

EVENING SITTING

COMMITTEE OF FINANCE

General Revenue Fund
Industry and Resources
Vote 23

Hon. Mr. Hagel: — Mr. Chair, I would request that the committee now report out on Industry and Resources and move to Social Services.

General Revenue Fund
Social Services
Vote 36

Subvote (SS01)

The Chair: — I would invite the Minister of Social Services to introduce his officials.

Hon. Mr. Hagel: — Thank you, Mr. Chair. To the members of the committee I'd like to introduce officials who will be assisting me in estimates in the Department of Social Services.

Seated to my right is the deputy minister, Bonnie Durnford. To her right is assistant deputy minister, Shelley Hoover; and assistant deputy minister, Bob Wihlidal, is behind me. Assistant deputy minister for Sask Housing is Darrell Jones, to my left; and behind Mr. Wihlidal is Don Allen, executive director of financial management. Behind the bar, Mr. Chair, are other officials: Larry Chaykowski, executive director of housing financial operations; Phil Walsh, executive director of income support; Deborah Bryck, director of child care; Richard Hazel, executive director of family services; Larry Moffatt, executive director of community living; and career and employment services, executive director, Barb MacLean.

Those are the officials that will be assisting me, Mr. Chair, and I look forward to questions from the opposition critic and proceed with business.

Mr. Toth: — Thank you, Mr. Chair. Actually I was just waiting for the Chair just to call the vote. But we couldn't do that right now could we? That just wouldn't be appropriate to take a vote immediately before we've had a chance to really give the minister — the new Minister of Social Services, since the last time we met — an opportunity to give us a vision of what he sees the department doing as it reaches out to the needs of the people in Saskatchewan, especially those who may find themselves in a situation where they may be lacking some of the resources to provide for themselves and thus end up on the doorsteps of the Department of Social Services.

Mr. Minister, I remember a day when you were on this side of the Assembly. First of all, I'd like to welcome you, Mr. Minister, and your staff who are here with you this evening, as we begin the discussion on the expenditures of the Department of Social Services, and how the money is spent, and the programming and the vision you may have for your department.

But as I was saying a moment ago, Mr. Minister, I remember a

time in this Assembly when you sat on this side of the House. And I'm not exactly sure, Mr. Minister, if I can have that kind of growly voice you used to have when you sat on this side of the House and debated Social Services. For some reason you always seemed to have a view that not enough was being done to look after people on assistance while there were moves to try and help people move from assistance into the workplace.

And what I find very interesting, Mr. Minister, is how things change. And the philosophy of the party you represent seem to be more on the basis of helping people on assistance and almost assisting people onto assistance versus finding ways in which we could move people off assistance.

Well what I would have to add, as I've been going through some of the last number of annual reports . . . We'd certainly like to getting to some significant questions, but I think most recently you talked about the number of caseloads in the department and how it has gradually decreased over the past few years and the reasons for those decreases.

And yet on the one hand while we seem to see the caseloads have decreased — the number of individuals on assistance has gone down from, I think it was around 60,000 in '91-92, to just around 56 or in that area; the caseloads has dropped to about 30,000 caseloads — and yet we see agencies such as the Souls Harbor Mission in downtown Regina, we see the food bank always calling out to agencies, groups, companies, businesses, looking for their support because they find themselves in a position of being short on the staples that they like to have available when some people come to them seeking assistance, especially if they find themselves in a position where they just don't have the resources to meet the needs of their families.

And that is somewhat troubling because you would think if we're actually reducing the caseload . . . and I think there was a period in time when we looked at other provinces and their reductions and the increase in this province and well, because we had a better system, people would come here because they were being forced off assistance in other provinces.

One would have to ask has it really changed in this province. Are we forcing people off or are we really making a legitimate effort to assist people in moving from when they actually have to seek the assistance of the Social Services department and finding ways of actually really working with them to assist them back into some full-time job opportunities where they can actually provide for themselves and for their families and just increase their level of confidence and self-worth?

And, Mr. Minister, I think I'm looking forward to the debate. I'm looking forward to your vision for your department, and maybe that's where we'll start tonight, Mr. Minister. Seeing as you're fairly new in this portfolio, maybe you could give us a bit of an idea of where you see your department going with you at the helm.

Hon. Mr. Hagel: — Mr. Chair, I thank the hon. member for his question and I'm very happy to respond to it. His question took a bit of time and I suspect that the answer will take a bit of time as well, and that will come as no great surprise to the hon. member.

Well he refers, Mr. Chair, to the experience of Social Services here in the province of Saskatchewan which is one about which I think we all have much reason to feel very proud about the support that is provided for people who are vulnerable, and particularly he refers to the sector of our population that lives in poverty.

It is true, Mr. Chair, that this government made a very conscious and clear policy decision — a priority decision — some years ago, and then in 1997 and in full operation in 1998 introduced the building independence program which is really the item that the hon. member is referring to without specifically naming it by name.

And I think when we look at the results at the end of the day — that's what counts is results — we can do that with a sense of satisfaction that the resources provided by the taxpayers of Saskatchewan have been used well in the best interests of people who are vulnerable in our society.

That's not to say that there's nothing yet to do. Of course there is. There's much yet to be done.

But it's also quite clear that when we look at the track record of what has happened since the introduction of building independence here in Saskatchewan that the results have attracted positive acclaim from within the nation and beyond. And I think there is much to be learned.

And as we look forward, the hon. member asks, what is my vision for the department. In many ways I would say it's fair to summarize to say it is my vision for the department that we will build on our strengths.

Now when I look at the building independence program, I say so then and now where are we at? Bottom line is this, Mr. Chair: since that time the number of families receiving assistance has dropped by some 4,600. And perhaps even more importantly, a more important statistic than that is to look within those families. Because, Mr. Chair, the fact of the matter is this that within those families there are today more than 10,000 fewer kids who are growing up in families on assistance than there were four years ago when building independence became introduced and active.

Building independence had a number of components to it. The building independence is in many ways not a series of programs but a philosophy and a philosophy that says that if you really want to do something about child poverty, which is our objective . . . And it is in that context, Mr. Speaker, I remind the House that when I introduced the second reading debate on the Bill 2 last week and we talked about some of the root causes that affect the lives of kids, that we must focus on what we're doing about poverty and as it affects kids.

The reality is, Mr. Chair, that the kids don't grow up in poverty; kids grow up in homes in which the parents live in poverty — that's the reality. And so if you want to do something to reduce child poverty in your province, then what you have to do is look at those things that you do that provide supports to enable low-income families to enable themselves to achieve the most desirable form of income security, which is a job. Clearly that is the stated objective of those who come into the social services.

They're seeking income security.

And we consider it, Mr. Chair, not only valuable to help people move from assistance to independence to building through the building independence program, but we also consider it a legitimate objective to enable lower-income families to avoid coming into social assistance. And so therefore some of the criteria, some of the programs in building independence program — the employment supplement, the family health benefit, the child benefit — are available not just to those who are on assistance but to Saskatchewan families, Mr. Chair, including those who are not receiving assistance.

Now we've reduced the numbers. And I point out, Mr. Chair, with some satisfaction that unlike some other jurisdictions in this nation, this has been an objective which has been achieved to the degree I've described without resorting to the policy being to provide one-way bus tickets out of the province, as some other provinces have done. That's not been our way. Our way has been to understand the realities of poverty and opportunity and to help people make that connection.

And I know one of the hon. member's colleagues will recognize that. I remember a conversation we had within the last couple of weeks in which one of his colleagues, who shall go unnamed, said to me, he said we know we can't find your numbers here; your welfare numbers are going down. Where are you hiding them? And I said to them we're hiding them in jobs because that is, as a matter of fact — the hon. member smiles as he recognizes the conversation — we're hiding them in jobs, Mr. Chair. All the hon. members are recognizing the reality and the truth of what I say.

And, Mr. Chair, it is that connection to employment that is being activated increasingly in this budget year that's under debate right now through the expansion across the province of the jobs first form of registration of people on social assistance. And also the introduction of the first step program for those who are applying for assistance — that is enabling social workers to become more proactive, and to enable their clients that they're seeing to become more independent in their lives. That's what it's all about.

So, Mr. Chair, it is, I think when I put it into context and I ask myself what is it that we should ought to be doing here in this first decade of the new millennium, and when I look around, Mr. Chair, and I see the environment in Saskatchewan and across the nation being this, that largely because of the retirement of the baby boomers but other things, there is a tightening of the labour market that is peaking and then, in fact, Mr. Chair, we predict in about 2008 that labour market peak will begin to decline.

And what that says to me, along with the challenge that we have in our province and other provinces in the nation to meet our employment needs in the economy, there is for those of us in the world of Social Services an opportunity that is different from any other time that I've known in my professional lifetime. And that's this, Mr. Chair: I'm finding that for the first time in a long time, employers are willing to look at different kinds of relationships, including looking at opportunities to employ in their workplaces, people who have traditionally lived outside the mainstream of employment. And a good number of

those people we recognize will be those that we see as clients, as constituents, in the world of Social Services.

So our job, simply put, Mr. Chair, is to recognize there's an opportunity. Our province has a growing need and there is an opportunity in support of those who lived outside the mainstream to become part of the solution, to meet the Saskatchewan labour market needs, and at the same time, to build their own independence and their ability to shape their lives for themselves and their families. And so that's a high priority — that's a high priority for me in many ways in the Department of Social Services.

And it's in that context, Mr. Chair — just a couple of things before I take my place — to make some reference to the recent reorganization, as the hon. member is well aware. As different from the estimates last year, the Department of Social Services now has the housing services and the career and employment services, which have come to the Department of Social Services. And these are specifically intended, Mr. Chair, to enable us to find other synergies.

The career and employment services offices — the hon. member asks, what we're referring to: they were formerly located in the Department of Post-Secondary Education and Skills Training — and the career and employment services offices become significant places in the job first activity to enable people who are seeking assistance to, in fact, make that connection to the more desirable form of income security which is employment. An extremely valuable tool.

(19:15)

Career and employment services offices, I would add, Mr. Chair, are state of the art in Canada, best in the nation, and serve people well. And together with the housing services coming into the department, I anticipate that we'll be continuing to work hard to find synergies, to take the tools that are provided to us by the taxpayers of Saskatchewan to work in support of those who are least secure in their financial means and to enable them to increasingly find themselves attached to the labour market instead of the welfare rolls.

And finally, Mr. Chair, to make my point, I remind the House of a fact that maybe we've not heard often enough. Just in case we think this is a passing phase or that we've been lucky for a month or two, I want to advise the House, Mr. Chair, that at this point in time for the last 87 consecutive months — let me toss out the number here, 87, and ask members to reflect on the number 87 — Mr. Chair, for the last 87 consecutive months, month after month after month without fail, never once has there been an exception for the last 87 months, that the number of cases on social assistance compared month over month, January over the previous January, for 87 consecutive months, the numbers have been going down without fail.

Now I don't know how much longer that can go on, Mr. Chair, but at some point in time, do you reach the point beyond which it is impossible to continue that trend. But when you stop and think about it, it is a phenomenal trend. Mr. Chair, for over seven years — for over seven years — month after month after month after month the number of caseloads on the social assistance has been dropping in the province of Saskatchewan.

And I think, Mr. Chair, that as the members of this committee look at the spending of this department and whether the resources provided by the taxpayers of Saskatchewan are being well used, I make the case that they have been well used, they will continue to be well used, and I stand proud of the track record of Social Services department and pledge to continue to work just as hard into the future in support of people who are vulnerable in our province.

