit, of shutting down our small-town insurance agencies. In many cases this is one of the last businesses left in some of our smaller villages. And I think it would be most unfortunate if, through bank and credit union competition, we lost our small town insurance agencies. And it's for that reason that I will be moving an amendment to clause 34.

Mr. Chairman, we often hear the talk about level playing field. And I know that one of the things that has led to this legislation is fear that — what if the federal government grants our chartered banks the right to sell insurance.

Let me say that Liberals are of the view that if our chartered banks gain the right to sell insurance there's absolutely no question that that right must immediately be conferred on our credit unions. And I think our insurance agents, too, recognize that if chartered banks are selling insurance, the credit unions must be allowed to sell insurance.

However, having said that, we are extremely disturbed about the problem of tied selling. Now by tied selling, Mr. Chairman, I mean where in order to get a loan or a mortgage you have to get insurance, and in effect you'll have to get that insurance from your financial institution.

Now I know that we have legislation to technically forbid it, but I have to tell you, Mr. Chairman, I have talked to many, many people in the finance services sector and they all agree that in point of fact you can't police tied selling. There is simply no way to prevent it. The blunt reality is that when one enters one's bank or credit union branch asking for a loan, it is very important that the person you're dealing with is happy. And it's going to make him or her happy if they get your insurance business, and it might just make him or her unhappy if they don't. And so, in effect, placing your insurance with that financial institution becomes a term of the loan. And as I say, you can technically make it illegal but the reality is, as bank managers and credit union managers and insurance agents all agree, it is impossible to police tied selling. It will be

impossible to prevent it.

So where the Liberal opposition comes down is that we say that this legislation needs an amendment whereby the government will commit in writing that there will not be credit union insurance selling unless there is insurance selling by the chartered banks. So this is not an attempt to unfairly disadvantage our credit unions. Let me make that perfectly clear. We are committed to making sure that our credit unions will have the same rights and powers as the chartered banks in regards insurance selling. However I do want to put it on the record that from my discussions with federal officials, it is my firm conviction that we are not going to see insurance selling by our chartered banks in the near future.

The reality is that the political climate is very much against enlarging the scope and powers of our chartered banks right now. The prospect of massive bank mergers has simply not made our chartered banks the favourite recipient of generosity from the federal government. And I simply do not expect that we are going to see insurance selling by the chartered banks in the foreseeable future, and for this reason I don't want the credit unions to be leading on this issue and selling insurance when the chartered banks are not.

Indeed I would also go so far as to say, Mr. Chairman, that my concern is that if credit unions gain the right to sell insurance that in itself could be a trigger to the chartered banks gaining the right. Because if the credit unions gain the right to sell insurance, of course, we all know what the chartered banks will say.

So while we want our credit unions to be on the level playing field, we do not want our credit unions leading on this issue. We want a strong credit union movement that will strengthen our communities, but we do not want a credit union movement that has the power to shut down small-town insurance agencies.

The solution therefore is an amendment whereby this government commits not merely to consult, but goes the next step further to say we will not only consult, we will promise that there will not be insurance sales by the credit unions unless the chartered banks gain that right. And I assure you, Mr. Chairman, that when and if the day comes that our chartered banks gain the right to sell, of course the credit unions have to have that right.

(2000)

But I say one; the Liberal Party will fight against chartered banks gaining the right to sell insurance. We are opposed. We are opposed on the provincial level, and I am assured that the federal caucus of the Liberal Party is opposed to chartered banks gaining the right to sell insurance. We don't want the banks selling insurance. And I think that one way to ensure that the chartered banks won't sell insurance is to hold the line here on this credit union Act.

And so, well I want to say on behalf of my colleagues . . . we support the new Credit Union Act. We find it modern and innovative and certainly we will be voting in favour of it.

We do ask for the one change, whereby selling insurance will

not occur unless and until the chartered banks gain that right. And I hope that will never come. And I hope that the minister will be prepared to commit to this House not merely that he will consult with the insurance agents, not merely that he will give them warning before the execution day, but that he will say this isn't going to happen.

And as I understand it, Mr. Chairman, the only commitment that has presently been firmly given to our insurance agents is that they get 90 days warning of their execution. And I ask that the minister give a firmer commitment this evening. I ask that he give the commitment that there will not be credit union selling of insurance unless the chartered banks gain that right. And I ask him to support our amendment to clause 34.

Hon. Mr. Nilson: — Mr. Chair, I'd just like to make a couple of comments in response. The whole issue of tied selling is dealt with very carefully in the legislation. It's prohibited in the legislation. It's policed. We have the registrar and the superintendent who will review any complaints by any customers who have a problem. And if there is a problem, there are some very stiff fines for people who breach that. So I think that we have the legislative framework to deal with the tied selling issue.

The other points that the member makes as support for the proposed amendment points out to me that it appears that the Liberal Party of Saskatchewan does not have confidence in the credit unions as being community-based organizations. These organizations are set up in a way that the community controls them.

And one of the things that communities want to do is make sure that businesses that are locally owned can thrive. And practically, in all of our discussions with the credit unions, we have heard very clearly from them that it's not in their best interests to do something that would harm some of their customers. And as you know and I know, there are many people who are independent insurance brokers who are actually board members on the credit unions.

So we think that the Act as we've set it out provides a proper balance to deal with the issue that the member opposite has raised. And we are therefore not going to be voting in favour of your amendment.

Mr. Hillson: — Well, Mr. Chairman, with all due respect to the hon. minister, I have to say that the Liberal Party has enormous confidence in the credit union movement. Where we lack confidence, where we lack faith is in the cabinet of this province.

Now we had in legislation, we have in legislation at present, a ban on credit unions selling insurance. This legislation will turn that power over to our cabinet. It will take it away from the legislature.

Now we're actually prepared to meet the government halfway. We are prepared to say okay, the cabinet can have that right because that gives the government the right of flexibility. That if by any chance there is ever a change at the federal level that means the province of Saskatchewan can move very quickly without the reconvening of this legislature.

So we've met the government halfway in saying we will concede that the power to sell insurance will move from this House to the cabinet.

All we are asking for is your commitment that you will not exercise this new power we are conferring to you as long as the chartered banks are not allowed to sell insurance. As long as our federal government holds the line and says chartered banks can't sell insurance, we ask that our provincial cabinet do the same for the credit unions. That's the only thing we have said.

And our lack of faith quite frankly rests solely in you and your colleagues. If you are not prepared to stand in your place this evening and say yes, if the House grants me and the rest of the cabinet this new right, I promise not to invoke this right as long as the federal government is holding the line and saying our banks can't sell insurance.

And I say thank heavens for the federal government and the federal Liberal caucus that is saying they do not want chartered banks in the insurance business. And I hope they will hold the line on that. And my colleagues and I on the provincial level intend to make sure they do.

Hon. Mr. Nilson: — Mr. Chair, it's our goal as a government to provide the flexibility that we need to deal with all of the changes that are happening in the financial services industry. And I think the important thing to note here is that the Insurance Brokers' Association of Saskatchewan are not opposed to the arrangement that's been set out here.

In a very interesting way, the member opposite is setting out that this decision should no longer be made in Saskatchewan. He's saying that this decision should be made by the federal Liberals in Ottawa. We don't agree with that. We're going to maintain the flexibility that we need so that we in Saskatchewan can have control over this particular issue. And I think that's much more important than just abdicating and allowing the whole decision to be made by the federal government in Ottawa.

Mr. Hillson: — Thank you, Mr. Chairman. Mr. Chairman, I say with deep regret that I think the minister has just put on the record that there is a very real danger of the provincial cabinet invoking this section even while the chartered banks are denied the right to sell insurance. And he's saying that it's somehow an insult to the province of Saskatchewan that we say we won't move as long as the line is held against our chartered bank.

And I warn the minister that my great fear and the great danger is you confer the right to sell insurance on the credit unions and you have just given the chartered banks their strongest and most powerful argument. You have just given them the weapon to deal with the federal government. We don't want that. We want the chartered banks to be denied the right to sell insurance.

