

The Assembly met at 13:30.

Prayers

**ROUTINE PROCEEDINGS**

**PRESENTING PETITIONS**

**Mr. Elhard:** — Thank you, Mr. Speaker. I rise again today on behalf of residents of southwest Saskatchewan to present a petition concerning the ramifications of the Saskatchewan EMS development project and, if it is implemented, the effect it might have in the great southwest. The prayer reads as follows, Mr. Speaker:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to not implement the consolidation and centralization of ambulance services as recommended in the EMS report and to affirm its intent to work to improve community-based ambulance services.

As in duty bound, your petitioners will ever pray.

Mr. Speaker, this petition is signed by residents of Gull Lake, Shaunavon, Swift Current, and the community of Tompkins.

I so present.

**Ms. Julé:** — Thank you, Mr. Speaker. And, Mr. Speaker, I too stand today to present a petition on behalf of citizens of Cudworth, Saskatchewan who are concerned that they may lose their local ambulance services. And the petition reads as follows, Mr. Speaker:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to not implement the consolidation and centralization of ambulance services as recommended in the EMS report and to affirm its intent to work to improve community-based ambulance services.

And as I mentioned, Mr. Speaker, the signatures on this petition are from Cudworth, and we even have one from Consort, Alberta.

I so present.

**Ms. Draude:** — Mr. Speaker, I also have a petition today from the citizens of my constituency that are concerned about the EMS report and the ramifications it may have. The prayer reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to not implement the consolidation and centralization of ambulance services as recommended in the EMS report and to affirm its intent to improve community-based ambulance services.

The people that have signed this petition are all from Rose Valley.

**Mr. Gantefoer:** — Thank you, Mr. Speaker. I rise on behalf of citizens concerned about the high energy costs. The prayer reads as follows:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to use a portion of its windfall oil and gas revenues to provide a more substantial energy rate rebate to Saskatchewan consumers.

Signatures on this petition, Mr. Speaker, are from the communities of Melfort, Kinistino, Crystal Springs, and St. Brieux.

I so present.

**Mr. Wall:** — Thank you, Mr. Speaker. I rise again on behalf of people in Swift Current concerned about their hospital, and the prayer of this petition reads as follows:

Wherefore your petitioners will humbly pray that your Hon. Assembly may be pleased to cause the provincial government to carefully consider Swift Current's request for a new hospital.

And as in duty bound, your petitioners will ever pray.

And, Mr. Speaker, this petition is signed exclusively by people in the city of Swift Current.

I so present.

**Ms. Bakken:** — Thank you, Mr. Speaker. I rise today to present a petition on behalf of the citizens of Weyburn-Big Muddy and surrounding area, and it's about the EMS (emergency medical services) development project. And the petition reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to not implement the consolidation and centralization of ambulance services as recommended in the EMS report and affirm its intent to work to improve community-based ambulance services.

And this petition is signed on behalf of citizens of Weyburn, Creelman, Tribune, Fillmore, and Estevan.

I so present.

**Mr. Huyghebaert:** — Thank you, Mr. Speaker. Mr. Speaker, I also rise again today with a petition from concerned citizens that are worried about the cuts at Assiniboia Pioneer Lodge, and the petition reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to take the necessary action to ensure that, at the very least, current levels of services and care are maintained at the Pioneer Lodge in Assiniboia.

And as is duty bound, your petitioners will ever pray.

And, Mr. Speaker, these petitioners are from Assiniboia and Congress.

I so present.

#### READING AND RECEIVING PETITIONS

**Clerk:** — According to order the following petitions have been reviewed and pursuant to rule 12(7) they are hereby read and received.

Petitions on the following matters:

- Legislation to protect children from tobacco use;
- Energy rebates to Saskatchewan consumers;
- The centralization of ambulance services;
- Swift Current's request for a new hospital;
- The level of services and care at Pioneer Lodge in Assiniboia; and
- The necessary funding to upgrade Highway 43.

#### NOTICES OF MOTIONS AND QUESTIONS

**Mr. Weekes:** — Mr. Speaker, I rise to give notice that I shall on Wednesday next move first reading of The Democratic Unionism Act. Thank you.

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

**Mr. Wall:** — Thank you, Mr. Speaker. I give notice that I shall on day no. 20 ask the government the following question:

For the Minister of Crown Investments Corporation: what salary increase will the president and vice-presidents of SaskPower receive in 2001?

And while I'm on my feet I have several other questions that I would ask, Mr. Speaker. I give notice that I shall on day no. 20 ask the government the following question:

Of the Minister of CIC: what salary increases will the president and vice-presidents of SaskEnergy receive in 2001?

A similar question regarding the salaries of the president and vice-presidents of CIC in terms of what they'll receive in 2001 in increases. For SGI as well, Mr. Speaker.

And finally I give notice that I shall on day 20 ask the government the following question:

To the Minister of CIC: what salary increases will the president and vice-presidents of SaskTel receive in 2001?

**Ms. Julé:** — Thank you, Mr. Speaker. Mr. Speaker, I give notice that I shall on day no. 19 ask the government the following question:

To the Minister of Finance: (a) how much money was transferred from the federal government to the provincial government in the 2000-2001 fiscal year for services provided to off-reserve Indians; and (b) which provincial government agencies and departments received money, and how much did each of these agencies and departments receive?

**Mr. Kwiatkowski:** — Thank you, Mr. Speaker. I give notice that I shall on day no. 20 ask the government the following question:

To the Minister of Saskatchewan Environment and Resource Management: what are the details of all planned purchases, leases, and upgrades to your department's fire-suppression aircraft in the current fiscal year; and provide a complete inventory list of all aircraft owned by the Government of Saskatchewan for firefighting purposes, the cost of their annual maintenance including engine replacement.

Thank you, Mr. Speaker.

#### INTRODUCTION OF GUESTS

**Mr. Harper:** — Thank you, Mr. Speaker. Mr. Speaker, I'd like to introduce to you and through you to all the members of the legislature, a school group seated in the west gallery; they're 24 grade 5 students from the M.J. Coldwell School in my constituency. And the school group is accompanied here today by Ms. Lori Skogberg.

And they are taking in the proceedings of the House, then they are going to tour the legislature. Then I'll have the pleasure of visiting with them for a few minutes.

So I'll ask all the members to offer them a very warm welcome.

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

**Mr. McCall:** — Mr. Speaker, it's my pleasure and honour to introduce through you and to you an individual who needs little introduction to this place. Dwain Lingenfelter has joined us behind the bar today. The opposition asks with some frequency as to his well-being, so I'm glad that you have the chance to do so in person today.

Please join with me . . . (inaudible interjection) . . . They miss you, Dwain, they miss you. They miss the beatings.

Anyway, please welcome him.

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

**Mr. Boyd:** — Thank you, Mr. Speaker. Mr. Speaker, it's my pleasure as well to welcome back what appears to be the NDP senate back there — Mr. Lorne Nystrom, John Solomon, and my good friend, Dwain Lingenfelter. It looks like, Mr. Premier, the unofficial race for the leadership started once again, if you ask me.

But I would want to join with all members in welcoming back my good friend, Dwain Lingenfelter, back to the legislature.

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

**Hon. Mr. Trew:** — Thank you, Mr. Speaker. Seated in your gallery is another former member of this legislature, that being none other than Andy Renaud, and with Andy Renaud is Bob Romanchuk and Ken Magnison of Aallcann Wood Supplies. They're based in Prince Albert. And it will be my pleasure to meet with these three gentlemen at about 3 o'clock.

I ask all hon. members to join me in welcoming them to the legislature.

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

**Mr. Gantefoer:** — Thank you, Mr. Speaker. I'd like to join with the member as well in welcoming two members of my constituency to the Assembly today. Andy Renaud, of course, I've always said very proudly, was a pretty good constituent of mine, even though I don't think I've ever got him to vote for me. And Ken Magnison of course ran for the Liberals last time and his circumstances may change dramatically in the next election. But we'd like to welcome them here today and ask all members to join with me in welcoming them.

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

**Mr. Kwiatkowski:** — Thank you, Mr. Speaker. I too would like to join with the other members in welcoming Mr. Andy Renaud here today. Andy served with distinction in this legislature, and I understand that lately he has been extremely busy with operating a number of different businesses and continues to be involved in his community.

So I would ask everyone to join with me in wishing Andy continued success and welcoming him here today.

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

**Mr. Wartman:** — Thank you, Mr. Speaker. I would like to join briefly in offering greetings to one of my constituents, and I want to offer this greeting, Mr. Speaker, in an attempt to allay a very vicious rumour that passes around from time to time. So I would like to join in greeting my constituent, Dwain Lingenfelter, to this House and allay that rumour that comes from the other side that he's a resident in Calgary.

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

**Hon. Mr. Axworthy:** — Thank you, Mr. Speaker. Sometimes, Mr. Speaker, we don't know who to invite because there's so many people here we know, but I just want to also invite Andy Renaud and the guys up there, but to make special mention of my former colleagues, Lorne Nystrom, the member for Regina-Qu'Appelle, the Member of Parliament, and John Solomon with whom I worked long and hard for a long period of time.

Terrific members of parliament, Mr. Speaker, and terrific supporters of the province of Saskatchewan. I'd ask all members to join me in welcoming them.

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

**Mr. McCall:** — Just very quickly, I would also like to join in welcoming Lorne Nystrom, MP (Member of Parliament) for Regina-Qu'Appelle, to this place. He's my Member of Parliament. I know he works very hard for myself and the people of Regina-Qu'Appelle in Ottawa, as I formerly worked with him to serve those people in Ottawa.

So I just again like to welcome him to this place. Thank you.

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

## STATEMENTS BY MEMBERS

### Scotty T. Rex Postmark Issued

**Mr. Elhard:** — Thank you, Mr. Speaker. Mr. Speaker, this past Wednesday I had the opportunity to attend the unveiling of a special postmark in the community of Eastend. Canada Post unveiled a Scotty T. Rex postmark at a ceremony held at the T. Rex Discovery Centre recognizing Eastend as the home of Scotty, the T. Rex.

Scotty's fossilized skeleton was discovered in 1991 in the Frenchman River valley in southwest Saskatchewan by Mr. Robert Gebhart, a local teacher. The T. Rex Discovery Centre was opened on May 30, 2000 and is the home to Scotty, or parts of him, and an array of other fossils, but is also the home of a working fossil preparation laboratory operated by the Royal Saskatchewan Museum.

The idea for the postmark originated with Ms. Sheril Dietz employed with Canada Post in the community of Sceptre. With the help of other regional post office employees, including Crystal Kerr from Eastend and Brent Guppy of Swift Current, the idea was run through many official channels and several make-overs before the final design was approved.

This project was actively encouraged by Bruce Lewis, the executive director of the T. Rex Discovery Centre, and his board of directors as a significant means of promoting the centre and the community of Eastend.

And this marks only the fourth time in the province's history that a special postmark of this type has been granted. This is a significant achievement for the community of Eastend, for Scotty himself, and for the Discovery Centre.

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

(13:45)

### Good News Budget

**Mr. Yates:** — Thank you, Mr. Speaker. More good news for Saskatchewan. Friday this Assembly voted on and passed a good news budget. As the Premier said, it is an all-weather budget that will provide the wherewithal to build highways, improve education, support health care, help children at risk, and show the world once again that this government is prudent, thoughtful, and visionary in its financial management.

This budget is a tally sheet of our provincial character, Mr. Speaker — the progressive, caring, sharing character that has

defined us throughout our brief history.

Who approves of this budget, Mr. Speaker? Nearly everybody. The Child Advocate likes it. The senior economist of the Bank of Nova Scotia likes it, as do her counterparts at the Royal Bank and the TD (Toronto Dominion) Bank as well. The FSIN (Federation of Saskatchewan Indian Nations) approves. Schoolteachers and school trustees like it. Mr. Speaker, our friends at *The Leader-Post* and *StarPhoenix* like it.

Who else thinks highly of the budget, Mr. Speaker? Our third straight budget from this great Finance minister and our eighth straight balanced budget, Mr. Speaker.

The labour movement likes it because it will create jobs to fix highways and help children, Mr. Speaker. Road builders, community builders, home builders, all approve. Makers of art and makers of school curriculum approve. Environmentalists and conservationists approve, Mr. Speaker, and of course taxpayers also approve, Mr. Speaker.

This is a very good budget for Saskatchewan, Mr. Speaker.

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

#### 2001 Lakeland Citizens of the Year

**Mr. Wiberg:** — Mr. Speaker, I'm honoured this afternoon to rise in our Assembly to pay tribute to two very special people in my constituency of Saskatchewan Rivers.

This past Saturday evening the Lakeland Recreation Board held its annual Citizen of the Year banquet. Many nominations were received and after days of examining the many highly qualified nominees, the committee charged with rating all applications, Mr. Speaker, were forced to declare a tie. Fortunately the decision was made relatively easy by the simple fact that the winners are husband and wife.

Mr. Speaker, Blake and Stella Jones of the Lakeland area are the 2001 Lakeland Citizens of the Year. This special highly involved couple are true embodiments of the Saskatchewan volunteerism. The communities of Christopher Lake, Northside, Paddockwood, Beaton, and Forest Gate have all benefited from the commitment of Blake and Stella.

Mr. Speaker, this couple have helped tirelessly in the building of the Paddockwood arena, the Lakeland curling rink, and the ambitious expansion of St. Christopher's Anglican Church. They are also involved with Meals on Wheels and are always ready to assist someone in need, whether that means helping a neighbour with yardwork, to driving someone to their doctor's appointment in Prince Albert — a drive of 30 miles.

Mr. Speaker, until their retirement, Blake and Stella operated a dairy farm — making their commitment to Lakeland even more astonishing.

Mr. Speaker, I ask all members of this Assembly to join me in recognizing Blake and Stella Jones as Lakeland's Citizens of the Year.

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

#### Saskatchewan Federated Indian College Powwow

**Hon. Mr. Goulet:** — Mr. Speaker, more good news. The sounds of men, women, boys and girls echoed in the Agridome this past weekend. Over 600 dancers, drummers, singers, and several thousand spectators attended the 23rd annual Saskatchewan Indian Federated College powwow. This is the first major start off to the powwow season.

For Denise Genaille from Peter Ballantyne First Nations it was the first. She says it is part of her culture and it makes her feel proud and happy to come to events like this.

The Saturday and Sunday events drew participants and spectators from across Western Canada and United States. In addition to the music and dance, a trade show featuring Aboriginal arts and crafts was on display.

This premiere event was attended by the Premier and several NDP (New Democratic Party) MLAs (Member of the Legislative Assembly) and ministers. Congratulations to SIFC (Saskatchewan Indian Federated College) for continuing to build on the tradition of respect, honour and excellence.