Mr. Toth: — Thank you, Mr. Chair. Mr. Minister, I'm looking forward to further debate because, I think, just listening to your comments that you've just given and your vision for this department, I don't think is much different than what many of colleagues on this side of the Assembly certainly believe in and areas that . . . And so I would trust that following the next election when you happen to be sitting on this side, Mr. Minister, you'll be agreeing with us when we talk again about how we can actually assist people into the job opportunities and job programs.

Mr. Minister, you made a comment about . . . I think you mentioned something like 4,600 people actually employed and that decrease in the number of people on assistance in the province of Saskatchewan. Yet interestingly enough, we've seen the employment or the job numbers in this province have actually gone done.

And I'm wondering, Mr. Minister, when we talk about employment opportunities and whether or not your department tracks these jobs or tracks individuals just to see exactly what you have accomplished and what the department has accomplished and actually people . . . finding and assisting people into full-time employment, the type of jobs that they may be entering into . . . I know a number of years ago — actually, before you moved into building lives and your building jobs and opportunity program — talking with the former minister, the then . . . the current Premier as minister of Social Services for a while there, and one of the concerns that was raised at that time, and I think still may be out there although we basically have eliminated a lot of that because of the employment supplement program, one of the major concerns that came to my . . . was brought to my colleagues and I was the fact that if people did leave assistance and in many cases ended up basically starting in at a minimum wage level, when they factored in all their employment and their costs and rent and what have you, on many cases, the view at that time was, well, we really can't make it; we may as well stay on assistance because we're actually receiving less.

And out of that discussion and debate, we actually moved into an employment supplement program to somewhat assist people as they began that road from assistance to providing for themselves and fully employable to the point where they weren't looking to anyone else for any further assistance because they had achieved it. They had arrived at that place in their life where they were really on their own, and they didn't need the other services.

I note, Mr. Minister, while we talk about a reduction in the number of caseloads, certainly over the past number of years, if I'm not mistaken, just from some of the annual reports that we have available to us, there's been an increase in the number of people on the employment supplement program.

And, Mr. Minister, maybe you could just enlighten us a little bit as to where that program is going. Where do you see it going in the future? Do you see it continuing to build, or do you see it finally plateauing and levelling out? And also coming back to another question that I'd alluded to earlier — as people work their way from assistance into a fully employable situation, what type of job entry programs do they end up in? Are they basically at the low-income level, or do we end up . . . do we find many people on assistance actually move into job creation programs, job training programs, so that they can actually elevate their skills level and arrive at a higher-paying job when they enter the workforce?

And as well, Mr. Minister, how many people would actually go into some further extended educational programs, like a post-secondary educational program or that type of program? And what level of job entry program or job entry opportunity does that provide for those individuals?

Hon. Mr. Hagel: — Mr. Chair, I thank the hon. member for the detailed question. And I note with interest as well his preamble to the question, and I think he would be sadly disappointed if I didn't also respond to the preamble.

I would remind the hon. member, Mr. Chair, that just before he starts calling the moving vans to start moving his office to the other side, he may just want to stay put for a while. He has . . . Mr. Chair, the hon. member from Moosomin has been a distinguished member of the opposition for . . . it would be in excess of 10 years now. I think going on 11 years he has been a distinguished member of the opposition. And, Mr. Chair, I think he's a mighty fine opposition member and I think he has a career — I'm not sure how long it is, Mr. Chair — but I think he has a distinguished career as an opposition member ahead of him as well. And I would encourage him to enjoy the fact that he does a good job in opposition and to count his blessings and to take professional pride in what he does. And to celebrate the fact that he has potential to be doing it for quite some time.

But just on that regard, Mr. Chair, when he talks about the potential for switching sides after the next election. I would say to the hon. members opposite, Mr. Chair, that they should ought to be careful what they wish for. They should ought to be careful what they wish for. The day will come . . . there will come a day plenty soon — plenty soon, Mr. Chair — in which the people of Saskatchewan will have an opportunity to express judgment.

And the hon. member may want to, in these estimates, make comment as to whether he stands with his leader or not in his view of Social Services and the funding of Social Services. Because he will be well aware that in October of last year in the *Leader-Post*, his leader was quoted as saying that if he formed government that he would reduce the Department of Social Services' budget by up to \$50 million — 50, 5-0 — \$50 million dollars, Mr. Chair.

Now his leader said in making that comment that he had some notion that they would be converting the welfare program to a job search program, something to that affect. Well as we've just been discussing, Mr. Chair, we have a program that has been in effect for some years now. Hello to the Leader of the Opposition. Welcome to the real world.

Mr. Chair, the Department of Social Services has been helping connect low-income people to the world of employment for some years now, and that's why I remind the hon. member that the number of caseloads are down by 4,600. The number of kids in those families are down by over 10,000. And, Mr. Chair, for 87 consecutive months the caseloads have been dropping — 87 consecutive months the numbers have been dropping.

Now, Mr. Chair, I think the people of Saskatchewan would relish understanding just how it is that his leader, in response to the needs of the most vulnerable of Saskatchewan, would achieve those with a \$50 million reduction in the budget of Social Services. And I'll look forward to hearing whether the hon. member for Moosomin stands with his leader on that count. That would be very interesting to know, Mr. Chair.

Well, Mr. Chair, he asked about the Saskatchewan employment supplement projections and acknowledges, Mr. Chair, that we have had in place since 1998, here in Saskatchewan, the Saskatchewan employment supplement program, which puts into place, Mr. Chair, funds that are available to low-income families — whether they are receiving assistance or not receiving assistance — but families with children, who are working which gives them supplementary income to enable them to attach themselves to the labour market and be independent. That was part of the building independence program, Mr. Chair, which has been in place now since 1998.

So although this may be brand new to his leader, I do recognize the hon. member opposite is well aware that the program has been in place for some time now.

So he will also be aware that in last year's budget there were some enhancements to the employment supplement that enabled more families to benefit from the employment supplement. And just to understand the trend — because that's the question that he asked, Mr. Chair — in 1998 and '99 there were 5,100 families here in Saskatchewan that made use of the employment supplement. In 2002 that number has now risen to 8,200 low-income families, Mr. Chair, which are making use of the employment supplement.

I also would add, Mr. Chair, that in understanding that, that's to supplement income that comes by way of employment or maintenance. And in that regard, and this budget is before us right now, there is some \$200,000 that's allocated to support legal aid and to support the maintenance enforcement office to assist . . . both specifically to assist single parents — virtually always, Mr. Chair — who are eligible for maintenance payments but are not receiving them, so to assist in increasing their own family income through that means.

So, Mr. Chair, when we look at the employment supplement, he asks whether we have been tracking the kind of employment that people are leaving to and at this point in time we don't have that track. We will know if people are receiving benefits, of course, but there is no obligation to report when they become unattached to receiving financial assistance in any form, as to what they're doing in order to do that. So we just don't have hard, fast numbers that we're able to attach that.

(19:30)

But we do know very clearly, Mr. Chair, that the numbers continue to go down and we're much encouraged by that and look forward to seeing that continue. We do know as well that the current employment services . . . about 60 to 70 per cent of the use of the current employment services, at this point in time we estimate to be made by individuals in the province who are social assistance recipients.

We do plan a long-term evaluation and that's something that is in the future. We haven't done that yet. And I will look forward to seeing the results of the evaluation when it's done so that we can assess what we're doing and how we can do that even better.

Thanks, Mr. Chair.

Mr. Toth: — Mr. Chair, and Mr. Minister. Mr. Minister, based on your first comment, I would guess that the only reason you're suggesting we shouldn't think of packing up and moving yet is because your coalition government is trying to keep itself together for the long term. And rather than a short . . . the normal four year that I hear your colleague the Premier talking of, my guess is it might be 2004.

So, Mr. Minister, I want to assure you that if we have to, we can wait until 2004. But based on the most recent polls, if all you've got left is Regina and maybe one in Moose Jaw — maybe one in Moose Jaw — you may not want to call an election today. But we invite you to call an election today if indeed you're as confident as you've led us to believe just a moment ago.

But, Mr. Minister, and when you talked about the Leader of the Opposition and the reductions in Social Services as far as expenditures, Mr. Minister, you've been bragging so much about the number of caseloads that have dropped in the Department of Social Services. And I had a bit of discussion last year with the former minister, and he bragged about the fact that the caseloads were dropping; but on the other hand, last year the former minister actually put more money and hired more staff within the department.

And one would have to ask, if we're actually reducing the caseloads, then one would think that there would normally be some reductions in the costs in the department, if indeed we should see the costs escalating, as we will get into in a moment, Mr. Minister.

However my colleague, the member from Carrot River Valley, has a quick comment he'd like to make. So I'm going to just step aside for a minute and give him an opportunity and then we'll get back into the debate.

Hon. Mr. Hagel: — Mr. Chair, before going to the hon. member for Carrot River Valley, I think we cannot pass by completely the remarks of the hon. member from Moosomin. And I know that he would be sadly disappointed if we did. And just once again, I caution the hon. member not to . . . I wouldn't start calling the moving vans just yet.

It would seem to me, Mr. Chair, as I get around the province of Saskatchewan — and we do make a point of doing that — that I think the people of Saskatchewan would generally be of the view that when they look at the track record of this coalition

government, that this coalition government is producing the kind of leadership in this province that says not only do they hope that this is a government that stays in place for a good time, but for a long time and for and many years to come.

So, Mr. Chair, I would just caution the hon. member to try to get used to his surroundings. He's doing a good job, and he should ought to take professional pride in what he's doing and not to be too anxious about a change, Mr. Chair, because he should be careful what he wishes for.

Now he says that last year that there were more staff members in Social Services — and Mr. Chair, he's right. In last year's budget, there more staff who came to the Department of Social Services, despite the objections of the hon. members opposite who not only spoke against it but voted against. Voted against what, Mr. Chair? Voted against the addition of 54 youth and family workers — 54 youth and family workers and 6 community living workers in the Department of Social Services.

And I find it kind of more than just passing strange, Mr. Chair, that we will see calls from the other side on occasion that all too frequently, Mr. Chair, reflect that hard, cold edge of the right-wing rhetoric — the hard, cold edge of the right-wing rhetoric that causes the people of Saskatchewan to become a tad bit nervous when it comes to the social conscience of the honourable members opposite.

And one of the things that causes people to be a tad obvious, Mr. Chair, is when they listen to the rhetoric of the hon. members opposite and then they look at their reality and see that they stand opposed to the introduction in last year's budget of 54 community, and youth and family workers and 6 community living workers.

So, Mr. Chair, that's the record. Those were changes that were made. Those were front-line service workers — as different, Mr. Chair, from the employment positions in this budget that were reduced in the Department of Social Services, which came almost entirely, Mr. Chair, from the administrative levels of operations of Social Services.

And so, Mr. Chair — and I'm a bit disappointed, but not surprised, to hear that kind of observation coming with . . . along with the cold, hard-edged rhetoric of the right wing.

And I will now look forward to the insight and the question for the hon. member for Carrot River Valley.

Mr. Kwiatkowski: — Thank you, Mr. Chair, and to the minister. The minister and I actually share a common professional background, Mr. Chair. We both, at one point in our careers, provided residential vocational employment services to people with disabilities.