And if you get your way tonight, and you I think have now served us fair warning that you will exercise this right to start the insurance sales, you can shut down our small town insurance agents. And you will give the chartered banks the weapon they need the weapon they need to go after the federal government and say we need the same power to sell insurance.

So I suppose if the minister, if the minister is determined to do this, maybe there's nothing more we can do but vote on our amendment. But I say if the insurance agencies in our small towns are destroyed because of this amendment, then this evening is a sorry time for the province of Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Nilson: — Well it's very interesting to listen to this discussion. What I would say is that the proposal that we've set out in this legislation is the same proposal as is set out in the federal legislation. It's the same proposal as set out in the Ontario legislation. It's the same proposal that's set out in the Nova Scotia legislation. And what we are saying is that in Saskatchewan we need to maintain some of this flexibility.

Now as the hon. member knows, the changes that were made in the Bank Act in 1992 are now being implemented in 1998. I don't think this in any way is setting up a way that we're going to move ahead of whatever the federal government does, but it does give us the opportunity to look at the issues and maybe have the timing in a way that works in Saskatchewan. And we have been working extensively with the credit unions, with the insurance brokers, with other people within the financial services industry. We do not have opposition from the insurance brokers. We think that we're ready to go ahead with this legislation at this time. We thank the member for his comments, but we disagree.

Clause 1 agreed to.

Clauses 2 to 33 inclusive agreed to.

Clause 34

Mr. Hillson: — Thank you, Mr. Chairman. I will not repeat the arguments I've made. They are before this House. I will simply say in moving my amendment though that, when the Minister of Justice suggests that he has the support of the insurance agents of this province, that . . . I think the fax machine in our caucus office is still smoking from the faxes we received from insurance agents in Saskatchewan. And they did not indicate overwhelming support for the minister or the government.

With that I move an amendment to clause 34:

By adding immediately after subsection (4) thereof the following new subsection:

"(4.1) Notwithstanding clause (4)(h), no regulation prescribing any services that would permit a credit union to undertake the business of insurance shall come into force until the Canadian chartered banks are granted the power to carry on the business of insurance pursuant to the provisions of the *Bank Act* (Canada) or any regulation or Order-in-Council made thereunder."

Mr. Chairman, I so move.

The division bells rang from 8:14 p.m. until 8:24 p.m.

Amendment negatived on the following recorded division.

Yeas — 11

Krawetz	Toth	D'Autremont
Boyd	Draude	Gantfoer
Osika	Hillson	McPherson
Belanger	McLane	

Nays — 20

Wiens	MacKinnon	Atkinson
Tchorzewski	Johnson	Whitmore
Goulet	Calvert	Renaud
Lorje	Sonntag	Nilson
Hamilton	Jess	Kasperski
Ward	Murray	Langford
Murrell	Thomson	

Clause 34 agreed to.

Clauses 35 to 477 inclusive agreed to.

(2030)

Hon. Mr. Nilson: — Mr. Chair, before I make that motion I would like to thank the officials who are here plus all of the other officials within the Department of Justice who have worked on this matter. I'd also like to thank all of the people within the credit union industry and also the insurance brokers of Saskatchewan who have worked with us on this. And I would say that we are very pleased that all of these people have been able to come and work together with us to bring forward legislation that will modernize The Credit Union Act.

The committee agreed to report the Bill.

Bill No. 48 — The Income Tax Amendment Act, 1998

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

Hon. Ms. MacKinnon: — Yes, thank you very much, with pleasure. Next to me is the deputy minister of Finance, Bill Jones. Behind him is Arun Srinivas, tax policy analyst. And behind him is Kirk McGregor, assistant deputy minister.

Clauses 1 to 15 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 44 — The Municipal Employees' Pension Amendment Act, 1998

The Chair: — I see there's a new official and I would ask the minister to introduce us.

Hon. Ms. MacKinnon: — Yes, we have with us Kent Walde, who is the director of pension programs for the Public Employees Benefits Agency.

Clause 1

Ms. Draude: — Thank you, Mr. Speaker. Madam Minister, welcome to your officials. I just have a couple of questions.

With this Bill, can you tell me about the changes, what the financial impact will be on municipalities and school boards or if there will be any impact on them?

Hon. Ms. MacKinnon: — To the member opposite, there will be no impact on municipalities or school boards.

Ms. Draude: — What will be the net benefits for the retired employees covered by this plan?

Hon. Ms. MacKinnon: — To the member opposite, it will depend of course on the individual's circumstances what the benefit will be. But to the year 2001, \$28 million has been set aside for various types of pension improvements. So it will mean improvement in pensions, but again how much you experience the improvement depends on what your individual circumstance is. The global number is \$28 million.

Clause 1 agreed to.

Clauses 2 to 10 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 10 — The Saskatchewan Opportunities Corporation Amendment Act, 1998

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

Hon. Ms. MacKinnon: — Thank you very much, Mr. Chairman. I have with me Zach Douglas who is the president and CEO (chief executive officer). Behind Zach is Glenda Bruce who is the director of finance. Behind me is Ladette Fuchs who is the assistant to the president and the legislation officer.

Clause 1

Ms. Draude: — Thank you, Mr. Chairman. Madam Minister, welcome to your officials. In 1994 when SOCO (Saskatchewan Opportunities Corporation) was created, the minister then in charge said that they would not have a property division in SOCO. I think most of us see this as backsliding on a promise. Can you respond to this please?

Hon. Ms. MacKinnon: — To the member opposite, I think the point that was being made was that we would not get into competing with the private sector in terms of owning facilities that the private sector would naturally own. Instead what the government is involved in is what I think governments should be involved in, which is basically infrastructure, research and development infrastructure.

Ms. Draude: — Madam Minister, this Bill doesn't refer to any specific capital projects. It simply states capital construction projects. Why is it so general if it's really only taking into account this current project here in Regina?

Hon. Ms. MacKinnon: — Actually, to the member opposite, if you look at clause 2(a) subsection (a.1), it does try to be somewhat more specific than has been the case in the past. In the past, it's just been general that we would finance

infrastructure to assist research and development. So that particular clause does try to narrow it down somewhat.

Ms. Draude: — Is there any intentions in the future to be looking at capital projects outside of Saskatoon and Regina?

Hon. Ms. MacKinnon: — Not at this particular point in time. We believe that we have two research parks: one well-established, one just beginning. And at this particular moment, we believe that the research and development capability of the province is well met by these two parks.

(2045)

Ms. Draude: — Madam Minister, can you tell us how many clients are currently lined up and ready to reside in this complex in Regina?

Hon. Ms. MacKinnon: — We have between six and eight clients, and the member opposite will understand that if the clients themselves don't want to make public the fact that they'd like to locate in the park, we don't make that information public until they actually sign the leases. But we have six to eight, and of course there is one, SAIC (Science Applications International Corporation), which has publicly stated the fact that they're moving to Regina, and they will be a major tenant in the park, so we feel comfortable in re-informing the legislature about SAIC's intentions.

Ms. Draude: — So can you give us an idea of what percentage of this building is already booked up and what you're doing to attract additional tenants to the building.

Hon. Ms. MacKinnon: — Yes, to the member opposite, before the park could proceed the criteria was that we had to have 80 per cent occupancy. That is, 80 per cent of the building had to be committed to in that we had letters of intent saying we would like to move into the building — which we've used in the past in Innovation Place — and that's usually a very successful indicator that you're going to at least fill it after it's built.

Ms. Draude: — This Bill gives SOCO the right to spend up to \$5 million without cabinet approval. How do you foresee that the board will be held accountable for this money that they spend without having this type of approval?

Hon. Ms. MacKinnon: — To the member opposite, this is in fact a limiting clause because up until this time there was no need to go to cabinet at all, so it's saying only up to that limit can you make decisions without going to cabinet.

Ms. Draude: — Thank you very much to your officials.

Clause 1 agreed to.

Clauses 2 to 6 inclusive agreed to.

The committee agreed to report the Bill.