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

#### Hockey Team to Compete in Air Canada Cup

**Mr. Allchurch:** — Thank you, Mr. Speaker. Mr. Speaker, the hockey season in Saskatchewan is coming to an end. After 80 games this season, the Beardy's Blackhawks are no doubt the best midget AAA hockey team in Saskatchewan. The Beardy's Blackhawks defeated Moose Jaw's Boston Pizza Warriors 3 to 1 and now they are on their way to the Air Canada Cup in Prince George, BC (British Columbia), April 23 to April 29.

Congratulations goes to head coach Dale Grayson and assistant coach Jim McComas. Coach Grayson said after the win, "Five years ago we had two wins that season. It's an incredible feeling right now."

Please, members of the Assembly, help me congratulate Dale Grayson, coach; assistant coach Jim McComas, and the entire Beardy's Blackhawks hockey team and staff on a great season so far, and wish them all the best of luck in the Air Canada Cup tournament in BC coming up.

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

#### Saskatoon Race Relations Awards

**Ms. Junor:** — Thank you, Mr. Speaker. We opened this session with a private member's statement by the new member from Regina Elphinstone recognizing the International Day for the Elimination of Racial Discrimination — a good way for us to begin, I think.

Mr. Speaker, I want members and the public to be aware that that same week my city of Saskatoon and its Race Relations Committee held their annual Living in Harmony awards ceremony.

I should recognize in passing, Mr. Speaker, that the member

from Saskatoon Southeast was instrumental in establishing Saskatoon's Race Relations Committee when she was on city council.

This year Dr. Freda Ahenakew, a retired native studies professor, received a recognition award for her work in helping design Cree language courses and in documenting the lives of elderly Cree women. Dr. Ahenakew also recently received the national Aboriginal Achievement Award.

Dr. Peter Li was given an award for his writing and research on race and ethnic relations and the Chinese in Canada over the past 25 years.

And the City Centre Project on 20th Street in Saskatoon was recognized for its work in reducing racial discrimination in the city. This facility is a joint project between the city of Saskatoon, the Saskatoon Tribal Council, Saskatoon Metis Urban Council, Saskatoon District Health Board, and the province of Saskatchewan.

And last but not least, Mr. Speaker, Monique Martin, a local artist and an art educator at Georges Vanier school in my riding of Saskatoon Eastview, and the students at Georges Vanier were presented with an award for their anti-racist art projects during the last six years.

Mr. Speaker, as we know, eliminating racial discrimination is the job of us all. But some, like these individuals and groups, deserve special recognition, which I'm happy to do today.

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

#### **Saskatchewan Woman Develops New Pill from Portulaca Plant**

**Ms. Draude:** — Thank you, Mr. Speaker. Anyone who is a gardener and has encountered the portulaca plant knows that this weed is a prolific grower, which is nearly impossible to eradicate.

While weeding in her strawberry patch, which had a vigorously growing patch of portulaca, Elsie Belcheff noticed a mouse come out from behind a shed and bypass all the taller weeds and head straight for the portulaca plant. This started Mrs. Belcheff wondering what the portulaca was made from.

From there Elsie Belcheff, a farm wife from Margo, Saskatchewan began a company called Natural Plantation Inc., which has begun selling a Super D Master pill which she has developed from the portulaca plant.

This newly patented product is recognized by scientists and is one of the few supplements on the market which has all the necessary nutrients in one pill. Scientific research reports that purslane is a uniquely nutritious plant, rich in naturally occurring Omega 3 and 6 fatty acids. Research has shown that Omega 3 fatty acid prevents heart disease.

Mrs. Belcheff took her herbalogy class in 1995, became a member of the American and Canadian Nutraceutical Association, and this background, along with trial and error, enabled her to unlock the treasure of the portulaca plant.

Mrs. Belcheff's company has joined the approximately 50 companies in the province selling everything from herbal extracts to velvet antler pills.

Mr. Speaker, I would ask my colleagues to join with me in offering congratulations to Mrs. Belcheff on the development of her Super D Master pills and wish her well in future endeavours.

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

### **ORAL QUESTIONS**

#### **SaskPower Executive Compensation**

**Mr. Wall:** — Thank you, Mr. Speaker. Saskatchewan people were no doubt floored to read in this past weekend's newspapers about a NDP sweetheart deal cut with a senior SaskPower executive. The deal will allow this VP (vice-president) to move to Victoria, BC, keep his \$160,000 a year job, and it will hire a replacement VP for him back in Regina at roughly the same wage. Not only that, Mr. Speaker, but they also gave him a 7 per cent raise as a going away present.

Now, Mr. Speaker, there may be a number of Saskatchewan people who support the relocation of senior government officials thousands of miles away, but I have a feeling when people look at a crazy deal like this, they're hoping that that official is the minister of SaskPower not the vice-president, Mr. Speaker.

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

**Mr. Wall:** — To the minister, the question to the minister is this: will the minister tell this House how he is reacting to this sweetheart deal, and has he considered steps to reverse it?

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

**Hon. Mr. Sonntag:** — First of all, Mr. Speaker, let me point out that the member may not be aware, but this is not a role for the minister to become involved in at all. It is clearly a decision, Mr. Speaker, made by the president of the corporation.

But, Mr. Speaker, more importantly, I want to talk about if I could some of the wonderful things that SaskPower is doing. They're doing a wonderful job, Mr. Speaker, of providing reliable service to our Saskatchewan citizens. They provide rates here in Saskatchewan, Mr. Speaker, rates that are lower than almost anywhere else in Canada, Mr. Speaker. I venture to say lower than anywhere else in Canada, Mr. Speaker.

When we look at what has happened in Alberta and other jurisdictions across the world, Mr. Speaker, I think that we should value the role that many of our long-term employees have played in Saskatchewan, Mr. Speaker.

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

**Mr. Wall:** — Mr. Speaker, it is hard to believe the minister of the Crown, the minister responsible for SaskPower — emphasis on the word responsible — says it's not his role, says it's not

his role to get involved in senior management decisions at the Crown.

Well, Mr. Speaker, that cabinet doesn't hesitate to get involved in approving rate hikes that face Saskatchewan people here in the province of Saskatchewan.

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

**Mr. Wall:** — Now they've got a chance to take some action to lower costs at SaskPower and that minister should take that opportunity today.

Mr. Speaker, they want us to believe that they can move this senior VP to Victoria, give him a 7 per cent raise, pay him over \$160,000 a year, set him up with everything he needs in Victoria, fly him back to Regina for meetings, and hire a replacement VP, and what we've been told is somehow this is going to cost less than the early retirement plan, Mr. Speaker. Maybe their early retirement plan is a little too lucrative.

I'll ask the minister again, I'll ask the minister again: will he reconsider this deal?

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

**Hon. Mr. Sonntag:** — Thank you, Mr. Speaker. You know, everyday we listen to the members opposite in the opposition saying that we should allow our private . . . our utilities, our Crown utilities to operate more like private utilities.

Well, Mr. Speaker, I've said in the last, when I gave my last answer, Mr. Speaker, that I as a minister have no intention to answer the question specifically, have no intention of getting involved in something that is clearly the role of the president of the corporation and perhaps the board.

Mr. Speaker, I want to refer again to some of the things that SaskPower does. SaskPower provides wonderful, wonderful service for Saskatchewan and has for years, Mr. Speaker.

And when I look at headlines like this, Mr. Speaker, out of the *Calgary Herald* that says "Albertans stuck with \$3 billion tab," it says, and I quote here:

Albertans are unlikely to recoup \$3 billion lost in the transition to a deregulated power industry, even though soaring electricity rates will moderate after 2001, warns a new study by Calgary-based Energy Consulting.

Mr. Speaker, I think we need to value the service that is provided to us by wonderful civil servants, Mr. Speaker.

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

**Mr. Wall:** — Mr. Speaker, the minister just said again, he said, well the deal is done and there's nothing he could do to reverse it. Well that's never stopped this government before, Mr. Speaker.

They didn't bat an eye when they broke their own health care election promises. They didn't lose any sleep over breaking their own job creation promises, Mr. Speaker. And they

certainly didn't lose any sleep when they ripped up GRIP (gross revenue insurance program) contracts with farmers across this province.

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

**Mr. Wall:** — Now they have chance, now they have a chance to reverse a deal and actually do some good for Saskatchewan people.

Mr. Speaker, I attended the SaskPower rate hike meetings across this province. And at every meeting SaskPower said they were doing everything in their power to keep costs under control. And now we see them pulling this little stunt, Mr. Speaker.

So my question to the minister is this: why should SaskPower customers have any confidence that costs are being kept under control when they see the NDP cutting these Monty Python-like deals with senior SaskPower executives, Mr. Speaker?

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

**Hon. Mr. Sonntag:** — Well, Mr. Speaker, I don't understand where he's going with this line of questioning. I think if we refer back to *Hansard* you probably will . . . tomorrow you will probably have . . . you will probably be able to read where he quotes and says that money was apparently saved through this process. If you acknowledge that, Mr. Speaker, then I don't understand why he's asking the questions that he is.

Mr. Speaker, I've said and I'll say it again, Mr. Speaker, that our Power employees provide great service here in Saskatchewan. And when I look again at even headlines here out of the seniors' voice that talks about "California's electric energy nightmare," is the headline, Mr. Speaker.

It says:

Governor Gray Davis in his state of the state speech, Monday, January 8, said, never again can we allow our out-of-state profiteers to hold California hostage. Never again will we allow out-of-state generators to threaten to turn off our lights with the flip of a switch. He says, California's (and I quote) California's deregulation scheme is a colossal and dangerous failure.

It's because of employees that we have, Mr. Speaker, that . . .

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

(14:00)

**Mr. Wall:** — Thank you, Mr. Speaker. It's pretty clear that the minister is not going to answer the question on whether or not he will look into reversing the deal. He's got a choice to make here today and we're presenting him with this choice, and that is to choose Saskatchewan Power customers in favour of their executive board officers. That's what we're asking him to do today, Mr. Speaker.

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

**Mr. Wall:** — Mr. Speaker, SaskPower has confirmed that this VP is getting a 7 per cent raise hike and that some executives will get up to a 9 per cent hike this year. Where do you have to live to get a 9 per cent rate hike these days, Mr. Speaker, Aruba?

I have a question for the minister respecting the salary increases for SaskPower executives which could equal \$10,000 per executive. The question is simple. Mr. Speaker, how can the minister justify rates of up to 9 per cent or \$10,000 for SaskPower executives, and at the same time ask SaskPower customers to fork over another 6 per cent on their utility bills?

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

**Hon. Mr. Sonntag:** — Thank you, Mr. Speaker. I find this attack on public servants has gone on here for days, Mr. Speaker. I find this unacceptable, Mr. Speaker.

We've got an employee here, Mr. Speaker, who has provided wonderful service to the corporation for over 30 years, Mr. Speaker — over 30 years. And the opposition, Mr. Speaker, attacks a civil servant, Mr. Speaker, that has provided, as I have said, great service to our corporation and to this province, Mr. Speaker.

Mr. Speaker, SaskPower has been able to freeze rates for over five years, Mr. Speaker — five years. There isn't any other utility in all of Canada, or for that matter in North America, that has been able to do that, Mr. Speaker. And it's because of employees like Mr. Yeske that's been referred to here in the House today, that we've been able to do that, Mr. Speaker.

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

**Mr. Wall:** — Thank you, Mr. Speaker. The minister wonders what or why we're attacking. I'll tell you, Mr. Speaker, the official opposition will attack hare-brained schemes of this government that wastes taxpayers' money every single time, Mr. Speaker, every single time.

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

**Mr. Wall:** — Mr. Speaker, at every single SaskPower rate review meeting, at every SaskEnergy rate review meeting, the government told customers they were doing everything in their power to keep costs low. So I think customers have a right to know, Mr. Speaker, what kind of raises did the senior management get this year?

Mr. Speaker, will the minister table a list of all of the raises received by SaskPower executives, SaskEnergy executives, and CIC (Crown Investments Corporation of Saskatchewan) executives? Will the minister commit to do that today in the legislature?

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

**Hon. Mr. Sonntag:** — Thank you, Mr. Speaker. Well as I've said before, as the minister responsible for the Crown Investments Corporation, I have no intention of getting into micromanaging at this level, Mr. Speaker.

This is clearly, clearly the responsibility of the president and the board of directors of the corporation, Mr. Speaker. They have called on, for years, that our utilities be . . .

**The Speaker:** — Order. Order. Order. The minister will proceed.

**Hon. Mr. Sonntag:** — Mr. Speaker, the opposition for years has called on our utilities to become more competitive and to become more at arm's length from governments, Mr. Speaker. And it's for reasons like that that we have removed ministers from the Crown boards, Mr. Speaker.

Mr. Speaker, employees like Mr. Yeske who have contributed to service through the corporation for over 30 years, employees like him and many others within the corporation, we should admire what they've done for the corporation, Mr. Speaker; not sit here and ridicule them, Mr. Speaker.

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

### Regina Health District Loses Psychiatrists

**Mr. Gantfoer:** — Mr. Speaker, my question is for the Minister of Health. Mr. Speaker, the Saskatchewan Party has learned that the Regina Health District will lose five psychiatrists within the next few weeks. This has been confirmed by the VP of human resources for the health district.

We understand that four of the five psychiatrists at the Regina Mental Health Clinic are leaving to take positions in other provinces.

Mr. Speaker, why is Regina losing so many psychiatrists at one time and what is the minister going to do about it?

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

**Hon. Mr. Nilson:** — Thank you, Mr. Speaker. I was getting a little lonely over here. I hadn't had a question for quite a long time.

But what I would say about this matter is that we in the province are very concerned about attracting professionals to provide all of the health services that we need. And we know that working with psychiatrists to both retain the ones we have and recruit new ones is an extremely important task.

Last summer, June to be accurate, we created a provincial Psychiatry Manpower Committee with representation from the health districts, Sask Health, SMA (Saskatchewan Medical Association), SAHO (Saskatchewan Association of Health Organizations), College of Medicine, College of Physicians and Surgeons, and the contract psychiatrists. Their job was to look at the whole area around psychiatrist retention and compensation, and they are continuing to do that, Mr. Speaker.

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

**Mr. Gantfoer:** — Thank you, Mr. Speaker. Mr. Speaker, my question again for the minister.

If he's lonely, maybe he could turn to his colleagues for some

support.

Mr. Speaker, the NDP and the minister keep telling us what a great job they're doing managing the health care system in Saskatchewan and yet day after day we hear stories that there are doctors and health care professionals leaving.

Mr. Speaker, these departures are going to leave the Mental Health Clinic in a very difficult situation. There simply won't be enough doctors to see all the patients that come to the clinic and require care. These people are in a very vulnerable state and they require professional help.

Mr. Speaker, what is this government going to do to help the hundreds of mental health patients who are losing their doctors?

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

**Hon. Mr. Nilson:** — Mr. Speaker, a little over a week ago we came forward with a new budget that included money for the Department of Health. Included in that budget were funds for physicians, and that money goes to a panel set up by the Saskatchewan Medical Association and they allocate the money between the various professions.

