

EVENING SITTING
COMMITTEE OF FINANCE

General Revenue Fund
Industry and Resources
Vote 23

Subvote (IR12)

Hon. Mr. Lautermilch: — Thank you. Mr. Chairman, I move that the committee report progress on the Department of Northern Affairs and move to the Committee of Finance.

The Chair: — The Government House Leader has moved that the committee report progress and then move on to the Department of Finance.

General Revenue Fund
Finance
Vote 18

Subvote (FI01)

The Chair: — I would invite the Minister of Finance to introduce his officials when he is ready.

Hon. Mr. Cline: — Thank you, Mr. Chair. I'd like to introduce . . . to my immediate left is Mr. Ron Styles — he is the deputy minister of Finance. And to my right is Mr. Len Rog, who is the assistant deputy minister in the revenue division; and to the left of Mr. Styles, Mr. Arun Srinivas, who is the senior analyst of taxation and intergovernmental affairs.

And behind me is Mr. Glen Veikle, who is the assistant deputy minister of the treasury board branch; and to his right is Mr. Terry Paton, who is the Provincial Comptroller. And behind Mr. Styles is Ms. Joanne Brockman, who is the executive director of the economic and fiscal policy branch of the Department of Finance; and behind Mr. Srinivas is Mr. Scott Giroux, who is an analyst at taxation and intergovernmental affairs.

Mr. Krawetz: — Thank you very much, Mr. Chair; and good evening to you, Mr. Minister, and to all your officials. I understand that we'll probably have about 55 minutes of time allocated this evening so I want to spend a little time in clarifying some of your different areas of the budget, Mr. Minister, especially those regarding funds. And we've had discussion in the Legislative Assembly about the Fiscal Stabilization Fund, we've had discussion about the Forest Fire Contingency Fund, and there are many other funds that the government works with in terms of supplying the services necessary.

Mr. Minister, last fall when the mid-term report came out for last year's budget you made the comment that the debt of the province was increasing slightly more than what you had expected because of problems with the crop insurance fund. And you had indicated that there needed to be a greater amount of money borrowed to supply the needs for the crop insurance fund.

Could you explain to the people of Saskatchewan how the crop insurance fund monies that farmers pay in, the portion that of course comes from the federal government, the provincial government allocates certain monies, in light of the fact that while we know tonight and in the last three or four days there has been a significant rainfall . . . But one rain of course does not end the drought and farmers are very concerned about crop insurance, the fact that in a large portion of the province crops have not germinated and indeed we may be looking at a very large crop insurance claim come fall time.

We don't know that, but people are concerned about whether or not the finances of . . . as to how the finances will be met by the provincial government. So could you explain the fund that is provided by the government, both federal and provincial, as far as the crop insurance fund?

The Chair: — Order. I just wanted to indicate that there are some competing conversations early on and just to advise members that if there are competing conversations, I'll direct them to take it either outside or to the back of the . . . behind the bar.

Hon. Mr. Cline: — Thank you, Mr. Chair. And I'm very pleased to answer the question. I want to say to the member and also to the public that, although we can run into problems in any one year in the crop insurance fund, the amounts necessary to pay the farmers the insurance coverage that they are entitled to will be paid each and every year whether or not there's enough money paid through premiums to pay for it in any one particular year.

So what I mean to say is this — and this is nothing new, it always has operated this way as far as I know — the crop insurance system is funded by premiums that are paid by the federal government, the provincial government, and the producers, that is the farmers. And the amount of premium that each will pay will vary from year to year, depending upon what the federal government and the province are prepared to pick up, and the balance will be paid by the farmers.

So that in this particular year, this crop year for example, the federal government will be putting in less of a percentage of the premium than they did last year. I don't have the numbers in front of me but I believe last year they paid 33 per cent and this year they're paying 28 per cent at the federal level. They last year paid 35 per cent, I'm corrected, and now it's going down to 28 per cent, and whereas the province and the farmers are paying more for the premiums.

Well last year, because of the drought, and it was one of the worst droughts we had in the history of the province — some say the worst drought, but certainly one of the worst — we had to pay a lot of money out to crop insurance of course because the crops don't come up when there's a drought. And so there wasn't enough paid in premiums to actually pay what was paid out to the producers. And I believe it was well in excess of \$100 million more that we paid out than we took in in premiums.

And essentially what happens is we will go out and borrow the money to pay the insurance that should be paid to the farmers, because it has to be paid and that's what we do. That's what we

did last year. It's been done in other years.

But then in some years the amount of the premiums will exceed the amount that has to be paid out in insurance. So you try to make it out . . . make it up in the next year or the subsequent years. And the fund is planned so that it . . . on an actuarial basis so that it will balance out evenly over a 25-year period. And during that period there may be years when the premiums will not be enough to pay out what the producers are entitled to, in which case you will borrow money and supplement it. In other years the amount of money paid out will be less than the premiums.

But what needs to be understood clearly is that in any given year we will do what we need to do to pay the farmers what they're entitled to under the crop insurance program, whether or not the premiums meet the cost. And that's been done in the past. It was done last year and indeed it would be done this year.

In the same way that I said in answer to another question the other day . . . in terms of the Forest Fire Contingency Fund another member from the opposition said, well what if there isn't enough money in the program or the contingency fund to fight the forest fires? And my answer was, well that's happened in many years before, actually. Some . . . most years we didn't even have any contingency fund. And the answer is the government of the day will have to go out and get the money and put out the fires. I mean you can't stop putting out the fires at a certain point. You have to get the money.

And the same is true with the farmers and crop insurance. If you have a terrible year whether through drought, or disease, or insects, then if the farmers have a bad crop and the cost of paying them under the crop insurance program is more than what the federal government, the provincial government, and the farmers have put into the program in that year, it's the job of the government to get the money and pay it to the farmers, and that's what we would do. Nothing new about it.

But the important thing to remember is there will always be money there to pay the farmers and there will be money to put out the forest fires. And no one in the public should be concerned by any talk that says, well there won't be enough money for crop insurance or to put out the forest fires, because one of the jobs that we have in government is to make sure that we go out and get the money to pay for those two programs if that's what needs to be done. That's what we have done and that's what we will do.

Mr. Krawetz: — Thank you for that explanation, Mr. Minister. Mr. Minister, if I . . . I'm going to pose a situation that uses your current budget as well as last year's, and I want to get an explanation for you . . . from you whether or not this is an accurate way of looking at both systems.

In the Agriculture and Food budget, the vote no. 1, there is an expenditure for crop insurance for the current fiscal year's budget of about \$84 million. And you've indicated that there is a fund that both farmers contribute to and federal government contributes to, and that fund has a certain value. Could you indicate to the House what that fund would be for this current fiscal year, looking ahead of course to what might be potential

payouts for this year?

And in last year's mid-term, as I was referring to it, you indicated that the debt at mid-term had to increase by some 250 million because — and I'm reading from your document — it says that the current forecast shows an increase in the funds required by the Saskatchewan Crop Insurance Corporation of \$100.3 million. And I heard your explanation as to . . . as you withdraw this money from the fund. So when the farmers pay in their premiums, when the federal government pays its money to you, when you have established a certain amount of money, you've indicated that for a 25-year period there will be a balancing in the long term.

Now in the short term, if we required that extra debt or created that extra debt last year by the fact that you've indicated that we had to borrow \$100 million more, is that going to be replenished in this year's budget? Are farmers and the provincial government and the federal government contributing back into that fund to replace that additional monies that you required last year? Or is it just held in a fluctuating point out to the time when a year will actually produce a profit and thus balance the fund?

Hon. Mr. Cline: — The answer, Mr. Chair, is that the money would be put back into the fund over the course of time. It wouldn't be put back in any one year.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, besides the crop insurance funds, are there . . . could you indicate what other funds operate in a similar fashion in that there is a balance in the fund for the given year — it may all be used up, or it may not be used up. Could you indicate how many funds the government operates similar to the Saskatchewan crop insurance fund.

Hon. Mr. Cline: — I'm advised, Mr. Chair, that, you know, there are many funds that the government has jurisdiction over, but in terms of a fund like the crop insurance fund, I'm advised by the officials that the crop insurance fund is really the only fund that we control that operates in the fashion it operates in. There is some similarity in the Auto Fund I'm told, but the Auto Fund is actually a statutory fund not controlled through the General Revenue Fund. So in terms of the General Revenue Fund, the only fund that operates quite like the crop insurance fund is in fact the crop insurance fund.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, for my next question I need to have you explain how the government uses revolving funds to assist it in delivering services.

(19:15)

Hon. Mr. Cline: — Yes, Mr. Chair. I'm looking at the document, well the Estimates book for the current fiscal year, page 158, there is an explanation of revolving funds which says, and I'll read it:

Revolving funds, which are established by statute, (so that's important, they're all set out in law that you will have this fund) are used to isolate certain items of related revenue and expenditures and are net budgeted in the

Estimates.

Revolving funds are used to account for specific government operations which recover all or a portion of the associated costs from the funds' users. Revenue generated by a revolving fund's activities is used to finance further operations which in turn generate further revenue, hence the terms "revolving".

So that's the explanation that there is in the Estimates and the revolving funds themselves are listed on page 74 of the Public Accounts, Volume 1 of 2000-2001 which is of course the latest version of the Public Accounts. But I should point out that this list on page 74 is . . . has more than revolving funds on it but it does within it have the revolving funds and they are identified as such.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, last year a large increase took place in the full-time equivalents necessary to administer the Highways Revolving Fund. And if you recall — and I know you may not have that document, last year's budget with you — but there was an increase of 18 full-time equivalents, roughly 18 per cent because it went from 99 full-time equivalents to 117. So there was an increase of 18 per cent.

Mr. Minister, this year the Highways budget I think has been reduced by about \$11 million, a very significant reduction in the Highways budget, yet I notice that in the revolving funds when you have indicated the funds that do exist, the full-time equivalent for the staff complement on page 131 of this year's budget has not changed. In fact, it states that there is no decrease, no increase. It's the same number of 117.2.

Now I heard your explanation about how the revolving funds work and how the users will help to balance that fund. Could you explain why there was such a significant increase of 18 people required last year to operate the revolving fund, and this year there is no increase even though the budget has decreased to a degree. Could you explain the full-time equivalent needs of the Highways Revolving Fund.

Hon. Mr. Cline: — I think, Mr. Chair, that the member's . . . the premise of the member's question is, I think, incorrect in the sense that when the member refers to last year, 18 more employees being referred to . . . related to the revolving fund, he's thinking that this is to administer the revolving fund.

But those employees would not be administering the revolving fund; those employees would be doing the work of the Department of Highways and Transportation. And if the number of people last year relative to the revolving fund went up by 18 — I don't have that in front of me — then I would surmise that what it really meant was that we were employing 18 more people paid for out of the revolving fund to do work in connection with the Department of Highways and Transportation.

And I take it from the reference to page 131, the 117.2 full-time equivalents, that last year the revolving fund was used to pay the salaries of 117.2 people, and as I understand it, this year the same number of people would be paid for out of the revolving fund. But those people wouldn't be administering the fund, and

the 18 new people wouldn't be administering the fund. They would be doing the work of the Department of Highways and Transportation.

Now in terms of the precise details of the work that those 18 people do, or the 117.2, certainly we'd be happy to get that information, but it might be a question that you want to put to the Minister of Highways and Transportation. I should say to you, Mr. Chair, that the member might want to, in the estimates of that department. But that would be the explanation that these salaries are paid for out of the revolving fund as I understand it.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, when I was comparing both documents, last year's page that showed the full-time equivalent staff complement of both the government departments and the revolving funds and this year's, and I just wanted to make reference to the fact that last year's staff complement for Highways and Transportation did change by 71.8 employees. It increased by that many. So did the number for the revolving fund, as I've indicated to you was 18.

Now I understand your explanation about, you know, paying for them, that they're not necessarily people who are operating the revolving fund. It's just that revolving fund dollars were used to pay for an additional 18 staff, and in fact 117 full-time equivalents were charged to the Highways Revolving Fund.

If I'm looking at the same page as in last year's budget, Mr. Minister, which I made reference to — page 131 — I note that for this year Highways has declined by 26 employees and the budget of Highways has declined, yet the revolving fund continues to pay the same 117 people. So when I'm looking at the total amount of employees . . . and I appreciate your comment about asking the Minister of Highways and I'm sure that our critic will indeed pose that question to Highways. When you were preparing your budget and looking at the Highways estimates, there is a reduction of \$11 million in actual expenditure in Highways, there's a reduction of 26 people in the Highways department, yet the revolving fund continues to pay for the same 117 people as last year, which was 18 more.