THIRD READINGS

Bill No. 43 — The Queen's Bench Revision Act/Loi portant révision de la Loi sur la Cour du Banc de la Reine

Hon. Mr. Nilson: — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

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

Bill No. 47 — The Saskatchewan Insurance Amendment Act, 1998

Hon. Mr. Nilson: — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

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

Bill No. 46 — The Credit Union Act, 1998

Hon. Mr. Nilson: — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

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

Bill No. 48 — The Income Tax Amendment Act, 1998

Hon. Ms. MacKinnon: — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

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

Bill No. 44 — The Municipal Employees' Pension Amendment Act, 1998

Hon. Ms. MacKinnon: — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

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

Bill No. 10 — The Saskatchewan Opportunities Corporation Amendment Act, 1998

Hon. Ms. MacKinnon: — Mr. Speaker, I move this Bill be now read the third time and passed under its title.

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

COMMITTEE OF FINANCE

General Revenue Fund Economic and Co-operative Development Vote 45

Subvote (EC01)

The Chair: — Would the minister please introduce her officials.

Hon. Ms. MacKinnon: — Thank you very much, Mr. Chairman.

An Hon. Member: — Just because some of the other Bills rolled along very quickly, Mr. Chair . . .

Hon. Ms. MacKinnon: — Yes, we're moving so fast. On my left here I have Fraser Nicholson, who is the deputy minister. Behind him I have Dave McQuinn, who is the director of policy and coordination. Behind me is Donna Johnson, the director of administration. And here we have Bryon Burnett, the executive project leader of community economic development.

Subvote (EC01)

Ms. Draude: — Thank you, Mr. Chair. And welcome to your new officials, Madam Minister. Madam Minister, I have a number of questions.

SOCO, first of all. And I'm wondering with the information we've been given, can you tell us how many of the loans or the monies that were given out last year were straight grants and how much of it was repayable loans?

Hon. Ms. MacKinnon: — To the member opposite, we'll bring those officials back for you. We let them go because we did the Bill, but we'll bring them back and we'll answer that question in a minute if you want to move on to some others.

Ms. Draude: — Thank you, Madam Minister. Then maybe we could discuss REDAs (regional economic development authority) for a few minutes.

In the current budget the funds that are given to REDAs are doubled, or basically doubled this year. I think many of the REDAs last year actually didn't use all the funding there was available to them. I think in a previous discussion you'd indicated that there was about six of them. Can you tell me what will happen if all the funds aren't used that are available? And how many of them are actually approaching you saying that they need this increase in money?

(2100)

Hon. Ms. MacKinnon: — I think the first thing is that this money is not used for the same purposes as the original money. The original money was two kinds of money — start-up money to get them kick-started, and then cost-shared dollars, up to \$60,000 a year to help them manage their ongoing expenses.

The new money is targeted to specific purposes. The major announcement that we've made is the youth REDA where they can hire . . . REDAs can hire young people for a period of up to four months with a cap of \$10,000. And this is a way to keep young people, particularly in rural communities, because if they get that first job then often other opportunities follow.

So that's one example of what will be future announcements about new uses for the new money. So the new money is not going to be used for the same purposes as the original money.

Ms. Draude: — Can you give us some idea of what the monies will be used for? What will happen with REDAs like Carlton Trail that are doing very well in their areas . . . mostly to do with the hog industry in that area? Are they going to be able to work with that industry and further develop it in that area, or are

they going to have to meet with the guidelines that your department has developed.

Hon. Ms. MacKinnon: — In part, one of the other reasons for new formulas is because of REDAs like the one you mention, which is very successful. They want to expand, but they're treated the same as every other REDA. That is, if they got bigger, they wouldn't get any more money; they would hit the cap. So we want to look at ways to encourage REDAs to expand their territory and bring in new members. So we'll be looking at ways to change the formula to give it more flexibility.

Ms. Draude: — Madam Minister, I take it that means there's no longer a cap as there was last year of \$60,000. So does that mean that REDAs that are very progressive will be able to spend considerably more money? And will they be able to use this money to hire personnel to actually make the REDAs more progressive?

Hon. Ms. MacKinnon: — We're in the process of reviewing that. We still will want to have some sort of cap. We don't want to have it open-ended. But we do want to encourage REDAs that are growing to continue to grow and not to hit a ceiling that's an artificial ceiling. So we haven't made the final decision, but we do want to ensure that there isn't . . . that you don't hit an artificial ceiling when you're doing really well.

Ms. Draude: — Are the REDAs themselves involved in determining these guidelines right now? Are all the guidelines or the infrastructure or the decisions all going to be made by government? I guess what I'm asking you is are the successful REDAs going to have an opportunity to help develop the policies that will allow them to grow and expand in this province?

Hon. Ms. MacKinnon: — Yes, I think that's really our intention.

Ms. Draude: — Madam Minister, I look forward to speaking to some of the REDAs in my area then to find out what they're . . . how their input will affect the guidelines that will be coming forward.

Madam Minister, the small business loans association . . . I guess I would ask you what the status of that program is at this time.

Hon. Ms. MacKinnon: — To the member opposite, nothing has changed from last year. It's \$2.5 million in loans that we give out. The criteria are the same; the loan amount is the same.

Ms. Draude: — Is there consideration being given to allow REDAs to handle this program? Because if they actually are going to be working in their territory to develop industry, will they have the opportunity to take over the small business loans association if towns would like . . . would ask them to.

Hon. Ms. MacKinnon: — To the member opposite, some of the REDAs are already taking over the SBLA (small business loans association), so it will be a local decision whether or not they feel they have capacity and whether they want to do that, but some of them are doing it already.

Ms. Draude: — Madam Minister, the final decisions on the loans for these small business loans associations are made at a local level but they have to be basically approved in Regina or by the department. Has there been a chance that . . . has there ever been a time when a loan has been approved at a local level and then refused when it gets into Regina?

Hon. Ms. MacKinnon: — I think the idea is that the general guidelines and regulations are set in Regina but the decisions are made locally because we believe they make better decisions locally than they do centrally. Right?

Ms. Draude: — I believe so, Madam Minister. But my question is, has there ever been a loan turned down in Regina that was approved at the local level?

Hon. Ms. MacKinnon: — Occasionally a local association will say: we have lots of concerns; we don't want to turn it down; can you turn it down centrally? But we have no occasions of disputes, where they want to give the loan and we say, no, I'm sorry, you can't do that.

Ms. Draude: — In the industry sector development area . . . can you give me an idea of how many employees there are in that area?

Hon. Ms. MacKinnon: — It's 30.9.

Ms. Draude: — Can you tell me what areas have been identified as industries that should be targeted for expansion?

Hon. Ms. MacKinnon: — Well the six sectors that have been mentioned in the *Partnership for Growth* document are the key ones.

Ms. Draude: — Madam Minister, under the business investment program, when I read what this mandate is, I find it difficult to understand how it differs from SOCO. Can you explain to me how it does?

The Chair: — Why is the member on his feet?

Mr. Renaud: — With leave, to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Renaud: — Thank you. I would like to introduce to the Legislative Assembly in the Speaker's gallery: Amna Afsar, a legislative guide; and her friends, David McKillop, and Natasha Malik, from Regina. They're here to watch the pages work and to see if they really fulfil all the work that they're supposed to be doing. So I would like the Assembly to please welcome them here tonight.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Economic and Co-operative Development Vote 45

Subvote (EC01)

Hon. Ms. MacKinnon: — They're quite different because for example the major component of the investment division in the department are the WEPA grants, which are the Western Economic Partnership Agreements with the federal government. These are cost-shared programs where the two governments have to set criteria. And so it's quite different than SOCO in the sense that the purposes are quite separate.

Ms. Draude: — So is the money that is being . . . that we're looking at here under this program, is any of that federal money?

Hon. Ms. MacKinnon: — To the member opposite, none of which would be federal money; it's just our share of the federal money. So we will have agreed with the federal government that we'll sign a WEPA agreement over five years totalling \$40 million. Our half will be 20 so we have our share only in our budget.