I'm pleased to report that it's been publicly set out that psychiatrists will be receiving a 14 per cent increase in their salary this year, in this budget. And that money is being allocated by the profession themselves.

We are continuing to work with these people to make sure that we have the professionals that we need, and we will continue to work so that we have the best health care system that we can have.

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

#### **Labour Relations Board Ruling on Management Positions**

**Mr. Weekes:** — Thank you, Mr. Speaker. My question is for the Minister of Labour. On April 5 the Labour Relations Board ruled that 673 managerial positions within government departments will be unionized as of May 1.

Mr. Speaker, many of those people do not want to be unionized. In fact the Labour Relations Board received over 300 individual submissions from managers opposing the move. They are outraged that the board has ruled in favour of the union and feel their rights have been violated, especially since they were not allowed to vote as a group on whether or not they wanted to be unionized.

Mr. Speaker, will the minister explain why these 673 managers are being forced to unionize against their will and why they were not allowed to vote on the move.

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

**Hon. Ms. Crofford:** — Thank you, Mr. Speaker. As minister responsible for the Public Service Commission I'm pleased to explain this to the member opposite.

The fact of the matter is, is the public service is a unionized

workplace, and the matter of whether a job is in or out of scope is a matter of negotiation and the particular description of the work that the employee does.

This has always been the case. There has never been a time in the history of the province when it's been any different. And our relationship of in scope to out of scope is approximately the same as it is in other provinces.

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

**Mr. Weekes:** — Mr. Speaker, I don't know why this Minister of Labour in this government is so afraid of giving their workers their democratic right to vote and why this minister is so afraid to answer the question.

Again, Mr. Speaker, to the Minister of Labour: the positions affected are managerial salary positions. These are people who do not necessarily work set hours because of the nature of their job. They may meet with clients outside of regular hours. They may be on call because their jobs are technical in nature. How are they going to be expected to adhere to set unionized hours? In fact, an internal survey of employees at the Department of Health showed that their staffing costs would increase by 70 per cent if the managers were unionized.

To the minister: do you expect these managers to conduct all government businesses within union hours, or is the government simply prepared to pay huge increases in administration overtime costs?

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

**Hon. Ms. Crofford:** — Thank you, Mr. Speaker. As the member opposite will know, in the public service, people's compensation is tied to their job duties and to the particular scope of what it is that they do.

Now this scope review was determined by an impartial third party, the Labour Relations Board, which I will remind the members opposite is made up — they might have forgot since last year — 50 per cent employers, 50 per cent employees. They adjudicated that these positions were within scope and an implementation committee will now follow up on what impact that would have on pay and other provisions.

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

**Mr. Weekes:** — Thank you, Mr. Speaker. Again to the Minister of Labour: over half of the managers affected by this decision formed the Saskatchewan Government Managers' Association in order to fight this push by the SGEU (Saskatchewan Government and General Employees' Union). They hired their own lawyer who presented their very strong opposition to this move. They are not happy that they've been sold out to the SGEU.

Their question: why the government, their employer, didn't express opposition? But it's the government who has the most to lose. The government will have to pay the increased costs, the government will be held hostage by the union in case of a strike.



Mr. Speaker, why did the NDP government sell out their employees to the SGEU?

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

**Hon. Ms. Crofford:** — Despite the absence of the member opposite listening to the answer, I will try again to explain this in as simple terms as I can.

The fact of the matter is, is it's a matter of negotiation what the scope positions are, Mr. Speaker, that are within or outside the classified, unionized section of the bargaining agreement.

The independent body that adjudicates on these things, a group of men and women whose job it is to make this decision, have looked at all the information. They've made this ruling and, quite frankly, Mr. Speaker, I think they're in a better position to do it . . .

**The Speaker:** — Order.

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

**Mr. Weekes:** — Mr. Speaker, here's the picture. Over 600 government managerial employees forced to join the SGEU against their will, with no vote, with no say as to which union will represent them. The union will gain at least a half a million dollars in union dues annually. But the government will lose by having to pay increased staffing costs and will be virtually paralyzed if they ever face a strike position.

Mr. Speaker, the union says this move was made because these managerial positions were removed from the union years ago. That's not the case.

These positions have been out of scope by agreement between the government and the SGEU for decades. And many of these people accepted the positions knowing they were out of scope and because of that fact.

How can the government accept this ruling? Mr. Speaker, is this a payoff to the union for supporting the NDP? If not, Mr. Speaker, then why isn't the government speaking up for their employees and maintaining the decades-old agreement to keep them out of scope?

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

**Hon. Ms. Crofford:** — Mr. Speaker, I'll try this one more time, one more time. The SGEU is the union that represents . . .

**The Speaker:** — Order. The minister will continue.

**Hon. Ms. Crofford:** — Thank you, Mr. Speaker. The SGEU is the union who represents — and I might say well represents — the employees that work within government. So if you are defined, by definition and by negotiation, to be in scope, you automatically are then in the union that represents those employees. It's very straightforward.

There is an independent body, the Labour Relations Board, that adjudicated that. I know these guys don't like independent bodies. They would like the government to micromanage every

darn decision. But the fact of the matter is there's an independent body and that member should learn that there's some fair rules that govern these things, and those rules have been applied. Thank you.

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

(14:15)

### **Government Investment in Potato Industry**

**Mr. Brkich:** — Mr. Speaker, my question is for the minister responsible for CIC. Mr. Speaker, over a week ago I asked a few questions; I didn't get an answer. I asked the minister whether his government was moving back into the potato industry.

Is Sask Valley Potato Corporation buying new equipment and leasing land in the Outlook area? And if they are, why is the government leasing land and why are they buying new potato-growing equipment?

Does the word Spudco (Saskatchewan Potato Utility Development Company) mean anything to you over there, where you lost millions of dollars . . .

**The Speaker:** — Order, order. I would ask the member to rephrase his question through the Chair please. Please continue.

**Mr. Brkich:** — Mr. Speaker, my question is, for the minister, is: why is the government leasing land? Why are they buying new potato-growing equipment?

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

**Hon. Mr. Sonntag:** — Mr. Speaker, as I answered the question on budget day, the . . . when Sask Water was responsible, Mr. Speaker, when Sask Water was responsible, it was the mandate, Mr. Speaker, to start the industry and grow the industry, Mr. Speaker. Mr. Speaker, I believe that we have a strong and viable potato industry that is now started out in that area, Mr. Speaker.

We are providing seed potatoes, Mr. Speaker, to Prince Edward Island, Mr. Speaker, that has been recognized as a province, Mr. Speaker, that was the potato province, Mr. Speaker, and now we're providing potatoes for them.

Mr. Speaker, it has always been the mandate, Mr. Speaker, to, once the industry was ready, that we would turn this back over to the private sector. That still is the mandate and that's exactly what we will do, Mr. Speaker.

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

**Mr. Brkich:** — Mr. Speaker, the industry out there is already viable. Why are they buying and leasing more land?

If he wants to talk about Prince Edward Island, there's another question I ask; I'm glad you brought that up. Was there a shipment sent back from Prince Edward Island because they were frozen? Has the minister looked into this matter? Why did it happen and how much money did the government lose in this shipment of frozen potatoes?

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

**Hon. Mr. Sonntag:** — Thank you . . .

**The Speaker:** — Order. Order.

**Hon. Mr. Sonntag:** — Do they want the frozen answer or the mashed answer, Mr. Speaker?

Mr. Speaker, the fact is, Mr. Speaker, that the potatoes are inspected by the Canadian Food Inspection Agency, Mr. Speaker. It is my understanding — they're looking into it — but it is my understanding that when the potatoes did leave, to answer the question, that they were not frozen, Mr. Speaker.

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

**Mr. Brkich:** — Thank you, Mr. Speaker. I'll ask you, how much did you lose on that shipment? And also how much money did the Saskatchewan Valley Potato Corporation lose last year?

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

**Hon. Mr. Sonntag:** — Thanks again, Mr. Speaker. Mr. Speaker, look, the corporation that . . . When we started the potato industry out there, it was clearly, Mr. Speaker, in response to the fact that we had cereal grains growing that had little value, were adding little value to agriculture in Saskatchewan, Mr. Speaker. We had access to water; we looked for a way to add value to a product that would also provide meaningful jobs. And clearly, Mr. Speaker, it's my estimation that the mandate is still — still, Mr. Speaker — to turn this back over to the private sector some day.

Mr. Speaker, it's my estimation, and I think probably those who pay some attention to this and evaluate this, that we do have a good industry there, Mr. Speaker, and that into the future this will be handed back over to the private sector, Mr. Speaker.

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

## INTRODUCTION OF BILLS

### Bill No. 14 — The Provincial Auditor Amendment Act, 2001

**Hon. Mr. Cline:** — Thank you, Mr. Speaker. I move that Bill No. 14, The Provincial Auditor Amendment Act, 2001 be now introduced and read the first time.

Motion agreed to, the Bill read a first time and ordered to be read a second time at the next sitting.

## ORDERS OF THE DAY

### WRITTEN QUESTIONS

**Mr. Yates:** — Thank you, Mr. Speaker. It gives me great pleasure to answer questions no. 53 and 54 on behalf of this open and accountable government.

**The Speaker:** — Questions 53 and 54 are tabled.

## GOVERNMENT ORDERS

### COMMITTEE OF FINANCE

#### Motions for Interim Supply

**The Chair:** — I'd invite the Minister of Finance to introduce his officials.

**Hon. Mr. Cline:** — Thank you, Mr. Chair. I'd like to introduce to you and through you to members of the Assembly, sitting to my immediate left is Dr. Paul Boothe, who is the deputy minister of Finance. And to my right is Kirk McGregor, who's the assistant deputy minister of taxation and intergovernmental affairs. Behind Dr. Boothe is Mr. Terry Paton, who is the Provincial Comptroller. And behind me is Mr. Glen Veikle, who is the assistant deputy minister of the Treasury Board branch of the Department of Finance. And I guess that's it.

And Mr. Chair, I would like to move resolution no. 1:

That a sum not exceeding \$923, 290,000 be granted to Her Majesty on account for the 12 months ending March 31, 2002.

**Mr. Krawetz:** — Thank you very much, Mr. Chairman. I want to welcome the minister's officials this afternoon and we'll try to, over the course of the next couple of hours, get a better understanding of the planning that went into the budget that has been proposed back a week and a half ago, and of course the projections for the expenditures that you have.

The first question that I have, Mr. Minister, for you would be do you have the information concerning the expenditures and whether we're talking about a one-twelfth situation or a two-twelfths? Could we have that information presented so that we would have a better understanding of what you're asking for from each of the departments?

**Hon. Mr. Cline:** — It is in fact two-twelfths. And I do have some copies here, Mr. Chair. And I gather perhaps we have not sent those across and so I'd like to send across to the opposition members and the Liberal member for North Battleford some copies, if the page could come and take them, and then they would have the numbers in front of them. Thank you.

**Mr. Krawetz:** — Thank you, Mr. Minister. And while we wait for those, to be more specific, I'm going to get into some of the general questions that I have for you.

And I'm referring to page 52 of your general document, the budget that you proposed — not the Estimates. And when we start to look at the expenditures that you've asked for, of course relative to a balanced budget is revenue. And on page 52 of the document you talk about the revenue projections, not only for the past fiscal year but also for the next four years. And I would speculate that those revenue numbers are net numbers of actual decreases that you have projected and forecast in your tax reductions.

And I would ask you, Mr. Minister, if you could inform the House and the people of Saskatchewan what amounts of tax reductions have you built in into each of the four years that you

have forecasted there for the budget document?

**Hon. Mr. Cline:** — For the upcoming fiscal year, that is this current fiscal year, Mr. Chair, as a result of income tax cuts; income taxes will go down \$322.4 million over the 1999-2000 year.

Sales taxes will be \$151.4 million higher than that fiscal year; insurance premiums tax will be \$14.1 million higher than that fiscal year; tobacco tax will be \$6.3 million higher than that fiscal year; the net tax reduction in 2001-02 will be \$150.6 million over the '99-2000 fiscal year.

(14:30)

In 2002-03, that is next year, income taxes will be down \$374.5 million; sales taxes at 155.9, relative to '99-2000; insurance premiums tax at 14.5; tobacco tax at 6.3, for a net tax reduction of \$197.8 million as of 2002-03.

When you get into the 2003-2004 tax year, our fiscal year, which is the last year of tax reform, income taxes will have gone down \$442.6 million; sales taxes relative to '99-2000 will have increased \$160.9 million; insurance premiums tax would be up \$14.9 million; tobacco tax, again \$6.3 million; for a total tax reductions to the people of Saskatchewan of \$260.5 million — that's 260.5.

**Mr. Krawetz:** — Thank you very much for the answers, Mr. Minister, and I know you've summarized a couple of things there and I'll be able to obtain that information from *Hansard* regarding the total amount for each specific tax and what you've looked at.

Mr. Minister, if we could look at specifically this current fiscal year that we're in. Your proposal to have the small-business tax reduced on July 1 from 8 to 6 per cent, could you indicate to the Assembly here what amount of dollars that will actually be as far as a cost?

**Hon. Mr. Cline:** — During this fiscal year, Mr. Chair — that is 2001-02, of course — because it comes into effect July 1, the cost of the small-business rate reduction is \$11.4 million. I should say that over the course of one year, so that next year, 2002-03 that figure would be \$20.8 million.

The small business threshold increase from 200,000 to 300,000 will be \$300,000 in this fiscal year and \$3 million a year annualized. So the total this year would be \$11.7 million and for an entire fiscal year it would be \$23.8 million in tax relief for small business.

**Mr. Krawetz:** — Thank you very much, Mr. Minister. Mr. Minister, one of the other initiatives that you announced was the ability for professional incorporation. Could you indicate what you see as the cost for that feature?

**Hon. Mr. Cline:** — Yes. It would be \$1 million in this fiscal year and \$2 million annualized. So \$2 million in next fiscal year and subsequent fiscal years.

**Mr. Krawetz:** — Thank you. Mr. Minister, one of the other initiatives you announced retroactive to January 1, 2001 is the

political tax credit for all political parties registered in the province of Saskatchewan. What do you see as the total cost for that added feature?

**Hon. Mr. Cline:** — We estimate the cost of that to be \$1 million per year. Of course since we've had no experience with the provincial tax credit, we don't know. But that's the estimate and next year at this time perhaps we'll have a more accurate figure.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, I understand that Manitoba has had this political tax credit in place and are relatively similar in population — maybe growing a little bit more than we are — but does that \$1 million compare favourably to what has been the experience for the province of Manitoba?

**Hon. Mr. Cline:** — Yes. I'm advised by the officials, Mr. Chair, that we consulted with the province of Manitoba and used the information from them as a primary source of estimating an amount for Saskatchewan.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, one of the other announcements in the post-secondary area was the increase from \$200 to \$400 per month for post-secondary students, and that is taking effect for the calendar year, I understand, 2001. What cost implication is that to the treasury of Saskatchewan?