And I know that the minister moved on quite a number of years ago, and it's only previous to the last election that I took a leave of absence from my position as general manager of the Porcupine Opportunities Program. But I think the minister will agree with me that probably in his entire tenure with the organization in Moose Jaw and his involvement with Saskatchewan Association of Rehabilitation Centres, there were

a number of issues and challenges that I think we all met with a certain degree of enthusiasm and conviction.

But there was always one deep, abiding, burning question, Mr. Chair, that none of us seem able to answer. And I guess, Mr. Minister, given that we now have this opportunity . . . I thought that with respect to an opportunity to get the question on the record, I would probably ask that one single question that has been at the heart of the curiosity of every vocational, residential, and employment service provider in the province for well over the last 25 years, Mr. Minister — when is Larry Moffatt going to retire?

Hon. Mr. Hagel: — Well, Mr. Chair, when I was listening to the preamble of the hon. member for Carrot River Valley, I thought he was going to ask about the meaning of life or something of that level, and he's very close.

He's very close when he comes to wanting to know about the contribution that Mr. Moffatt has made to community living services in the province of Saskatchewan. I think it's fair to say that there would be very few in that sector here in the province today who would not recognize that Mr. Moffatt has been a professional in the best sense of the word, and it will come as a great disappointment to many, I'm sure, that Mr. Moffatt is one of those baby boomers that is not far from retirement.

So the short answer to the hon. member's question, Mr. Chair, is in the not-too-distant future, but way too soon from my point of view. At whatever point the Department of Social Services loses the expertise of Mr. Moffatt, it will be something that will be sadly missed.

Now I'm just . . . I received a note and I'm told that this is not in fact an early retirement, that Mr. Moffatt is approaching retirement age, which speaks well to how he presents himself because I never, for the life of me, thought that he was approaching the usual age of retirement. But I thank the hon. member for his observation about the professional contribution that Mr. Moffatt has made to community living services here in the province.

Mr. Toth: — Mr. Chair, Mr. Minister, I would have to agree with the member from Carrot River Valley. And just by my observances of Mr. Moffatt and the covering he still has on his head versus you and I, it's probably a little longer than you and I can expect yet.

Mr. Minister, when we talk about . . . you talked about cutting, cutting the . . . actually you talked about the fact that my colleagues and I voted against last year's budget, about . . . voted against 54 youth and family workers, 6 caseworkers. And yet, Mr. Minister . . . And we just saw it in the most recent budget.

Here again we talk about prior to the budget being delivered, your Finance minister, your Premier, no doubt each one of you as cabinet ministers, we're talking about the fact that this was a difficult budget for you to deliver this year; that you were going to have to make some difficult and tough choices; that you would have to actually cut some jobs in the public sector. And I think at one time you were talking it could be as high as about 500. If I'm not mistaken the budget document talked about 350

and of that some 170 were actually job vacancies that were open. So it really wasn't . . . there weren't actual people being removed in those situations; you just wouldn't fill the jobs.

And yet yesterday — or was it early late last week — we see an article in the paper where it talks about the job-hiring freeze has been lifted. And now you talk about the fact that we've voted against 54 workers and at the same time you brag about the fact that we've actually reduced the caseload in social assistance. Now something isn't quite adding up.

If you are actually reducing the number of people on assistance by the number you've reduced, and I look at your budget over the past number of years and we see 527 million in '97-98; up to 569, '98-99; '99-2000, 577; 2000-2001, 578,631. And you have to ask yourself, if we're actually decreasing this, how come on one hand while we're decreasing the caseloads, on the other hand we're actually increasing expenditures?

And then as you indicated, Mr. Minister, we're hiring more people when one would think that if you can reduce and actually move people into a fully employable situation, why would we be increasing the number of personnel working within the department — even as you call them the front-line workers — if there's supposedly a lesser demand for these workers because of the decrease in the number of people on assistance?

Hon. Mr. Hagel: — Mr. Chair, I thank the hon. member for his question. And I must say, first of all, to put the hiring practices of the department into a context, and I know the hon. member will recognize the practical realities here.

In this year's budget there was a reduction of 23 positions from Social Services. Those 23 positions were from the areas of management, communications, human resources, financial, and administration and one community development position. Now some of those were vacancies and when one is making an organizational restructuring, Mr. Chair, whether there is a real, live breathing person actually filling the position at this point in time or not, to reduce the number of positions is to reduce the expenditure and therefore that amount of work. So I simply don't accept as legitimate that when you're reducing the employment component of the department that there is something qualitatively different about eliminating a vacant position or a position that is actually filled.

Now of the . . . in the department the hon. member will see from the budget estimates that in the department there are 2,128.5, I think, full-time equivalents. What that means in the real world, Mr. Chair, is that the number of people who are actually working in the Department of Social Services — and I don't include in this the number of community-based organization employees; that's a number above and beyond this — that there will be something in the neighbourhood of about 2,500, 2,500-plus real live people that are working for the Department of Social Services.

So you don't have to, as Don Cherry would say, Mr. Chair, you don't have to be a rocket surgeon to figure out that when you have a department with some 2,500 people, people come, people go, and there will be vacancies that will occur for just a myriad of reasons and, Mr. Chair, those need to be filled. So it's

not an unusual thing.

As was pointed out in his comments, I believe, that there was a freeze on hiring. In order to accommodate the restructuring, it would make no sense to — when you're contemplating restructuring — to continue hiring people into positions that may, in fact, become redundant in short order. So there was a freeze put on the hiring.

There was the reorganization. In the reorganization, there were some reductions of some positions. That's now been achieved and now we get on with the business of providing Social Services — services to the people of Saskatchewan.

And so in that context, then, it will be ongoing that there will be some vacancies that occur and therefore advertised and opportunities for employment occur.

Mr. Chair, also what has occurred then, interestingly enough, sometimes when you look to solve problems, the solution isn't what your first inclination would be. Sometimes we have an inclination to say we don't have enough of something, therefore we need more of, more of that to do what we want. And I give as an example of that principle: we've heard from social workers for quite some time that the caseloads were high and that they had a difficult time keeping up to their caseloads.

And quite frankly, Mr. Chair, I think it would be fair to say that more than anybody would wish, a fair amount of time that income security workers were spending was with clients of theirs, in essence kind of pushing paper to deal with qualifications and eligibility and so on.

It is to the good credit, I think, of the Department of Social Services . . . And I would add with the advice about making changes, interestingly enough, coming not exclusively from administration or management but at the grassroots, and that what we hit on is a new system of registration which is now being fully implemented in this budget year for the jobs first program and the first step.

And one of the things that that involves is in fact introducing some people to do clerical kinds of tasks which help to free up social workers to be doing less of that and more actual social work. And I'm kind of optimistic that in this transition in fact what social workers are doing is engaging increasingly in what they call transition planning — proactive planning, strength-based counselling with their clients, people of Saskatchewan, to enable them to move forward in independence in their own lives. Some of that can be employment related; it can be also be to dealing with a myriad of other potential problems that people who are involved in the income security system will often experience.

And so, Mr. Chair, I think what we're seeing is workers doing a more effective job than was the case a year ago. And I would predict, Mr. Chair, on balance, that a year from now that I'll be able to make exactly that same statement again as we enhance — or expand, I think is a more accurate word — the jobs first and first step planning together with Saskatchewan people as they come into the income security system.

So, Mr. Chair, I hope that gives the hon. members some

comfort to know that we've, when looking at the balance, that we've seen it as appropriate to reduce the administrative activities, to keep the same level of front-line activities, and that I also believe in making the changes that we're able to serve the people of Saskatchewan more effectively.

Ms. Julé: — Mr. Chair, good evening, Mr. Minister, and good evening to your officials.

Mr. Minister, I would like to take issue a bit with your building independence program and your employment supplement program. And I take issue based on what some of my constituents have brought to my attention with their experience with the employment supplement program.

Mr. Minister, Karen and . . . Kathy rather and Darren Dressler in my constituency are a couple that have four children and they had some questions concerning the employment supplement program which they were on. They were receiving the employment supplement but were cut off because Mr. Dressler was injured at work. He is currently on workman's compensation.

Now according to your brochure here, Mr. Minister, regarding the eligibility for employment supplement for low-income earners, that employment supplement brochure says that benefits might be reduced if you're collecting workmen's comp or CPP (Canada Pension Plan) or EI (Employment Insurance), but it does not say you will be cut off. Mr. Dressler will be going back to work when he's able to but at this point he's not able to.

And I remind you, Mr. Minister, that the Dresslers have four children, age nine to sixteen. I remind you that Mr. Dressler had a gross earnings of \$1250 a month and he should have been eligible, according to your brochure, with four children, for \$268 a month plus a supplemented benefit for children under thirteen.

Mr. Minister, not only were the Dresslers cut off of employment supplements, but they were questioning why, according to your brochure, which states that they may have their supplement reduced if they go on workmen's comp, but not cut off, why in fact your department saw fit to cutting them off completely.

And one other question, Mr. Minister, that I'd like to put to you is with gross earnings of \$1250 a month, they were receiving about 150 to \$180 a month from employment supplement, when they were receiving anything, and according to the chart on this brochure, they should have received \$236 a month plus the supplementary benefit for children. They did not understand why they were receiving less than that, and I'd like you to explain to this couple in my constituency the actions of your department in cutting them off completely.

Hon. Mr. Hagel: — Mr. Chair, first of all in responding to the hon. member's question, I have to make it very, very clear that one of the obligations of the Minister of Social Services, in fact of all members of the House, is to avoid comment which identifies specific individuals and their status with the department. I know the critic recognizes the accuracy of what I'm saying in terms of limitations by law and, so therefore, I do

want to share that legal obligation with all members of the House because we are all bound by that, and I certainly don't have the right to violate that requirement. Therefore, Mr. Chair, it is by law impossible for me to, and certainly inappropriate for me, Mr. Chair, to respond to a specific case that the hon. member may raise.

Let me say this, let me say two things in response to the question that the hon. member asks in her question. Point number one, the Saskatchewan employment supplement is not an income replacement program. It is not designed that way; it's not intended to be that; it doesn't pretend to be that. It is a supplement to income earned.

And that's . . . that is the stated purpose of the program. The Saskatchewan employment supplement is for families with children and intended to supplement income earned either through wages or maintenance or self-employment. And so that to seek that the program would meet an objective other than that would be wanting the program to do something simply not intended or designed to do.

On the particulars of the case that the hon. member raises, Mr. Chair. I don't know that she has provided that information previously to my office or not. If she hasn't, I would simply encourage her to provide the specific information and I would be prepared then to have my office follow up and look at the specifics, and if there is change that would be in order, to ensure that that happens.

Ms. Julé: — Thank you, Mr. Chair. To the minister. Mr. Minister, I have had absolute permission from the people involved to use their names in this situation.

Mr. Minister, this case was brought forward to your department way back in, I believe, July of 2001, with the previous Social Service minister. So this case is clearly on record and should be known to your department, and should be known very well to your department.

Mr. Minister, if it must be I will use general terms in order to explain the situation. From the time that the husband in this situation had to go on workmen's compensation because he was injured at work — and he was told that because he was getting workmen's compensation that he was no longer eligible for the employment supplement — and I would just let you know, Mr. Minister, that before that time, the mother of this family was staying home because she believed that the best thing to do for her children was to stay home and not go to work.

And I think that's one of the things that your government has spoken of at length, about the necessity for children to be cared for, and the necessity to have programs in place where children would have parents at home, and thus things like your employment supplement program.