Ms. Draude: — The transfers from the public service funding went from \$6,490,000 to \$9,675,000. What initiatives have you targeted to request that increase?

Hon. Ms. MacKinnon: — Again what's new there is the WEPA money.

Ms. Draude: — Can you identify how the money was spent under the strategic initiative fund last year.

Hon. Ms. MacKinnon: — Yes, we made a number of announcements, and it's actually I think one of our most successful funds. Some of the announcements include money for the food centre . . . the food processing centre in Saskatoon. Money to help create biotechnology training. The strategic initiatives fund cannot be used for a specific company; it's got to be for a sector — like a training program that benefits everybody or a research facility that everybody can access — it can't be company-specific.

Ms. Draude: — The Economic Partnership Agreement funding is increased from \$475,000 to \$3,750,000. Can you tell me how that additional money will be spent?

Hon. Ms. MacKinnon: — Again that's the WEPA money again.

Ms. Draude: — And why is it in two different areas?

Hon. Ms. MacKinnon: — Actually it's just saying the same thing over again in a different way. It's taking . . . in the first set of numbers, you're taking them individually; then in the second set of numbers you're grouping them together. So they're exactly the same numbers; it's just that they're restating them in a different form.

Ms. Draude: — Madam Minister, under tourism, I'm wondering how regional parks, because they are actually under Municipal Government, have any input in this tourism sector of Economic Development. Being from rural Saskatchewan, I recognize the importance of the parks to the local economy. And with the decrease in funding that was given to regional

parks in the last couple of years, there's no opportunities for local parks to actually try and attract businesses or people out there. How can they get involved with these tourism dollars?

Hon. Ms. MacKinnon: — Well first of all the Tourism Authority doesn't actually make grants to agencies like parks for capital or other projects. But you make a good point because we are encouraging the Tourism Authority to work more closely with local organizations whether they're REDAs or provincial parks or our regional parks. So that's a good point and we intend to follow up on that.

Ms. Draude: — I just hope that many of the regional parks are able to maintain the facilities until you are actually able to look into it, because with the lack of funding right now there's been considerably less opportunity to actually do any developing. In fact in lots of cases, their infrastructures are falling apart because they don't have any funding.

Madam Minister, can you tell me out of these tourism dollars, how much of the money was spent in Saskatchewan last year, or do you break it down that way — in advertising and promotion within the province, within Canada, and outside of the borders?

Hon. Ms. MacKinnon: — We don't have the breakdown. We don't break it down in that way. Really what we do is we give them the money and they have accountability in terms of . . . that they've spent it properly with the auditor. But we don't actually tell them how to spend it and we don't dictate that.

Ms. Draude: — Madam Minister, I have a number of other questions, but most of them deal with SOCO. And if you are in agreement with answering them fully if I send you written questions, then I'm sure that we can agree to get our answers in that way.

Hon. Ms. MacKinnon: — Thank you very much. Certainly we will agree to written answers to your SOCO questions.

Ms. Draude: — Thanks, Madam Minister, to your officials for coming this evening.

Mr. McLane: — Thank you, Mr. Chairman. Just a couple of questions, Madam Minister. I have some too that I'd like to ask regarding the hog operations with your SOCO organization. I wish that your officials were here to do that. I was under the understanding they would be.

However, maybe while we're waiting, Madam Minister, we could just talk for a minute. I noticed on page 38 of the *Estimates* under the subvote (EC09), it talks about sub-programs. It talks about investment division 1,517; development division of 2,204; and loan loss provision of 2,500. I wonder if you could explain those figures for us please?

(2115)

Hon. Ms. MacKinnon: — Mr. Chairman, we have Glenda Bruce who's the director of finance for SOCO.

The 1.5 is the administration costs for the investment division, cost of running the investment division. The 2.2 is the cost of

running the research parks, a little bit of R&D (research and development) in Regina, but mainly Innovation Place in Saskatoon. The loan loss provision is just a standard loan loss provision . . . you automatically assume that you should set aside a certain amount of money in case you do have loans that are not repaid. Now, in fact, all of the loans have been repaid, but the auditor says it's a good idea to do the set aside, so we do the set aside.

Mr. McLane: — Thank you. Minister, do you have a list of figures of money that has been lent or given to hog projects in this province.

Hon. Ms. MacKinnon: — What I would refer the member opposite to is to the SOCO *Investing in Business, Investing in People*, pages 12 and 13 . . . have them all listed there.

Mr. McLane: — Does that list, Madam Minister, include loans as well as grants, any write-offs that may have occurred and to whom they went and who the shareholders of the company are?

Hon. Ms. MacKinnon: — To the member opposite, SOCO of course doesn't make investments — it just makes loans. None of them have gone bad and we'll be sure that you get a copy of this report as soon as we can get it xeroxed or sent.

Mr. McLane: — Madam Minister, I guess . . . Could you repeat your last answer please, Madam Minister?

Hon. Ms. MacKinnon: — Good point to the member opposite because you know what, I want to clarify that answer. What I meant is SOCO does not make grants — it makes investments obviously. We list the companies, but that's all that we list. We don't list the details of who the directors are.

And to further answer . . . what your last question was, I believe, none of these have been problematic in terms of repayment.

Mr. McLane: — Thank you. Are the details of such loans available and to whom they were made and the shareholders in those corporations?

Hon. Ms. MacKinnon: — To the member opposite, often this information is highly confidential to the clients. But, you know if you looked in the public records of the Department of Justice, I'm sure that information, you know when the company incorporates, that information would be there. But we generally do not publish those sorts of details because they are our clients.

Mr. McLane: — I guess when you're dealing with public money, Madam Minister, it's of interest to all the people in Saskatchewan how you're spending it, and if indeed since you do have this loan loss provision there are some concerns of whether taxpayers' money will be lost or not. And of course not everybody's in agreement with whom you give or lend money to. Don't you think it's in the best interest of the taxpayer that some of those names are available to the taxpayers so that they can determine if it indeed was a good investment?

Hon. Ms. MacKinnon: — If you look at the annual report, all the loans and all the companies are fully listed there and often when we make the announcement, they give more details. But

again many of these companies are well-known companies to the public of Saskatchewan. Heartland, which is a subsidiary of the Saskatchewan Wheat Pool or Sinnett Pork Farms, are well-known Saskatchewan companies.

Mr. McLane: — Madam Minister, do you have — since you're reading from that document — do you have an extra copy or do your officials have a copy that we could have a look at. We don't have it available at our fingertips. But I do know in some of your announcements that you've made, there have been press releases, news releases with details of the agreement to some extent and some names. Do you have a list of those available?

Hon. Ms. MacKinnon: — Again to the member opposite, a similar sort of answer. We have to protect the confidentiality of the clients, so we have a list of who the companies are, we have a list of the loans, we have a list of the status of the loans, but we don't go into further details. Now some of this information is available, as I say, if you wanted to look it up in the corporations branch of the Department of Justice. And most of the companies, if you look at them, are well-known Saskatchewan companies.

Mr. McLane: — Minister, what role did your department play in SPUDCO?

Hon. Ms. MacKinnon: — None.

Mr. McLane: — Now a lot of people in the province that I've talked to, they've found it very strange that that is the case, that the department responsible for economic development would have no role in the setting up of a major company such as a potato plant in Saskatchewan. Do you feel slighted that you weren't involved in that or did you not want to be?

Hon. Ms. MacKinnon: — No to the member opposite, we don't feel slighted. Now that doesn't mean that we don't give an assessment of the economic potential of diversifying into potatoes. So I mean we would give an assessment of this sector and whether or not it fits into the agri-value strategy, which it does, but it doesn't mean that we have to directly participate in it.

Mr. McLane: — So you did have something to do with the setting up of SPUDCO then?

Hon. Ms. MacKinnon: — No we didn't directly have anything to do with the setting up of SPUDCO. We're not a finance agency. The Department of Finance or CIC (Crown Investments Corporation of Saskatchewan) would do that.

Mr. McLane: — Does your department, Minister, follow this program at all — SPUDCO — as it's developing and what they're doing and how they're spending money? With the expertise that you should have in your department — I assume it's sitting around you there — you'd think they'd be natural people that would want to be involved in that program and not Sask Water.