**Hon. Mr. Cline:** — The revenue loss is \$4 million per year. In other words, the doubling of the education tax credit from \$200 per month to \$400 per month would put \$4 million back into the pockets of the post-secondary education students.

**Mr. Krawetz:** — Mr. Minister, still on the angle of the post-secondary. Last year you announced a tax credit, a \$350 tax credit to each student, and you've had a year now for that to come into place. Have you anywhere in your numbers built in the difference between the \$350 tax credit that you've issued . . . And I understand the cost implication there is about \$3 million per year. The other thing that was announced . . . the other announcement that you made was that the interest-free period for students who have student loans, the six-month, interest-free period was being eliminated, and in fact at, I believe, the point of graduation the student now would be responsible for the interests that they have on their accumulated loans.

Have you had a chance to look at the savings that you as a . . . as a government and as a treasury would have incurred by the fact that students were now picking up the costs of these interests versus the \$3 million that you projected that you were passing on as a tax credit to all students?

**Hon. Mr. Cline:** — No, we do not have those numbers, Mr. Chair. And the reason is that the student tax credit of \$350 per student who graduated after, I believe, it's January 1, 2000, the first year in which that could be claimed would be the 2000 taxation year. And the students would just be claiming that now as they're filing their tax returns for 2000 in 2001. And we won't have the information as to how many claimed it or what the cost to the treasury would be until, at some point, the federal government can go through the tax returns that they're only

getting now, analyze it, and give us that information.

With respect to the interest-free period that we eliminated, we don't have the number for that either. I'm told that we are harmonizing our student aid program with the federal governments, and we are in this — as a result of this budget — somewhat improving the interest relief and forgiveness provisions of student aid. But we do not yet know what the savings to the province would be as a result of the elimination of the interest-free period, so I'm unable to answer that question. Although, I would be happy to undertake to ask the officials to make further inquiries and provide the member with a written response to that question.

And while I'm on my feet, if I may, Mr. Chair, I'd like to say another official has come in and sat down. That is Joanne Brockman, who is the head of the economic and fiscal policy division of the Department of Finance. So thank you.

**Mr. Krawetz:** — Thank you, Mr. Minister. And I want to welcome your other official as well.

And I appreciate the fact that you'll have one of your officials look at . . . especially, Mr. Speaker, I've had inquiries as to the number of students that are involved in this from last year and I know we're looking back at last year. How many students were affected by that change with the interest-free period being removed? And as I understand, you'll have your officials look at what that total cost might be for the province . . . or the total savings of that for the province of Saskatchewan.

Mr. Minister, one of the other initiatives that you announced was the resource industry tax changes. Have you any idea of what that will mean as far as a cost to the Treasury Board for those incentives?

**Hon. Mr. Cline:** — Yes, we see the mineral exploration tax credit costing the treasury approximately \$300,000 per year.

The incentives for carbon dioxide based, enhanced oil recovery projects, we believe, will be revenue neutral; that we will be giving up some tax revenue but, on the other hand, there will be increased production that will bring in revenues. So we don't believe it will cost anything in that sense.

Then there is the sodium sulphate capital incentive, which is designed to encourage the sodium sulphate industry to find technologically more advanced ways to produce sodium sulphate. And we believe that the foregone revenue from that would be \$300,000.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, you also announced other tax initiatives, I believe is how you described them in your budget. Have you got a total picture as to what costs are involved in those other tax initiatives?

**Hon. Mr. Cline:** — Yes. Other tax initiatives involving credits, Mr. Chair, were the political contribution tax credit, which we've discussed, and then we had the PST and real estate commissions on new home sales changed. That's a foregone revenue of about a hundred thousand dollars. And then taxation of recovered crude oil, we feel that will be revenue neutral for reasons similar to the ones I indicated in the last answer.

And then we had in addition to the enhanced tax credits for students at post-secondary institutions, which we have discussed; we also are giving enhanced credits to people who are disabled, caregivers, and infirm dependants.

And in the case of the disability tax credit amount it goes from \$4,400 to 6,000; the disability supplement amount goes from \$3,015 to \$3,500; the caregiver tax credit amount goes from 2,446 to 3,500; the infirm dependant amount goes from 2,446 to 3,500.

And I'm told that the foregone revenue with respect to the disability tax credit, the caregivers, and the infirm dependants, would total about \$2 million. That would be in addition to the \$4 million in additional tax credit for the post-secondary students.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, last year your department produced a document that summarized the corporate capital tax, the corporate income tax, the various individual income taxes, and fuel tax, etc. And it was a very useful document, and I know I've heard you quote from it. Would you be able to send that document over to the opposition?

**Hon. Mr. Cline:** — Yes. I don't have it today, but we would gladly prepare that document and send it to the opposition.

(14:45)

**Mr. Krawetz:** — Thank you very much, Mr. Minister. Mr. Minister, still staying on page 52 of that document, now that you've indicated how you have arrived at the net numbers for this year and for the next three projected years, I note that your net revenue is not projected to grow very much. You're looking at basically a stagnant situation or very little growth, if we look at inflationary concerns for each year.

Could you explain why your projections are so low for your net revenue numbers?

**Hon. Mr. Cline:** — Mainly, our revenues are not growing at a big rate because of falling income taxes, and I've outlined the income tax savings that will come about through tax reform.

And also falling resource revenue prices. We do not see the price of oil and gas being as high, and so that will mean that we get less revenue.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, besides the revenue, your document also contains the expenditures that you've indicated. And I note when you combine the ongoing and the exceptional expenditures over the four years, we almost see a decrease in expenditures.

I believe, Mr. Minister, I remember your words criticizing the opposition and the Saskatchewan Party platform in 1999 for holding the line at the rate of inflation.

Well, Mr. Minister, over the last couple of years, we've seen inflation rates somewhere in that 2 per cent range. And if I take a look at your expenditure of about 5.662 billion this year and I look at the expenditures that you've projected for 2004, the

combined ongoing and exceptional is about 5.650 billion. That's a decrease, Mr. Minister.

So I guess, over the next four years, you're not only not projecting expenditures at the rate of inflation, you are projecting decreases. Could you explain why you've built in decreases for expenditures in all of those items?

**Hon. Mr. Cline:** — Well, Mr. Chair, as page 52 reveals — and it's all printed there for the member — we have exceptional spending this year of \$243 million. That's spending of a one-time nature. But in terms of ongoing spending, this year it's \$5.4 billion. Next year, it's \$5.5 billion; the year after that 5.56; and finally in 2004/5, 5.65.

So in terms of ongoing expenditure, we have projected, based on very prudent projections, that spending of government will increase by some \$230 million over the next four years on ongoing expenditures. And some members of the opposition have said that, you know, the spending projections, perhaps we're spending too much. Well we're projecting that our spending growth will be quite reasonable, in my view.

**Mr. Krawetz:** — Thank you, Mr. Minister, Mr. Chair. When we take a look at the interest costs, Mr. Minister, over the last number of years, I think you've shown that the interest costs have declined dramatically, the cost of servicing the public debt, have dropped from 800-and-some million to a projection this year of 640 million.

Mr. Minister, we've been dropping at about 20 to 25 million per year in the last three or four years since I've been involved in this capacity, and I note now that you forecast increases in the cost of servicing the public debt. Are you expecting that we'll see an increase in the interest rates, or are you expecting to see your own debt increase?

**Hon. Mr. Cline:** — Mr. Chair, we do not forecast the debt of the General Revenue Fund to rise. We see it decreasing. And with respect to interest costs, any increase in interest costs we project is a result of slightly upward fluctuation in interest rates, according to page 52, starting in the year 2002-3. Of course, these are estimates and assumptions and they may or may not come to pass.

**Mr. Krawetz:** — Thank you, Mr. Minister, while I agree that they're estimates, I'm wondering about why you made a dramatic change to what has occurred over the last three years — about 20 to \$25 million less each and every year. And I've looked at your . . . at the auditor's report, and your estimates — each year we've seen a drop of 20 to 25 million in the cost of borrowing. Now you've said we're not only levelling off, we're increasing.

Are you talking to economists who are projecting huge increases in the interest rates, or why did you suddenly change that plan?

**Hon. Mr. Cline:** — Most of the reason for this is actually due to the fact that we have now retired most of the debt that was at a very high interest rate. We had debt that was in the double digits for the interest rate. And as we retired that debt and replaced it with debt at a lower rate, maybe 8 or 9 per cent,

whatever it is, obviously the interest costs come down.

And the situation now, I'm advised, is that pretty much all of our debt — or most of it, in any event — is already at lower interest rates. And then even if we don't increase debt, when we go out to renegotiate the debt as it becomes due, we may be negotiating it at the same or perhaps a slightly higher interest rate; so that the debt is not going up, but the servicing costs are not coming down as quickly because we're not . . . we don't see interest rates dropping as dramatically as they have in the past.

I should have added to my earlier response as well that, there's a question of the interest rates going up slightly, there's also a question of the exchange rate of the Canadian dollar. That if the dollar goes down, as we all know it has, and 20 per cent I believe, approximately, of our debt is in US dollars, so interest costs will go up slightly as a result of a lower Canadian dollar.

Having said all that, I want to assure the member that if . . . that we operate on the basis of very prudent assumptions. And in fact, I think if you go back — well basically, until this government . . . since this government was elected — we have met or exceeded all of our targets. So we usually do better than we have projected because we tend to project on a cautious basis.

If we again do better than we have projected in these budget documents, then we will use some of that flexibility to perhaps do a little bit more on the debt reduction side and so the figures would vary accordingly. But the amount of difference actually in these figures for interest could be accounted for entirely by a fluctuation in exchange rates, for example.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, will credit ratings for the province of Saskatchewan have any effect on renegotiating the interest rates that you would have on your debt that matures?

**Hon. Mr. Cline:** — I'm advised that the markets anticipated that we would get credit rating upgrades before we got our upgrades.

To put it another way, we have straight A credit rating now. But even before we went back to straight A's, the interest rate we received was as if we had straight A's, if you get my meaning so that we already have benefited from the fact that we're in better fiscal condition. Because when we go to the market with our bonds, we're one of the best jurisdictions in the country in terms of people wanting to deal with the province of Saskatchewan and giving us interest rates that are competitive with other jurisdictions.

So it's difficult to conceive that additional credit ratings in the short term would make a great deal of difference in our interest rate because we already are treated by the investment bankers and the credit rating agencies as a straight A credit rating jurisdiction, and there probably isn't a lot that will change that because they already regard us in that light.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, you made reference to exceptional spending, and I want to ask a number of questions there, even though some of my colleagues will elaborate a little more on your projections, especially in the

area of agriculture.

One of the concerns in exceptional spending from last year, Mr. Minister, and then a continuation of that project into this year is the rebate to agricultural property tax for education purposes. Mr. Minister, could you tell us what payments have been made for last year's \$25 million and that have been made up to this date?

**Hon. Mr. Cline:** — Mr. Chair, those payments are actually processed by the Department of Agriculture and Food, and it actually is a question that would more appropriately be addressed to the Department of Agriculture and Food in estimates. We don't have that figure available, but I'm assuming, we're assuming, without knowing that the \$25 million is in the process of being paid out or most of it has been paid out right now. But that is handled by the Department of Agriculture and Food.

**Mr. Krawetz:** — Mr. Minister, we have talked to a lot of farmers — farmers who have submitted their requests back in September/October of last year — and very currently they're just starting to come out, and there's been four or five months of waiting.

So, Mr. Minister, while I appreciate your answer that this is an agricultural responsibility, has your department looked at how you have expended that 25 million — or will expend it — and is there any possibility of improving on the plan?

And, Mr. Minister, I ask the question that has been raised by many municipalities who state that they have their administrator within their RM (rural municipality) office who handles tax payments on a regular basis. And the question has been asked: why isn't there a working relationship between — in this case as you've indicated — the Department of Agriculture or/Department of Finance and the administrators in the rural municipal offices to speed up the process, to improve on the process, to save some money, taxpayers' money, to ensure that the 25 million would have been into hands of farmers who paid their taxes last September and, as we understand, are just now starting to receive a rebate?

Have you looked at improving that plan that you're looking at spending the same \$25 million this fiscal year?

**Hon. Mr. Cline:** — Well, Mr. Chair, that question would be appropriately addressed to the Minister of Agriculture and Food in his estimates because we don't administer this program.

Having said that, you know, if there's some better way to do it, then as far as I'm concerned, that should be examined. But it should be examined by the Minister of Agriculture and Food because his department administers the program — we don't. And I'd appreciate it if the member would address those questions about the administration of the program to the department which administers the program.

**Mr. Krawetz:** — Well thank you, Mr. Minister. And, Mr. Minister, I'd make a suggestion that you could put forward to the Department of Agriculture right now. It's going to be a while before they're going to be dealing with tax payments for the current fiscal year.

I try to look at a plan that is going to deal directly with the RM offices. We have heard from so many RM administrators who say that they've received 20, 25 tax notices and payments in a given year. The money is paid upfront.

The farmers are saying to you, and to me indirectly, we're having to put up our money and then we're waiting for the government to give us back the rebate that we're entitled to, that you've announced and re-announced for this fiscal year.

So take a look at that. It's a plan that needs improving, and I think it will save taxpayers money and it will save treasury money. So I appreciate your openness to take a look at that.

(15:00)

Mr. Minister, you have spoken about your projections for commodity prices, not only the comments that you've made about oil and gas, and I look at those projections that you have and it seems that last year, if I take a look at last year, you seriously underestimated the oil and gas. And that's a positive thing, as you've said, because, wow, you had a windfall in oil and gas revenues and those kinds of things.

When I take a look at this year's numbers — and I know you've stated that you see sort of a stabilization in the price of a barrel of oil US (United States) — I think you're projecting about \$25.50 and natural gas prices to have stabilized as well.

But when I talk to the people in that industry, they're saying that development and the discovery of wells and putting wells on line, both in the oil sector and in the gas sector, is occurring on a daily basis almost. So the production is increasing dramatically, yet you forecast a \$400 million decrease in oil and gas revenues.

One of the people in the industry said that means the oil and gas sector has gone into the tank, and I think that's his quotation. I don't think people see it that way and yet you have projected a \$400 million decrease.

Have you not taken into account any growth in production in both of those sectors?

**Hon. Mr. Cline:** — Yes. Well I should say, first of all, that I agree with the member, Mr. Chair, that it's better to err on the side of caution. And if we were wrong on our projection, it's a good thing that we were too cautious, rather than overly optimistic.

But I will say we are in good company in terms of our projections as to the price. I mean, it's not just us, but the Government of Alberta, the private sector, the banks. Last year, we all said about \$21 for oil and it turned out to be \$30.

But in answer to the member's question, we project increased production of oil. I believe that for the year that just ended, for example, Saskatchewan will have produced about 153 million barrels of oil and we see that going to more like 159.3 million barrels. So in other words, more oil will be produced, but that will be at a lower price.