That's the kind of explanation that I'm looking for, Mr. Minister, as to why was this necessary to stay at those levels rather than to accommodate the less amount of money and the fact that there are 26 less employees employed by the Department of Highways.

Hon. Mr. Cline: — I'm advised, Mr. Chair, that with respect to the reduction of the number of positions within the Department of Highways that the Department of Highways and Transportation sought to find some administrative savings in order to slightly reduce their budget for the current fiscal year, and that those reductions took place in areas other than the areas where the employees in the revolving fund work. So it's as simple as that.

I do want to point out to anyone listening lest they think that Highways has been significantly reduced. In fact, last year we spent a record amount on highways and this year we're spending just a little bit less than we did last year, but I believe it would still be the second highest expenditure ever on

highways at a time when the province this year was facing considerable financial challenges which everyone leading up to the budget knew about. In fact before the budget everyone was asking, well how on earth will the government put a budget together, because they knew that there was an economic slowdown across the country and that it would be very difficult.

And in fact we've taken very little out of the Department of Highways but we have taken some out of the Department of Highways. But I want people to know that we're still spending much more than we spent in the past and we're adhering to a plan to spend \$900 million over three years to fix the roads. And I believe, Mr. Chair, that that plan is working. It was a budget priority last year; it's a budget priority this year.

The reason I think it's working is we haven't had one question I believe in question period this year from the opposition about the state of the highways. They haven't had the Minister of Highways on his feet very much in question period, the reason being that most people understand that we are fixing the roads. And there was money put into the budget this year to fix the roads, last year, and next year will be year three of our three-year plan to fix the roads. And that's one of the things that I'm very proud of in terms of last year's budget, was starting the three-year plan to fix our roads and highways.

Mr. Krawetz: — Thank you, Mr. Minister, for that explanation. And we're definitely glad to see the government involved in fixing roads and taking over the fact that . . . You know, every day people were out there fixing the highways last spring and we're sure glad to see that finally you've recognized that the conditions of our roads have led to many problems in this province, both in the tourism industry and in transportation of agriculture products. So we want to ask you to continue that expenditure and we understand though, as I've indicated, Mr. Minister, that the highways budget was reduced from \$311 million to \$300 million which is an \$11 million reduction.

Mr. Minister, you've mentioned the Forest Fire Contingency Fund and we need to clarify for the people of Saskatchewan because there are a number of fires in the province that have been burning out of control. And while we hope that the conditions change and indeed the forest fire season, which has a long way to go, won't have as many fires. But I believe a report was issued from SERM (Saskatchewan Environment and Resource Management) last week that indicated that the number of fires that we have in the province already to date far exceeds last year's and there will be additional expenditures.

Mr. Minister, last year you indicated in the House that the previous year there had been an omission in fact and that the legislature had not dealt with properly creating the Forest Fire Contingency Fund. And last year you proposed, or your government proposed in the Assembly, a change to the legislation that would allow for the creation of the Forest Fire Contingency Fund. This year in the budget we note that the expenditure for the Forest Fire Contingency Fund is zero.

So could you explain how the legislation that was put in place last year that created the fund is now being overlooked, or is it in some way disappeared from your priority list as the result of the fact that you show zero dollars for the Forest Fire Contingency Fund?

Hon. Mr. Cline: — Yes. Well as I was saying a few minutes ago, this year putting the budget together was a very, very difficult exercise, as everyone in the province knows.

And so we had set up the Forest Fire Contingency Fund as extra money to draw on in case you needed it to fight forest fires, and I believe last year — if my memory serves me correctly — we had taken out something like 6, \$8 million, something like that, over and above the regular budget for fighting forest fires. And I believe there was something in the neighbourhood of 30 to \$35 million remaining in the Forest Fire Contingency Fund this year. And so we had to make a decision: were we going to beef up the contingency fund, put a higher amount there, take it up to \$50 million for example, or leave it where it was and have that much to draw down on. And we made the decision to leave it where it was because we didn't have a lot of extra money sitting around to put into the Forest Fire Contingency Fund.

But the important thing to remember is that three years ago we had no Forest Fire Contingency Fund at all, so we would budget, you know, 25 to \$30 million, let's say, to fight forest fires, but the costs might be 40 million or 50 million or in one year I believe they were 90 million. And we have to pay those costs to fight the forest fires.

And so in one sense, it's nice to have a large contingency fund for sure, but whatever the cost of fighting the forest fires is, in any given year including this year, the government will have to come up with the money to fight fires. It doesn't really matter how much is in the contingency fund. If the cost is \$100 million, we will spend the \$100 million fighting the forest fires because, as I said earlier, you can't stop fighting the forest fires when the money goes out of the contingency fund or you're over budget. You just have to keep fighting them in order to save lives and protect property, and that's what we will do.

(19:30)

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, for clarification purposes, if we assume that 6 million of that fund was used last year, whether it be 6 or 8 — let's just assume it's 6 — and you had set aside in the contingency fund last year . . . By a vote taken in the Legislative Assembly, you had set aside a \$40 million expenditure. So there's \$34 million that you said you have not accessed last year.

My question, Mr. Minister, is does that 34 million, has it been set aside on deposit in a fund that you can access for this year? And I understand your explanation about not topping it up, that you didn't have the \$6 million to add into it. But the question that people of the province are asking for: is there \$34 million sitting on deposit? Or will it be, as your explanation was, that regardless of what the cost of fighting fires are this year . . . no different than two or three or four years ago, when I noticed in the supplementary estimates that you have put forward in years past, that it included additional cost of forest fire fighting. Whatever they were, the province had to pick them up, and of course we dealt with them in a supplementary estimates fashion.

Last year you created the fund to say we want the fund as a cushion. It used \$6 million. Is there \$34 million sitting on deposit to be available if this year's forest fire season is so

extensive that it uses more than . . . I believe you have budgeted for forest fire operations . . . In the regular budget of the Environment department you've budgeted \$35 million. So is there 34 million, in addition to the regular budget of 35 million? Is there 34 million that will be made available that won't put the province further into debt?

Hon. Mr. Cline: — With respect to the Forest Fire Contingency Fund, we would apply the normal principles of cash management, the same principles that would be applied to the Fiscal Stabilization Fund.

Mr. Krawetz: — So, Mr. Minister, and I know we have a disagreement as far as whether or not this is an accounting principle or a bookkeeping principle, or whether in fact there is money on deposit in both the Fiscal Stabilization Fund and now of course the Forest Fire Contingency Fund.

By your answer, and of course the response that you gave in your mid-year report last fall, any time monies will be accessed of the funds, either the Fiscal Stabilization Fund or the Forest Fire Contingency Fund, would it be correct in saying that the debt of the province will become larger?

Hon. Mr. Cline: — I would put it a different way. I would say that if we didn't use the principles of cash management that we use for the Fiscal Stabilization Fund and the Forest Fire Contingency Fund, the debt of the province would be larger.

Mr. Krawetz: — Thank you for clarifying that.

Mr. Minister, a couple of questions on the Fiscal Stabilization Fund, and I know you have a piece of legislation before this House dealing with changes to the Fiscal Stabilization Fund. And if I look at your background information that was provided to us on March 29, 2000, you stated the reasons for creating the Fiscal Stabilization Fund was to ensure that the province had a balance, a balance of about 5 per cent of revenues.

Could you explain how you chose that 5 per cent guideline?

Hon. Mr. Cline: — Yes. We felt that the figure of 5 per cent was adequate in most years to cover the volatility that we might expect to have with respect to revenues coming into the province. But I have to say in retrospect, as I've indicated before, I think that the 5 per cent figure was too ambitious and I should say that . . . and so I have . . . we have, the government has legislation before the House to let the fund fall below 5 per cent.

And I should say that in retrospect when we look at the stabilization fund we had before the Fiscal Stabilization Fund, because let's remember that we've had a stabilization fund since 1925 — it used to be called the Saskatchewan Liquor and Gaming Authority — and that was used as a stabilization fund until the last few years. And the history of that is that in some years the size of the fund would have been larger than 5 per cent of the province's revenues, but in some years it would have been smaller.

And in this particular year, I believe we could leave enough money in the Fiscal Stabilization Fund probably to meet the 5

per cent target . . . or maybe we could. But I'm sure that we probably . . . I'm quite sure we won't next year. And so it seems to me that we need to amend the legislation to reflect that because the only alternative to that is either to cut spending or to raise taxes. And essentially the question is this: we have some money sitting in the Fiscal Stabilization Fund, and if you have a drought and if you need to fix the roads, should you use that money to meet some of the needs that the public wants you to meet without raising taxes? And I think essentially the public would want us to. They would not say, you must at all times have 5 per cent of your revenues in your savings in the Fiscal Stabilization Fund regardless of the needs that we have.

So that was the thinking that went into the 5 per cent rule. But in retrospect I think we were being a little bit too ambitious, and I've acknowledged that and the government has acknowledged that, and that's why we're changing the rule through a legislative change.

Mr. Krawetz: — Mr. Minister, in your explanation of why you were creating the Fiscal Stabilization Fund in 2000 — I'm quoting from the document from your department — you indicate that it says:

On the expenditure side unanticipated events such as extreme forest fires create exceptional circumstances to which the government must respond.

That was in the description of the Fiscal Stabilization Fund. And this evening we've spent a little bit of time getting an understanding of why you created the Forest Fire Contingency Fund. And in the explanation of the Fiscal Stabilization Fund you've used the same reason, and a year later then you created the Forest Fire Contingency Fund.

In your budget document of this spring — I'm quoting from page 28 about the Fiscal Stabilization Fund — you say this:

. . . Currently, it is expected that \$410.7 million will be required to deliver a balanced budget in 2001-2002; \$225.0 million will be required to deliver a balanced budget in 2002-03; and, the remaining \$139.3 million will be required to deliver a balanced budget in 2003-2004.

So when I look at that paragraph of where this bookkeeping entry — and you call it a fund and I refer to it as a line of credit on your debt — at one time you created this bookkeeping entry of 775 million and you said that you wanted to maintain a 5 per cent balance in that line of credit. You said that was too ambitious. By your explanation in the budget that you presented this spring, you were indicating that next year the fund or that line of credit will be totally used up and in fact it will be at zero. So obviously 5 per cent is not even close to what you're looking at for next year. You're looking at a zero line.

Is the total usage of that line of credit a stabilizing factor or does it show that the plans that the government outlined only a short year and a half ago and in fact have been totally derailed and that now your balance will in fact be zero?

Hon. Mr. Cline: — Well I don't think our balance will be zero this year or next year. But it may go down to zero, or it may not because one has to wait and see what actually happens. But I

will say that this would not be anything new.

There have been many times in the province's history where the Liquor and Gaming Fund was drawn down well below 5 per cent. That wouldn't be anything new. But I want to say, you know, the member refers to what we may have said a year and a half ago versus what we're saying today. What we were saying a year and a half ago, and we've been quite consistent about this, was that we needed to keep some money in the stabilization fund and not spend everything we had.

And I just want to point out that what the opposition was saying at the same time was that we should be spending all of the money. I'm referring, Mr. Chair, to a press release put out on November 20 of the year 2000. That's about a year and a half ago. And it was actually the same member who is asking the questions that put this press release out.

And it says:

Saskatchewan Party Finance Critic Ken Krawetz said oil industry officials have told the Saskatchewan Party that the province's oil and gas revenues may be as much as \$1 billion more than estimated in the 2000 spring budget.

Of course that wasn't correct. But in any event the member went on to say — and went around the province telling people — and it says in his release here:

... the NDP may be hiding a surplus of hundreds of millions of dollars of windfall revenues ...

And then at the top it says, NDP sitting on billion dollar surplus. And of course that wasn't true. Then about 10 days later the opposition put out a release that said, legislature should be recalled to debate \$400 million surplus.

And my point is that what that member was saying a year and a half ago — he talks about our plans a year and a half ago — was this: he was running around the province with his colleagues, Mr. Chair, and he was saying everything in the Fiscal Stabilization Fund should be spent because there's all this money that the government has, and they should give it to you, because they wanted people to be mad at the government for not giving all this money to the people. And what I was saying a year and a half ago was well no, we shouldn't spend those hundreds of millions of dollars more; we should hang on to them because we'll need them.

Now it's very interesting because now what that member is saying, Mr. Chair, is oh your plans couldn't have been that good because you don't have that much money left. You don't have as much left as you had planned to have left.