In this case when the department treated the husband in this case unfairly and cut him off completely from employment supplement because he was receiving workmen's compensation. In fact the workmen's compensation, as you well know, Mr. Minister, is not even close to his full wage. She deemed it necessary, the mother of this family deemed it necessary, to go and get part-time work.

So, your program is based on a supplement to income earned by somebody in the family. This mother went to work in order to be eligible for this program so she took part-time work. When she then advised your department and the employment supplement program that there was one of the parents working again, she was told that her husband's workmen's compensation cheque would be added to her part-time work wage in order to factor in and determine whether or not they were eligible for the employment supplement.

Now, this isn't really fair. On one hand, Mr. Minister, you say that people have to be working in order to be eligible for this. We have someone working and then you factor in workmen's compensation with it. You know which is it? You can't have it both ways.

Mr. Minister, this couple is quite upset. They feel that you have basically put a program in place that is not speaking very clearly about your real intentions. The intention is, as the public hear it, to have a program in place that is going to supplement people because they're employed in order to help their children and to help families. On the other hand, what these people find out is when they apply for this and they try to bring to your attention that your department should be following guidelines that are in this brochure and you're not doing so, they have a hard time believing that anything that your government does for families is in fact sincere.

So, Mr. Minister, I would ask you to reply to this family, and I certainly will if you would like me to bring this to your attention behind the bar tomorrow. But this has been going on for a long, long time already. These people may end up back on welfare, the very thing that you say your government doesn't want to happen, the very thing that you say your government has put these programs in place to avoid people on welfare.

So, Mr. Minister, I ask you to make sure that when you put programs like this in place, that they in fact are programs that are sincerely dealing with people in this province who are trying to work, trying to ensure their families are taken care of, and that are not a hoax because people do not admire this and they are frustrated with it.

And, Mr. Minister, I'm not sure if you've had other people in the province bring this kind of an instance to your attention, but I would certainly hope that if you have, you would beckon all of your staff and your people in your department to follow the guidelines succinctly so that people do receive the kind of benefits that they are eligible for without excuse.

(20:00)

Hon. Mr. Hagel: — Thank you very much, Mr. Chair. Without responding to the taunts offered by the hon. member for Humboldt but just in a straight forward kind of way, I first of all do want to acknowledge — and I appreciate her stating on the record that she speaks with the permission of the individuals — and I would think it would be wise for hon. members when raising a particular case to do just that on the record.

Because we are all bound by the same legislation and just in the interest of protecting the rights to anonymity, confidentiality, the rights to confidentiality by those who are recipients of social

services in our province, to those who may be watching, and in that category it probably would serve as a bit of reassurance that their confidentiality is secure because they don't see names of individuals being used in the legislature without the permission. So I do want to say I appreciate the hon. member making that point very clearly.

Mr. Chair, in response to the hon. member's general question about policy that is implicit in her comments and her question, I would first of all have to say further to what I said in my previous answer that workers' compensation is not income that is calculated in the supplement. That's very clear.

There are only three forms of income that are used to calculate the entitlement and those being then as I said before, Mr. Chair, wages, maintenance income, and self employment earnings. Insurance income is not included as one of the categories.

And now in order to calculate eligibility for employment supplement, there are two things that are initially looked at. One is the total family income and the other is the number of children in the family, and then that determines whether the family is in the position to be calculated as to what their employment supplement benefits would be. And if they are within the range, then what is then determined is based on the incomes from those three sources — earned wages, self-employment, or maintenance — that the precise amounts are calculated.

I would also point out as well, Mr. Chair, I think it's useful for people to know that there is an independent appeal process that's available to citizens; there is an independent adjudicator to whom they can appeal if they feel that they have been incorrectly calculated as to what their benefits would be. So I would remind the hon. member, all hon. members, that there is that ability for appeal that's available to all of our constituents across the province.

But having said all of that, Mr. Chair, once again I repeat — and I think the hon. member may very well wish to provide me some more additional specific information — I simply cannot and will not comment related to a personal circumstance here in the House. And again, I would be happy to look at the specifics of the hon. member's case that she has to see if there's something that should ought to be changed in order to more accurately provide the benefits they're entitled to as Saskatchewan citizens.

Ms. Julé: — Thank you, Mr. Minister. Mr. Minister, I would like to return to one of the things I mentioned to you initially in my comments. And that's that in your brochure on employment supplement eligibility, there is a statement at the bottom of this page stated, other incomes, and it states that if you receive from Employment Insurance, workman's comp, or the Canada Pension Plan, the amount of supplement you receive may be reduced.

Why in this case, is it a policy of your government not only to reduce the amount of employment supplement but to cut it off completely? Is that the policy of your department right now? Because that is what has happened in this case. With no explanation and with my constituents referring to your very words in your employment supplement brochure, I'm

questioning why your department staff have the authority to cut them off completely?

Hon. Mr. Hagel: — Well, Mr. Chair, I want to thank the hon. member for verifying by quoting from the pamphlet what I just finished saying, that there are three sources of income to determine the eligibility of a family for Saskatchewan employment supplement — wages, maintenance, or earned income. The hon. member correctly quotes from the pamphlet saying that the other items she referred to are not used in the calculation.

Again, I refuse to comment on the specifics of a case but only say, Mr. Chair, that the policies are as I've described them and the assessments for eligibility are based on the information available: number of children, and then the amount of wages, maintenance, or self-employment income to determine the eligibility as to whether or not and if so, how much eligibility there will be.

Again, I do repeat to the hon. member that if she would like to have a specific case looked at, then I'd be happy to review that, Mr. Chair, and I would invite her to provide the information to me.

Ms. Julé: — Thank you, Mr. Minister. Mr. Minister, you make mention of the eligibility requirements. Wages are one of them. This gentleman did not have a wage. He ended up going on workmen's comp. He was told by your department because of that he was cut off completely, obviously because there was no wage and part of the eligibility is that you have to have a wage.

In order to be able to have the kind of income and money that they needed to support their four children, the mother of this family went on a part-time job. What she got from your department after that when she again, once again applied for employment supplement was that her husband's income — and I guess your department determines that workmen's comp is an income; it certainly isn't the income he was getting before but, nonetheless, there's even question as to whether that's an income — but that was going to be factored in with her part-time wage.

Mr. Minister, I think this is unacceptable. I think that there needs to be a clear and concise definition of guidelines handed out to your department staff on how to handle these situations in the future.

And I will, as soon as possible hand over this situation to you so that you might do these people some justice in accordance with your very own guidelines. Thank you.

Hon. Mr. Hagel: — Mr. Chair, once again, I thank the hon. member for contributing to the clarification that it is not an insurance benefit that is used to calculate eligibility for Saskatchewan employment supplement.

I repeat what I said earlier, Mr. Chair, that the Saskatchewan employment supplement is a financial incentive to be attached to the workforce. It is put in place precisely for that reason. And it is, Mr. Chair, for that reason then that the categories used to calculate eligibility for Saskatchewan employment supplement then are, as the hon. member has correctly said, wages,

maintenance, and self-employed income.

I do consider it to be extremely important that the guidelines be clear and concise. I think our discussion here tonight has helped to clarify that the pamphlet is accurate, and that I would hope that it would serve to continue to serve as a clarification to families who are eligible. I am very pleased, Mr. Chair, that increasingly some 8,200, I think it is currently, families are able to benefit from the Saskatchewan employment supplement to assist them, low-income families, and their attachment to the labour market.

But I repeat: the employment supplement is an incentive put into place by the building independence program of the Department of Social Services to promote and support the attachment to the labour market. It's not an income replacement; it doesn't pretend to be. It should ought not to be represented as that. It simply is not; that's not its purpose.

Workers' Compensation is — that's a program that is in place to be an income replacement program. Employment Insurance is an income replacement program put in place to be an income replacement program.

The Saskatchewan employment supplement is not an income replacement program. It is a program to support attachment to the labour market, Mr. Chair, and I think it's one that, by and large, is doing its task effectively. And once again, I'll look forward to specific information from the hon. member to follow up as appropriate regarding her own constituent. Thanks, Mr. Chair.

Mr. Toth: — Thank you, Mr. Chair. Mr. Minister, I'm just having a little bit of difficulty following this. I think, as my colleague mentioned, the case in question, when the husband was working was bringing an income in that was supporting the family. And unfortunately due to an accident and an injury, then that income turned into a Workers' Comp payment or an insurance payment. And that insurance payment actually, based on the criteria you've laid out, ends up being actually less, and therefore if the criteria we follow here would trigger an employment supplement to that family because of the loss of that employment.

The reduction, if you will, in the income — and on one hand while you're calling it insurance because it happens to be coming from Workers' Comp — it's the same thing as paying that individual for the work that they were doing only they're only getting partial payment. And then I understand you're saying to my colleague, because the pamphlet indicates that you've actually got to be working, well how can you work when you're injured and your income has been cut back.

On one hand that income is ineligible because it's an insurance plan, so therefore the spouse goes and gets some part-time so there's an employment coming in. Next thing you know that once the spouse gets, actually finds, some employment, then all of a sudden that insurance now becomes part of the calculation and it's calculated as income, and therefore it pushes the level of total available revenue to that family over and above what would be calculated as the level that would actually qualify for supplement.

So I guess the problem I'm having, Mr. Minister, on one hand you're saying this is insurance but then it's an income to be calculated as part of the total family income. And I guess that's where the problem is arising, Mr. Minister. How can it be termed insurance on one hand and then calculated as income on the other, and therefore deemed as not being eligible for the employment supplement?

(20:15)

Hon. Mr. Hagel: — Mr. Chair, I'm not sure how to do this except to repeat myself. First of all let me make it very clear — I have said several times, this is not insurance. I have not said this is insurance. I have said very clearly several times, the Saskatchewan employment supplement is not an income insurance program. It is not income insurance.

In fact it's often struck me that the Saskatchewan employment supplement is well-named. Sometimes it's not true that government programs are obvious what they are by their name, but the Saskatchewan employment supplement I think is well-named because, Mr. Chair, it is Saskatchewan's employment supplement program. That's what it does. It supplements employment. It doesn't pretend to be an insurance program.

We have Workers' Compensation, which is an income insurance program, and federally, the employment insurance program, which is an insurance program. And the hon. member may very well want to put on the records or have some discussion debate on the record with the Minister of Labour. For example, on the Workers' Compensation benefits under that income insurance program and the consequences when an injured worker finds him or herself unable to work.

But the Saskatchewan employment supplement has never ever represented itself as an income insurance program. It may very well be, and I think the hon. member is saying that he would like to see there be some form of additional income insurance program above and beyond what currently exists today. I think that's what he's saying that he might have a constituent or constituents feeling. But, Mr. Chair, it would be a departure from the stated objective, the outline of operational criteria for the Saskatchewan employment supplement for it to be represented as anything other than an employment supplement.

So I simply repeat it's for that reason. It was introduced as part of the building independence program to support low-income families attaching themselves to the labour market that there was introduced then based on the number of children and the earned income through wages, maintenance, and self-employed income to supplement that to aid in that attachment to the labour market.

So, please, Mr. Chair, I would ask through you that the hon. member not quote me as saying this is an insurance program. I am clearly on the record, if we want to review the *Hansard*, as saying several times, I think, in the last half hour, this is not an insurance program; it is an employment supplement. There. I've heard the hon. members' opposite say it together and I think we may have it now, Mr. Chair, and we look forward to continuing. And I think we've got this clear on both sides of the House now, Mr. Chair.