And by the way, I hope that we're wrong in a good way, that

we produce more than 159 . . . (inaudible interjection) . . . Well good, that's excellent news. And it backs up what I said about maybe being cautious.

But if we produce more than 159.3 million barrels of oil, nobody will be happier than me. If the price is higher, that will be good too, although we have to be careful about how high it gets, because when it gets really high, it's very hard on farmers and certain industries.

In terms of natural gas, we see the production of that going up as well, from about 235 bcfs (billion cubic feet) to about 237.5 bcfs — billion cubic feet, the member from Cypress Hills very helpfully adds. So we see them going up, but we see the prices being somewhat down.

**Mr. Krawetz:** — Thank you, Mr. Minister. Well we hear about record exploration and record development, and we're encouraged as residents in the province of Saskatchewan, to see that. There's also the rumour out there, Mr. Minister, that you have some plans to change the royalty structure involving oil and gas. Is there any truth to that rumour?

**Hon. Mr. Cline:** — Well I would say this, Mr. Chair, there are no current plans to do so, but we always are willing to speak to the oil and gas industry about royalties. And over the course of the last few years, we have in fact adjusted the royalty structure, where it's necessary, for the industry to make a fair return. I can think of the oil wells that have water in them, and we had to reduce the royalty so that it was still profitable to get the oil out of the ground, and the horizontal drilling, and the carbon dioxide process that is used.

So we're always talking to the oil and gas industry on an ongoing basis. And this is always a question of balance, and achieving a balance, the two competing interests being the need for the oil and gas industry, which we recognize to make a reasonable profit and to keep people working, and the interest that the people of the province have in getting a fair rate of return for non-renewable resources. And we want to achieve an appropriate balance.

I think the industry is working quite well. There are many people employed in it, production is up, we want to see more of it. And although I have no specific plan to adjust the royalties, our door is always open, and the Minister of Energy and Mines and myself meet with the petroleum producers on an ongoing basis to discuss matters. And I might add that they have a variety of concerns.

Royalties are not always the top of the list. There will be electrical power consumption concerns and others that we discuss on an ongoing basis, but our desire is to act in a co-operative fashion with the industry and to keep people working and to keep the royalties coming in.

**Mr. Krawetz:** — Thank you, Mr. Minister. I'm not sure that you know this answer within your information right now, but maybe one of your officials do. Could you tell me what you used for a price of a barrel of oil in your estimates for last year?

**Hon. Mr. Cline:** — Yes. Last year's budget was \$21, and in the mid-year report we adjusted that to \$32.88. And now we've

forecast that it will have been \$31.25 for last year. And this year we're projecting \$23.36.

**Mr. Krawetz:** — Thank you, Mr. Minister. And while we look at your mid-year financial report and where we ended up in the government estimates and your forecast, I think you stated very clearly that the oil and gas sector grew significantly and that's why you had a windfall of revenue. And your projections were that we would have about \$447 million last year. Your mid-year report had adjusted that up to 774, and then now I see by your forecast, 794.

We note now that you're projecting only \$511 million worth of revenue from that oil and gas sector, and you've explained the price differences. Yet I see that your projection for the price of a barrel of oil in these estimates is higher than it was last year. The two don't seem to mix.

You have greater production, you have a higher amount of revenue, and yet your increase from 447 to 511 is very, very small. The numbers don't seem to add up. Could you explain that?

**Hon. Mr. Cline:** — Yes. Well I think the numbers do add up. It's a simple matter of multiplying last year's estimated price times last year's estimated production. And the estimate was \$447 million. And this year you've got the estimated price which in this book for the fiscal year I think is twenty-five fifty, but thereabouts. And I've mentioned the production estimate being up. And yes, they're both higher and if you multiply them, they're \$511.5 million.

But having said that I'll join. Mr. Chair, with the member opposite in saying I hope it's higher. I hope we make, you know, a hundred million more or two hundred million more. And if we do we'll use that money, as we did this year with windfall profits, to do things that the people care about — this year we're fixing the roads and so on. And if the member is saying that maybe we're being overly cautious and prudent and that maybe we'll get more money, all I can say is I hope he's right.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, then if we look at your mid-year report of last year and if you will have a windfall oil and gas revenue and revenue of those kinds of numbers of \$300 million additional revenues come November, will you be announcing tax cuts in the month of November?

**Hon. Mr. Cline:** — Well we've already announced a lot of tax cuts, but what we will do is as we did last November when we had windfall profit decide what is the most important priority. And we made the decision obviously that the most important priority with windfall money was to fix the roads. So I announced that in November really, and it was confirmed in the budget, and we'll have more to say in terms of the details of how the roads are going to be fixed. And we think taking the information highway to rural Saskatchewan is very important, and of course certain investments in education.

The member says well if we get more money than we budget next year will we put it all into tax cuts or some of it into tax cuts, what I would say is that we will assess all of the priorities.

And the public may want tax cuts or the public may want us to invest in some service that they're concerned about — education, health care, and so on.

But I would say that I certainly would welcome the advice and input of the members opposite. And I know that they're very generous, Mr. Chair, in offering it. And as we go along, if we have more money than we project, I'll be happy to sit down with the member opposite and take all of his ideas and discuss them.

I should add though that when you get oil money that is of a windfall nature perhaps you could say it's one-time money. You should not use that for ongoing tax cuts because you may not be able to sustain that. So we have to be cautious.

But other than that, I hope we get some extra revenue. And if we do the member and I can have a discussion about what to do with it. And I know the member will have lots of advice for me.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, one of the other areas that is somewhat confusing when we look at your budget and what you did last year and what you project for this year — and I guess we again talk about an accumulation of funds — and that is in the CIC fund. We saw that you had projected that you would use \$150 million last year to enable you to do the kinds of things that you outlined in the budget, and then your forecast for March 31 that just ended was that you did not transfer any monies from CIC.

You are now again projecting a transfer of \$200 million from CIC. Is there any standardization in the amount of monies that you are going to be transferring each and every year or is it a hit-and-miss kind of thing? And what decision came into play here for you when you started to look at where we were last year and why you actually made a decision to not transfer any money and now taking the decision that you want to indeed move 200 million from that fund?

**Hon. Mr. Cline:** — Well essentially, Mr. Chair, going back to what the member was saying earlier in his questioning, the revenues last year were about three-quarters of a billion dollars more than they are this year.

If we had taken our budget at \$150 million dividend from CIC then they would have been, you know, \$925 million more last year than this year. So it seemed more reasonable and prudent to say, well, since it got a big surplus already last year, let's not take that dividend but let's spread that out into succeeding years. So that this year, for example, we planned to take a dividend of \$200 million from CIC and spread that money out into the ensuing years to bring the revenue up, which I think only makes sense.

But having said that, in terms of the way this has historically or traditionally been done, it's actually quite common that in some years governments have taken larger dividends than they project. In some years they've taken smaller dividends than they project because basically they haven't needed the money; they got more money than they projected.

(15:15)

And I can think back, for example, to 1997 when revenues were up very high because of oil but then dramatically dropped the next year. I believe in that year there was a big dividend that was supposed to come from the SLGA (Saskatchewan Liquor and Gaming Authority). That's a slightly different example, but the government didn't take that because it was more important to take it in the years when you needed the money. And essentially what we're doing with the Crown Investments Corporation is saying we didn't need the money in last year's budget. We do need the money more so this year and in the succeeding years, so we'll take the money out as we need it.

**Mr. Krawetz:** — Thank you, Mr. Minister.

Mr. Minister, can you indicate what the average growth is in the amount of dividends in the fund on an annual basis? How much does the fund grow? And when we look at that current amount right now, what is the amount of money that's currently within the dividend fund of CIC? And when you take out the 200 million, what do you expect to remain after the profits or the growth that will take place this year?

**Hon. Mr. Cline:** — There is no dividend fund at Crown Investments Corporation, Mr. Chair. The way that CIC works, as I understand it, is simply that the individual Crown corporations pay a dividend on an annual basis to CIC. It in turn pays a dividend to the Government of Saskatchewan. If a dividend is not taken by the Government of Saskatchewan in a given year, that may affect the retained earnings of CIC but there is no dividend fund as such.

**Mr. Krawetz:** — Thank you, Mr. Minister. With that knowledge and the fact then that you did not take the \$150 million last year, did the debt of CIC decrease as a result of not taking that 150 million out of CIC?

**Hon. Mr. Cline:** — Well CIC will be tabling their annual report for the year ending December 31, 2000 shortly and they will in that document reflect as part of their retained earnings or otherwise all of the funds and monies they have. So in that sense it's reflected there.

But you have to bear in mind also that for the current calendar year which is — their year is the calendar year — for 2001, the dividend that they will be expected to pay to the General Revenue Fund will be \$200 million, not \$150 million. And so in the out years they will be expecting, and expected, to pay that. But there is no large amount of money allowed to accumulate there.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, under your expenditures, I want some clarification about two things that you've announced in two successive years.

You've talked about a Forest Fire Contingency Fund and you announced the creation of that fund last year, and then if I listened to you carefully — and I've read your budget speech — you've announced the creation of the fund again. Last year you said it was created with \$50 million and this year you announced that it was created by expending \$40 million. Do we have that large a fund now that has 90? And what changes occurred from last year to this year that indicate that you didn't put in place that \$50 million for that fund?



**Hon. Mr. Cline:** — No, we don't have a \$90 million fund. The way that this operates is that if you do not use the \$50 million — and in fact, fortunately last year we only were required to use \$3.8 million — then that money lapses at the end of the fiscal year. It lapses and it goes back into the General Revenue Fund to be allocated.

And that money goes into the General Revenue Fund, but this year we're putting \$40 million into the forest fire contingency fund and also increasing the basic budget for forest firefighting. But the \$50 million simply goes back to the General Revenue Fund.

**Mr. Krawetz:** — Then, Mr. Minister, I guess I interpreted your remarks of last year slightly different. Because I recall you saying that you were setting aside \$50 million in a fund and that if there was a severe forest fire season and that there was an expenditure of \$20 million needed, then that the following year the budget item that would be additional would be a topping up of the fund back to 50 million and there would be a \$20 million expenditure. Was I wrong in that interpretation, or did things change?

**Hon. Mr. Cline:** — I wouldn't say the member was wrong, and I don't recall the conversation the member's referring to. But if I said what the member has said, then I was incorrect. And it actually was toward the end of the fiscal year that it was explained to me by the officials of the Department of Finance that according to the accounting rules, you couldn't carry over the money from last year into the new fiscal year.

The accounting rules require that the money be returned to the General Revenue Fund at the end of the year if not used, and if you want a fund, then you have to create the fund over again unless you pass a separate law to create the Forest Fire Contingency Fund.

And again this year if the \$40 million is used for forest firefighting — and I hope it's not, but if it was — then it would be gone. And it is our intention to have a contingency fund, you know, unless for some reason there's some other way to fight forest fires. But if we still need a Forest Fire Contingency Fund and we spent the \$40 million, then we would simply have to put another \$40 million in next year. If we still have the \$40 million at the end of this fiscal year, that money will have to go back into the General Revenue Fund and we would then at the beginning of the next fiscal year once again have to budget to put \$40 million money into the fund.

I'm not sure there's a great deal of difference between the two, but if I did say something other than that, then I apologize to the member. But I am now advised that that is the way that it must be done.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, by that explanation, is that any different than the supplementary estimates that we've always been dealing with, dealing with that kind of an expenditure? Why do we create the Contingency Fund if we could have just done it under supplementary estimates? I thought this was going to improve things.

**Hon. Mr. Cline:** — Simply because it's better budgeting. It's better to take into account that you may have to spend more

money on forest firefighting and set that money aside to do that than just to ignore the issue, spend the money in an unplanned way. We want it to be taken into account at budget time.

**Mr. Krawetz:** — Okay. Thank you, Mr. Minister. Mr. Minister, one of the other items in this year's budget versus your mid-year report seems to . . . there's numbers that are slightly different, and that's in the area of Health.

In your mid-term report, you talked about a federal announcement that occurred last September, the year 2000, where there were . . . there was about a billion dollars made available across Canada, and that Saskatchewan's share was about 33.3 million and that you were taking that money into revenue. And if I look at your mid-year report, you projected that the mid-year revenue for Health was going to be increased to \$183 million — that was the Transition Fund and the Medical Equipment Fund.

I look now at your revenue that you have in your budget, and your forecast in fact is that that 33 million just seems to have disappeared. Because the Transition Fund money and the 33 million were to total \$183 million, and in the expenditure side now we look at the fact that last year you only are forecasting a total expenditure of about \$51 million and for this year, zero.

So could you tell us what happened to the Transition Fund of 150, the \$33.3 million of federal money that you obtained for the province of Saskatchewan, and the fact that for this coming fiscal year you're spending zero dollars on that line item?

**Hon. Mr. Cline:** — Well the federal money, the \$33 million, is in fact being given to the health districts over a two-year period — some of it already given and some this fiscal year, is my understanding.

With respect to the Transition Fund, the remaining money in the Transition Fund would have been like the Forest Fire Contingency Fund, it lapses at the end of the year if it's not spent. And what we're simply doing this year instead of having a Transition Fund is using . . . is giving the Department of Health a larger budget.

**Mr. Krawetz:** — Mr. Minister, this seems that it allows you the opportunity to announce large amounts of money that are set aside for medical equipment, for Transition Fund, for a Fire Contingency Fund, but in the end you don't really spend them.

And I notice that you talked about the percentage of growth in health spending, this year's estimates over last year's estimates. But yet when I look at what you actually had expended last year, and you take a look at the expenditures of 2.48 billion plus the Transition Fund of 50 million, you're almost at \$2.1 billion that was spent. And in your estimates of your mid-year report, you had talked about a fact that you were going to spend almost \$2.2 billion.

So when you re-announce these numbers in your budget and say, well, over last year's estimates we're actually spending 200-and-some million dollars — and my colleague, the critic for Health, will have, I'm sure, some questions for the Health minister. There's tremendous amount of confusion because in one sense you're talking about a huge increase in the dollars

that you're spending estimate over estimate, but reality is you have to look back at what did you spend last year.

And I'd like some explanation as to how you adjust those numbers from what you expended last year to what you're projecting this year.

**Hon. Mr. Cline:** — Well first of all, I'd like to say that in terms of the Health Transition Fund at the beginning of the member's question he suggested that, you know, the use of that would mean that we wouldn't spend the money. Well that obviously isn't the case because we don't have the Health Transition Fund any more. All of that money goes to the Department of Health; all of that money will be spent. There's no problem there. And in that sense it's different than the Forest Fire Contingency Fund which is contingent upon whether you have fires needing to spend the money. But all of the Health money is going to be spent.