My point is simply this, Mr. Chair. If we had listened ... And I've got the documentation right in my hand. If we had listened to what that very member who's asking the questions told us to do — in no uncertain terms he said I was sitting on all this money — we would today not have some hundreds of millions of dollars sitting in the Fiscal Stabilization Fund. We would have added hundreds of millions of dollars to the provincial debt which, of course, is what they also did, Mr. Chair, when they were in office in the 1980s. They added \$1 billion to the

debt each and every year.

So yes, I say to the member that the drought and September 11 and the economic turndown in Canada and the United States has taken its toll, to be sure, and we have not done as well as we projected. But when the member talks about what we said a year and a half ago and what they said, it's a good thing, Mr. Chair, that we have followed the course of balanced budgets and not spending all of the money in the Fiscal Stabilization Fund as that member called for because if we had done that, Mr. Chair, we would be in much, much worse position than we are now.

And we're going to get through the current financial situation. The economy, I think, is going to grow this year. I don't think we should spend foolishly. We should try to keep a grip on growth and expenditure for sure, and this year that's what we're doing, but we should never panic. We should not spend all the money as the members called for last year, but nor should we believe those members when they say that somehow we've done something terribly wrong.

I think that we've had careful management, and I suppose I would go on to say this: that nobody has to take my word for it or the government's because since the budget, Moody's financial services has looked at the books and at the budget and they have given us a credit rating upgrade — a credit rating upgrade, one of only three provinces to get an upgrade. And we've gone back to AA credit rating with Moody's. The investment dealers have been out. They have said that the government is handling the finances of the province in a prudent fashion.

(19:45)

So I point that out to say to people listening that the opposition will always of course say that we're doing something wrong with the finances. I don't think we are, but nobody has to take my word for it because the credit rating agencies and the investment dealers have looked at the books. They say that we're doing the ... that we're managing the finances of the province correctly.

And I might add, Mr. Chair, while I'm on the subject, when those members were in office in the '80s — and the member from Swift Current who's chirping from his chair actually worked for Premier Devine — and advocated the privatization of the Crown corporations, as they do now, and I don't know why they want to sell off SaskTel, Mr. Chair, but that's one of the things they want to do, but I ... But my point is this, that the outside observers say that we're doing much better than we were in the '80s when we went down to B credit ratings from AAA that we had before. We're back into the A's and in one case AA. And I think that's proof positive that we've been moving in the right direction.

So I know the member will appreciate that I wanted to supplement my answer by pointing those things out. And I think that looking back at what we said a year and a half ago and what they advocated a year and a half ago is very, very important to bear in mind, Mr. Chair.

Mr. Krawetz: — Mr. Chair, Mr. Minister, you are absolutely

correct. It is very important to look back at what was said by government in terms of how it was creating the fund and why it was creating the fund. And I can honestly tell you, Mr. Minister, that I believed you. I believed you when you said that you were setting aside \$750 million of money in an account. And I looked at how Alberta was running its Heritage Fund and I honestly thought that you were actually setting up a heritage fund — if you want to call it that — for Saskatchewan that would contain 775 million actual dollars.

Now guess what? It doesn't exist. And you've mentioned bond rating companies and the article from February 19, 2002 where we have a quote from the Dominion Bond Rating Service that says that, and she refers to the rate stabilization fund:

“ . . . is not a consideration with us,” Lavallée said in a telephone interview from Toronto Tuesday morning. “What we look at is revenue and expenditures. Those are just a buffer.”

So, Mr. Minister, last year when you stated to the people of Saskatchewan — well probably a little more than a year ago, two years ago — you stated that there was going to be \$775 million set aside. What you were really telling the people of Saskatchewan was that that line of credit that existed with the Saskatchewan Liquor and Gaming Fund in terms of an accumulation of their dividends which was a paper entry — it wasn't real money that was setting aside — was now going to be somehow transferred into a fund.

Mr. Minister, I also refer to the auditor's report. And this is the report that led me to look very, very seriously at what you were stating when the Provincial Auditor stated that in fact there is no such thing as a fund sitting in a bank account. And I look at the Provincial Auditor's report from 2001, Fall Report, which is the most recent report. And the auditor states that . . . and I quote from page 21. He says:

The financial planning information now published by the Government focuses on an incomplete picture of its finances as set out in one government fund called the General Revenue Fund.

So, Mr. Minister, when I took a look at the auditor's report, and I took a look at what bond rating companies were saying about the Fiscal Stabilization Fund of Saskatchewan versus the Heritage Fund of Alberta, a very distinct difference. We do not have the money set aside; Alberta does have the money set aside. And I believe now the latest report is somewhere around \$12.1 billion sits in the Alberta fund. It's managed professionally, it's invested, and it produces large amounts of return that the government now uses to offset education costs, to offset health costs, to deliver tax cuts. In this province we seem to be working in an opposite direction. We seem to want to be able to confuse people by saying we have a fund, but it's really a line of credit. No, we don't have the money because when we have to access the fund like we did last year to the tune of \$400 million, and this year accessing it again, means that the debt of the province is going up.

And, Mr. Minister, I looked at your documents that you provided to the taxpayers of the province and to the people of Saskatchewan that show very clearly that the debt of the

province is in fact going up. You were down to about \$11.1 billion. You took credit for the fact that the debt had been reduced and, yes, it was reduced by things like the sale of Husky Oil Upgrader. It was reduced by things like sale of Cameco shares. But now all of a sudden, Mr. Minister, we're now going to be up to about \$11.4 billion.

The people of Saskatchewan have to recognize that every time you say you're going to access a fund what it really means is that we're going further into debt. There is no pot of money that's on deposit. It's not earning an interest rate. The fund does not exist, Mr. Minister.

And those are the comments that I would like to make to you because you did a great job of, I think, convincing the people of Saskatchewan, convincing me — and I won't speak for the rest of the members on this side of the House — but I was under the impression that you had created a fund that actually had dollars in it and that in fact you could access it.

The auditor says, no it does not exist; it's a paper entry. Dominion Bond Rating company says, no it doesn't exist. And in fact, Mr. Minister, in Public Accounts Committee I think members of your own government recognized that there is no fund of money and asked questions about what kind of a benefit would it be for the people of Saskatchewan because the debt is not increased by the amount of having that money on deposit.

So, Mr. Minister, I think that when you state to the people of Saskatchewan that your budget is balanced this year is not correct. The only way it has the mirage of being balanced is the fact that you are borrowing huge amounts of money. You are borrowing that money to show to the people of Saskatchewan that it's balanced on paper.

And in fact, Mr. Minister, you're now relying on two other sources. You're relying on the profits of Saskatchewan Liquor and Gaming Authority which you said was the reason for eliminating the transfer and creating this so-called fund; and the second thing that you're relying on is a transfer from the CIC (Crown Investments Corporation of Saskatchewan) in the way of dividends — huge amounts of money that show that your revenue and expenditures by not counting those transfers in fact shows a deficit budget for this year.

Hon. Mr. Cline: — Well you know, Mr. Chair, I could actually spend the rest of the evening just describing the inaccuracies in what that member just said.

But the first one I want to deal with, Mr. Chair, and it's important for the public to understand this, the member from the opposition just got up and said that the Provincial Auditor criticized the use of cash management relative to the Fiscal Stabilization Fund. Here's what the Provincial Auditor actually says in contrast to what that member said, and I'm quoting, Mr. Chair, from the *Leader-Post*, February 19, 2002 where the Provincial Auditor said this, and I quote. It says:

Acting Provincial Auditor Fred Wendel said the government is doing “a good job with its cash management practices” . . .

That's what the Provincial Auditor said, Mr. Chair. And so the

opposition can say all they like that we're doing something wrong in respect to cash management and they can say what the Provincial Auditor might think, but what I want to say to the public watching this, Mr. Chair, is that that's not what the Provincial Auditor said. The Provincial Auditor said that the method of cash management we use is correct.

And then I don't have to quote the Provincial Auditor because I can quote the member opposite who just spoke, Mr. Chair, because the problem that the member opposite has is he says one thing one day and something else another day, and he'll say one thing in this House and then he'll go outside and talk to the media and say something different. And he's done that over and over again, Mr. Chair. But I demonstrated just now how what he said about the Provincial Auditor was clearly incorrect.

He also said in the course of that last statement that there was something wrong with the fact that we don't have government-wide budgeting and you couldn't get a complete picture of the province's finances. But when he was pressed on that . . . when he was pressed on that by the media, on CJME Radio, Mr. Chair, July 23, 2001, last summer, this is what he said. The reporter said, and I'm quoting:

Mr. Krawetz, when we look at these accounts (meaning the government accounts) we see the summary or full picture that you're talking about wanting to have in there.

And then this is what he said in response, he said:

I believe so, yes. When you look at the two together, I think you get a complete understanding of the province's financial picture.

So what he had to admit when he was challenged by the media was that the government puts out a summary statement, Mr. Chair, that has all of the finances revealed. The member himself has said so on CJME Radio . . . (inaudible interjection) . . . Well the member says that's what he said a year and three months ago.

But I want to quote . . . I want to quote now, Mr. Chair, what the member said in this House on May 15 because the member says one thing one day and another thing another day, and that is he was going along the same line as he's going along tonight that he's saying we're mishandling the finances and misleading. So I questioned him about that, and every time you question him about something he eventually has to admit how things really are.

And he said on May 15 at page 1464, and I'm quoting from *Hansard*, the record of this House. He said:

I'm not suggesting that you're trying to mislead the people of Saskatchewan.

That's what he said. And then later on at page 1465, he says this . . . he says this, Mr. Chair. He says:

Mr. Minister, I am not suggesting that you are mishandling the finances of this province.

Because when he was going on about all this before I, like the

media, said to him, well what are you talking about? You look at the books. They're audited by the Provincial Auditor. It's all there. And when you really press him he'll admit that what he says sometimes when he's in full rhetorical flight is not quite right.

So the Provincial Auditor doesn't agree with what he says; he himself doesn't agree with what he says. But if that wasn't enough, he says we're doing something wrong with the Fiscal Stabilization Fund. Let me quote Michael Rushton, who's an economics professor at the University of Regina. This is what Michael Rushton, the professor of economics, has to say. He says:

To my mind there's nothing hidden here. This is exactly what that Fiscal Stabilization Fund was for.

So the Provincial Auditor doesn't agree with him; he half the time doesn't agree with himself; the economics professor doesn't agree with him. The Canadian Taxpayers Foundation also doesn't agree with him. They say this, they say:

Saskatchewan has done what a number of other provinces have done to get the budget in balance. As for the no money in Fiscal Stabilization Fund argument, David Perry of the Canadian Taxpayers Foundation said, "Ideally you wouldn't have that money just sitting in the bank."

He says you should use it for cash management to reduce your debt when you're able to do so.

I might add, Mr. Chair, that when Moody's upgraded the credit rating of the province, notwithstanding what the opposition has to say, they referred to the fact that the government was using the Fiscal Stabilization Fund and drawing it down. And this is what Moody's financial services of New York had to say, Mr. Chair. They said, "Such drawdowns are consistent with the fund's purpose." Such drawdowns are consistent with the fund's purpose.

So we have the Provincial Auditor saying that the cash management related to the Fiscal Stabilization Fund is correct; we have the Canadian Taxpayers Foundation saying that what we're doing is correct; we have the economics professor saying that what we're doing is correct; we have Moody's financial services of New York City saying what we're doing is correct on the one hand, and on the other hand we have the Finance critic for the opposition saying it's incorrect. And nobody has to believe me on any of this; only half the time does he say that he himself is correct.

But my point is this, Mr. Chair. When anybody watching this debate or reading it in *Hansard* is deciding who is probably more credible when it comes to managing finances — and leave me out of it and leave the New Democratic Party and the Liberals out of it — on the one hand, we have the Saskatchewan Party and its Finance critic. On the other hand, we have the Provincial Auditor, the economics professor, Moody's financial services, and the Canadian tax foundation. So who do we believe? Them or the member from Canora, the opposition critic?

(20:00)

I predict, Mr. Chair, that at the end of the day, when it comes to deciding who is properly going to handle the finances of this province — the successors of Grant Devine, or the coalition government with nine consecutive balanced budgets — my guess is, Mr. Chair, that people are going to conclude that we're better financial managers than they are. And the record shows that, Mr. Chair, and it's verified by every independent source, inside and outside the province, that has examined our books. And we will stand on that record, Mr. Chair.

Some Hon. Members: Hear, hear!

Hon. Mr. Hagel: — Mr. Chair, I move that the committee report progress. In fact, the committee may want to report considerable progress, and that we then move to Agriculture, Food and Rural Revitalization estimates.