Ms. Julé: — Thank you, Mr. Chair. Mr. Minister, do you consider workmen's compensation benefits an insurance or an income?

Hon. Mr. Hagel: — Mr. Chair, my understanding of the Workers' Compensation program is that it is an income replacement program for workers who have been injured on or associated with a job. It is not one of the income categories included in the Saskatchewan employment supplement to calculate eligibility for that. There are only three categories — I repeat — we're going to get this clear, you're going to get this clear, sooner or later.

An Hon. Member: — No, that's all right. I got the message.

Hon. Mr. Hagel: — Okay the hon. member assures me that she's got the message so I'm going to give her a chance to clarify that she's got the message and I'll look forward to the next question, Mr. Chair.

Ms. Julé: — Thank you, Mr. Chair. Mr. Chair, to the minister. In a letter from the Minister of Social Services to myself in regards to this specific family situation the Minister of Social Services at that time, August 7, 2001, indicated in a letter to me that:

Benefits provided by the workmen's compensation board are intended as an income replacement in the event of a work-related injury. Since the individual is no longer working at the job he or she is no longer incurring direct child-related work costs. Therefore also supplementing workmen's compensation board through SES does not directly relate to the incentive to increase labour force attachments to earned income.

All right. Now, Mr. Minister, the very fact of the matter is when you get back to this family's situation, they were incurring child-related costs. When this husband went on workmen's compensation he was getting an insurance. That should not have been calculated as an income.

After the fact, as I've mentioned before, the mother of this family went to work part-time and this mother then reapplied for the employment supplement. What she was told when she reapplied was that her husband was getting an income and that was going to be calculated.

Now, Mr. Minister, is workmen's compensation — in your view — is workmen's compensation of any amount considered to be an income? And I don't believe that it is; and in fact your own brochure says that if in fact people are getting workmen's compensation there might be a consideration that they have some money coming to them that will require a recalculation of their employment supplement and it may be reduced.

Nowhere in this brochure does it say it's going to be cut off completely. And you still haven't answered the question that I posed to you as to whether or not your department staff are adhering to the very words in your brochure, that in fact the employment supplement may be reduced. In this case it was cut off. Why?

Hon. Mr. Hagel: — Well, Mr. Chair, without trying . . .

without repeating myself, I think that the hon. member would expect me to say that the Saskatchewan employment supplement is not an income replacement program, and that it is intended to supplement employment attached with the labour market, looking at eligibility at three criteria — wages, maintenance, and self-employed income. And I think we've got — I think we're agreeing to that on both sides.

The hon. member may be of the view that the program should be different. Fair enough. The program has never attempted to be different . . . has attempted to serve as an income supplement.

But it may be . . . Let me take one more whack at this thing, Mr. Chair, to see if we can get this . . . the policy understood clearly. And I do appreciate the desire by the hon. members opposite to have it understood clearly. That's a noble objective. And I think if we can get it understood clearly in the House here tonight, we've got it made because everybody will understand then.

Mr. Chair, two things happen. First of all, when a family applies for the Saskatchewan employment supplement, then what you look at is the total family income to determine whether they're in a range that's eligible. So, in that context, any form of income is included. If it's determined . . . and included in that, income through Workers' Compensation. If it is determined that the family is eligible, then in order to calculate the specific amount of eligibility, you look at two things. The number of children, and then on the other part to determine the specific amount of eligibility, what is the family income adding together wages earned, maintenance income received, and self-employed income.

Perhaps that helps the hon. member understand. When I listened to the letter that she quotes, as I heard it, I think it was saying exactly what I've been saying here tonight. I don't think there's a divergence of explanation between the letter she quotes and what we've been saying on the record.

And once again, I do say to the hon. member, I'm simply not able to comment specifics in the Chamber here, or anywhere else, and I will welcome getting the specific information and following up in the review of that.

Ms. Draude: — Thank you, Mr. Deputy Chair, and to the minister, and welcome to your officials.

Mr. Minister, I was really intrigued listening to you speak a little while ago about the number of people that are receiving benefits under Social Services, and I think you made the statement that for 87 straight months, the number of people receiving services has gone down, down, down.

Mr. Minister, can you tell me, in the year 1998-99, how many people received benefits compared to the year 2000-2001?

Hon. Mr. Hagel: — Mr. Chair, just if I could seek clarification, are you asking the total number of people over the course . . . different people over the course of that period of time or are you asking for equivalent comparisons month to month . . . month over month or year over year in the same month — February-February, for example — or are you asking grand total number of cases?

Ms. Draude: — Mr. Minister, just for clarification, I'm requesting in the total year how many recipients were on the rolls for Social Services in the years 1998-99 compared to the year 2000-2001?

Hon. Mr. Hagel: — Mr. Chair, in response to the hon. member's question, in 1998-99, the average caseload at any point in time was 34,842 cases, and in those households then, Mr. Chair, there were 68,561 individuals. In the calendar year . . . sorry, the fiscal year 2001, there were on average 33,363 cases, and in those households, Mr. Chair, there were 62,242 individuals on average.

So the difference between those two years, Mr. Chair, is that in 2001, as compared to '98-99, there were approximately 1,500 fewer cases on average, and 6,000 fewer people in those households receiving assistance. On average, Mr. Chair.

Ms. Draude: — Thank you, Mr. Minister. I'm sure you're aware that I asked a written question a while ago about the number that was answered by the Minister of Health after being referred to him by your department. I asked a question, in each of those fiscal years, how much money did the Department of Health spend on dental, optical, and ambulance services for Social Services recipients. Ambulance costs, pardon me.

The answer, in 1998 on dental it was 4,857,762. Optical is fifteen ninety-eight three forty-two. And ambulance is 1,071,180.

Mr. Minister, ambulance costs in the year 2000-2001 was \$1,334,028. Mr. Minister, you just confirmed to me that there was 6,000 fewer recipients of social services benefits in this 2000-2001, and yet there is a 17.5 per cent increase in ambulance costs in the same time.

Mr. Minister, can you explain to me why these costs would have gone up in this time frame when there's actually 6,000 fewer people receiving benefits?

Hon. Mr. Hagel: — Mr. Chair, in response to the hon. member's question, I think . . . I don't think the hon. member is suggesting anything other than legitimate use of ambulance services. I certainly didn't hear that implied in her question.

The ambulance services are used, Mr. Chair, purely and simply because they are required. And, Mr. Chair, I presume then that based on the health requirement needs for ambulance service, that is the amount that was required.

(20:30)

Ms. Draude: — Mr. Minister, I obviously was not trying to say that there was something wrong in this calculation. But I am wondering and I'm sure you're wondering as well, Mr. Minister, how 6,000 fewer people can spend \$234,310 more in ambulance costs in one year than 6,000 more people in the year before. We also will note that in the dental and optical amounts that there was actually very little decrease, although there was 6,000 fewer people.

Is your department looking into this, and I'm wondering how does your department account for this discrepancy?

Hon. Mr. Hagel: — Mr. Chair, I simply have no reason to believe that there is anything fraudulent or inappropriate about the use of ambulance services. I have no information that says to me that ambulances were being used in 2001 in any way that is improper for them to be used.

Now she may want . . . the hon. member may want to put her question to the Minister of Health in Health estimates before the Assembly. I do note with interest that comparing those two years in response to the question, written question that she put that in fact dental services dropped by some \$250,000, optical services dropped by some \$130,000, and that ambulance services increased by some 200 . . . looks like about \$260,000.

When you put those together, I don't, Mr. Chair, pretend to have any insight as to why the ambulance services were higher in the same way I don't have any specific insight as to why optical and dental services were lower. I presume in all three cases that these health benefits provided to low-income people in Saskatchewan were used legitimately, and if the hon. member has any information to the contrary then I would welcome hearing that in order to do a review of that.

Ms. Draude: — Thank you, Mr. Deputy Chair. Mr. Minister, it was the minister and not myself, that used the word fraudulent. I never intended to speak about that at all. What I wanted to know was how 6,000 fewer people can make that much of a difference.

Mr. Minister, the ambulance costs of \$1,334,028 obviously was a combination of air ambulance and road ambulance. Is that the . . . do you have that type of information?

Hon. Mr. Hagel: — Mr. Chair, the Department of Social Services simply doesn't have that kind of data and is not able, capable of producing it because we don't have it within the department. The hon. member may wish to put that question to the Minister of Health in the Health estimates.

Mr. Chair, I think the committee will recognize that we've now passed the point in which we were scheduled to move to Industry and Resources for estimates of the House. And therefore — with thanks to the hon. members for their questions, the officials for their able assistance — Mr. Chair, then I would ask that we move to Industry and Resources.

General Revenue Fund Industry and Resources Vote 23

Subvote (IR01)

The Deputy Chair: — I'll invite the minister to introduce his officials.

Hon. Mr. Lautermilch: — Thank you, Mr. Chair, and to my right is Larry Spanner, the deputy minister of Industry and Resources. To his right is Debbie Wilkie, executive director of corporate resources. To my left, Dan McFadyen, assistant deputy minister of resource development. Immediately behind me is Donald Koop who's the assistant deputy minister of mineral revenue and investment services. To his right, Bruce Wilson, executive director of petroleum and natural gas. And

behind us are Bryon Burnett, assistant deputy minister of industry development, and Jim Marshall, assistant deputy minister of economic policy.

Mr. Allchurch: — Thank you, Mr. Chair. To the new Minister from Industry and Resources, welcome, and to your officials, welcome here tonight. It's always a pleasure to be able to ask questions regarding my critic area which is forestry. And it's always a pleasure to deal with somebody who actually basically lives in an area where forestry is a huge, huge industry. And I'm hoping that the answers that the minister will provide me will give some direction as to what's happening in the forestry industry.

In regarding the forestry, I would like to ask a question to the new minister regarding what he sees and what kind of a plan he has for the upcoming year in regarding to the forest industry that we have in Saskatchewan.

Hon. Mr. Lautermilch: — Thank you very much. Well I want to say to the member with respect to the direction that this government is taking, it's very much part of the program we announced sometime ago, as it relates to doubling the forest industry and the production of the forest industry in our province. We, through an analysis, had determined that we were harvesting in the neighbourhood of 50 per cent of our sustainable harvest in this province, and we determined that it would be one of the economic development initiatives for Saskatchewan, that we would expand this sector. And so we've been working with the private sector over a number of years.

There has been an incremental private sector development somewhere just under a billion dollars in the last three years. New OSB (oriented strand board) plants — there's some on the drawing board. And so in terms of physical development of plants, I think that the private sector has taken us up on our offer to expand the development, create jobs and investment here in the province. And so that has happened.

The Meadow Lake oriented strand board plant is a \$220 million project. They will be turning sod up there shortly. We have been dealing with Alberta newsprint company in terms of the potential for development of a newsprint plant and a pulp mill plant in northern Saskatchewan.

We've initiated and established the Saskatchewan forestry centre in Prince Albert, which will assist us in developing value added, working towards agroforestry and forest science. The centre will be employing up to 20 people once fully developed and fully operational. Federal and provincial government have invested in the neighbourhood of \$15 million in that project, so I think to say that we have established a good base in terms of the expansion to the industry is a fair comment.

There is more that we can do. There is more that we will do. You will know that the dimensional lumber industry has faced some challenges. The sawmills in northern Saskatchewan have been impacted by the trade actions of the Americans — unfair I might say. I believe time will show them to be unwarranted. We have been working as a government with our provincial and federal counterparts to present our case to the Americans.