In terms of the numbers — what we're spending in Health, what we budgeted in Health — those numbers are completely disclosed, Mr. Chair, on page 82 of the budget book. And essentially I would acknowledge the point that the member's making which is that budget over budget, the increase to Health may be 11.6 per cent, I think it is, but when you compare the budgeted amount for Health this year to what was actually spent, the difference is not as great because the estimate of what we spent is more than we budgeted last year.

I would point out this is nothing new or unusual. Each year, and including this year, we disclose the estimate, what we said we would spend last year for every department and agency; then we put the forecast, what we actually think that we spend — of course the final figure comes out in the Public Accounts and then what we estimate this year.

And the member is correct. Last year we would have spent about \$2.1 billion. This year we're budgeting \$2.207 billion and the increase, therefore, is approximately \$109 million more. And so the increase of budget this year over forecast of what we probably will spend is whatever that percentage would be, which I believe is in the range of 5.2 per cent. And nothing to apologize for. A 5.2 per cent increase is a 5.2 per cent increase. Not that bad.

Everything the member says I think is accurate and that's the way that the numbers roll out each and every year.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, I heard you talk about the transfer of monies to help districts and just for clarification, in the Transition Fund that you had indicated was there last year of 150 million, there was 33.3 additional million of federal dollars, which meant 183.

Has that money been actually transferred to the health districts? Because I'm reading that in your forecast you're only expecting to spend \$50 million of that 183. That's the actual amount that you have expended up to March 31.

So when you say you've transferred it to the health districts, I thought that you said that if you didn't spend it, it went back into the General Revenue Fund.

(15:30)

**Hon. Mr. Cline:** — Well the numbers that appear at page 82 are the estimate for the Transition Fund — 150 million — which is what we budgeted last year. Then you can see that the forecast of what was spent from that money was 50 million, but the 33 million was in addition to the 150 million. And I believe that we have just recently . . . before the end of the last fiscal year we gave 16-point-some million dollars to the health districts, which was part of the 33 million.

And I'm advised by the officials here that the balance of that \$33 million will go to the health districts for medical equipment in this current fiscal year.

**Mr. Krawetz:** — Mr. Minister, then the question is: is that additional remaining monies in that Medical Equipment Fund, is that built into your expenditure of \$2.207 billion?

**Hon. Mr. Cline:** — Yes it is, Mr. Chair.

**Mr. Krawetz:** — Thank you very much, Mr. Minister. Mr. Minister, let's take a look at your projections for sustaining this budget not only this year but next year. You talk about a job growth, I believe, of about 3,800 new jobs for this year. And the record for January, February, and March is out already for 2001; in fact, Saskatchewan is averaging about 10,000 fewer jobs than we had last year. Do you still expect to meet your target of 3,800 new jobs for the fiscal year?

**Hon. Mr. Cline:** — Yes we do. You know when you compare job numbers in one particular month this year to one particular month last year, I mean you can come up with different results — sometimes positive, sometimes negative. But year over year, we project that the employment level in this year will rise over last year and that that will continue year after year up until 2005.

And that will be notwithstanding the fact that we have job losses on the farm. We have to remember that in agriculture because of what's happening there, there are job losses. But there are jobs being created in other areas, and overall we expect to meet our job projection numbers, and hopefully we'll do better than that.

**Mr. Krawetz:** — Thank you. Mr. Minister, while you're talking about trying to attain that number of 3,800 we see, as you've pointed out, that in fact we don't have those job creations. And I'm wondering what would happen . . . let's just assume that we have a zero job growth for this current fiscal year. How will that affect your budget?

**Hon. Mr. Cline:** — Well, I think that we have a fairly diversified economy, Mr. Chair, and I'm not going to speculate about zero job growth rate because I don't think that's going to happen, neither do the officials at the Department of Finance, neither do any of the banks that have projected what will happen in Saskatchewan. In fact, the private forecasters are more bullish on Saskatchewan than we are in the budget documents. They feel that we'll do better.

And I don't think that much purpose will be served by any kind of a negative scenario on job growth. I think that jobs will

continue to grow in Saskatchewan, as they have been for the last 10 years. And we stand by the projections that are in the budget, although we hope to exceed the projections that are in the budget.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, while I'm optimistic about the windfall in oil and gas revenue, I'm not quite as optimistic as you are about your projections of your job growth, but as we move through the next 12 months, we'll see.

Mr. Minister, a couple of final questions, you know, on the general side is around government debt, and I'm specifically referring to pages 53 and 54.

Mr. Minister, in 2001, you're projecting government debt and Crown debt to be totalling about \$11.153 billion. And then, by 2004, your projections, if I add those two numbers up that you've got on both of those pages, I think that debt is 11.328 billion. It's increasing.

Mr. Minister, what's happening to actually put the province of Saskatchewan into greater debt over the next three years time?

**Hon. Mr. Cline:** — Well, Mr. Chair, the taxpayer supported debt of the General Revenue Fund will continue to go down, but we see the debt of the Crown corporations as increasing.

And I would say this to the member, that there is a difference in the opinion of this government — and I might add that this opinion is shared by the Institute of Chartered Accountants; the CMAs, that is the Certified Management Accountants; the Certified General Accountants; and the Provincial Auditor. And I have discussed with all of those organizations the fact that we are now separating the debt between tax supported debt and Crown corporation debt.

Our belief is that there's a difference because . . . Let me put it this way. If SaskEnergy, in distributing natural gas to the people of the province, wishes to build a gas line in the North, wherever, to take natural gas to people, we do not believe that we should be increasing taxes to pay for that. We believe that SaskEnergy can go, borrow the money to do that, and recover that money from its customers.

The same applies to SaskTel if they want to build the telecommunications network, SaskPower if they want to upgrade the power system, build power plants, as they are doing in . . . at Queen Elizabeth power station, and so on.

The question for the Crown corporations is this: do they have an appropriate debt-equity ratio according to generally accepted industry standards? And as a matter of fact, they do. One problem we had in the early '90s was that the Crown corporations had an inappropriate debt-equity ratio. I forget what it was, but let's say they had 90 per cent debt and 10 per cent equity. Now all of those corporations are within acceptable standards. Their debt is not too high according to those industries.

If you argue that the Crown corporation debt should always go down, then, Mr. Chair, you would be arguing that the taxpayers should fund expansion by SaskPower, SaskTel, SaskEnergy. In fact those expansions should be funded by service charges, and

in the meantime they should be financed by debt financing.

Now if you wanted to get into the question, Mr. Chair, of why would the Crown corporations be borrowing this money, what are they doing in terms of building infrastructure, the Minister responsible for Crown Investments Corporation could get into those questions, but they will be building in the future. They will be borrowing to do the building. They will be paid by their customers to do the building. That's why the Crown corporation debt will be going up, but the tax-supported debt, that has to be paid by the taxpayers through the taxes that come into the General Revenue Fund, will be going down.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, we're going to get into those discussions with the Minister responsible for CIC because, very clearly, your documents show that the Crown corporation debt, as estimated in 2001, was about 3.2 billion, and we're going to take that debt to 3.5, and then finally 3.7 billion, as indicated on page 54, by the year, by . . . as you said, over the medium term. That's an increase of a half a billion dollars in debt for the province of Saskatchewan, from 3.2 to 3.7 billion.

So clearly there has to be some move that takes place within government to incur a half a billion dollar debt. And I was wondering if the CIC minister through . . . from . . . based on your, you know, guidance, would be able to tell the people of Saskatchewan where we're actually going to be expending all of this money. Will we be re-enacting the underground power corporation . . . the power lines, and creating rural distribution again that was cancelled. Are we in fact investing some of the money outside of the borders of Saskatchewan, or are we going to use huge amounts of money to compete with private industry right here in Saskatchewan as has occurred in the cable television network or the security system. Is there a general direction that you as Finance minister are encouraging by what you're showing us in the budget?

**Hon. Mr. Cline:** — Well in point of fact, the debt of the Crowns is now about 3.5 billion, not 3.2 billion as the member indicated, and it's projected to grow by the year 2005 to 3.7 billion, which is an increase of \$200 million approximately, not half a billion dollars as the member indicated.

But in answer to the question, the policy of this government is that the debt of the Crown corporations should reflect the amount of money required to provide services to the people of the province, which should include improved access to power generation, natural gas, telephones, to keep those systems maintained and working as they work very well for the people. And to do some of that costs money. But the debt of the Crown corporations should be within generally accepted industrial standards for those industries. And if they go beyond that, then their debt is too high.

And the debt of the Crown corporations should decrease as a percentage of the gross domestic product. So that we also see on page 54 that whereas today, if you looked at the Crown debt, it's 10.6 per cent of the gross domestic product, by 2005, it will drop to approximately 10.1 per cent.

So that yes, the debt is higher but the economy is growing at the same time and the Crowns will also have a higher value at that

time and can have more debt.

So my answer is that if we need a telephone system to be fixed or installed, let's fix or install it. And if we have to borrow money to do that, let's do that too. As long as we don't borrow so much that the debt equity ratio is more than it should be.

**Mr. Krawetz:** — Thank you, Mr. Minister. And, Mr. Minister, I would assume that many rural people will be looking for the overall plan of SaskPower as far as underground distribution of power takes place, and we'll be looking forward to that.

Mr. Minister, that was going to be my last question, but based on the fact that you've quoted other numbers, I have to point to you, point out to you where the numbers that I have read into the record are coming from. And I refer you to page 84, and on the bottom of page 84 — and we've been talking estimates to estimates; that's what you've been saying all along that you're using the percentage — your estimate for Crown corporation debt at the bottom of page 84 is \$3.2 billion. And your paragraph on page 54 very clearly says that the debt, the Crown debt will rise gradually to 3.7 billion. Three point seven billion, three point two billion, Mr. Minister, that's a difference of a half a billion dollars.

So those are your numbers and I would ask you to, for the record, to clarify that indeed the numbers I used were contained in your document, please?

**Hon. Mr. Cline:** — Well in point of fact, Mr. Chair, the numbers are the numbers. But the member says that my document at page 84 says that the Crown corporation debt is \$3.2 billion. That's the estimate.

In fact it says clearly 3.289 billion, so the member is 90 million out. But my point is it's a lot closer to 3.3 than 3.2. But it also says, as I indicated, that it is forecast at the present time — anybody can read this — that the debt of the Crown corporations is \$3.5 billion. It's not \$3.2 billion; it's not \$3.3 billion. The forecast at page 84 is our Crown corporations have a debt we forecast of \$3.5 billion. That's a matter of what the debt is right now.

And the reality is that on page 54 — the member tells me to read page 54; well, I'm reading page 54 — it's recorded that in 2004 that that debt of 3.5 billion, Mr. Chair, will go to 3.726 as the member says. That is an increase, Mr. Chair, from 3.5 billion to 3.726, which, by my quick calculation, is an increase in Crown corporation debt of some \$225 million approximately.

Well I'm just simply pointing out the member's point is the Crown corporation debt is going up, he says at one point by half a billion dollars. It is going up, according to this, by \$225 million and \$225 million is not as much as half a billion. I'm sure the member will agree with that.

(15:45)

**Mr. Krawetz:** — Mr. Minister, then I have to ask you to clarify then on page 82 . . . or 84, I'm sorry, is that you estimated in last year's budget that we were going to have a Crown debt of 3.289, and I will use your number exactly — 3.289. That was an estimate. It was a debt that was there. I'm sure it was a

greater debt than previously.

So what changed for you to move then from 3.289 to your forecast of 3.504? That, in fact, is about \$215 million. What have we done in the Crowns in the last fiscal year to change your estimate to a forecast of over \$215 million?

**Hon. Mr. Cline:** — Well, Mr. Chair, because this is an estimate made a year ago for where we would be today. A year ago we estimated that the Crown corporation debt would be \$3.3 billion. It turns out it was \$3.5 billion. But if the member goes to the next line, which he's not asking me about, we also estimated that the government debt would be \$7.9 billion and we see that we now forecast it is \$7.649 billion — a decrease, a decrease by my quick calculation, Mr. Chair, of some approximately \$250 million. And the reason is because these are estimates we made a year ago.

So look, I'll admit it to the world, Mr. Chair. The estimate of the Crown corporation debt . . . the Crown corporation debt is \$200 million higher than estimated. Nothing unusual about it. The government debt is \$250 million lower than estimated, Mr. Chair. And if we continue on to the next line, the total debt was estimated last year to be \$11.2 billion and it turns out it will be \$11.153 billion, Mr. Chair, and it's approximately \$34 million less than we projected.

No apologies for that, Mr. Chair. Estimates are estimates and what is happening is what is happening.

And in anticipation of another question from the member, where it was spent by the Crown corporations, I'm sure that at the appropriate time the minister in charge of the Crown corporations would be pleased to answer that question. I don't have the information with me. I'm not the minister in charge of the Crown corporations, but that information will be disclosed to the member because we're very proud of the Crown corporations and what they're doing and the fact that they are building in the province.

**Mr. Boyd:** — Thank you, Mr. Chair. Mr. Minister, I have some questions dealing with the area of agriculture. The Minister of Agriculture has announced the joining of the CFIP (Canadian Farm Income Program) program. Can you tell us what amount of resources will be dedicated to that from the provincial government, and what amount of resources will be dedicated as well to the CSAP (Canada-Saskatchewan Adjustment Program) program, and how soon you and your department expects those benefits to flow through to the farm folks in this province?

**Hon. Mr. Cline:** — CFIP is 70 million. And with respect to CSAP, I'm advised by the officials that the Minister of Agriculture and Food is still in the process of some negotiations with the federal government and we don't have the final number on that. But I'd be happy to undertake to get that number to the member whenever we do know the result of the negotiations and what the number is.

**Mr. Boyd:** — Thank you, Mr. Chair, and, Mr. Minister. It's my understanding that the Minister of Agriculture is telling people across the province that the province of Saskatchewan has anywhere from 2 to \$400 million on the table in those negotiations. Can you confirm that?

**Hon. Mr. Cline:** — Mr. Chair, I think that that is a question that probably should be taken up with the Minister of Agriculture in terms of what he may be saying. I haven't seen his statement. And with respect to interim supply, I don't have that kind of detail.

**Mr. Boyd:** — Is the full 70 million, Mr. Minister, budgeted in this interim supply for the CFIP?

**Hon. Mr. Cline:** — No, Mr. Chair. It would be two-twelfths of that amount.

**Mr. Boyd:** — Thank you, Mr. Chair. Mr. Minister, with respect to the CSAP program, how soon do you and your officials expect those negotiations to conclude, and how soon do you expect the money to flow from the CSAP program?

Obviously we're approaching, or very, very close to, spring seeding and the farm community is waiting anxiously. As you know in the CFIP program, Saskatchewan was the last province in all of Canada to sign on and as a result of that is the last province that will expect benefits flowing through to their farm folks.