**General Revenue Fund
Agriculture, Food and Rural Revitalization
Vote 1**

Subvote (AG01)

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

Hon. Mr. Serby: — Mr. Deputy Chair, with me tonight, seated next to me, is Mr. Gord Nystuen, who's the deputy minister. Directly behind me is Mr. Hal Cushon, who's the assistant deputy minister. Seating, sitted, seating, sitting, seated, sitting behind the bar is Mr. Doug Matthies, who's the general manager of the Crop Insurance Corporation; and Maryellen Carlson, who's the acting assistant deputy minister; along with Louise Greenberg, who's the assistant deputy minister; Greg Haase, from lands, the director of lands branch; and Dave Boehm, who's the acting director. And I have also Mr. Ross Johnson, who's the budget officer, sitting just off to my right here. Those are my officials, Mr. Chair, Deputy Chair.

Ms. Harpauer: — Thank you, Mr. Chair, and I welcome the minister and his officials here this evening.

I have a few questions back on issues to do with Crown land. And in particular, I have *Hansard* from May 27 which was the last evening when estimates for Agriculture were on the floor. And the member from Wood River brought to the minister's attention a situation concerning a purchaser of deeded land for a ranch and there was also the transfer of leased land in the deal, and your department is telling the purchaser who moved from Alberta to Saskatchewan that he must divest of his property in Alberta in order to retain or to keep the leased land. And at one point you told the member from Wood River to send the information to you and you would get back to him within a week to 10 days.

So the member has yet to get answers from your department to his questions, and it's been two weeks so he asked me to ask you when those answers would be forthcoming.

Hon. Mr. Serby: — Mr. Deputy Chair, I provided the letter to the member from Wood River on the 10th day of when I said I would have it to him. So it's my understanding that the member from Wood River now has the information. I know that I signed

it and we made sure that it got to his office on that day.

Ms. Harpauer: — Thank you, Mr. Minister. The member has told me today that he hadn't received such a letter but I will check with him yet again. And if he hasn't I'm sure he will be notifying your department.

The other question I have is Crown . . . when Crown land is leased and utilized for grazing or cropping, are there different types of leases to cover the different types of uses for the land in question?

Hon. Mr. Serby: — Yes, Mr. Deputy Chair, there's a variety of different uses for which the land is classified for and there are different rates for the different . . . the different things that it's used for.

Ms. Harpauer: — Thank you, Mr. Minister. Mr. Minister, if someone has a lease . . . I'll just use the example of a grazing lease and they would like to change the use of the land for something such as tourism or perhaps cropping, would it be possible for him to apply to have the lease changed to some other purpose?

Hon. Mr. Serby: — The answer, Mr. Deputy Chair, is that that could . . . that could in fact happen. The land would have to be inspected and then decisions would need to be made whether that would be an appropriate use of the parcel of land.

Ms. Harpauer: — So if I'm understanding the minister correctly, the lessee would just need to notify your department and someone — perhaps with a proposal — and someone would come out and inspect it and see if it was feasible to change that lease?

Hon. Mr. Serby: — Mr. Deputy Chair, that's correct. That's the process that a leaseholder would have to go through.

Mr. Brkich: — Thank you, Mr. Chairman. I had a constituent phone me today about crop insurance with the reseeded. He wanted to talk about . . . he'd phoned Yorkton and also the local regional office and he'd kind of gotten two different answers. So he phoned up to my office and I said, well Ag estimates are up today so maybe I can get in and ask the man in charge.

It has to do with the reseeded. The one official had told him that it would be just automatic \$20, or I think for . . . this is on cereal and wheat I think, 20 or \$25 an acre.

The other office had said that possibly you would . . . there would be more coverage because it's starting to get later in the year on it. That you would basically take . . . you would basically take your crop insurance, they would come out, they would look at the plant structure, stuff like that. Can you tell me exactly how that works and how do you determine when a crop is not viable any more, where basically it's a write-off and what would they do about it from about June 1 on?

Hon. Mr. Serby: — I'm just, Mr. Deputy Chair, going to read the policy that we use here which I think would be helpful then as you go through your questions. We would take the establishment benefits which would be \$20, \$25, and \$30 per acre and reseed it perhaps to the shorter season crops which are

barley. And crop insurance will be more flexible around seeding dates versus the fall frost dates in order to give farmers a better chance to get a crop. So we got the \$20, \$25, and the \$30 per reseeded acre.

Then we take the establishment benefit of those three levels and the summerfallow acreage and then I would say to you that the policy reads:

No premium is charged on any acre paid an establishment benefit and not reseeded.

And then the policy goes on to say that:

Summerfallow coverage is generally greater than stubble so producers will be credited with the management decision through higher coverage in the next year.

Full-yield loss coverage commences on June 21 of a given year. Crop insurance requires either viable plants or viable seed in the ground in order for full-yield loss coverage to apply.

So it's either the viable plants or the viable seed.

When doing the establishment claims, adjusters try to determine which crop is most likely to allow farmers to put the most grain in the bin, (and) the crop in the field or the crop that might be reseeded.

And then adjusters then can recommend accepting crops for full coverage even if they are below the establishment threshold, and if the crops are in the ground it's considered to have the best potential in the circumstances.

And then of course what they do is they review the number of viable plants that are established and then make the claim in accordance to that.

Mr. Brkich: — Thank you, Mr. Minister. On June 21 how would it work if you wanted to turn your cattle into it, if, you know, the producer feels that it's not viable? Can you tell me the rules on that and what conditions on money?

Hon. Mr. Serby: — Mr. Deputy Chair, what we would do first is we would do the appraisal on the crop to determine what its salvage value would be and then we would pay the difference, pay the difference between what the guaranteed coverage would be and the appraised level of the crop.

Mr. Brkich: — That would be what it would be worth . . . the appraised value, what it would be worth in the fall, right?

Hon. Mr. Serby: — It would be, Mr. Deputy Chair, based on what the production value would be at the time at which it's salvaged.

Mr. Brkich: — Mr. Minister, that would be . . . then we're talking June 21 then.

Hon. Mr. Serby: — That's correct, Mr. Deputy Chair. It would be as of June 21.

Mr. Brkich: — And then they would be free after that to graze cattle on and to cut it for feed, and would it still be considered summerfallow for next year?

(20:15)

Hon. Mr. Serby: — Mr. Deputy Chair, my officials tell me that if you paid full-yield loss coverage, you wouldn't be allowed then to summerfallow. But if you grazed on July 21, then there would be an evaluation done and if it was established, the decision would be made if it would be paid. It would not be paid on establishment but could be paid on full loss yield . . . yield loss.

Mr. Brkich: — Thank you, Mr. Minister, and Mr. Chairman. I'll pass that on to my constituent and if he has any more questions I'll approach you on it.

I'll just ask another question pertaining with the budget. In the spring you announced a farm family opportunity initiative program. I had a constituent phone me that wanted to get into organic farming. And what he had told me, the program officials have indicated this program does not provide for organic farming transitions. Is that true?

Hon. Mr. Serby: — Mr. Deputy Chair, it does apply for people who want to transition into organic farming. It does apply to that.

Mr. Brkich: — Thank you, Mr. Chair, and Mr. Minister. Can you just give me a brief outline then of how they could apply to that, and then I could pass that on to them.

Hon. Mr. Serby: — We have, Mr. Deputy Chair, six business agrologists that are located across the province. In the area . . . if we knew which area of the province this individual was from . . . (inaudible interjection) . . . from Davidson. Then the nearest office of Davidson I expect would be . . . I'll provide that for you in a couple of minutes.

What the individual should do is they should make their way to the office of the business agrologist. The business agrologist would then sit down with the individual and look at their overall business plan, determine with them what their overall potential is in terms of developing the new direction that they wish to go, clearly do a full assessment on what their current assets are, and then proceed to assist them with making a decision on what their business plan that they put forward dictates in terms of their changing to a new, different kind of cropping environment that they wish to proceed on.

Mr. Brkich: — Well thank you. I'll pass it on.

Just one other question there. When I was in Sask Water estimates they'd indicated that irrigation would be going back under Ag. Has that transition taken place yet, under Agriculture? Or is that coming up through the summer?

Hon. Mr. Serby: — Mr. Deputy Chair, it would be coming this summer. The program would be shifted to us later this summer.

And to your earlier question that you asked about the individual around the business agrologists, they should go either to Moose

Jaw or to the Saskatoon office. Either one of those would accommodate the individual.

Mr. Brkich: — Under irrigation coming to you under this summer, do you have any plans dealing with the budget that you're putting extra money to irrigation, that you plan to expand irrigation in this province considering the two-year drought we've had?

I'm glad that it's going under Ag because I've had some constituents in the Outlook area say that it should be under Ag, that it should always have been under Ag because it's an agriculture issue. So I'm hoping now that it's . . . that you going to plan to expand it. Can you give me any details on that?

Hon. Mr. Serby: — I think, Mr. Deputy Chair, I want to first of all, I want to say to the member that I appreciate very much a question about the future and the capabilities and the opportunities that exist within the . . . within agriculture with irrigation as being part of the industry. We think, like you do, that this is an important place for us to build the agricultural industry from, using irrigation as one of the key methods.

There's no question that we have the potential in Saskatchewan, particularly in the area of the province that you referred to — we have a lot of the infrastructure already in place — and that farmers in that area, particularly those who are already using some of the irrigation system, are quite anxious to grow and expand the opportunities around this area.

It will be our interest to meet with — and I've had some conversations already — with the folks who were involved with the irrigation industry in that part of the world, to look at how we might be able to assist them in not only investing more into the industry but also to try and provide diversification opportunities that are available by using irrigation in Saskatchewan today. It's my sense that we could do a lot more.

For example in the vegetable area. There are lots of farmers in our province who would like to pursue that. There's a number of forage crops that we think we could encourage producers to be a part of, particularly in a year like this where we had a very dry, dry year. And last year similarly where you might take some of that irrigated land and provide some high-quality forage that would be available for across various different parts of the province.

So there's lots and lots of opportunities here in my view, as I know that you would agree, to take the irrigation industry and tie it tighter, closer to the agricultural industry which has so much potential in our province. And we have a good water source, as I say, and the infrastructure is already in place. It's now about taking the wishes in the direction of the producers and building on it.

Mr. Brkich: — Thank you, Mr. Minister. Like I say, yes we do have the same goals, and I just hope that you do follow through because you . . . this government hasn't for the last 10 years did anything in irrigation end of it. And it should have been the last 10 years. It could have grew this province in agriculture and hugely at that.

So like I say, action is more better than words so we'll see next

year or the year after if you're still there on that then. I'll be pulling them words out. And I hope to give you one piece of advice: don't buy the farms and don't try to grow it yourself. Just do the irrigation infrastructure.

Ms. Harpauer: — Thank you, Mr. Chair. I was very pleased to hear the minister comment that he feels that irrigation is extremely important and key to diversification and intensification in agriculture. Because I have a fellow who had phoned my office who has a great deal of ranch land and he wants to irrigate 2,000 acres of it. And he is not asking for money. He will totally pay for the irrigation project, all of it from end to end. He wants to irrigate for some forage acres and he wants to irrigate some grazing acres. And he's in the drought area where it's quite critical that the cattle get water and feed.

However he applied for a permit to pump the water from Lake Kipabiskau and was told that it would be at least a year before he could obtain a permit. The minister has to understand that with the drought situation in that area, because it's north of Highway 16 which kind of seems to be the cut-off across the middle of the province, a year is too long. The forage acres will be burnt; the cattle will have to be sold or moved out of the province for feed.

So does the minister not . . . or does the minister understand that to wait a year for a permit in order to just pump water out of a lake the size of Lake Kipabiskau is rather a ridiculous and an extremely difficult barrier that we need to overcome?

Hon. Mr. Serby: — Mr. Deputy Chair, to the member, we could try and help you with that particular file if you wish. The permits are really issued by Sask Water and not by Ag and Food, nor will they when we get the irrigation piece fully within our purview. So if there's a particular issue here as you've related that we might be of some assistance, and you might just provide that to us, and we'll try to get it to the right spot.

Mr. Huyghebaert: — Thank you, Mr. Deputy Chair. I was watching with great interest the answer to the question that was first posed about the request I had last week for an answer to the people that were on the Crown land. And I heard the minister explicitly explain that on the 10th day the letter was sent to me and I'm here to advise the minister I've not received the letter yet. I just went right through my mail again just before I walked in here and I've not received it. On day number 10 I phoned your office and at that time they suggested it might be in for signature. On day number 11 I phoned again and they said, well it's still in there. So I'd like to ask the minister when I can expect an answer.