So part of what we're attempting to do is establish a healthy

base for what I believe is one of the brightest sectors of economic growth that our province has on the horizon, and we will continue to focus very much on ensuring that we optimize opportunities for Saskatchewan's people and for investors to get a good rate of return on their dollars that they invest in the industry.

Mr. Allchurch: — Thank you, Mr. Minister. I know in your comments you were saying about all the prospects that may happen in the upcoming years regarding the forestry industry, and we know that the forest industry could be a major boom in Saskatchewan, and I know some of the things that are holding it back is the embargo between Canada and the United States.

In your comments you said that as far as the job and numbers that you were looking at that with the forestry centre coming up in the city of Prince Albert, which you're from, that will create jobs as far as in the administration part of it. In regarding to the number of jobs as proposed in the province of Saskatchewan regarding forestry, is a lot of them more to do with administration jobs? Or are there actually going to be workers actually working in the field sawing, cutting, and doing whatever in the forestry industry?

Hon. Mr. Lautermilch: — Well I think, Mr. Chairman, when we announced our strategy as it relates to developing the forest industry, we indicated that we believed we could create 10,000 new jobs in northern Saskatchewan and add 1 billion dollars to the provincial economy. And as I said, I think we're well on our way.

I don't want it to be unnoticed that this is more than promises, more than commitments. In Hudson Bay there is a \$200 million, brand new oriented strand board plant. In Meadow Lake there is a \$200 million plant starting this spring. The Wapawekka sawmill just outside of Prince Albert is new. The Big River sawmill, one of the largest and the most technologically advanced in North America is new — it's up; it's running.

We're in negotiations on some other initiatives. I believe that we have very good potential to make those happen. So is it just promises? The answer, Mr. Chairman, is clearly not. These are a reality.

We promised and committed ourselves to the establishment of a forestry centre of excellence in our province and we've delivered. We're working now with the private sector, with some of our federal counterparts. There's Timberline; there's Foreign Tec. I can go through the list and a list that will be expanding and will be growing. So this is not pie in the sky and it's not potential although we're only partway through. I think we've got a very good start on our initial announcement.

The private sector investment is evident. It's there. It's working. It's creating jobs. And I think the people in northern and central Saskatchewan are very comfortable with what we've been able to achieve working with the private sector.

Mr. Allchurch: — Thank you, Mr. Chair. In your comments you were saying about the industry and how it's been hit by the trade wars that we've had. In regards to the embargo between Canada and the United States in the softwood lumber issue,

what has your government done in regards to working with the minister, Pierre Pettigrew in regarding, trying to resolve this very, very serious problem that we have in regards to Saskatchewan?

Hon. Mr. Lautermilch: — Well officials within the government departments, Mr. Chair, and to the member opposite, have been working very closely not only with trade officials from the federal government. As you will know this is an initiative that is the responsibility, as it's international trade, that is led by the federal government.

We have people working with them, advising them, putting Saskatchewan's case forward as it relates to our circumstance here in the province. I think that we have some very capable and qualified people who very much understand the nature of our industry as it relates to access to forestry, the process that we use in terms of accessing a forest management agreement, understanding of the costs of our timber, the worth of our timber as it relates to our environment, our growing patterns here in the province, and the fact that we are not unduly, in this province, supporting the forest industry. We create I think a reasonable tax regime, I think we've created a reasonable access process, and those are the kinds of things that our officials put forward in consultation and working together with the federal government.

Our counterparts from British Columbia, and from Quebec, and from Ontario, from Alberta, other forest industry and forest resource-producing provinces are doing similar to what we are doing. And I'm certainly very comfortable that our officials have represented the province well and presented a very strong case on Saskatchewan's behalf.

(20:45)

Mr. Allchurch: — Thank you, Mr. Chair. Mr. Minister, in regard in what you're saying regarding the embargo, as you know and I think you just reiterated too, that the four provinces that were originally signed with the United States regarding this negotiations was BC (British Columbia), Alberta, Ontario, and Quebec. Do you feel because of that . . . those four provinces belonging to it in the first place, do you feel Saskatchewan has an unfair advantage in trying to deal or help out with negotiations regarding the embargo between Canada and the United States?

Hon. Mr. Lautermilch: — No, I don't believe so.

Mr. Allchurch: — So you're working hard with Mr. Pierre Pettigrew in regards to it? Have you heard . . . is there anything coming down the pipeline in regards that may resolve this issue in the near future or, if not, when?

Hon. Mr. Lautermilch: — I'm told, Mr. Chairman, by the official that it's in the hands of the Americans as to when they want to come back to the table. Hopefully that will be soon. Hopefully there will be a resolve to Canada's satisfaction and to Saskatchewan's satisfaction in the near future.

Mr. Allchurch: — Thank you, Mr. Minister. I was at a meeting on Saturday and I was talking to some of the people in the forestry industry, and I kind of overheard the effect that a date

of May 6 rings a bell. Now have you heard of anything coming down regarding May 6 as far as the . . . regards to the trade war problem that we have in the softwood lumber industry?

Hon. Mr. Lautermilch: — Well, I could say to the member opposite that our officials, on an ongoing basis, deal with deadlines and deal with time frames. The officials are very much in tune with the day-to-day administration and operation and negotiations, and I trust that they're doing their best on behalf of the people of Saskatchewan.

And if there is action that needs to be taken and moved upon, and for my office, my officials will let me know. At this point the negotiations and discussions are in their hands and I'm confident they're doing the best job that can be done on behalf of the people of Saskatchewan and the industry.

Mr. Allchurch: — Thank you, Mr. Minister. Mr. Chair, in regarding the duties that's been slapped on Canadian softwood lumber industries, something in the neighbourhood of 33, 35 per cent, you know, your officials know, and so do we in Saskatchewan know that that's created a real hardship on a lot of our industry and our workers within the industry and especially the smaller operations and a lot of them have cut down on their staff. They've cut down their operations to a point where some of them even have had to close their doors.

Is there anything that you can comment on regarding the small operators of this province regarding the softwood lumber industry that you could reflect to them as help or whatever in that regards?

Hon. Mr. Lautermilch: — Mr. Chairman, I just would want to say to the member opposite that market conditions are often not what industry would want and would like to see and the fluctuations in the market sometimes create the shutdown of a shift. As an example, Big River. That mill was scheduled to operate on three shifts a while back. That decision was delayed. It may be as a result of actions taken by the Americans that there would be a re-evaluation of the mill as it operates, the time it operates. There may be a temporary shutdown.

I don't know that. Those would clearly be decisions that would be made by industry and by the owners of the assets. There are clearly some smaller mills who have been impacted as well by market downturns.

So I would only say that industry is of the opinion, and I believe this firmly, that we are acting in the best interests of the province as it relates to the softwood lumber initiatives taken by the Americans and we will continue to work with industry and we will continue to press hard to make sure that we have access to American markets as we should have.

You know, I guess for many of us, it's somewhat disconcerting, perhaps frustrating, as we have watched years of negotiations take the form of free trade agreements with the Americans. And I've heard it said that it's rather unfortunate that we have free trade as it relates to our oil and our gas, but in terms of softwood lumber we have some difficult circumstances.

I'm hopeful, and I think the industry players are hopeful, that we will see a resolve to this soon. We all know that there's a

large and a very powerful lobby as it relates to the forest industry in the United States who have had some impact, I believe, on decisions that have been made by trade officials and political officials in the American government. And clearly that has some impact on our industry across this country.

I think what our industry people are looking for is a fair opportunity to access markets in the United States, which is our largest client as it relates not only to forestry products, but as it relates to fertilizer and other issues. And that common sense will ultimately prevail, and that our industry players will have access to those markets.

When I look at Saskatchewan's industry as it relates to the dimensional lumber industry — and you know the area maybe better than I do, we've both been residents of that area for a long time — as you've said, we do have interest in that industry because it employs our friends, and our neighbours, and it very much is part of the economy of the communities that we live in and work in. I think that our people know, the industry knows, our workers know, that we have probably the most modern saw lumber facilities anywhere in North America.

And our sawmills are competitive. They're new, for the most part; well maintained; they're well operated; and we've got a good workforce that supplies the resource in order to keep those mills operating.

And are we competitive? You darn right we are. As we should be. And if given a level playing field with the American markets, in spite of the freight, and in spite of the distance to some of the markets, we'll compete with them any old time.

And so I think, and I believe you would agree with me, that we would look to the Americans to sit back and reassess their position and allow the markets on a level playing field which we believe they are to determine who gets what share of the market.

And all I need to do is look around our communities, and I look at the mills and I look at their operations, I look at the efficiencies, and as I said the workforce. And we should be allowed to compete and if we're allowed to have those doors open we'll compete and do very well.

Mr. Allchurch: — Thank you, Mr. Minister. Mr. Chair, in Ottawa there has been MPs (Member of Parliament) in Ottawa that are saying that maybe what our federal government should be doing is helping out the forestry industry. And if they've raised money or got money to give to places like Bombardier and the ice crisis that was in Quebec and other places like that, surely to God that maybe they can come up with some kind of dollars to help the forest industry.

If that is true and that's what they're looking at, has there been any talk or have you heard of any information coming from your federal counterparts in regarding to something like that; and is it only going to be in the East or is the West going to be affected by that and are we going to get some help?

Hon. Mr. Lautermilch: — Well I have heard nothing from the federal government with respect to supporting the forest sector, as I've heard nothing from the federal government with respect

to support for our farmers.

So if there's consistency there I think it's fair to say that we on this side of the House have recognized it. You know I understand that there's been some support for Bombardier in terms of contracts and some of the initiatives that they have attempted to put to completion.

And I mean look, I wouldn't attack Bombardier because they were able to access support from the federal government in a trade dispute between another aircraft manufacturer somewhere in some other hinterland. I would only say to Bombardier, congratulations because what you have done is you have allowed the Canadian government to understand that you can't compete as an industry in Canada with an unfair subsidy that your competitors are receiving.

Now if we were perhaps as fortunate to be able to have them understand that our agricultural community can't compete with large subsidies in the United States and in Europe, I think that would make — and I would hope that would make — all of us here somewhat happy.

But I think the forest industry would like to be able to operate without subsidy and on their own, in a market system where they have access to the population, who are the consumers of the vast amount of goods that they produce. I think, similarly, our farming community would like that same access on a level playing field. So maybe we need to do a little more work.

Maybe Bombardier has been a little more successful for whatever reason, but I do know that whether it's our farming community or whether it's our forestry sector, all they want to do is have access to the markets on a level playing field. They're competitive and they can do very well if they're allowed to enter that marketplace without the markets being skewed by subsidies from Americans or Europeans.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Chair. In the financial statement it showed that the government gets revenue through the forestry industry through stumpage fees. In regards to the problems that we have in Saskatchewan right now — and I'm strictly speaking Saskatchewan forestry industry people — have you thought about doing something to help the forestry people there by lowering stumpage fees, which would be less revenue for you as a government, to help these people in the crisis that they're going through today?

Hon. Mr. Lautermilch: — I wouldn't want to suggest that we're in a crisis circumstance. I think we've got some pressures and some difficulties. I think it's fair, as well, to say that we've got some very competitive stumpage rates here in Saskatchewan as it relates to the fees that we charge to our industry. I think that we have a reasonable level of stumpage.