And that's a legitimate concern. That's not one that I've taken out of mid-air. It's a legitimate concern of a lot of people in the Lake Diefenbaker area. I think your member sitting next to you across the way there would confirm what I'm saying. It would

make sense that Economic Development would be involved in this when you're setting up a major program like that and investing taxpayers' dollars.

Hon. Ms. MacKinnon: — What we have in government is something called the cabinet committee in Economic Development which I chair and it looks at a sector and determines the progress and the potential for further progress. So we do that. We have a role but we don't directly participate in the running of SPUDCO or the setting up of SPUDCO or the financing of SPUDCO.

Mr. McLane: — . . . Not quite. Not quite, Mr. Deputy Premier, Mr. Next Premier.

Madam Minister, maybe you could explain to us why it was Sask Water that took on this program and not Economic Development.

Hon. Ms. MacKinnon: — Well again what I would say is Economic Development isn't an agency that invests directly or sets up programs directly. Sask Water got involved because, as you would know seeing as that is in your riding, there was all this irrigated land there. It wasn't being fully utilized. It wasn't that you're not getting as much value from the use of the land as you might. So to add value, moving into potatoes was a natural choice.

Mr. McLane: — Well I guess, Minister, using that logic then I guess the next step would be that Economic Development will be watching the flow of water coming down the Saskatchewan River. I don't understand that logical choice. It's not a logical choice and a lot of people don't believe that it is.

And I'm wondering how much lobbying you did in cabinet to get involved in this project and not have the people at Sask Water doing it.

Hon. Ms. MacKinnon: — I would say to the member opposite, Sask Water will be here and then you can ask them these detailed questions.

Mr. Belanger: — Thank you, Mr. Deputy Chair, and welcome Madam Minister and your staff as well.

I guess first of all could you give me a kind of a brief overview of all the REDAs in northern Saskatchewan, what we refer to as the northern administration district please.

Hon. Ms. MacKinnon: — To the member opposite, when Northern Affairs are here, they can give you the exact breakdown of what they got. They call them CREDOs (community regional economic development organization) up there, and there are a number of them. But they can give you the exact breakdown of them and where they operate, because they operate under the Northern Affairs department.

Mr. Belanger: — Is there any specific reason why you have REDAs in southern Saskatchewan and CREDOs in northern Saskatchewan?

Hon. Ms. MacKinnon: — Well I think, as the member opposite knows because of his riding, it's because the North is

different and is special and needs special treatment. And so we wanted to recognize that fact and put it into a special category in Northern Affairs.

Mr. Belanger: — Well I'm positive, Madam Minister, that the North appreciates the special status. However, I think the key point that we keep stressing is northern Saskatchewan certainly wants to be treated as equal partners and certainly wants to become equal people in terms of the economy of the North.

And one of the statements that one of the mayors of northern Saskatchewan made to the press — and that mayor of course was the mayor of Ile-a-la-Crosse — in which he said . . . and I don't have the exact quote here. Mr. Morin indicated that the provincial average for unemployment is between 6 and 7 per cent. That's the type of . . . that's the rate of unemployment that we want in northern Saskatchewan. That was the extent of his comment.

So I guess my question to you, Madam Minister, is after 20 years, people of northern Saskatchewan are quite frankly tired of the high unemployment rates. And what are you, as minister responsible for Economic Development, going to do to address that problem? And what are your comments on the quote that I tried to present as fairly as I could in reference to Mr. Morin's statement.

Hon. Ms. MacKinnon: — Well I think we all recognize that we would like to see people in northern Saskatchewan and aboriginal people participating in the economy in much greater numbers than they do now. So not only do we want to grow the economy, we want to make it a full-participation economy.

The opportunities that we've been pursuing, just to name a few, are: tourism, particularly some of our initiatives in ecotourism will mean a lot to the North; mining, the expansion of the mining industry and the insistence that Northerners not only work in the mines but Northerners supply the mines; and many of our training initiatives.

So we've done some things, but I agree we have to do more and we have to keep working.

Mr. Belanger: — I guess the question that you have, and certainly the attitude of many people in Saskatchewan, is much the same attitude that is shared with the member of Kindersley when he yells out, you know, go where the jobs are.

The fact of the matter is, Madam Minister, is that in northern Saskatchewan as I've said time and time again, is that we're facing a serious problem with depopulation of rural Saskatchewan, we're facing a serious problem of trying to get people to leave northern Saskatchewan when that's where all the opportunities are. You have 80 to 90 square kilometres for every man, woman, and child and I would suggest, Madam Minister, that the attitude that's so prevalent in southern Saskatchewan — to have people depopulate northern Saskatchewan — is not an attitude nor is it a belief that we share.

So I guess my question goes back to you, as the Minister of Economic Development. What is your comment towards the statement made by Mr. Morin in terms of his demand of having

a 6 to 7 per cent unemployment rate in northern Saskatchewan communities.

(2130)

Hon. Ms. MacKinnon: — Well I think again what we want to do is to ensure that people in the North participate and get the benefits from the economy on an even basis with the rest of us, and I think we all want to keep working toward that goal.

Mr. Belanger: — I think the key point goes back to your other question. How well coordinated are you with the Minister of Northern Affairs to ensure a very comprehensive and a very concise and a very concentrated effort to try and develop an economy alongside the people of the North when it comes to some of these issues that we speak to you about. Is the coordination there? And certainly is the commitment there to provide the adequate funding to the northern Saskatchewan people?

Hon. Ms. MacKinnon: — As I mentioned before in one of my other answers, the cabinet committee in Economic Development oversees economic development across government, so the coordination does occur but we want to continue to work to improve the level of coordination.

Mr. Belanger: — Well, Madam Minister, let me apprise you of some of the challenges facing northern Saskatchewan communities. In particular, those communities that don't have as large a population base as smaller centres, those people that are trying to break away from the social services sector, and those people that have aspirations but have all these challenges ahead of them. These include the system of disincentives such as the lack of operating dollars, the lack of capital dollars, certainly some of the skills needed to set up their own businesses, and the list goes on.

I guess the key factor that we always stress in northern Saskatchewan is that as long as you continue to base the development of any economy on the mining sector alone, then that displaces any local effort to try and create jobs at the local level. And I share with you, Madam Minister, a couple of success stories.

We can talk about the Ile-a-la-Crosse Development Corporation and we can talk about the Kitsaki Development Corporation. There's a number of corporations that you can talk about. But the fact of the matter is, Madam Minister, when we talk about that key point that the mayor made when he talks about the 6 to 7 per cent unemployment rate, the fact of the matter is you have not concentrated enough effort when you talk about economic development in northern Saskatchewan. You have not consulted with the local community development corporations and you have not talked to the people in the North specifically about what they aspire their economy to look like.

Would you care to elaborate on that, Madam Minister?

Hon. Ms. MacKinnon: — I think to the member opposite, we'll continue to pursue all the opportunities that exist in mining and forestry and tourism and wild rice and those initiatives. And we of course want to work with you as the member from that region to make these things happen.

Mr. Belanger: — Thank you, Madam Minister. And I guess my point I'm trying to make here is that there are a number of areas that have to be addressed. And we're not just talking about leaving the mining sector totally alone. They certainly contribute a significant amount through the development of the North. But also some of the system of disincentives I spoke about earlier today in reference to the Social Services department.

When a person is trying to go to work, when a person is trying to become a self-made person, self-made man or woman, there are a number of problems he faces, particularly with housing, Madam Minister.

As the Minister of Economic Development you should know, the more that people make in northern Saskatchewan from some of their jobs or potential jobs, the more they pay for housing. So that's one area that has to be addressed. And when you talk about the development of the economy, there are so many factors in the North that quite frankly limit our imagination and limit our ability to develop an economy alongside of the province and certainly create jobs for our own people.

So would you undertake today to guarantee to the people of northern Saskatchewan that you will also look at the system of disincentives that are associated with living in northern Saskatchewan, such as the high cost of transportation and food and supplies, the isolation factors, the disincentives associated with housing. All these matters have to be looked into.