Hon. Mr. Serby: — Well, Mr. Deputy Chair, I will ensure that you get the copy of the letter. I have signed the letter on the 10th day. I was advised that this letter was on its way to you. If you don't have a copy of the . . . if you don't have the originally signed letter that I sent to you, I will be sure that you get it in your office possibly before this evening is out here. We have another couple of hours before the House adjourns. I will go and find out what's happened to our letter. If you don't have it yet . . . I remember signing the letter, and I know that it was on its way to you. So if you've not received it, I'll be sure that you receive it before the day's out.

Mr. Huyghebaert: — Thank you, Mr. Minister, and Mr. Deputy Chair. I will purposely wait around for that because it sounds a lot better your answer now than it was when my colleague from Watrous asked the question. So I will wait this evening and I do look forward to receiving a copy of the letter because I have not received it. And again, I rechecked the mail and it's not there.

Ms. Harpauer: — Thank you, Mr. Chair. We're going to return to crop insurance just for a brief moment. When you're considering expanding the crop insurance program to include a new type of crop, do you initially conduct a pilot program in order to gather the data necessary for you to calculate the coverage rates that you can offer if the new crop is included in future crop insurance programs?

Hon. Mr. Serby: — What we do is we do gather the information through the course of a pilot year and put the data together. In some occasions, the pilot may be over more than just one year. But where you have a particular year which it's designated as a pilot, we would gather the information on those sites that would be designated as pilot sites, put that information together, and then try and build our programming which also includes the rate levels from the data that we collect from the pilots.

Ms. Harpauer: — I thank the minister. What is the criteria that crop insurance looks at when they're picking the producers who will be included in the pilot project, and what criteria do they use when they pick the area in which they will conduct a pilot project?

Hon. Mr. Serby: — Well, Mr. Deputy Chair, I'll just use the example maybe this year of the bean crop that we're doing a pilot on. And in order to designate the sites from which we'd be working with, we would do two things. We would look at which areas of the province they've already been growing the crop so that we get some sense that we'll have the appropriate numbers. And secondly we'd work with the growers themselves and the pulse growers in order to establish which areas of the province or which sites would be best used for pilot.

Ms. Harpauer: — I thank the minister for that answer. And actually I was working my way to understand . . . I'm assuming he's talking about the pilot project that's being run on pinto beans. And that's where the question is coming from because there was a request made by a group of producers to be included in the pinto bean project and they were turned down. And all of these producers were in a 20-mile radius of one another. They were all within 30 miles of a crop insurance office at Raymore. They had a total of approximately 400 acres. Some of the eight producers in that area have experience because this will be their third year growing pinto beans, and their request was turned down on the day of the deadline which was April 19.

So they would like to know if the pilot project is going to be run another year. If so, will they be included in this pilot project? And I guess they would like some explanation as to why they were rejected this year when it is a fair number of acres that's been grown for a few years now in a relatively small area that could be easy to monitor.

(20:30)

Hon. Mr. Serby: — Mr. Deputy Chair, my officials tell me that we would establish the targets that we have in place today from the pulse growers, and we took the advice from the current clusters that were there or that were identified, and that's the way in which the decisions were made about who would participate in it. I'm also told that into the future now that we could and would include the folks whom you're talking about into future pilot projects.

Ms. Harpauer: — So if I'm understanding the minister correctly, they took the advice of the pulse growers and the pulse growers recommended a different group over this group that we're talking about in the Raymore area?

Hon. Mr. Serby: — Mr. Deputy Chair, my officials tell me that what's happened here is that we would have looked at, with the pulse industry, where the most acres in the province were grown and those that had the largest and most historical acreage that were produced, where beans were produced on, and it would have been that criteria that would have been used to determine who would be in the pilot project.

Ms. Harpauer: — My question for the minister then would be, why did they wait until the day of the deadline before they let this group know that they would not be included in the pilot project? If it was predetermined by the crop insurance office on the advice of the pulse growers that the group in the Raymore area would not be included in the pilot project, why could they not have notified them prior to the deadline date?

Hon. Mr. Serby: — Mr. Deputy Chair, I'm reading off a crop insurance . . . the endorsement instruction guide of 2002, which would have gone out to producers across the province. And on one of the areas or one of the pages that I'm reading from, it talks about the dry land . . . dry bean pilot area.

And it reads this way: for the 2002 crop year Saskatchewan Crop Insurance is piloting a dry bean program for producers in selected areas of the province. And then it's designated by RMs (rural municipality) for the programs that are indicated.

And then here on this sheet that I'm reading from, which I'd be happy to make a copy for you, it talks about the two different pilot areas — one that includes Rosthern and Saskatoon — there are six RMs on this page and the pilot project no. 1. And then in the pilot project no. 2, there are also . . . it looks like about seven RMs that are in the Redvers and in the Oxbow area.

And then they would meet the criteria that I talked about earlier which are . . . these would be the areas of the province where you would have seen, likely, the largest production and also people who have been in the growing of the beans for some time. There's a bit of a history that's been developed here. And this would have been a discussion that our folks at Crop Insurance would have had with the producers in both of those two pilot areas.

And I can make this, Mr. Deputy Chair, this pilot . . . these two pilot areas available for you if you'd like.

I also want at this time, Mr. Deputy Chair, to provide for the

member from Wood River a package of information that I had provided for him. This letter is dated July 4, 2002. I'll just hand this letter across and it can make its way then to the appropriate member.

Ms. Harpauer: — I thank the minister. What recommendations should I provide for the group in the Raymore area, if they would like to be included in the program next year, if the pilot project is continued for another year? Should I advise them to be in touch with the Crop Insurance office or should I advise them to talk to the Pulse Growers Association in order to be included in another year?

Hon. Mr. Serby: — Mr. Deputy Chair, I would advise the member to just have those producers contact the Crop Insurance office in Melville and we'll be sure that we will be of assistance to them on this particular issue.

Ms. Harpauer: — I thank the minister.

One question that I have on a different topic is, when there are new farmers — which I realize that in Saskatchewan is unfortunately too rare — but if we do have a new farmer who is applying for crop insurance for the first time, my understanding is there is some delay on deciding whether or not they will be accepted into the crop insurance program.

However, there has been a new farmer that has contacted me and to date said he has not been accepted and he doesn't know if he is insured or not. The seeding is already completed.

So my question would be: why is there a delay, such a drastic delay, in letting the new farmers who apply for crop insurance coverage, in order for them to know whether or not they've been accepted?

Hon. Mr. Serby: — Mr. Deputy Chair, this would be a very unusual circumstance, in our view, that there would be a producer that wouldn't have been advised yet. I would ask the member to provide us with the name of the producer and we'll follow up on the file to see what's happened with it. As I say, this would be a very unusual sort of process, where a producer by today would not have known yet whether or not he has in fact become a registered member with the crop insurance.

Ms. Harpauer: — I thank the minister and I will be more than happy to provide him tomorrow with that file.

Mr. McMorris: — Thank you, Mr. Chair. My question is on crop insurance and on the spot loss hail, and I know we have discussed it many times in here. The member from Last Mountain-Touchwood has brought it up and other people have brought it up. As a matter of fact, I don't know what your office has received from the cards mailed by APAS (Agricultural Producers Association of Saskatchewan), but it has been brought up about 2,000 times in our office, and I don't know how many times it has been brought up in the Premier's office. I know the cards would have been going there too.

But my question is, over the last number of years, the last couple of years, how have we done in the crop insurance program? Has there been a net loss in the spot loss hail program through Crop Insurance?

I have a couple of annual reports here showing that over the last couple years, not . . . excluding the year 2000 but 1999 and 1998, it shows that premiums paid out compared to premiums brought in — I should say indemnity paid out compared to premiums brought in — it shows that the spot loss hail program was in a profitable position. There was certainly more premiums coming in than losses being paid out.

Is that correct? Could you give me kind of an overview of the last two or three years, and I mean if 2000 was a net loss, how does that compare to 1999 and 1998?

Hon. Mr. Serby: — Mr. Deputy Chair, I'm reading from the annual report of 2000 and 2001. And I look at what the total premiums were from the period 1994 to the year 2000 and I see that the total premiums that were paid were 247,018,401. And then when you look at what your total net hail indemnity is on the far right-hand side of that column, you see that the number is 260,859,112, which indicates that over that period of time on the two bottom numbers in the total show that the crop insurance hail statistics have in fact shown a loss of somewhere in the neighbourhood of about \$13 million.

Mr. McMorris: — Mr. Chair, to the minister, I guess that when you're looking at the long term . . . and that's what you were looking at. I hadn't leafed through the annual report and looked at that. I was looking at the 1998 . . . the year 1998 where there was a surplus of 20.1 million, I believe, and in 1999 a surplus of 13.1 million.

Are those figures correct? Is that a correct assumption that the crop insurance brought in, in 1998, 20.1 million more than it paid out in lost . . . in hail claims, and in 1999, 13.4 million more in premium than it paid out in losses through the hail insurance. Are those numbers correct for those two years?

Hon. Mr. Serby: — I think, Mr. Deputy Chair, if you take a look at the report, and I'm not sure if you're reading from this report or not — and this is the annual report as I said earlier, 2000-2001 — which show the hail statistics from 1994 right on through to the year 2000. And the member is correct if you isolate a couple of years. If you take 1998 and you take 1999, in each of those two years you'll see that the premiums are around 42 million and the payouts in those two years in hail indemnity is around 22 million and 28 million, respectively '98/99. But when you go to the year 2000, you see that the premiums are at 43 million, but then the hail indemnity is at 56 million. And then you go to the years 1995, where you see that the hail premium is at 24 million and change, but the hail indemnity is at 52 million and considerable change.

So if you take one isolated year and to do the comparisons only over one year, then you could reach the conclusion that you have, which you would have net hail indemnity being at a level which is certainly in the positive. But when you take a look at the period of time, which I've identified from '94 to 2000, you'll see that the hail statistics and the indemnity show a \$13 million loss over that period of time.

Mr. McMorris: — Mr. Chair, and I realize that and that's no doubt how insurance works as they look over a longer term and what is viable and what isn't. I looked over the three years of the three annual reports that I had here and I do realize further

on that it goes through, I guess that would be about an eight or nine year period. As I said, for the two years prior to the year 2000, it was 20.1 million, a surplus 13.4 for 1999. In the year 2000, it was a loss of 12.8 million.

But, Mr. Speaker . . . Mr. Chair, to the Minister, when you look at it, if you look over the eight or nine years that you've talked about — and 1995 was a very bad year by the looks of it, a loss of over \$20 million — when you look over the long term though it's a loss so far of about \$13 million, if those numbers are . . . if I'm adding those numbers up correctly.

(20:45)

Well I guess you could say that we'll drop the spot loss hail program completely, which you've done, or we could say that maybe the next year would be in a year like 1998-1999 where it would make that deficit up in one year. In 1998 there was a surplus of 20 million; the eight- or nine-year average is a loss of 13 million. One year could bring that right back into a surplus position had the spot loss hail program still been in effect.

One thing that I remember when you talked about the spot loss hail, dropping the spot loss hail, the minister had mentioned in his news conference — because I happened to be there — and they went into a forage program instead. He said . . . the statement was that in a year that is as dry as this, you know, what is the problem with dropping spot loss hail. It's better to put our money in a grain forage program than in spot loss hail. He was more or less implying that hail was not going to be a problem in a dry year. Well unfortunately . . . fortunately I should say. Fortunately in southern Saskatchewan we're well past that dry year.

But what I guess I am saying is to drop the whole spot loss hail program out of crop insurance is a huge hit. You've heard it from many, many different people from this side of the House and I know you've got phone call after phone call regarding the dropping of spot loss hail.

All I'm saying is that in an eight-year period if you're in a \$13 million deficit, and the year prior to the year 2000 you're at a \$20 million surplus, all it would take was one year with little hail, which you are predicting this year, to be back into a positive position in the spot loss hail program, and does it justify knocking out the spot loss hail completely when it was really in a very minor position of loss and could be turned around within one year?

Hon. Mr. Serby: — Well, Mr. Deputy Chair, I appreciate the member raising again the importance of the spot loss hail in Saskatchewan. I don't think there's any question about the importance of this program. And we deliberated long and hard around the decision about how we would be able to try and ensure that for producers in Saskatchewan today we would maintain our premium at 35 per cent, which is the Saskatchewan producers' share.

And so I too, like you, have had a number of calls and letters and as has the Premier's office regarding this issue. But it was a decision about priority in terms of where in fact could we take our money that we have for a crop insurance program invested with producers across the province and try and ensure that they

got the best benefits.

And I've said on many occasions, and you've heard me on it, that had the federal government put their money in this year to the level of which we'd asked them to put their money in, we would have been able to sustain the spot loss hail program; we would have hoped that we would have been able to provide an enhanced crop insurance program for producers across Saskatchewan today. Because that's what Saskatchewan producers want. They want an enhanced crop insurance program.