But I think that's one of the problems that I hear from the American side of the border. And they say in a couple of ways: we don't require harvesters of Crown forests to bid on that forest land so they don't pay enough. And on the other hand, they say that our stumpage fees are already too low and that through stumpage fees we're subsidizing industry. So to exacerbate that circumstance by yet lowering the stumpage fees, I don't think would be helpful.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Speaker. You mentioned the fact that one of the wrong things that we do is we don't charge enough stumpage fees or the fact that we don't bid out our lumber . . . or our timber, I should say.

Do you and your government feel that this may be an option that you could utilize is by having the timber bid on by the forestry companies, therefore you would gain more revenue, and it wouldn't be a . . . I guess you'd call it a subsidy then?

(21:00)

Hon. Mr. Lautermilch: — I don't think the focus of our interaction with the industry has been to gain from them more revenue. I think the focus of this government has been to ensure that we got healthy forests with respect to the amount that we're putting back into the forest industry.

I would rather than to ask the forestry sector to be paying higher taxes, I would rather require and ensure that we're dealing with reforestation on what we're harvesting. And hopefully, government with working with industry over a period of time could look at some of the backlog for some of the poorer harvesting practiced and reforestation practices that took place some years back so that we can create a very healthy and a very sustainable forest.

I don't see, nor have I heard discussions around our table, around our cabinet table that we would want to look at increasing the cost of the forestry sector, whether it's in the pulp, paper, or the sawmill industry. We think we've got a reasonable and a competitive rate. We think industry believes that, and that's based on the billion dollars that they spent in the last couple of years here in our province upgrading their existing facilities and building new ones.

And I think that's what we're looking to do. We're looking to create, working with the forestry sector, the 10,000 jobs that we believe are there and that are available. And we're going to continue to do that.

So I think we have a reasonable balance. The private sector is comfortable. And certainly we have our disagreements; that will happen. That's the nature of doing business, but that's why you go to the table — to work out your differences. And I think we've been very successful with the industry in doing that.

Mr. Allchurch: — Thank you, Mr. Minister. In the province of BC a lot of their timber is sold on a bid-for-service process. They generate a lot more dollars that way. Alberta is also looking at going that route right now.

Now it's easier for those two provinces to look at it because it's somewhat different in Saskatchewan. In Saskatchewan we have two huge FMAs, and a FMA is a forest management agreement.

Now if we could generate more dollars into the government through the bid system that BC is doing, and Alberta is looking at adopting, if we could do that, I know that's going to make a major difference to the huge FMAs that we have. And those two big ones is Weyerhaeuser and Mistik.

Do you see that as a possibility of doing that, and if so, then

what occurrences would happen in regards to the two FMAs that we do have in place now; what would happen to them?

Hon. Mr. Lautermilch: — Well I would say to the member opposite that I think the first principle would be for us, irrespective of what Alberta or what British Columbia might do, is to honour the existing agreements that we've signed with people who have invested many hundreds of millions of dollars in our province.

As you will know, those are not short-term arrangements; they're long-term, 25-year agreements with five-year renewable option, renew option clauses. And I think that those businesses have invested a lot of money in this province, based on that agreement and those agreements. And we're not about to change the relationship we have with them by scrapping those agreements.

Mr. Allchurch: — Thank you, Mr. Minister, and Mr. Chair. The reason I brought that point up, Mr. Minister, is regarding with the two huge FMAs that we have, those two huge FMAs take up approximately 90 per cent of the forestry industry in Saskatchewan.

I know it is a lot easier to deal with two rather than 150, but do you feel that — just with those two FMAs — do you feel that the industry is looked at in the proper manner so that everybody that has a stakehold in the forestry industry is looked at fairly?

Hon. Mr. Lautermilch: — Well I would want to remind the member opposite that just a short while ago we entered negotiations with all the forest management agreement holders. And what was done was an analysis of the inventory within the FMA, and there was a determination of how much they were harvesting, how much they were using; and there was, in fact, introduced a use-it-or-lose-it component to the FMA.

We believe that the amount that's being allocated, some of that was removed from their FMAs, as you will know as well, and some of that was reallocated to other usages. I think that the utilization within the FMAs is well documented. I don't think there is a lot of, if there is some, wastage in there.

I think for the most part they're optimising the allowable cut within the FMA. And if new information would come to light as a result of analysis in terms of the inventory within an FMA that would show us that in fact they're not utilizing the maximum amount available to them, we would then look at reallocating that to another user.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Chair. In regards to the two huge FMAs that we have, there are many, many small operators that have cut trees and have had forestry permits for years and years and years. In the last couple years you could see those permits dwindling to a point now where they're non-existent.

Many of the small operators have been phoning saying, look Denis, we can't get a permit any more to cut trees. We can't log in a certain area. Now we've contacted SERM (Saskatchewan Environment and Resource Management) and they say it's because the two huge FMAs have the jurisdiction over it and they won't relinquish it. When the small operators phone the

two large FMAs, which is Mistik and Weyerhaeuser, they say no it's SERM — now it's not SERM but at that time up until just a couple of weeks ago it was SERM was the problem.

Meanwhile whatever the problem is there's a number of small operators out there that can't get any wood to cut, their permits have been taken away. I'd like your reaction on that point.

Hon. Mr. Lautermilch: — Well in response to what the member says, you know the industry over the last 15 or 20 years has changed fairly dramatically as you will know. In my riding, the . . . (inaudible) . . . in Prince Albert, I can name you a half a dozen families who have for 50 years made their living working in the forest industry cutting posts, poles, rails, saw timber. And I can also tell you that the number of families who were working in the forest industry today has changed very dramatically and there's many, many fewer people working in the forest industry.

It's a much less labour intensive operation than it was many years ago. All one has to do is go to the forestry expo every second year in Prince Albert or others around the country, have a look at the harvesting equipment, have a look at the technology that's been developed as it relates to saw mills, large and small, and you don't need to be a mathematician to add up the fact that it takes fewer people to harvest the same amount of wood.

And I mean it's unfortunate from a personal standpoint and from families that there is a transition and things change. But that's the reality of that industry. It's much less labour intensive.

I would like to say to you that in terms of small operators there have been 10 new allocations to small operators from Weyerhaeuser's relinquished areas and that has taken place in just the last short while. And there are some businesses that have . . . and small operators that have fared quite well with respect to the re-allocation. And I understand all of the small operators didn't get what they were asking for. And that is unfortunate, but it's also the reality of the changes to technology and the changes and turns of the demand out there in the forestry sector.

I mean the days of a team of horses and a chain and skidding logs out of the bush in that method, there may be some of that happening, but there's surely not that much as there used to be. Technology has changed — it's a less intensive industry as it relates to people working in the industry.

It's not unlike agriculture. I mean we both have a little bit of a farming background as well. And I can remember the days of a 12-foot one way and perhaps 18, 20 feet of cultivator. We all remember that. It's not how it's done any more and there are fewer people doing a lot more work in a day with larger equipment. And that's the reality of the industry.

Mr. Allchurch: — Well, thank you, Mr. Minister. I understand where you're coming from in regards that there has been significant changes in the industry. But it just seems like in Saskatchewan — especially the forestry industry — that everything has gotten bigger and it's felt that the only way to do business in the forestry industry is with big operators.

And I find it ironic that the small operators in the province of Saskatchewan that have been cut out of the system somehow don't have a job, and what are they going to do? They're packing up and they're moving out of the province which brings our numbers down. But I know you have made the comment, Mr. Minister, many times that when they move out that's just more for the rest of them . . . the rest of us.

Anyway I want to end on that, Mr. Minister, in regards to the embargo between Canada and the United States and I would like to switch over to a problem area that I have tried to deal with with other ministers for some time all through last year. I asked questions regarding forest-fringe problems.

And I know I got a strange look from the old minister from — or not the old, the previous; that was the word I was looking for — the previous minister for Municipal Affairs in regard to forest-fringe problems. And I'm hoping now that you, Mr. Minister, as the new minister regarding forestry issues, that we can get some concrete answers regarding this and solve some of the problems that the forestry people — forest grazing people — have in this province of Saskatchewan.

Now, in regards to that, the forest fringe area is an area between where the farming ends and the forestry starts. And in regards to that there is 28 RMs (rural municipalities) that are affected by this forest fringe problem. Now the forest fringe problems are dealing with the cattle operations within. And one of the main problems that this cattle grazing people have is the fact that in 1995 there was an amendment to the law that allowed the municipalities to charge a tax — a municipal tax — on the said land. I've went through all these questions with the previous Minister of SERM and he's told me many times that that's the question you've got to deal with with municipal government.

Last year I asked the Minister of Municipal Government the same questions and he said no you have to direct those questions to the Ag Minister. I asked the Ag Minister those questions and he said no you've got to deal that with SERM. And I can understand that to a point because there are three jurisdictions that have an interest in that part of the province. The problem is, Mr. Minister, there are no answers given and the minister that allowed this tax to be charged, there's only one certain organization that's paying and that is the cattle grazers.

Now, I know, Mr. Minister, that your government is famous for trying to find ways to charge tax. And I'm suggesting that maybe you should tax BS because that's the only thing you haven't done in the province of Saskatchewan and I'm sure you can create a lot of tax dollars off that even from the members on the opposite side of the House.

But, in regards to that, Mr. Chair, in regarding the tax that this cattle grazing people are paying, have you been informed from either the previous Minister from Municipal Affairs, or the Minister from SERM, or the Minister from Sask Ag in the problems that the grazing people in the forest fringe area are having?

The Chair: — Order. I would just caution all hon. members in their use of language that he be on the right side of parliamentary language, and I'm saying that before the minister

comments.

(21:15)

Hon. Mr. Lautermilch: — Well, Mr. Chairman, let me begin by saying I'm not sure that the question justifies an answer. And I want to explain to you, not because of the language used, but I want to explain why I say that, sir. And that's because I think the member opposite is quite clearly confused. Municipal government taxation issues is not a responsibility of Economic and Co-operative Development, it was not a responsibility of Energy and Mines, and it is not a responsibility of Industry and Resources — never has been, never will be.

With respect to the issues that you're describing, the forest fringe area involves some agricultural land that is administered by the department, Crown land that's administered by the Department of Agriculture. The environmental component and policy, as it relates to utilization of that, is partly housed in the Department of SERM, former, now in the Department of Environment.

And I understand your frustration. But if you would take some time, and I think if you would be a little patient, you could probably sort these things through for yourself. Or, if you can't, you could ask one of your colleagues who's been here a little longer to help you work your way through this incredible intricate bureaucracy that seems to confuse you.

And while I'm on my feet, I want to describe for you a process of estimates in which there is broad-ranging discussion that takes place during some of these estimates as we go through the budget book, and perhaps your colleague from Rosthern, who's been here awhile, a seasoned member, could help explain to you how you could get access to any arm of government, if they'll let you get up to ask a question. But if you use the approach you used a couple of minutes ago, my guess would be even the Leader of the Opposition wouldn't let you get up to ask a question.

And before I close, I just want to make one comment with respect to employment opportunities. We aren't going to, in the forest industry, create opportunities by reducing subsidies or by reducing stumpage fees that would yet exacerbate the American's position as it relates to us and as it relates to exports of timber. We're not going to do that.

And I want to tell you, we're going to continue to work to create job opportunities for people in the forest fringe area, and we're going to continue to work with the private sector and announce \$220 million oriented strand board plants like the one in Hudson Bay, and we're going to continue to work with companies like Tolko to employ people in the new oriented strand board plant that's taking place in Meadow Lake and we're going to continue to work with companies like Weyerhaeuser to have people work in state-of-the-art facilities like there is in Hudson Bay, right in your backyard. And we're going to continue to work with people like Alberta Newsprint Company to explore the opportunities for job opportunities in pulp mills and in newsprint plants; and we're going to continue to work with companies like Zelenskys in La Ronge, who employ people, who want to expand the number of people they employ.