**Hon. Mr. Cline:** — I can't answer the question of when the negotiations will end or exactly when the money would go out, although I do know from talking to the Minister of Agriculture and Food that it is his desire that that money be sent out as soon as possible. So while I haven't been involved in those negotiations, Mr. Chair, I believe the Minister of Agriculture and Food wants to bring them to a very rapid close and get us in a position where that money can go out as soon as possible.

**Mr. Boyd:** — Thank you, Mr. Chair. Mr. Minister, last spring when the CSAP One program was in effect the money was paid out through the Crop Insurance Corporation on a fairly simple formula plus a fairly straightforward application. Are you anticipating that same sort of process this spring, and can you confirm for us that the amount of benefits in the CSAP Two program will be based on NISA (Net Income Stabilization Account) contributions — an approximate figure of 5.7 per cent on the first \$125,000 of contribution?

**Hon. Mr. Cline:** — Mr. Chair, those are very good questions and very important questions, but they're really questions of detail that should be addressed to the Minister of Agriculture and Food, and they're not questions that I'm in a position as Minister of Finance to answer.

**Mr. Brkich:** — Mr. Minister, I see Sask Water is asking for two-twelfths of \$1.469 million. Would you have the breakdown of how much will be going for operating expenses, how much will be going into water control and water quality programs, and also that'll be going into water-based economic development?

**Hon. Mr. Cline:** — Generally speaking, Mr. Chair, for the Saskatchewan Water Corporation or any other department or agency of government that is listed here, that money is two-twelfths of their annual budget and they would be spending it on all of their activities. It would keep them going for a few months. And so that money would be directed toward all of their activities, not any one particular activity.

And if you looked at the Estimates book for the Saskatchewan Water Corporation, generally speaking, you could assume that for each area of activity some of this money would go into each of those activities. And generally speaking, you know, one-sixth of the amount listed for any activity would go to the activity as a result of the interim supply.

**Mr. Elhard:** — Thank you, Mr. Chairman. Mr. Minister, I have a few questions I'd like to direct to you and your officials in a general vein as they relate to Cypress Hills, the southwest area, and western Saskatchewan as a whole. And it pertains primarily to the provincial sales tax at the current 6 per cent rate, the expanded sales tax that was introduced in last year's budget and the implications it has for the economy, not just of the southwest area but of the province in its entirety.

I think that you can probably tell me what every percentage of provincial sales tax amounts to in actual dollars. But have you ever determined or have you ever considered the liability, the loss in tax revenue that a 6 per cent rate translates into, when you consider how much retail activity is lost to the southwest portion of the province?

The city of Swift Current I believe undertook a study within the last year or two and they suggest that for the immediate Swift Current area, \$20 million of retail activity is lost to that small urban centre alone.

Now if you took the broader area of the southwest and moved up the border as far as Kindersley or even into the Lloydminster area and looked at the loss of retail sales from Saskatchewan into Alberta that is exacerbated by that 6 per cent, have you ever considered what the actual cost is to the provincial treasury because of that tax differential?

**Hon. Mr. Cline:** — The sales tax expansion, Mr. Chair, was part of a move to substantially decrease income taxes in the province.

And I mean, if we all had our druthers, we would have no sales tax and no income tax and no fuel tax and so on.

But the reality is that we tried to operate at a balance and we need some revenue to come into the provincial coffers and pay for the highways and health care and education. So we have a sales tax. It's gone from 9 per cent to 6 per cent.

And although the member may be correct that, when you have any tax that may decrease the amount of consumption that people undertake. But the other side of the equation is that the expansion of the sales tax will enable us to substantially reduce income taxes which will put more money into people's pockets, which they then can spend in southwest Saskatchewan and throughout the province. So that, in that sense, I think that there's a positive impact on the economy because there's money that people have to spend.

And the member and I can certainly debate the merits of tax reform but that is how tax reform works. And we actually have the lowest sales tax of the nine provinces that have a sales tax, and we also apply it to a much narrower base than many provinces do. For example, many provinces will charge sales tax on children's clothing, reading materials, home heating,

home electrical, restaurant meals. We do not. But I believe that the balance we've achieved in having the sales tax but lowering income tax is a pretty good balance.

**Mr. Elhard:** — Thank you, Mr. Chairman, and, Mr. Minister, thank you for the answer. I don't want you to misunderstand, we appreciate every drop in income tax that you grant us. But unfortunately for the small-business people in the region I represent, a lot of that money that will return to consumers will be spent in Alberta. And that's the reality that we live with, and the consequences are ones that you and your government have to live with. The money flows directly out of southwest Saskatchewan into the Alberta economy.

And for business people in that area, the sales tax, whether it was on the original format or under the expanded format, is one of the . . . probably the greatest liabilities to their overall success. And I think that when we look at the impact of sales tax of any kind — and I understand what you're saying; you indicated that we have the lowest sales tax of any province that has sales tax — the reality is I live right next to the border and they have no sales tax. So the argument only works when you get a little further east. It doesn't work so well in the south or the west part of the province.

And unfortunately, my community, my people, my businessmen, are all paying a real price for the 6 per cent sales tax under the original regime or the expanded regime.

I'd like to move to another area, if I may, just briefly. I noticed in the budget document that you are going to introduce some tax incentives for the sodium sulphate industry. And you may or may not be aware of it, but there was a mine in the . . . just outside of the community of Fox Valley that employed about 50 people, and it served notice of a layoff and shutdown completely as of the end of the year.

(16:00)

When that mine closed, that was a devastating blow to that community. In fact I'm not sure, I'm really not sure how they will sustain the impact, whether they'll survive the impact or not.

But I would like to know, if you could explain in a little greater detail what the sodium sulphate tax incentive is and how it might benefit a mine like that that has been mothballed; and would this incentive in any way allow for a resurrection of that particular enterprise?

**Hon. Mr. Cline:** — With respect to that particular mine, I can't answer the question whether the owners of that mine will reopen the mine. But this may provide them with the ability to reopen the mine and that is the intent, certainly, of what we're trying to do.

Essentially what has happened is that with the higher natural gas prices — which may come down — but as I understand it, the production of sodium sulphate is very much dependent upon, at the present time, natural gas because they use natural gas in the process. And because the price of natural gas is high, when they produce sodium sulphate they'll be spending more producing it than it's worth when they produce it. But there are

other production technologies that may be available to the mine.

And what this tax incentive is, is a capital incentive of 40 per cent of capital expenditures to fix the mine — in other words, to invest in new equipment, upgrades, to produce sodium sulphate — and that would be credited against royalties each year with an indefinite carry forward. In other words, they could go to the expense of fixing the mine and then as they produce, instead of paying royalties to the government, they would get the cost of the equipment back to the tune of 40 per cent.

And of course we . . . officials at the Department of Finance were in contact with Energy and Mines officials, who in turn were in contact with the sodium sulphate industry, to try to find a way that it might be possible for them to refurbish their mines and be able to produce sodium sulphate profitably. And the advice we had from Energy and Mines was that if we did this, that it would give some hope to those companies and some hope to the communities that they could produce sodium sulphate and still make a profit.

Now having said that . . . So that's the hope. If for some reason — I mean we don't think we've got it wrong — but if for some reason it needs to be adjusted in some way as they investigate the new technologies, then our door is certainly open to talk to them because we do have an interest in adjusting the taxation of those companies so that they can keep those mines going and keep those people employed. That's what we want to do.

So my hope is that that particular mine and the other one, I think there are two mines if not three, that those — two mines in particular I think are in danger, two operating mines — that they will be able to operate under this taxation regime. That's my hope.

Now I can't go beyond that and say what they will do, whether they'll reopen, but they have the chance to reopen. And as I said, if we haven't got it right for some reason, then we'll look at it again. But we think this will enable them to operate.

**Mr. Elhard:** — Thank you, Mr. Minister. Mr. Chairman, I'd like to follow that up with a supplementary question.

As I understand it, the cost of natural gas was the straw that broke the camel's back, possibly, in the closure of the Fox Valley mine. Now it was a fairly heavy straw as you can appreciate. But there were a lot of factors that came into play there.

There was, as the minister opposite indicated, there are market factors that have come into play. But there are also labour-related costs, there are transportation costs, and there are also ways of producing sodium sulphate as a by-product that has undermined the value of the most pure products that the mine in Fox Valley was producing.

Having said that, the 40 per cent tax credit may be very beneficial to the operator of the mine at Chaplin. I believe it's the same company that owned the mine in Fox Valley.

But if the natural gas prices happen to come down by some strange twist of fate, what would that do to your 40 per cent tax credit? Do you envision keeping it in place or will you . . . is

that a program of ongoing consequence or will that be revised downward?

**Hon. Mr. Cline:** — No, the credit would stay in place even if the cost of natural gas comes down. Because the problems that these mines face, as I understand them, are yes, the price of natural gas, but also certain market pressures that have developed and old technology, the fact that they have old technology.

And even if the price of natural gas came down, we would keep this tax credit in place because that would give the industry the ability to refurbish those plants and in the long term they would be more profitable and be able to deal with the other problems that they have, the market pressures.

And so I think that from what I know of the situation, it's time to refurbish those mines if in the long term they're going to be successful. So we will keep that program in place and try to work with that industry to keep those people employed.

Because I want the member to know, Mr. Chair, that when we heard from the people in those communities about the impact on their communities, we were very concerned about that impact and the job losses. And we know that those industries are important to those communities and we will work with them to try to do what we can, and we'll do that on a continuing basis even if the current situation becomes not quite as bad as it is right now.

**Mr. Elhard:** — Thank you, Mr. Minister. Mr. Chairman, I'd like to turn my attention now to the Highways apportionment that is being considered here today.

And I'd like to ask the Finance minister if he could tell us what portion of the current appropriation being considered for the Highways department is actually earmarked for additional employment opportunities within the department. And can you tell me, have these new positions already been specified by the department?

**Hon. Mr. Cline:** — Mr. Chair, that question, detailed as it is, would more appropriately be put to the Minister of Highways and Transportation in her estimates.

**Mr. Elhard:** — Mr. Chairman, and Mr. Minister, I have a similar question related to the interim supply. I was wondering if you can tell me at this point how much of the money might be earmarked for brand new construction — that's construction projects in addition to projects that were already on the drawing board before you increased the funding for Highways.

**Hon. Mr. Cline:** — Well with respect to interim supply, Mr. Chairman, the money listed as interim supply to the Department of Highways and Transportation isn't earmarked as such for anything in particular. It's earmarked for that department to carry out its functions, and its functions are detailed in the Estimates book.

And essentially what we're doing is giving them two-twelfths of their budget so that they can pursue all of the things that they're mandated to do. And we don't earmark it for any particular subset of activities; they just use that to carry on.

But I can tell the member that our plan includes — I don't want to get into the details of the roads and everything that they will do — but the plan is, generally speaking, that we made money available in the fall. In the last fiscal year, we spent extra money in Highways to put the department in a position whereby they could start their spring work I believe four to five weeks earlier than usual so that we can get going and do more work.

And also we signalled to them that we wanted them to put out a lot more tenders for roadwork through the winter tendering schedule than usual so that we could do more work this year.

And in terms of the numbers and the kilometres and so on, I couldn't answer those questions, but I do want the member to know that from the point of view of the Department of Finance, our objective since last fall, when we knew that we would have extra money, is to allow the Department of Highways and Transportation to do more and to do it in a more timely way. And that's our objective. And that is what we hope the Department of Highways and Transportation will be doing.

**Mr. Elhard:** — Mr. Chairman, following up on the funding of Highways area, I'd like to ask the minister if his department does a cost/benefit analysis of the proposals that are brought to the Department of Finance by the other government departments. I'm thinking in particular of the strategic rural roads partnership initiative that the Department of Highways and Transportation has had in place for some time.

Some of the proposals that are being put forward under this partnership program are, in my estimation and I think in the estimation of a lot of the individuals who are going to have to live by these agreements, are frankly a stop-gap measure, a short-term solution to a long-term problem that ultimately will cost everybody in this province more money than need be.

And I'm just wondering if you just take the word of the Department of Highways and Transportation regarding the benefit or the cost of these programs, or do you run your own analysis and assessment of their ideas?

**Hon. Mr. Cline:** — Well the answer is, with respect to the Department of Highways and Transportation, Mr. Chair, or any other department or agency of government, when they propose spending to the Department of Finance, we have what is called the Treasury Board branch and that branch employs people who are Treasury Board analysts and they analyze the proposals of all the departments.

So that in answer to the question, yes, we have people that look at the proposals of the departments and then give advice to the Treasury Board, which I chair, that says: well Highways is asking for this much money; this is what they say they want to do with it; we think, you know, here are the costs, these are the benefits; we agree with them or we don't agree with them or we partly agree with them and partly don't.

And so when we prepare the budget . . . Actually at Treasury Board, we have the Treasury Board analysts before us and we have the departmental officials before us, and they both will present. And sometimes they disagree. So that we'll have a presentation from Finance that will give one point of view and a presentation from Highways that may have another point of

view. And then it's our job to decide who we think is right.

We then make a recommendation to the provincial cabinet and they may agree with the Treasury Board or disagree. But whatever the cabinet says, we then present that of course to the coalition government caucus and ultimately to the Legislative Assembly.

**Mr. Elhard:** — Mr. Chairman, can I assume, Mr. Minister, then that the Department of Highways people who did the cost/benefit analysis of the strategic roads program win the day in the argument or the tussle?

**Hon. Mr. Cline:** — Well you can assume that whatever the Department of Highways and Transportation comes forward with is, generally speaking, a plan that has been approved by the government caucus, the cabinet, the Treasury Board. And, you know, we will all stand or fall on their plans and we obviously believe that — I don't want to get into the details of their plans — but we believe that they do have a good plan.

And the Minister of Highways and Transportation will be in the House defending her plan. And her plan is something that we all will defend, but she will answer the detailed questions with respect to it.

**Mr. Elhard:** — Mr. Chairman, I would like to return to the amount of money that has been allocated to construction in the Department of Highways by this budget. I understand that . . . or by my calculations there's about \$41 million more for construction, and I'm wondering if the minister can tell us how much of that amount is actually going to be dedicated to the accelerated twinning project of the No. 1 Highway West?

(16:15)

**Hon. Mr. Cline:** — That question, Mr. Chair, is a very good question and a very important question, but it is really a question of detail that should appropriately be answered by the Minister of Highways and Transportation in the estimates for Highways and Transportation.

**Mr. Elhard:** — Mr. Chairman, in the department's planning for the future, I'd like to ask the minister if he can tell me how much weight did the government put on the possibility of getting federal funding for the expanded twinning initiative? I refer to an article that appeared in *The StarPhoenix* in which the Minister of Highways says that there is ongoing negotiations for funding.

What are you expecting to get from the federal government and how much of a role did those expectations play in your decision to accelerate the twinning project?

**Hon. Mr. Cline:** — I am not expecting to get very much at all from the federal government, I'm sorry to say. There is no expectation of federal money with respect to the accelerated twinning. So whether or not we get any money from Ottawa, we're doing the accelerated twinning.