And we didn't do this without deliberations with other people, as you can appreciate. We had a conversation with the industry, the people who supply and sell hail insurance in Saskatchewan. And I believe in one of the previous periods doing question period in this House, I provided a letter to you or to the member from Watrous who was the critic for Agriculture, about the letter that I received from the industry saying that this was a wise decision on the part of government today to move the crop loss . . . the spot loss hail into the private sector which I know that the members opposite are strong proponents of the private sector, always talk about how the government is in the face of the private sector, and how important it is for the private sector to compete on a level playing field.

Now that wasn't the reason or the rationale for why we made the move. We made the move because we didn't have the money in crop insurance this year in the way in which we'd like to have it. And really to a large degree followed the lead of Manitoba. Now today if you're a Manitoba producer you don't have the spot loss hail of which is subsidized the provincial taxpayer. They still offer the program of course and it's delivered from their offices in Manitoba but producers are expected to pay the full spot loss coverage.

So I want to say to the member opposite that if in fact we would have had the resources available in Saskatchewan today for crop insurance, a spot loss would still be very much a part of our program in my view. And not only that but if we had the appropriate resources we would have built the crop insurance program to reflect some of the issues and needs that Saskatchewan producers have been talking about, which is to grow the program not only to a 70 and 80 percentile but to 90 and 95.

And I don't know what your position is regarding crop insurance. Mine is very clear. We provided a proposal to the federal government in February of this year. In that package we talked about leading with crop insurance, and we talked about a crop sector program, and we talked about a gross revenue program of which we have all had a chance to examine to witness and review.

You've had a chance to see out package and policy and what we think safety nets should be. But I have not seen yours. I've not seen your package and what you think we should do with safety nets. I haven't seen what you think crop insurance should look like. I don't know what you believe should be the future of the NISA (Net Income Stabilization Account) program or for that matter the CFIP (Canadian Farm Income Program).

So in Saskatchewan today you know what our position is in

enhancing crop insurance and you know the reasons why we haven't been able to grow it to where it is.

What I don't know, is I don't know what your position is regarding the crop insurance program because you have not yet shared that.

Mr. McMorris: — Mr. Chair, to the minister, it's interesting that he would quote the private industry, private insurance companies, to say that, yeah, we think it's okay if you get out of the crop insurance business. Mr. Chair, there is a whole lot of private business owners that would wish SaskTel would get out of their business also, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. McMorris: — You could certainly use the example, and no doubt the private insurers are going to say get out of our business because it's going to improve our business. That's all fine and dandy, Mr. Chair, that the minister would try and justify dropping spot loss hail because the private insurers said that was okay, that that would be a good thing to do. It really is quite a stretch in logic to think that that would justify the dropping of spot loss hail.

But I think the bigger issue is that there is a responsibility with the provincial government and a responsibility with the federal government to put appropriate safety net in place in agriculture, something that this minister has talked about in every Throne Speech that I have been in this House and haven't seen anything at all. The only thing that I have seen is a reduction in the crop insurance program, as I knew it when I came into this House. That's not enhancement.

I also know that the whole safety net issue has been one that has been talked about for 10 years and that simply all that has been done in the last 10 years is talking about it. There has been very little movement on a full based safety net program that would take into consideration not only production, but commodity prices also — revenue side of it — and there has been no movement. And there has been talk on it and there has been talk on it, but there has been no movement.

And I guess I would really question in a year that we are suffering . . . we're suffering especially in all of the province, not so much in the southern part now, with a drought situation. Agriculture was going through a bit of a tough time with the drought situation, and people . . . I was just on the phone before I came up into the House with a farmer from Montmartre that was saying he couldn't understand why they would be dropping the spot loss hail, why they would be dropping the property tax refund that they have taken out of, really, the farmers' pockets, I guess, in a year when it looked to be very, very bleak.

Now we have been getting some rain and things look a little bit better. But it just seems like the direction that this government is going in agriculture, when it is supposed to be hopefully in place there with a longer-term safety net program, that they'd be going the opposite direction.

And I guess the issue that I wanted to just ask a couple questions on, I've taken my time now, is the whole spot loss hail issue. To think that you'd drop the spot loss hail issue,

because over the last eight years they're in a \$13 million deficit, I think is hardly a good enough reason. Now you are saying that you needed the money to take from that to put into other parts of the program.

Well I guess the question is, is how much did it cost the government? It really hasn't cost them . . . it's cost them very, very little in payment on top of the premium, and that was the whole issue and one year could've turned that around. So I guess perhaps it's too late for this government to reverse its decision on spot loss hail.

Maybe if we keep hammering as long as we did on health care, long-term health care — and they finally decided to reverse their decision on long-term health care — I would ask the minister if he'd consider reversing his decision on reducing the . . . taking the spot loss hail out of crop insurance because it is a huge hit to people throughout the province. Would he reconsider re-changing his mind on that spot loss hail issue?

Some Hon. Members: Hear, hear!

Hon. Mr. Serby: — Well I appreciate very much the member providing me with a whole number of openings to have a conversation with him about the importance of the agricultural policy framework that we have, that we're developing in Canada today.

I can say to the member opposite that when you speak about there not being a safety net program in Saskatchewan or in Canada over the last five years or four years, it would be an absolutely inaccurate comment. Because we have in Canada today — it's been developed by all the provinces in Canada and the federal government — a package that includes three different programs: a crop insurance program, a CFIP program, and a NISA program, of which all Canadian farmers have had at their disposal now for the better part of three years.

That's our Canadian safety net, of which all of the Canadian Ag ministers and the federal government and your Leader of the Opposition was a part of helping build and design and improving when he was a Member of Parliament, when he was a Member of Parliament in the federal, in the federal . . . when he was a federal MP (Member of Parliament). He supported, he supported the safety nets that we have in Canada today.

Now you may not like it. I mean you don't like the programs. I don't particularly, I don't particularly like the programs either. I don't like CFIP and NISA, or CFIP either, but that's what we had to work with for the last three years.

Now what have we been doing? I can tell you what we've been doing when our side of the House we put forward a safety net package to the federal government, which by the way the federal government is now leading with, an enhanced crop insurance program which we'll see in the year 2002. We're going to see an enhanced crop insurance program I expect in Saskatchewan and in Canada. I expect that we're going to see a brand new expanded NISA program in Canada for producers across the piece, and the other three envelopes or four envelopes or pillars that we talked about.

What I have not seen from anybody on that side of the House,

including the Leader of the Opposition, a position about what you think safety nets in Canada should look like. And I can tell you, Mr. Chair — I can tell you, Mr. Chair — that I've written to the previous minister, or the previous agriculture critic on your side of the House, I wrote to him in last year, in the fall of last year, and again to him again in February. Because he was on the airwaves in Saskatchewan saying, you know what, we have an agricultural policy that we're going to be prepared to share with Saskatchewan producers.

I have a copy of his *Hansard* . . . radio broadcast, if the member opposite would like to take a look at it, I have a copy of it. And it was on the GX radio in Yorkton and I have a copy of it. And it's now seven months later. It's seven months since we first heard them and you've had two different agricultural ministers and a group of rural members today who say that they know what should happen in rural Saskatchewan. I've got seven months, I haven't seen one page from the opposite . . . members opposite about what a safety net program in Saskatchewan should look like.

So it's interesting that you're critical of what we have today as a developing agricultural policy. But to date you haven't put one — one word — on a page, Mr. Chair, about what Saskatchewan agriculture or farm policy should look like.

I want to say to the member opposite that the crop loss spot . . . the spot loss hail change had nothing to do with the fact that it was going to be delivered by the private sector. It had nothing to do with that. It had to do with the fact that we didn't get the sufficient kind of dollars that we wanted from the federal government this year. And we put our 14 million additional dollars into the program this year to try to make sure that the producer premiums are sustained from Saskatchewan's position. We did that.

And from time to time, I mean I hear the member from Estevan chirping from her chair but the reality is, is that the member from Estevan, she has people who live and work in her constituency today who sell the product of the hail insurance and they're pleased with the fact that we took the spot loss hail. They are.

Now am I happy with the fact that producers are having to pay more? I'm not happy that producers are having to pay more today. But the reality is, is that our crop insurance program today — our crop insurance program today, Mr. Chair — is got the kind of dollars in it in a year which was very difficult for us this year, Mr. Speaker, or Mr. Chair. And I say to the members opposite, we'll work on the new policy, on a new program for Saskatchewan producers. And in my view at the end of the day it will be the kind of product that Saskatchewan and Canadian producers will want to see.

(21:00)

Mr. McMorris: — Thank you, Mr. Chair. It's always interesting, and through the estimates that we've seen today and starting at, I think, 3 o'clock or 3:30 when we started estimates today, whether it's going to be in Health or whether it's whatever it might be, every time it comes up, the ministers are standing and they want to know our plan. They just can't wait to see our plan and hear our plan.

Well I would just ask the members opposite to screw up the nerve and call an election and you'll see our full platform laid out for you. We've talked about a number of different things, and the former member from Kindersley had laid out many different options that you could look at for agriculture. And his excuse all the time is that . . . the minister, is that in the last seven months . . .

The Chair: — Order, order, order. I would ask the members on both sides of the House to come to order. I recognize the member for Indian Head . . . Indian Head-Milestone.

Mr. McMorris: — It could be Wolseley in the future; you don't know. But you know it's interesting the minister was saying that, you know, you've waited seven months and we've gone through a change in critic and we haven't heard anything from us in seven months. Well seven months may seem like a long time to you not hearing anything from us, but believe me 10 years from the agriculture community is an awful long time to have heard nothing from that government opposite.

The one thing that we did hear shortly after they took power was the ripping sound of a GRIP (gross revenue insurance program) program that was ripped up and said would be replaced in the real near future and there has been nothing replacing it since.

The minister said that I am denying that there is a safety net program in place. And he used the examples of crop insurance, he talked about CFIP, and he talked about the AIDA program and the NISA program — those programs.

I guess my question is to you then: if he's saying that those are the safety net programs, are they satisfactory? If they're not satisfactory what has been done about them in the last five years? We have been saying that they're not satisfactory and you've just stood in your place and said those are the programs. What are you saying, we don't have safety nets? We do have safety nets. Are those the safety nets that are satisfactory to this government?

Hon. Mr. Serby: — Of course, Mr. Chair, those programs are not satisfactory to the government and that's why in the last two years this government has put into the safety net package 80 additional million dollars, along with the federal government's \$120 million, to add another \$200 million in each of the last two years for safety net money.

If safety nets in Canada were working we wouldn't have these provinces to put in . . . and Saskatchewan in particular have to put in the additional money that we did last year for farmers. Of which by the way, when the member raises the point, we were in Ottawa, we were in Ottawa negotiating a deal with the federal government, talking to them about not being involved in the AIDA (Agricultural Income Disaster Assistance) program. And there were representatives from your side of the House who were at those meetings. In fact the member from Saltcoats was front and centre on this piece.

And he stood in front of the representatives of the Senate and of representatives of the Liberal caucus and we talked to them about how important it was to scrap the AIDA program and to provide additional money for farmers. And we were unified on

that when we left Ottawa. And we weren't back in Saskatchewan, as I've said for you in the past — I've said to you in the past — for more than 10 minutes and the member from Saltcoats was going sideways on us saying you know what we need to put money into the AIDA program. It wasn't 10 minutes that he was back here.

And so the member opposite stands in his place today and he says you know that we have programs that aren't working. Of course we have programs that aren't working. And that's why today we're building a brand new safety net because the ones that we had weren't working in the past. And so an enhanced crop insurance is what we're looking at. We want to see an enhanced NISA program in Saskatchewan today.

And for an opposition party to be critical of what programs we're doing in Saskatchewan today, Mr. Speaker . . . You've been the opposition for almost three years you've been the opposition . . . you've been the official opposition in Saskatchewan. And I haven't seen anywhere . . . I haven't seen anywhere, not one line anywhere, about what you think, in the entire three years what your opposition party thinks we should be doing on farm programming for Saskatchewan.

And you boast on a regular basis that you're rural members, that you represent rural Saskatchewan, that you know what the farm economy is all about. And in the period of three years I've not seen one idea or one concept come forward from your party and not on one occasion.

And you say to me well you should just wait for an election and then we're going to roll out our election platform. We saw what your election platform was in 1999. I mean where you froze education, where you froze health care, where you're going to do an audit on programs. I mean that's . . . and what would you do for Saskatchewan and Canadian farmers? It would be of the same nature.