Hon. Ms. MacKinnon: — Yes, I would agree.

Mr. Belanger: — Second point, Madam Minister. Some of the villages through their municipalities Act aren't allowed to establish community development corporations. That also has to be looked into. Would you elaborate as to why some of the northern communities cannot develop a development corporation and why is it only apparent in northern Saskatchewan?

Hon. Ms. MacKinnon: — Okay. What I have for the member opposite is I have a list of the CREDOs. There's the Clearwater (La Loche Region) CREDO; the Dazi (Buffalo Narrows Region) CREDO; Three Rivers (Beauval/Green Lake/Ile-a-la-Crosse) CREDO; La Ronge/Air Ronge CREDO; Creighton-Denare Beach CREDO; and the Northeast CREDO, which is Sandy Bay, Pelican Narrows, Deschambault, Cumberland House.

Now as far as your other question, I think that's a municipal restriction. I don't think that's an economic development restriction because the reason that we created these CREDOs is to promote economic development on a regional basis in the North.

Mr. Belanger: — Well exactly my point, Madam Minister. In the development of an economy in northern Saskatchewan, you've got to have the Minister of Economic Development involved. And certainly that's one of the restrictions they talk about when the municipality tries to undertake to develop a local economy.

And I guess my other question, in terms of the CREDOs, could

you give us the amount of money that has been allocated to them this year to develop an economy as you have indicated you wish to do when you talk about northern Saskatchewan communities. What dollars are these CREDOs getting to do that job?

Hon. Ms. MacKinnon: — About \$300,000.

Mr. Belanger: — And if I understand, that's for about eight CREDOs. And what's the population base of those CREDOs, Madam Minister?

Hon. Ms. MacKinnon: — About 25,000 is the population base.

Mr. Belanger: — So in essence you're indicating that 25,000 is the population base, and you have roughly \$300,000 allocated to those regions. So it's roughly \$10,000 in terms of the . . . am I correct? Is it \$10 or a \$100 per person that you've allocated per CREDO?

Hon. Ms. MacKinnon: — To the member from the North, we've increased the northern development fund from \$2 million to \$5 million. And the whole package involved in the CREDO and the economic development associated with CREDO has gone from half a million to 1 million.

Mr. Belanger: — I guess the other question we have, Madam Minister, when you talk about the northern development fund in general, how much is spent within the vicinity of Lac La Ronge itself compared to the other centres?

Hon. Ms. MacKinnon: — If you look at economic development in the North, and I'm using the term broadly, it's quite broadly disbursed. For example, I know in the Athabasca riding there is an \$8 million road construction project from the Points North Landing to Black Lake. Tourism industry brings about 15.7 million and 130 jobs into the region and the grants are disbursed for housing across the region as well.

Mr. Belanger: — Thank you, Madam Minister. I guess the other factor is I want to apprise you of is that some of the challenges of the North I talk about is the lack of some of the skilled workers, I talk about the isolation factors, the cost of transportation, the protectionist attitude of some people that have traditionally controlled the northern economy. We've talked about the system of disincentives with housing, with health care, and actually the other problem is certainly with training facilities.

We talked about some of the challenges in terms of finding all the right factors to establish a business. And certainly there has been some efforts being undertaken there, and I want to recognize that. But there is largely very little effort being undertaken to address the global challenges of developing an economy in northern Saskatchewan.

And I've said it once if not a hundred times in this Assembly to the point where I want to scream it out, the fact is that the northern Saskatchewan communities do want to be a part of this economy. We have aspirations, and we have dreams for our children like you have. So the point I'm trying to make, Madam Minister, is as Minister of Economic Development, be inclusive of northern Saskatchewan with your plans for the province. Be

inclusive of some of the challenges we face in terms of doing up a plan for the province, and ensure that you have heavy coordination with the Northern Affairs minister because there are times we wonder whether he's got the adequate budget to do the work we have lined up for this government and the people of the North in terms of meeting the general needs.

So there's a whole question of commitment, Madam Minister, and we certainly hope that that isn't the case here, and we certainly hope that there is some genuine effort on your part to be inclusive of northern Saskatchewan. And don't base the economic plan that you may have totally on the mining sector, totally on the mining sector.

The problem with the mining sector, Madam Minister, is that much of the profits go into the mining companies themselves or to the government coffers. Certainly many people appreciate the employment that is the direct result of some of the mining activity; there's no question about that. But that's the third level of benefits in terms of economic development — the first level being revenue sharing, the second level being decision making, and of course the third level being employment and training.

So the very important fact, Madam Minister, is I urge you, with all honesty and with all urgency, to try at the very least to find it in your busy schedule and your busy department to be inclusive of northern Saskatchewan, and don't totally leave it up to the Minister of Northern Affairs because his record isn't all that great.

And what I also want to point out, Madam Minister, is in terms of the SaskPower northern enterprise fund. What plans have you got for that fund, and what's the stage that it is now, and can you give us the history of the fund as well?

Hon. Ms. MacKinnon: — We will provide that information for you, especially when Northern Affairs is here, and I agree with your comments. We have to be inclusive. We have to work together. We have to focus more on the North.

(2145)

Mr. Belanger: — Thank you, Madam Minister. The last 15, 20 minutes I appreciate the attention of your staff and certainly yourself.

I'm going to take my place, but we still haven't got your comment into the reasoning why our mayor in Ile-a-la-Crosse would make the statement that the unemployment rate of the province is between six and seven per cent. Why isn't northern Saskatchewan's unemployment rate between six and seven per cent? Would you care to elaborate that? And I urge you to give me a very clear and concise answer because if not, I'll be up on my feet again to give you that particular answer. Thank you, Madam Minister.

Hon. Ms. MacKinnon: — I think the answer is one that you would agree with; that is we want to all work to the goal where the employment rates are the same in northern and southern Saskatchewan. And so his comment is one that we all agree with, and I agree with what you've been saying.

Mr. Belanger: — Okay just to add to it, Madam Minister. The

reason why we haven't got the same unemployment rate is because the commitment was never there from day one. In the last 20 or 30 years we have gone through the indignation of being ignored in northern Saskatchewan. And I'm putting you on notice that tonight we're asking you and urging you to finally include northern Saskatchewan in your economic plan, to work hand in hand and very hard with the northern people to develop that economy — an economy based on fairness, an economy that's based on being inclusive, taking care of the disincentives, and working hand in hand with community development corporation, and an economy that is self-sustaining and certainly involves every aspect of developing an economy which includes not just mining but certainly involves forestry, tourism, you know, agriculture, manufacturing. The list goes on.

That's the reason why we haven't got a six, seven per cent unemployment rate, Madam Minister.

Mr. McPherson: — Thank you, Mr. Chair. Madam Minister, I only have a few questions. They're related to the sheets that you sent across here. And I guess what I would like to know with the SOCO loans and equities and guarantees, exactly what is the process for getting the loans? You know we often hear out in our constituencies that the people are perhaps looking for some aid in getting business going. If you could just give us a quick step through on the process for the loans and how you determine . . . well I'll leave it at that, and then we'll get into the next question.

Hon. Ms. MacKinnon: — Well what we do is, an application is made. Then we do due diligence and assess the commercial viability. If the due diligence test is passed, it's commercially viable, and the loan proceeds.

Mr. McPherson: — So what is the . . . do you have a cap on the loans?

Hon. Ms. MacKinnon: — There's no cap, but there's a limit on the overall budget, and there's a desire not to invest too heavily in one sector. So it means that you will not make a huge investment because of the cap on the overall borrowing. And you're always looking to see that you're not too heavily involved in one sector so that you're vulnerable if there's a downturn in that particular sector.

Mr. McPherson: — So, Madam Minister, is there a starting amount? You're not going to be part of a loan or an equity position — we'll stay with loan — unless it's a certain level. Is that right?

Hon. Ms. MacKinnon: — If the project is too big, we look for other partners because the overall cap is \$10 million, so obviously you have to be very cautious about getting involved in any number of big projects. So if it's a bigger project we look for other partners to participate.