Now having said that, I also read the article in *The StarPhoenix* that the member is referring to. And when I worked it all out mentally as I read it the other day and which I had done before

as well, I think they were talking about \$600 million over four years for the whole country. And when you boil that down to Saskatchewan — I mean if they came up with their \$600 million for all of Canada from the federal government, probably amounts to, I mean over four years, 150 million a year I think it was roughly — we might get \$5 million out of that if you assume, you know, we get 3 or 4 per cent. So it's not a lot of money.

We're not relying on anything from the federal government and we're going to accelerate that twinning whether we get a penny from Ottawa.

But having said that, I want to tell the member that in my capacity as Minister of Finance, I have many, many times, to the point where they're probably sick of hearing it, said to the federal Finance minister you know in person and in writing and also when I have met with the federal Transportation minister that we, along with all of the provinces in Canada, believe that there should be a national transportation policy. And that the federal government — which after all collects, I think, as much fuel tax now as we do — should put some of it back into the roads and, in particular, No. 1, No. 11, and No. 16. And I know the member will agree with that and we all do in this House.

And my point is this, that if we are successful in getting money from the federal government over and above — I'm not talking \$5 million a year but something actually substantial — then we will do our best to further accelerate twinning because we know it needs to be done. And I'd be quite happy if the federal government would come along and say, you know, here's \$50 million for your national highways. And if they do that, I can assure you that we would want to put that money into the national highways and get them twinned.

**Mr. Elhard:** — Thank you, Mr. Minister. Mr. Chairman, I agree with the minister that \$5 million from the federal government won't go very far. I think by industry standards or by your department's standard, that might build about 10 miles of road a year but . . . and that doesn't go very far in western Saskatchewan, let alone in the other areas of need for our province.

You raised an interesting question that I would like to have you address. You talked about the amount of fuel tax generated in this province for the province and for the federal government. I know there's a fairly significant difference in the rate of tax, but could you tell us exactly what the dollars are for the provincial department and what you anticipate them to be this year, and also what you anticipate the federal government will take in fuel tax.

**Hon. Mr. Cline:** — Well for the province, we estimate this year that we will take \$367.7 million in fuel tax. I should point out that that includes the fuel tax from the railways, which I don't have the number for that in front of me at the moment, but about 367.7 or \$368 million dollars. With respect to the federal government, I don't have that number in front of me but it's, I believe, that they would collect now a similar amount of fuel tax in the province of Saskatchewan. But if I'm wrong on that assumption, then I'll get the right number for the member.

**Mr. Elhard:** — Thank you, Mr. Minister. Mr. Chairman, one



more question and then I think I'll turn it over to my colleague from Humboldt.

Somebody asked me just the other day and I couldn't answer adequately. When you charge fuel tax to the railways that operate in this province, do they have to buy their fuel here? Or do they buy fuel elsewhere and you charge an apportionate amount, given the mileage they traverse through the province of Saskatchewan? Exactly how do you collect fuel tax from the railways?

**Hon. Mr. Cline:** — It is based upon their mileage and the fuel that we estimate they use. And it doesn't matter whether they buy it in Saskatchewan or not, they pay the tax. So whatever, whatever fuel consumption they have they pay 15 cents a litre.

To add to my last response, it's about . . . of the \$367.7 million that we take in fuel tax, about 327.5 million is forecast to be on road — in other words, you know, what the drivers pay — and the rest would be railways and aviation fuel. And of course that is net of the effect of rebates to farmers and First Nations people.

We estimate that our expenditures on roads this year will approximately be equal to 327.5 million because we're putting the 311 million into Highways directly and then I think there's 23 million that goes to the RMs for roads and actually 5 million in the Centenary Fund. So actually we would be exceeding the revenue that we take for on-road fuel tax revenue, which is obviously better than where we used to be.

So those are the answers to the two questions.

**Mr. Elhard:** — Sorry, Mr. Chairman. I'd like to ask the minister, with respect to the fuel tax paid by the railways, is that by agreement, written agreement with other provincial jurisdictions or is that something you have worked out with the railways directly? Are they on an honour system in terms of paying that fuel tax for the mileage travelled in this province?

**Hon. Mr. Cline:** — Yes, there is, Mr. Chair, an interprovincial agreement that allocates the litres that would be allocated to each province with respect to railway consumption. And then the provinces agree, you know, how many litres of fuel would have been used in Saskatchewan by CP (Canadian Pacific) Rail, and then as a result of that agreement, we would then send a bill to CP Rail asking them to pay 15 cents a litre. And in the case of Manitoba, it's much lower and Alberta, I think, has no tax on railway fuel.

So that is in fact how it works.

**Ms. Julé:** — Thank you, Mr. Chairman. Good afternoon, Mr. Minister, and good afternoon to your officials.

Mr. Minister, I would like to refer to the two-twelfths interim supply for Education, and I see here that it is \$89 million approximately, almost \$90 million. And, Mr. Minister, if I could I'd just like to refer to your budget address regarding community schools. You have in your budget address stated that:

Our commitment today means more community schools to

help children with their futures. The number of community schools has doubled since 1995 and as a result of this budget, that number will double again this year . . .

Forty-two new community schools, including for the first time, high schools and for the first time, rural community schools.

Mr. Minister, does the \$89 million, the two-twelfths interim supply that would come to \$89 million, include construction of those community schools?

**Hon. Mr. Cline:** — No, it would not include construction of schools because the community schools are existing schools. What happens is that we give the school board where the community school is located additional money for an existing school, and we say we'd like you to use this money to put extra resources into that school to bring the . . . help the children get an education and so on. But we won't actually be constructing any schools. We'll be giving money to school boards to enhance the programs in some existing schools.

**Ms. Julé:** — Thank you, Mr. Minister. I bring that to your attention and to the attention of the Saskatchewan public because after the budget address there were a number of people who truly believed that there were going to be the construction of 42 new schools in Saskatchewan. And I think that the way the wording was put forth in the budget address is somewhat misleading and I needed to have that clarified for people that were asking me about it.

So, Mr. Minister, then the 89 million designation, there will be two-twelfths of that that will be immediately utilized for community schools as such or will be designated towards getting those schools on their way with the special and extra services they need?

**Hon. Mr. Cline:** — Yes, that's correct. Part of that money would be used by the Department of Education to give to school boards to then create the community schools within the schools that are designated as appropriate for community school funding.

**Ms. Julé:** — Mr. Minister, I guess what I will do is take this into further discussion with the minister responsible later on during estimates. Because your statement that you will be now designating funding to rural community schools is a good one, but it leaves me a little bit surprised because in rural Saskatchewan the concept of community schools is already taking place within the existing budget. So unless there is a move towards integrated services and funding going towards that, there are a number of communities . . . or schools rather in rural Saskatchewan that already operate on the basis of what you would say is community schooling.

**Hon. Mr. Cline:** — Yes, and this funding is intended to complement that. It's intended to say, in rural Saskatchewan where they do have some community schools on their own, that we should be supporting communities in the way determined by the Department of Education, and it shouldn't just be in urban centres. So that's what we're doing.

**Mr. Weekes:** — Thank you, Mr. Chairman, and good afternoon

to the Finance minister and his officials. Mr. Minister, given that there will 673 management positions automatically unionized on May 1 and that an internal survey of employees at the Department of Health have showed that their costs will increase by 70 per cent, could you tell me how much it will cost to have these 673 management positions unionized?

**Hon. Mr. Cline:** — That question would be appropriately addressed to the minister in charge of the Public Service Commission. I can't answer the question. And it's a very good question, an important question, and I'm sure that she in her estimates will be very happy to respond to the member.

(16:30)

**Mr. D'Autremont:** — Thank you, Mr. Chairman. Mr. Minister, I've been listening attentively to your answers all afternoon and one of them caught my attention. Mr. Minister, you talked about the oil revenues. You might use the term windfall at the present time because they are much more than you had expected last year. And I believe you stated that you couldn't do a tax cut at the present time based on those oil revenues because there was no guarantees in the future that they would be available for a long-term commitment.

I wonder if you could clarify that for me. Are you saying that because the oil revenue is somewhat volatile, the prices, that a tax cut based on that can't be projected into the future because the monies may not be there? Is that what you're saying?

**Hon. Mr. Cline:** — Essentially, yes. I think that if you have volatile revenues that they're going up and then down and then up and then down, and if you're not guaranteed those revenues, it would be a dangerous thing to cut taxes on the basis of revenue in one year, Mr. Chair, as if you would have that revenue every year. On the other hand, that doesn't mean to say that we shouldn't be looking at competitive tax cuts and cutting taxes as in fact we are in this budget. But I wouldn't think revenues are guaranteed at high levels every year.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Would it be accurate to say that for last year and perhaps for this year, that an additional \$500 million, half a billion dollars, would be the extra oil revenues coming in that you wouldn't have projected for last year and may not have either this year or next year? I'm just looking for a rough number. I recognize that for those people who have to be down to the last decimal point, that may not be possible, but a rough number.

**Hon. Mr. Cline:** — Well for last year I think roughly, you know, we had roughly \$350 million, I believe, more than we had estimated. So we had \$350 million in what you might call unanticipated windfall revenue.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Mr. Minister, over last year's expenditures, what's the increase this year in all departments, the total expenditures of government, what's the increase?

**Hon. Mr. Cline:** — The increase year over year for spending is up about 7 per cent. But if you take out what we consider to be one-time spending, it would be about 3.8 per cent.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Well, Mr. Minister, it's going up you say, those things that are not one-time spending, by about 4 per cent. This budget in part is based on projected oil revenues of, I think you said, what — \$31 is what your projection is, for this year, or . . . okay, I may have got that number wrong. Anyways, Mr. Minister, you're saying that you can't cut taxes because the oil revenues are too volatile to count on.

Wouldn't it correspondingly also be true that you can't put in place programs or expenditures on the expense side of operations based on those oil revenues? That you cannot count on that additional 385 to \$500 million on an ongoing basis?

**Hon. Mr. Cline:** — Yes, I think generally, Mr. Chair, that's true. I don't think that you should plan either ongoing tax cuts or ongoing program expenditures on the basis of one-time revenues.

Having said that, we are in fact cutting taxes on an ongoing basis and increasing spending on an ongoing basis, but we look at the whole picture and economic growth and I would not fund either of those things out of windfall revenues occurring in any one year.

**Mr. D'Autremont:** — Well, thank you, Mr. Minister. Well, I think that's exactly what you're doing with the 570 jobs that you're projecting to hire in the next year. You're funding that on the basis of the windfall revenues that are coming in from the oil industry.

Mr. Minister, unless you're only hiring these people for one year and letting them go at the end of the year based on a one-time expenditure, then that is exactly what you're doing. The things that you said you can't do to taxes is exactly what you're doing on both programs, and hiring within the government. You're basing that on those one-time revenues, turning around and hiring people. Mr. Minister, that program is not sustainable.

**Hon. Mr. Cline:** — Well, I understand the member's point of view, but I don't agree with it. And I'll just say, Mr. Chair, that the member and I will have to agree to disagree.

But what I will say to the member is that the budget has been analyzed now by the Bank of Nova Scotia, the TD Bank, CIBC (Canadian Imperial Bank of Commerce), and Nesbitt Burns. And those analysts from those institutions have said that the budget is prudent, and that Saskatchewan will stay in the black. That we'll continue to operate with a balanced budget.

So I respect the member's point of view; it is not the point of view that I have, and it is not the point of view of others.

**Mr. Krawetz:** — Thank you very much, Mr. Chairman. Mr. Minister, just a closing comment on behalf of the official opposition, all the colleagues that have asked you questions this afternoon. I want to thank you for most of your answers, even though some of them allow us to pursue that matter with specific ministers, and I look forward to discussion on the estimates of Finance when we get into Finance estimates with your department and greater clarity in some of the things that we've raised today.

But I do want to thank you and your officials for helping us better understand the budget and probably helping the people of Saskatchewan better understand where we're going. Thank you very much.

**Hon. Mr. Cline:** — Well thank you, Mr. Chair, and I'd like to thank the member, the Finance critic for the opposition and the other members of the opposition for their questions.

And I agree with the member that it is beneficial for the public to hear this kind of discussion, and I thank them for their co-operation with respect to making interim supply.

And I also want to thank the officials of the Department of Finance for assisting me today, but also for the very good work that they do throughout the entire year.

And with that, Mr. Chair, I'd like to move:

That towards making good the supply granted to Her Majesty on account of certain expenses of the public service . . .

**The Chair:** — Order. Order. We have to deal with the first issue first.

The question before the Committee of Finance is interim supply resolution no. 1 moved by the Minister of Finance:

Resolved that a sum not exceeding \$923,290,000 be granted to Her Majesty on account for the 12 months ended March 31, 2002.

Motion agreed to.

**Hon. Mr. Cline:** — Well thank you, Mr. Chair. And now, I'd like to move:

That towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 2002, the sum of \$923,290,000 be granted out of the General Revenue Fund.

Motion agreed to.

The committee reported progress.

#### FIRST AND SECOND READING OF RESOLUTIONS

**Hon. Mr. Cline:** — Mr. Speaker, I move that the resolutions be now read a first and second time.

Motion agreed to and the resolutions read a first and second time.

#### APPROPRIATION BILL

**Hon. Mr. Cline:** — Mr. Speaker, by leave of the Assembly, I move:

That Bill No. 18, An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal

Year ending on March 31, 2002 be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill read a first time.

**Hon. Mr. Cline:** — Mr. Speaker, by leave of the Assembly and under rule 55(2), I move that the Bill be now read a second and third time.

Motion agreed to and, by leave of the Assembly, the Bill read a second and third time and passed under its title.

#### ROYAL ASSENT

At 16:44 Her Honour the Lieutenant Governor entered the Chamber, took her seat upon the throne, and gave Royal Assent to the following Bill:

Bill No. 18 - An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year ending on March 31, 2002.

**Her Honour:** — In Her Majesty's name, I thank the Legislative Assembly, accept their benevolence, and assent to this Bill.

Her Honour retired from the Chamber at 16:46.

**The Speaker:** — Why is the member on his feet?

**Mr. Krawetz:** — Mr. Speaker, with leave to introduce guests.

Leave granted.

#### INTRODUCTION OF GUESTS

**Mr. Krawetz:** — Thank you very much, Mr. Speaker, and thank you to the members opposite.

Mr. Speaker seated in your gallery are three members who've been watching the proceedings for a while I understand, even though I didn't notice them. But I'd like to introduce three constituents from Canora-Pelly. I'd like to introduce Peter Okrainetz, Rudolph Kresak, and Alex Dutchak.

These people have been involved in local government for years and years and they're active community members in the Invermay-Rama district and are strong constituents. And I want the Assembly to welcome them here this afternoon.

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

**Hon. Mr. Lautermilch:** — Mr. Speaker, it being near 5 o'clock, I move this House do now adjourn.

The Assembly adjourned at 16:48.