Finally we've had your leader of your party say to us that he's now prepared to participate in a joint approach to Ottawa where we're now going to see them hopefully subsidizing Saskatchewan farmers. I mean that was a 180 for the Leader of the Opposition and we appreciate that in a great way.

And so I say to the members opposite, we're building a new Saskatchewan agricultural policy framework. We appreciate the support that you've given us to date and that you'll be supportive as we build the agricultural policy framework into the future and a stronger crop insurance program which will be federally funded to the level of which it needs to be in order to survive.

Hon. Mr. Lautermilch: — Thank you, Mr. Chairman. I move that we report progress on the Department of Agriculture, Food and Rural Revitalization, and that we move to Sask Water.

**General Revenue Fund
Saskatchewan Water Corporation
Vote 50**

Subvote (SW01)

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

Hon. Mr. Belanger: — Thank you very much, Mr. Chairman. To my immediate left is Stuart Kramer. He is the president of Sask Water. Directly behind me is Wayne Dybvig, who is the vice-president of water resource and infrastructure management. Next to Wayne, to my left back is Tom Gehlen who is the vice-president of utility and engineering operations. And further to the left of Mr. Kramer is Terry Hymers who is the corporate comptroller.

Ms. Harpauer: — Thank you, Mr. Chair. Mr. Chair, I would like to also welcome the minister and his officials here this evening.

The area that I would like to ask about is the area of irrigation. And I think there is a realization on both sides of the House how important it is to rural Saskatchewan for economic development and also to you know to meet our diversification potential. However we also recognize that it's extremely costly to put in irrigation systems and although we hope to expand that in the province, we understand that there is some restrictions as far as dollars go.

However in the Naicam area which is still experiencing drought conditions, there is a rancher who wishes to irrigate 2,000 acres of land, some of it for cutting for forage, and some of it for grazing land for his cattle, both of which are extremely important. This is not an area that is receiving the rains that the southern part of the province was so grateful to see, so feed and water is of the utmost importance.

The interesting thing about this rancher is he's willing to pay for the entire system. He is not coming to the government requesting money. All that he would like is for a permit in order to pump water from Kipabiskau Lake which is quite a sizable lake in that area. He was told by the Sask Water office that the permit would take at least a year in order to obtain. And I'm sure the minister can understand that's absolutely ludicrous. This is a year of a drought, and the drought is still happening in that area. This man is willing to finance the entire operation. All he needs is a permit.

So could the minister please address why it would take a year in order to get a permit to pump water from a lake for an irrigation project?

Hon. Mr. Belanger: — Thank you very much, Mr. Chairman. I think I would first of all want to sympathize with the producer in question and I'll ask the member to forward to us the name of the rancher that certainly willing to do his part or her part. And I think a year is certainly a long time and we'll certainly check into why it has taken a year to get that done.

Normally it takes weeks to get these things into play. It should not take a year. There are issues like land control issues — if he controls the land then, you know, access across the land to put the pipes and all that it would not of course be a problem. But if other people were to own the land then that would create more of a challenge of course. There's also the soil water suitability certificate, I guess, that would be needed to see if the soil itself is able to benefit from irrigation. And again those two processes should not take a year.

But what I would ask that member to do is to forward the name

to me. Because there's no question that the drought, while in the Saskatoon/Rosetown area is certainly one of the areas that are hardest hit, we do have some sensitivity to that challenge and we're doing our very best to try and meet as many of the irrigation needs that are out there. And Sask Water is working very closely with the producer groups and the farm groups to make sure that we're able to respond.

(21:15)

Ms. Harpauer: — I thank the minister. The fellow's name is Dave Detavich. And I believe, I stand to be . . . I could be corrected here, but I believe that the land that he owns goes right up to the lake so that there shouldn't be an issue of other land that he would have to cross with pipes. However, I could be corrected on that because I am not first-hand knowledgeable in that.

So I will pass this answer on to him and he can contact your office and deal with it in that manner.

Mr. McMorris: — Thank you, Mr. Chair. My question to the minister is, in my area which is southeast of Regina here, I've been getting more and more phone calls regarding issues with Oceans and Fisheries. I had a number of phone calls on that. And I know when I talk to members on this side, as we represent pretty much all of rural Saskatchewan, there seems to be more and more issues with Oceans and Fisheries coming in and, you know, telling, asking, and telling what can be done and what can't be done.

I guess I'd like to know, from the minister, what type of relationship, how much communication back and forth is there with Oceans and Fisheries? Do you talk to them as to what they are doing in the province and the jurisdiction they have in this province? I guess first of all just a bit of a general comment from the minister on their relationship with Oceans and Fisheries.

Hon. Mr. Belanger: — Thank you very much. One of the things that, as you probably are aware, is that DFO (Department of Fisheries and Oceans) has put in about . . . has 30 people throughout the province. This process has been under way for the last two years. And what DFO is trying to do in the province is to try and find out . . . or to try and find their role.

Typically DFO would take care of the fish habitat. And for example, SERM would take care of course of the fish.

So it's very important that we build a relationship with DFO to make sure that there is a good collaboration and certainly coordination from the different levels of government to ensure that there is a smooth transition, to ensure that there is no disruption to some of the activities that we have traditionally undertaken in Saskatchewan with SERM being the only government agency involved.

There is no question that DFO wants to put a plan together. We have met with them. In fact DFO has also met with SARM (Saskatchewan Association of Rural Municipalities) and to begin to carve out a relationship. And so that is what has been happening with DFO so far.

And as a minister, we have expressed in many ways and on several occasions our dissatisfaction with having DFO's presence in Saskatchewan. We felt that the confidence and the professionalism and the ethics and the work displayed by officials in SERM and certainly Sask Water, that there was no wide-scale disruption of fish habitat, that there's good collaboration with commerce. There was some really strong links with the environmental movement.

So certainly from the perspective of the provincial government, we felt that we were adequately doing what should be done in DFO's absence at the time and that people of Saskatchewan did not want to see DFO here. However, you know, the reality is DFO decides to have a presence, they bring 30 officers in, and we can't simply close the borders and say no, you're not welcome.

We are now in the process of accepting that they're looking for their new role and carving out a relationship, but we are keeping them in check. And certainly in part of their processes, we're continuing to meet with them and to make sure that they don't hamper that balance that we've achieved over the years.

Mr. McMorris: — Thank you, Mr. Minister. Through the Chair, it's interesting that you would say . . . it's amazing, actually really amazing to me that in the last two years they have gone really from no presence in this province to employing 30 people to look after fish habitat in our province. I was glad to hear you say that . . . I mean, you wish you could say get out, because frankly, that's what I would like to tell them — out.

We have a situation in my constituency, right where I farm . . . we're in the Souris C&D (conservation and development). The Souris C&D takes water from our area and sends it down the Souris through the Rafferty-Alameda and all that whole process. I'm not going to get into that. But last year there was some, a little bit more ditching that was planned to feed this process and Oceans and Fisheries put a block on it until there was a study done because they felt that we may be affecting some fish habitat.

And after \$45,000 later, paid by, by the farmers in our area in order to get these few ditches done, it was found that they found six fish carcass in one ditch that could have come out of a dugout, could of swum upstream and as the water dissipated were caught in pools, they found six fish carcass in I forget how many square miles of ditch. Well that six fish carcasses constituted fish habitat.

You go 35 miles southeast of Regina and drive along, whether it's the 306 Highway, the No. 6 Highway, or the 33 Highway, and tell me if you see fish habitat out there. There is absolutely no fish habitat out there. But because six fish carcasses were found, now they've put a ban on any sort of water drainage at all. You can't clean out a natural run. You can't do a thing on your own property because two years ago Oceans and Fisheries have put 30 people in here that have to justify their job now. And justifying their job costs us \$45,000, a ban on all ditching in our area.

So if you could say something to Oceans and Fisheries for me, we don't want them in this province. The fish habitat, at least in

southern Saskatchewan in the Regina Plains, was handled quite nicely for 2,000, 3,000 years before Oceans and Fisheries got here. And if you could relay a message from our area and from our C&D, thanks for the \$45,000 bill but we didn't need it.

Hon. Mr. Belanger: — Yes, I certainly hear your message. And you know, I think we'd like them to be gone too. And I think we'd like you to be gone too. But the reality is we have to deal with you and that's the kind of relationship that we certainly have to set up with, Sask Water has to set up with DFO.

So as much as we appreciate the banter back and forth, in all seriousness, we wish you were not here as well. But the reality is we have to work with DFO and I would point out that you know the message for people out there is to be very careful what we ask for; because one of the things that your associate from Last Mountain Lake area of course was making reference to Last Mountain Lake, and of course DFO was intimately involved and their presence was there and perhaps there will be more restrictions and more challenges to us trying to put forward a Saskatchewan solution.

And all of a sudden you have the Ottawa presence, and of course these folks are having a very direct impact on what's happening not only for the fish habitat but for the agricultural community, as you mentioned. But equally with the industry and with business they're having a dramatic negative effect on, for example, the BC (British Columbia) economy. There are things that they can do but they won't do to try and make those little adjustments. And yet we're seeing the, you know, the negative impact.

So I think the message is very clear, but the reality is — as I mentioned in being a statesman — they do have jurisdiction over the fish habitat. They are here. They have a funny way of trying to carve out a relationship with Saskatchewan's interests, but that's the manner in which they operate. And I would point out that we will continue trying to define a relationship where we're able to continue building on the past success. And as we always say, be careful what you ask for because you might just get it.

When we have a challenge on Last Mountain Lake from your associate, the DFO becomes involved, then there's more interference there. And I think in the long run what you want to do, as you mentioned, is to make sure we protect Saskatchewan's interests and not have DFO here. But they're here so we'll work out a relationship with them to the best of our ability, protecting Saskatchewan's interests. So we hear your message.

Mr. McMorris: — Mr. Chair, to the minister then, and it's, as I said, it's good to hear the minister say that, you know, we don't want them here; be, you know, careful what you ask for, that type of thing.

What have you done to talk to the federal ministry? How far have you gone up the chain of command? You've said they're here and we're trying to work with them. What have you done further up the chain of command to say, frankly, we don't need you?

Or have you just said, well they're here and we'll try and work with you and we'll try and get along and I'm sure there's all enough room in this province for SERM and water, Sask Water, and the DFO. I'm sure that we can all kind of carve out a niche in this province to justify why we're here — especially the DFO. What have you done to say to the federal ministry, or whoever it may be up the chain of command, that frankly we don't need you here?

Hon. Mr. Belanger: — Well I would point out that one of the things I think that's very important is that . . . Let me state that we have not said, come forth to Saskatchewan and carve out a niche spot for you to play a role in. We were very, very direct. We were very, very forthright. And in fact we were in a demanding mode when we told the regional director at Jackfish Lake Lodge near North Battleford, that no, we don't want DFO in the province of Saskatchewan.

We've also written correspondence, and in fact personally at a meeting in BC where we met with the minister at the time, the hon. Herb Dhaliwal, where we told him directly that we didn't want . . . and didn't see the DFO's role in Saskatchewan being of any value. So I would say to the member that Saskatchewan certainly didn't roll over at all. We got up and we've said on numerous occasions and many venues that we do not see a role for DFO. We are adequately being represented in the sense of trying to protect fish habitat. So right from the face-to-face point with the Minister Dhaliwal during the CCME (Council of Canadian Ministers of Environment) meetings in BC, where I had of course access to the minister, I told him we did not want DFO. And by way of advising the regional directors verbally again, at Jackfish Lake lodge, we were very direct. And correspondence would also suggest that we were very direct.

So this is not a role of Saskatchewan saying well you're here, let's accept you. We have fought this from day one and as much as we want to put a lot of effort in fighting, sooner or later you accept that it's going to happen and you move forward.

Mr. McMorris: — Mr. Chair, to the minister. You've talked to the minister, I guess Herb Dhaliwal you had mentioned, and you talked to a number of the regional directors. Do you have anything in writing requesting the minister to extract this department out of the province?

I would like to see something in writing. You may have talked to him at a coffee break in British Columbia at some conference that may have been. But frankly, Mr. Minister, it would do me a lot of good to see that you've put it in writing and you've requested the Oceans and Fisheries, or Fisheries and Oceans, to have . . . do they really need to be in the province. Is there anything in writing that you can show me that you've been hard over and saying that their presence is not needed in the province?

Hon. Mr. Belanger: — Well as much as we would like to spend some time on this particular file, I would point out that perhaps SERM's avenue when we have the opportunity to go through SERM's estimates, that would be the more appropriate place to present some of these questions. Because that's certainly the role that I previously played to try and make sure that the ministers were available and the ministers were notified of our challenge.