But I'll tell you what we're not going to do, sir. We're not going to sit back and bemoan the fact that the industry is changing. We would rather help to adapt people to new employment opportunities in the forest industry, in new jobs, in new investment, in new job opportunities, and that's what we're going to do from this side of the House.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Chair. In regards to your comments of late, maybe I don't know the process, but I went through all last year in estimates asking the three ministers I thought were responsible and I never got a straight answer. And I can see from the answer he just gives me now I'm still not going to get an answer.

So I'd like to say to the minister opposite in regards to forest fringe problems: where do I go to address problems in estimate, and which minister do I contact in trying to get an answer?

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — Well I can respond to that by describing to you clearly where you can go to get an answer. And I will tell you, sir, that I will answer within the purview of my department anything that we do, any policy that we are responsible for — that's why I'm here, and I'll be here as many times as need to be. And anything that we do under our budget items in this part of our budget, I'll respond to.

Mr. Allchurch: — Mr. Minister, Mr. Chair, so what you're saying then that the forest fringe problems of the province of Saskatchewan is not under your jurisdiction.

Hon. Mr. Lautermilch: — You ask me a specific question and I will give you a specific answer.

Mr. Allchurch: — The forest fringe problems . . . or Mr. Minister, Mr. Chair, is forest fringe problems under your jurisdiction, and do you answer to that?

Hon. Mr. Lautermilch: — Which forest fringe problem?

Mr. Allchurch: — The forest fringe problems, Mr. Minister, that I'm asking are lands that are between agriculture and forest, which is known as forest fringe, and there are operations taking place within that said land that are not paying taxes, like forest cutters and anybody that goes in there to take forest out that are not paying nothing as far as taxation on that land, but yet cattle grazing operations are.

Now is that your jurisdiction or is that someone else's?

Hon. Mr. Lautermilch: — Perhaps the member could clarify whether it's Crown-owned land?

Mr. Allchurch: — Mr. Minister, if you'd read up on the policies, you know very well that the forest fringe land is SERM-owned land which is government land.

Hon. Mr. Lautermilch: — Mr. Chairman, SERM does not own land.

Mr. Allchurch: — What was your answer, sir?

Hon. Mr. Lautermilch: — It was quite simple. SERM, the department of SERM does not own land.

Mr. Allchurch: — The land in question is Crown land, is it not, Mr. Minister?

Hon. Mr. Lautermilch: — Is it Crown land administered by — because there's different entities of administration — who's it administered by?

Mr. Allchurch: — It is Crown land administered by SERM, Mr. Minister. It's funny, I know the answer; I'm just trying to figure out why you don't, and you're the minister.

Hon. Mr. Lautermilch: — Well if it's administered by the former department of SERM, then it would stand to reason that when estimates come up you would ask the minister responsible for that part of the budget. Which is what I said to you a couple of minutes ago.

Mr. Allchurch: — Okay. Then why, Mr. Minister, when I asked the questions to the minister of SERM last year, he said it was not. Why then, if it's not his responsibility, and you're saying it's not your responsibility, then whose responsibility is it?

Hon. Mr. Lautermilch: — Well the first thing I would want to do is check the record to see and to ensure that, the validity of your remarks. That's the first thing I would want to do. And I'm not going to work on the assumption that you bring to this Chamber. I'm only saying, if you ask the minister responsible for a department a question that's pertinent to that department, that's where you would go.

I'm saying, with respect to your question tonight, that is not in the purview of my department so I should not be responsible to answer it.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Chair. Did I hear you right by saying that the land in question, which is Crown land, under the jurisdiction of SERM — or then SERM — is not your responsibility.

If that is the case then, the forestry people that cut timber in this land, who do not pay a tax, is that or is that not under your jurisdiction?

Hon. Mr. Lautermilch: — No.

Mr. Allchurch: — So therefore what you're saying is forestry is not on your jurisdiction?

Hon. Mr. Lautermilch: — It's not economic development.

Mr. Allchurch: — Mr. Minister, forestry is your portfolio. Is it not?

Hon. Mr. Lautermilch: — Mr. Chairman, this department is responsible for forestry economic development.

Mr. Allchurch: — Mr. Minister, I was under the assumption that forestry is your department and anything to do with forestry is the responsibility of you as the minister. And I'm asking

questions regarding forestry and you're not giving me an answer.

Hon. Mr. Lautermilch: — Well, I am sorry that you were under that misconception. Perhaps you could consult with some of your colleagues. They can take you through the blue book . . . or maybe I should do it and that will maybe save any further misunderstanding.

I'm going to take you to the budget estimates 2002-2003 and on page 43 you'll find under Vote 26 a department called Environment. And under (ER09), I'm going to quote:

Develops and administers policies and programs to implement an ecosystem-based approach to managing forests. It also promotes environmental sustainability of the forest industry and mitigates the effect of natural disturbances that could affect the use of or access to forest resources.

You'll see under that sub-programs: forest programs, reforestation, insect and disease control. They've got salaries there, forest fire operations, recoverable fire suppression operations, and so on. I'm hoping that would help clarify for you.

Mr. Allchurch: — Thank you Mr. Minister. Mr. Chair, your department is Industry and Resources and on page 76 there's a section in there; it says, resource and policy development. Is that not your jurisdiction?

Hon. Mr. Lautermilch: — Right, policy development as it relates to economic development.

Mr. Allchurch: — But it doesn't relate to forestry then?

Hon. Mr. Lautermilch: — Mr. Chairman, we can go through this for a whole hour and I'm more than willing to do that. I can only tell the member that under this department we're responsible for the economic development component of forestry.

If the member can't manage to comprehend that, I can't help that. But I'm going to answer questions as it relates to industry development. And that's under the subvote for Industry and Resources, Vote 23, page 74 of the blue book, you'll see a heading Industry Development (IR03). And under the sub-programs you'll see forestry development, and that's the area that this department is responsible for.

And I've been answering questions as it relates to forestry development earlier this evening. And I will answer those questions that are under the purview of this portfolio, and under this department. And I think that's a fair and reasonable position to take.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Chair. Can you inform me — as you've stated, the member that doesn't know a whole lot about how the process works — can you then tell me, and direct me to which minister I ask the questions on forest fringe problems in the province of Saskatchewan, so that when the next minister comes up that you've stated to, I can ask these very same questions?

Because, Mr. Minister, to the people in Saskatchewan that belong to forest fringe areas, it's been a circus of me asking questions to the ministers, and no one is giving me an answer, and it's always been a runaround. It's someone else's problem.

So, Mr. Minister, I've got you on the spot now. Direct me as to which minister I ask these questions to, so that I can get my answers.

Hon. Mr. Lautermilch: — Mr. Chairman, I can guide the member to three different departments depending on what his question would be.

One would be the Department of Environment. The other would be the Government Relations and Aboriginal Affairs. And the third would be the Department of Agriculture, just depending on how he asked his question and what it pertains to. Those would be the three departments that can, in all likelihood, help you through your conundrum.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Chair. You know I understand from this government that when the Premier come out with his new budget this year that he was going to have smarter and smaller government. Well boy, I fail to see this. It's not changed one bit since last year in regarding to the problems people in this province have to go through.

And when we start talking about red tape, the bureaucratic red tape that the people of the province of Saskatchewan have got to go through, this is a perfect example of what's got to go on just for people in this province to find out the answer to the darn problems they have in this province.

In regarding to more forestry problems. I would like to switch over to forest fringe contingency fund.

And, Mr. Minister, in regard to the Forest Fire Contingency Fund, where is it at as we speak today?

Hon. Mr. Lautermilch: — That's not in my portfolio.

(21:30)

Mr. Allchurch: — I guess that's under Environment, my colleagues say, so then I cannot ask any questions regarding forest fire contingency funds.

Mr. Minister, in regards to the comment you made regarding Tolko up in Meadow Lake, I understand that it's up, or it is started. There has been a news release that put back last year regarding . . . the environment impact assessment notice was given, and that was dated up until December 20, and then there was 30 days for responses to that. Now that's put us into the end of January, the first part of February.

Where is the operation regarding Tolko and the new OSB plant in Meadow Lake as we sit today?

Hon. Mr. Lautermilch: — I think I indicated just a few minutes ago they've been doing some preparatory groundwork and they're about ready to break ground, and we will be up to celebrate the kickoff to that new mill very shortly this spring.

Mr. Allchurch: — Thank you, Mr. Minister, Mr. Chair. I know that the people of Meadow Lake are looking forward to that starting. I know the people of Meadow Lake are anxious to see it up and going because they know it's going to create some jobs in that area.

Therefore I think at this time that I have no more further questions for the minister.

Mr. D'Autremont: — Thank you, Mr. Chairman. Mr. Chairman, it's been an interesting discussion this evening about forestry and forestry policy as how it's related to economic development in the North. And it's a very important industry in Saskatchewan especially in light of the difficulties that it's facing with the US countervail that we have been hearing in the news now for some number of years.

Mr. Speaker, with the difficulties arising from that and the pressure that's putting on the industry in northern Saskatchewan, Mr. Speaker, we hear of plants slowing down, plants running at 50 per cent capacity, some of them shutting down to utilize the more efficient mills, Mr. Chairman. All of this causes concern as to what is the long-term viability of the forest industry when faced with the potential of high countervail duties from the US (United States) sector. I know a number of the producers are looking at markets offshore to try and offset the losses to the US market.

Has the minister made an estimate as to the impact that the countervail will have on Saskatchewan's industry if it goes into place? I understand that there is a short moratorium in place right now while the law in the US deals with the countervail. So what will the long-term impact be to Saskatchewan, Mr. Minister, if the countervail goes ahead as it seems to be proceeding right now, and what level of countervail do you expect to see from the US industry?

Hon. Mr. Lautermilch: — I think, Mr. Chairman, the impact on the different entities within our province will be different. Many of the mills don't predominantly have American markets. Some have almost entirely American markets to deal with and I think the economic circumstances of each mill will be a little different. So I mean that would be very much internal and information internal to each different saw mill. Each different entity that produces dimensional lumber and lumber that's subject to countervail.

So I think it's very much a different impact on different areas. I can't speak for each one of the companies, only to say that we're going to attempt to work to try and ensure that the countervail duties are removed so that we can have access to that market place.

Mr. D'Autremont: — Mr. Minister, there is currently a small window open where the countervail is not in place. What is the government doing to encourage the sale of Saskatchewan-produced lumber to all the markets, both in the US and offshore from Canada while that short window is open where no countervail is in place?

Hon. Mr. Lautermilch: — Well, Mr. Chairman, I would assume that industry is taking advantage of the window as you will recognize is there. But I just want to say to members

opposite, we're attempting to negotiate an agreement. There are in fact two appeal mechanisms, one through NAFTA (North American Free Trade Agreement) and one through the World Trade Organization. And hopefully if we are required to take our case to these two appeal mechanisms a favourable result would be achieved. And we'll see where that takes us, Mr. Chairman.

The hour being late in the evening and the questions having been very interesting in the last . . . in particular in the last 20 minutes, Mr. Chairman, I am assuming that members opposite would be willing to come back to Estimates as it relates to Industry and Resources at some other time, so I would move that we rise, report progress, and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 21:39.