Mr. McPherson: — How small a project would you be prepared to get into?

Hon. Ms. MacKinnon: — There's no floor involved.

Mr. McPherson: — Well, Madam Minister, not too many days

ago I had a conversation with Zach Douglas. And Zach had told me himself that there is no involvement unless you're talking up around the \$5 million mark.

Hon. Ms. MacKinnon: — Well to the member opposite, I don't know about your conversation, but I do know that we don't have a floor and that any project that is commercially viable and passes the due diligence tests we'll look at, no matter how small.

Mr. McPherson: — So when we're looking at . . . oh, we'll . . . look at the equity. I see here there's Big Sky Pork Inc., 500,000 equity, 500,000 loan. Now how did you establish the equity? Do the people come in and ask you, Madam Minister, ask your department or SOCO if you'll take an equity position?

Hon. Ms. MacKinnon: — I think it . . . what the answer is is it's done on an individual basis. It depends on the level of development of the company and whether or not equity or a loan is more appropriate. So the mix depends on the particular circumstances of the company.

Mr. McPherson: — So they may well come in for a loan or ask for a loan and your department might advise them to allow you to take equity in the company. Is that right?

Hon. Ms. MacKinnon: — That's correct.

Mr. McPherson: — So I guess the deciding who you get involved with, would that be up to you, Madam Minister? Or do you leave that with the SOCO board or the president? Or who makes that decision?

Hon. Ms. MacKinnon: — Decisions of a minor nature are made by the SOCO management. If they're more major, they actually go to the board. But it's on the basis of management's recommendations.

Mr. McPherson: — So, Madam Minister, what would be the minor and major? Can you give me some dollar amounts?

Hon. Ms. MacKinnon: — If the project involves more than a million dollars in debt and 2 million in equity, it automatically has to go to the board. Other ones that may not be that high might go to the board for particular reasons.

Mr. McPherson: — So we'll look at the list here and look at one for, say Sinnett Pork Farms at Leroy. Now there's a \$250,000 equity position. That would've just been determined by who? Zach Douglas or yourself?

Hon. Ms. MacKinnon: — First of all I would never do them by myself or with the CEO. Anything that would be done would be done by the board. And so that one would've gone to the board.

It is a requirement that above 1 million and 2 million they have to go to the board. But many of the others here would've gone to the board. That Sinnett one did go to the board.

Mr. McPherson: — Are you saying one for a quarter million dollars went to the board?

Hon. Ms. MacKinnon: — What I said to the member opposite is that the limit is a million. That is, if it is a million it definitely has to but many of the others that are below a million will go to the board anyway.

Mr. McPherson: — This particular one, do you have it in your notes that it did or didn't go to the board?

Hon. Ms. MacKinnon: — It went to the board.

Mr. McPherson: — The reason I raise this, Madam Minister, as we recall the days of the Grant Devine era when in fact companies or investments . . . it was all by who you know and that's how government was run at that time. Now the Sinnett Pork Farm, I recall seeing that news release some months ago come across my desk and that I believe it is owned by the McGrath family at Leroy.

And so when you really look at political patronage and using, you know, a government department or agency or public funds to support patronage for political payback — we've got to make sure that these types of loans and equities are above that. And when I take a look at your list, there's two pork operations. But this one with just \$250,000 of equity really sticks out because as everyone in this House knows, the McGrath family has for years either ran your election campaigns or been on your NDP (New Democratic Party) executives. We want to make sure that these kind of monies, taxpayers' monies, aren't going to reward those political friends.

Hon. Ms. MacKinnon: — Well I don't know about that particular company that you're talking about, but all of the decisions that are made are made on the basis of the management doing due diligence, the management looking at commercial viability, the management making a recommendation. And the political background of the companies is never a factor, if they don't come with that sort of information. And I'm sure if you looked here you'd find people who are involved in a variety of political parties in Saskatchewan.

Mr. McPherson: — Madam Minister, I'm going to send a copy of . . . I guess a letter which I think you already have, but I'll send this to you anyways. And it's from the Frenchman Valley Rural Development Co-operative. But this letter of course sets out . . . it's the proposed brief to the Government of Saskatchewan. And really it's a number of the towns and municipalities in the south-west that are raising the concerns of the transportation — the roads, the highways in the south-west — and they've made some very good points about problems of getting some economic growth in the south-west going because of our highway system.

Now I believe they've put this forward to the Highways minister, but it really does fall in your department more. So because if in fact, as they've stated out very clearly in here, if we can't get some of these problems resolved with the highway and road system down there, how could we ever expect the economic development, value-added processing, tourism — they make some very good points on tourism — how do you expect that to ever go further? And I would like to know have you responded to this cooperative or are you going to, or have you raised this with the Highways minister?

Hon. Ms. MacKinnon: — Our department has met with them as has the Department of Highways, so we obviously take their brief very seriously, and are looking into it.

Mr. McPherson: — Are you going to respond to some of the recommendations that they're making, or concerns? Have you in fact got any guarantees from the Department of Highways or the minister that some of these concerns will be addressed?

Hon. Ms. MacKinnon: — Well I'm not aware of the level of the discussions. Transportation is the main lead on this. But I know that we've been involved in discussions and we're looking at their brief.

Subvote (EC01) agreed to.

Subvotes (EC02) and (EC05) agreed to.

Subvote (EC03)

Mr. Osika: — Thank you, Mr. Chairman. Madam Minister, I just have one question that's kind of a burning question up in my area. When the Maple Leaf food processing people were considering building a state-of-the-art hog processing plant to create all kinds of job opportunities, the Economic Development department of this province . . . Were there any overtures, any enticements or any submissions made to try and have those people establish here?

Hon. Ms. MacKinnon: — Yes. We were actively involved in pursuing the company. The issue in the end was hogs. Our level of hogs wasn't as great as the province that won it. So it was the issue of hogs. But we were actively involved in doing what we could to bring these companies to Saskatchewan.

Mr. Osika: — Thank you. The number of hogs? There was in fact a study done between Manitoba and Saskatchewan hog producers about the amount that was required by Maple Leaf Foods. Now I would suspect that Manitoba would also need to rely on hogs from Saskatchewan to ensure this project is viable. Was there any kind of monetary consideration? What were the enticements, if any, given to Maple Leaf Foods to seriously consider establishing in Saskatchewan?

(2200)

Hon. Ms. MacKinnon: — We have a set of standards which you might call enticements that we use for companies. It was used in your riding — for example Babcock & Wilcox — which is in your particular riding. When we entice them to expand their facility and its training allowances, in order to not get into trouble with the Free Trade Agreement, we have to do it across the board. So we have training allowances, that if you hire a certain number of people, we will provide a certain number of dollars to help train them. So it was standard enticements like that.

Mr. Osika: — Were there any offers of monies for infrastructure or assistance in developing that project. I understand that the province of Manitoba . . . one of the reasons they were successful was because in fact they did offer some assistance financially to become established. And in my mind, in my humble opinion, Madam Minister, an investment that's

made to create upwards of 2,200 jobs is something that should be seriously considered and pursued.

And it just disturbs me a little bit that the question of numbers of hogs becomes the issue here because it takes both Saskatchewan and Manitoba to produce that amount. And for it to have gone to Brandon which is close enough to Saskatchewan that surely they must be relying on the hogs produced here as well . . . it just really bothers me that there was not enough effort by this government, by Economic Development in this province, to go after that project which would have created a great deal of economic activity in rural Saskatchewan and east central Saskatchewan.

Hon. Ms. MacKinnon: — We went out to the facility but I think the numbers that matter in this . . . talked to the McCain's myself about what was the deciding factor and they cited access to hogs. I think what we have to look at in Saskatchewan, 1.1 million hogs, 3.2 in Manitoba, 2.8 million in Alberta. That's one of the reasons why we're trying to up the number of hogs in the province.

Mr. Osika: — Thank you for that. Thank you and thank you to your officials.

Subvote (EC03) agreed to.

Subvotes (EC07), (EC12), (EC06), (EC04), (EC11), (EC09), (EC10) agreed to.

Vote 45 agreed to.

General Revenue Fund Lending and Investing Activities Economic and Co-operative Development Vote 167

Subvote (EC02) agreed to.

Vote 167 agreed to.

General Revenue Fund Lending and Investing Activities Saskatchewan Opportunities Corporation Vote 154

Subvote (SO01) — Statutory.

Vote 154 agreed to.

Supplementary Estimates 1997-98 General Revenue Fund Budgetary Expense Economic and Co-operative Development Vote 45

Subvote (EC10) agreed to.

Vote 45 agreed to.

Supplementary Estimates 1997-98 General Revenue Fund Lending Activities

**Economic and Co-operative Development
Vote 167**

Subvote (EC02) agreed to.

Vote 167 agreed to.

**General Revenue Fund
Education
Vote 5**

The Chair: — This department was last before the legislature yesterday. Before I call subvote 01, I'll invite the Minister of Education to re-introduce her officials.

Hon. Ms. Atkinson: — Sitting beside me is the deputy minister, Craig Dotson; to my right is Michael Littlewood, executive director of third party funding and legislative services; directly behind me is Ken Horsman, assistant deputy minister of Education; and to my left, beside Mr. Horsman, is Mae Boa, executive director of finance and operations; as well Cal Kirby is here, director of capital facilities planning.

Subvote (ED01)

Mr. McLane: — Thank you, Mr. Chairman, for recognizing me. Madam Minister, when we last talked it was about this time last night and I had asked a question of you, but before we got an answer the Deputy House Leader adjourned the House for the evening. So I guess I'll ask the question again. It's regarding a school at Central Butte. Can you give me some background on when that project started and what originally was intended for it?

Hon. Ms. Atkinson: — In 1994, the department approved phase one of the project to replace the sewer, water, ventilation, and shower piping in the elementary section of this school. This was a high priority because it was ranked as having deficiencies. So the project was ranked as a 1-A — the code related to deficiencies. And we were approving the project to deal with the critical health and safety issues. The department's contribution was \$305,945.

The project was phased in, as we do a number of projects, in order to keep the project within the budget that was available to us.

In 1997 the department approved phase two to provide a renovation in the high school section, similar to that in the elementary section. A roof project and a computer room renovation was included in the high school and the total contribution from the department was \$524,432. And this came in 1997.

The Herbert School Division has requested a phase three for 1998 to alleviate additional health and mechanical concerns as well as program consolidation and additional space for a resource centre.

So in summary the department has contributed approximately 830,000 to the Central Butte School in the past four years. The department has funding of 680,000 in the 1998-99 budget for the renovation in the high school section of the school and these

funds will be focused on resolving the last of the health and safety concerns that led to the original project.

The school division has requested additional funds for space and this is not a high priority because available space in the school is adequate for the current enrolment of 228 students according to the school facilities guidelines.

Mr. McLane: — Thank you, Minister. Did the Minister of Finance in this year's budget make comment and dedicate some more funding to the Herbert School Division for the Central Butte School?

Hon. Ms. Atkinson: — I just indicated that. That on top of the \$830,000 that has already been spent by the province on the Central Butte School this year, in this year's budget, is a further \$680,000.

Mr. McLane: — I understand that, Madam Minister. Do you know the exact amount that the Minister of Finance talked about? The reason I'm asking you this question is that I've had some calls from out in that country complaining about a substantial amount of money more than that, that was dedicated to the Central Butte School by the Minister of Finance. And people are wondering where that money is and what it was for, if there was a commitment made for a future project.

Hon. Ms. Atkinson: — We're not familiar with that commitment. We know that our department received an additional \$7.4 million and we have given a list of capital projects to the opposition and it's contained in that list. So I'm not familiar with any further commitment by our province.

Mr. McLane: — Madam Minister, the additional request that was made for space, was there a dollar figure attached to that?

Hon. Ms. Atkinson: — We don't have those figures here because we have millions of dollars worth of requests. But I can say that there was a request made for additional space. And according to the school facilities guidelines, given that the school has 228 students, it is believed that the available space in the school is adequate for those numbers of students.

Mr. McLane: — So you're not aware of any other dollar commitment that may have been made by the Minister of Finance in a pre-budget speech or in post-budget comments.

Hon. Ms. Atkinson: — I think I've answered that question. The answer is no, I'm not aware of any other commitment.

(2215)

Subvote (ED01) agreed to.

Subvotes (ED02), (ED04), (ED03) agreed to.

Vote 5 agreed to.

**Supplementary Estimates 1997-98
General Revenue Fund
Budgetary Expense
Education
Vote 5**

Subvote (ED03) agreed to.

Vote 5 agreed to.

Hon. Ms. Atkinson: — Thank you very much, Mr. Chair. I would like to, on behalf of all members of the legislature, thank the civil servants that have joined us for several hours in educational estimates. I know that the work that they do in the Department of Education is extremely important to citizens of this province, so I want to thank them on behalf of all of us here tonight.

The committee reported progress.

The Assembly adjourned at 10:24 p.m.

TABLE OF CONTENTS

EVENING SITTING

INTRODUCTION OF GUESTS

Renaud	1558
--------------	------

COMMITTEE OF FINANCE

General Revenue Fund — Social Services — Vote 36

Osika	1547
Calvert	1547
Belanger	1548

Supplementary Estimates 1997-98

General Revenue Fund — Budgetary Expense — Social Services — Vote 36	1551
--	------

COMMITTEE OF THE WHOLE

Bill No. 43 — The Queen's Bench Revision Act/Loi portant révision de la Loi sur la Cour du Banc de la Reine

Nilson	1551
--------------	------

Bill No. 47 — The Saskatchewan Insurance Amendment Act, 1998

Nilson	1551
--------------	------

Bill No. 46 — The Credit Union Act, 1998

Gantefer	1551
Nilson	1551
Hillson	1552

Recorded division	1555
-------------------------	------

Bill No. 48 — The Income Tax Amendment Act, 1998

MacKinnon	1555
-----------------	------

Bill No. 44 — The Municipal Employees' Pension Amendment Act, 1998

MacKinnon	1555
Draude	1555

Bill No. 10 — The Saskatchewan Opportunities Corporation Amendment Act, 1998

MacKinnon	1555
Draude	1555

THIRD READINGS

Bill No. 43 — The Queen's Bench Revision Act/Loi portant révision de la Loi sur la Cour du Banc de la Reine

Nilson	1556
--------------	------

Bill No. 47 — The Saskatchewan Insurance Amendment Act, 1998

Nilson	1556
--------------	------

Bill No. 46 — The Credit Union Act, 1998

Nilson	1556
--------------	------

Bill No. 48 — The Income Tax Amendment Act, 1998

MacKinnon	1556
-----------------	------

Bill No. 44 — The Municipal Employees' Pension Act, 1998

MacKinnon	1556
-----------------	------

Bill No. 10 — The Saskatchewan Opportunities Corporation Amendment Act, 1998

MacKinnon	1556
-----------------	------

COMMITTEE OF FINANCE

General Revenue Fund — Economic and Co-operative Development — Vote 45

MacKinnon	1556
Draude	1557
McLane	1559
Belanger	1560
McPherson	1563
Osika	1565

General Revenue Fund

Lending and Investing Activities — Economic and Co-operative Development — Vote 167	1565
---	------

General Revenue Fund

Lending and Investing Activities — Saskatchewan Opportunities Corporation — Vote 154	1565
--	------

Supplementary Estimates 1997-98

General Revenue Fund — Budgetary Expense — Economic and Co-operative Development — Vote 45	1565
--	------

Supplementary Estimates 1997-98

General Revenue Fund — Lending Activities — Economic and Co-operative Development — Vote 167	1565
--	------

General Revenue Fund — Education — Vote 5

Atkinson	1566
McLane	1566

Supplementary Estimates 1997-98

General Revenue Fund — Budgetary Expense — Education — Vote 5	1566
---	------