And we will get the information when SERM is here to make sure we have the correspondence that was sent from either the deputy minister at the time or myself as the minister to the appropriate people talking about DFO's role.

But I can tell you while the written correspondence may not be many letters over a period of many weeks, there was a direct mention of DFO to the Minister of the Environment in BC, and there was a direct challenge to the regional directors at Jackfish Lake lodge saying no.

But it's interesting that the question should come because while I am right here in Saskatchewan defending what Saskatchewan's needs are, I can't comment on what the federal government is doing. The federal government should be held accountable of course but that's not my role.

As your provincial minister for Sask Water we have said, we are quite adept at handling our own problems; thank you very much for DFO; but we can't make rules and regulations and processes and announcements for the federal government, so we are now standing here saying, from a Saskatchewan perspective, we don't feel that DFO is needed, but you know the reality is DFO is here, so we have to accept and we have to move on and spend some time in how we can keep them in check as opposed to trying to keep them out of here. And that I think is probably the wiser move to protect Saskatchewan's interests.

Mr. Brkich: — Quickly on the question from the member from Indian-Milestone. Have you contacted SERM, and together the both of you, because this affects both Sask Water and both SERM, and requested to the minister — the federal minister — that the jurisdiction of fisheries be put in . . . any contained watersheds that are in this province . . . contained watersheds that are in this province come back under the Environment here, under the province? Have you had them discussions and is an ongoing discussion between your two departments to have that done?

Hon. Mr. Belanger: — Yes, what I would point out is that we did have the opportunity to meet with the Minister of the Environment previous to the acting capacity, and I'm certainly aware that the Minister of the Environment at the time was certainly acutely aware of the fact that DFO was here, and that they weren't needed but we had to accept. So rehashing that point would be fruitless in the sense of trying to be productive here.

But I would point out that DFO's presence into western Canada affects all western provinces and, quite frankly, legislatively they have the authority to look and to administer and to care for, you know, the habitat of fish. And as much as we don't like it, technically, legally, constitutionally, legislatively, they have the authority to do this.

So as a result of that, again western Canada doesn't like it, but we have to accept their role. And we, as you mention, constantly keep them in check by way of sitting down with them and continuing to talk with them. But we certainly have had correspondence and discussions, as I mentioned, indicating our displeasure with the presence of DFO, not only in Saskatchewan but in Western Canada, and all the provinces

have agreed in Western Canada that this was contrary to the better interests of all Canadians. But nonetheless I can't speak for Ottawa. They decided to do this, and from Saskatchewan's point we don't like it but they have the mandate and the authority to do that. Thank you.

Mr. Brkich: — Thank you, Mr. Minister. And that's the trouble. You don't know what they're going to be doing in Ottawa and you won't know a lot of the rules and regulations that could be coming down the road to affect us, could be affecting us hugely. Some of the instances that have been brought up here from the member from Indian Milestone. And it's gone on to other constituencies and they feel that it's going to be a bigger problem as time goes on, when it comes to drainage.

But one other question with that. Are you sharing any studies with Oceans and Fisheries right now?

Hon. Mr. Belanger: — Thank you very much for that question. No, Sask Water does not have any joint studies to my knowledge with DFO on any particular project. But you know obviously if we do find in the future that those activities was a option, then we would certainly have to study the merits and make sure, as we mentioned before, that Saskatchewan's interests are maintained.

As I mentioned, one of the things that we have to do now at Sask Water is DFO requires us to do a study on some of Sask Water's structures. So in order for us to operate a structure, we have — we, Sask Water — have to do a study for DFO. So when we mention the fact that it has an impact on producers, it certainly has an impact on Sask Water as well. And they have the mandate to do so. So when we have structures, we have to provide a study to the DFO folks for their approval processes.

Mr. Brkich: — Thank you, Mr. Minister. You brought up the Last Mountain Lake there. When you were out there you were encouraging I think local politicians to form kind of a committee to monitor the lake. How is that coming along?

Hon. Mr. Belanger: — Thank you very much. What I'd like to report, I think the fundamental message of the meeting was that there was some concern and we appreciate the concern. We appreciate the awareness level that was attached to the whole Last Mountain Lake issue.

And we of course went out there and we explained to the people that based on recreational use that the water was quite safe to use for those purposes. So the first order of business was to alleviate the concerns that were raised and to tell people that based on all the results that we had, and that included testing of the water, that for recreational use, contact recreational use, that the water was quite safe.

So that was the first order of business was to make sure that people knew the water was safe. And the second order of business is to employ them to become part of the process to ensure that that safe water continued. And this was the result of us establishing the committee that will involve people to look at all the different information that we have and for them to be activated in a role. So (a) protect and make sure the water is safe; and (b) find a role for the people, a process for the people

to fit in, to ensure that water continues to remain safe.

And I can report that we will be inviting communities to name representatives to a committee. There is a letter going out and we hope to have our first meeting this month and we hope that that committee will continue remaining very active.

And of course as you know there's a lot of interest that are being associated with property values, with it being an economic community, and of course the environmental movement. There's so much at stake here and that's one of the reasons why we wanted to alleviate the concerns and to also employ people in the process so that they are subjected to as much of the information as possible so they themselves know that whether it's their property value or whether it's public health or whether it's their economic planning, that they do have access to good quality water for recreational purposes.

And we've always maintained, and I made a statement there that night, whether I am in the Far North or whether I am in Last Mountain Lake, that it is only fair enough that we treat the water before we drink it. And I think that's clearly understood as a result of that meeting.

So I would point out the meeting was very valuable, very proactive. I think the concerns have been alleviated. The amount of awareness has gone up and that's exactly what we want to see. And we are now engaging people in the process so they themselves can make decisions, so they themselves are aware of some of the rules and regulations, so they themselves are able to be proactive in protecting their water so that they will continue to use it for many years. So, no question about it, there's been good progress. Greater progress will be made.

Mr. Brkich: — Thank you, Mr. Minister. I think you received a letter — I don't know if you did — from the village of Buena Vista and I think that kind of shares the results . . . concerns of a lot of the people along the lake there. Maybe I'll read parts of it there.

Our council strongly feels the suggestion that the local mayors put together, lake stewardship committee, will not work to protect our lake. This would seem to be an attempt to download a provincial responsibility. Our lake has 40 communities, at least five RMs, one provincial park and three recreational sites on the shoreline. Trying to get all these groups plus a huge number of environmental groups involved requires the leadership of the provincial government.

As a village council, we have done and continue to do our job. We have adopted bylaws to handle our drinking water and sewage in an effort to protect our citizens and the lake. We feel that the ability to monitor the lake already exists within the provincial government departments. The government also has the power to create and enforce laws that can protect the lake. What is needed is a more direct input and information to the user groups of the lake.

We are requesting the Minister of Environment to show the leadership that is expected of his position by creating a Last Mountain Lake stewardship committee that is so needed.

Our committee basically would jump at the chance to have a rep on it, but I think what they want is the province leading it because I think, Mr. Chairman, that that's a minister's job to be that, not to unload the responsibilities of the leadership onto the local committees.

Hon. Mr. Belanger: — First of all what I wanted to do is, I think Buena Vista may have got the impression that we wanted them to do all the work. And what I would concur with you, sir, is that the fact that as a minister the responsibility clearly lies with the province in terms of trying to make sure we organize groups and we get them into processes that would engage their knowledge, their expertise, and certainly their experience. And that's exactly what we want to do is to make sure that we have the sum of all our efforts and our abilities to protect that lake. And that's the whole process behind this lake stewardship concept that we have been building.

And I would point out to the communities in and around Last Mountain Lake is the fact that there's many, many committees that are in place that are doing exactly that. There are many committees that skirt many of these lakes and rivers and streams in the province that really take, in a sense, a stewardship approach to making sure that their water and their watershed is protected.

Right now we have about six committees in place. They include Jackfish, Fishing Lakes, Good Spirit Lake. These are some of the examples of some of the committees that are in place. We're working with three other committees to try and establish that. And now we're working with Last Mountain Lake and that's always good progress.

So I guess my message to the mayor of Buena Vista and the other people that may be watching tonight or may have information about this exchange of this evening, I would point out that we appreciate their concerns. This is no effort to download onto their RM or down onto their village council. We understand that they do have some challenges as every community does. We are going to take the lead; we're going to work with as many communities as possible.

And what I would say to the mayor of Buena Vista and all the mayors in the small communities and the RM in the area, is that we would want to establish a working relationship with you so we're able to provide maximum benefits to the stewardship concept that we're working towards.

Again the principle here is that we want to engage the local people as they have a pivotal role to play in the protection and stewardship of that lake. And I would suggest that we would . . . that would be the best option and the best avenue to undertake to ensure, as I mentioned, the second primary focus of this, and that is to ensure that the lake level and quality of water in Last Mountain Lake stays just as good or gets better. And you do that by engaging local people.

So as I mentioned, we are taking a lead. We have sent letters out. The first meeting is in June. We're quite excited about this partnership. And this is by no ways or means an effort to try and download the responsibilities onto the RMs or onto the communities. I think they understand that and I appreciate the member's concerns. I wish to alleviate those concerns by saying

we are taking the lead and we will work with all the affected parties.

Mr. Brkich: — Thank you. I'll say time will tell — like it usually does with this government — to see what happens with it.

On Bill No. 68, the Saskatchewan Water Corporation . . . or no, I'll deal with Bill No. 67 first. How is that going to affect the upcoming budget of Sask Water? Will it affect it any? Can you tell me some of the rule changes with what this Bill is or some of the provisions in it? Can you go into some of the detail with it?

Hon. Mr. Belanger: — I can tell you that some of the efforts that were undertaken with our water strategy, in particular Bill No. 67, will have no impact on the budget. The new organizations will deliver their programs within the existing budgets.

Mr. Brkich: — Thank you, Mr. Minister. It's not going to affect the C&D make-up at all under the Watershed Authority Acts?

Hon. Mr. Belanger: — Okay, I think the . . . one of the things that when he's talking about the Conservation and Development Association, the legislation doesn't affect this year's budget, so I think basically we were given the allocation of 7.74, \$7 million to operate Sask Water and basically, I think all the planning and all the design of our water strategy, we have that amount, and basically, the budget doesn't impact the current relationship that we have with the CDA's (conservation and development area authority) that are out there.

Obviously, as things . . . as time goes on, you know, consultation is always important to undertake, and we don't have anything planned, but what we would do is we want to make sure that if there's any stakeholders that could have potential impact in the future that we'd give them full notice and we'd be able to work with them in the event that there is a change, but there's, again there's no change to my knowledge.

Mr. Brkich: — Thank you, Mr. Chairman. So then Bill No. 67, what's the intent then of presenting this bill? What changes are you doing with the legislation?

Hon. Mr. Belanger: — Thank you very much for the question. One of the things that we want to make sure is that we tie the strategy all together, and Bill 67 is part of that strategy, and one of the Bills that we're dealing with is able to separate Sask Water into two categories: one that Sask Water would be a solutions — a water solutions provider— and this, of course, is which I'm minister of; and the other half, which is the watershed activity, would be transferred over to SERM, and they would become part of the Watershed Authority. And of course a third part of this work is of course the rules and regulations. So it's really a three-part strategy.

One is to deal with providing solutions to the many communities which Sask Water will be primarily focused on. And the other aspect of Watershed Authority would be under SERM, that would be working under a different minister to ensure that watershed protection, to protect the water and

sources, is a duty that will be undertaken. And of course you couple that with some good rules and regulations, some fair and strong and firm rules and regulations, that we feel that this will certainly be a solid base to begin to employ the water strategy.

But for your information, just to clarify the role of Sask Water and the role of this Saskatchewan Watershed Authority, I can send to you if you'd like the direct, what the direct role of these entities will be if you'd like, and just advise me if you want that and I could send them over today. And clearly I think the whole process here is being open, accountable, and transparent. And I think so far we've had some good progress on a number of radio stations and newspapers and interviews, talking to people about the Watershed Authority, and talking to the people about the separation of providing solutions and rules and regulations. So that work has been going on quite well and I'll certainly forward these to you if you'd like. Thank you.

Mr. Brkich: — Thank you, Mr. Chairman. Yes, I'd like them, you can forward them on.

Am I reading you right, are the C&Ds going to be, and the Watershed Authority, are going to be sent over under SERM now? Are they going to be under SERM's jurisdiction?

Hon. Mr. Belanger: — The answer's yes, the C&D associations would be transferred over to the Watershed Authorities, which will be under SERM.

Mr. Brkich: — Thank you. When I asked you if this Bill affected them, to begin with you had said no. Well that's quite a bit . . . I would say affects them quite a bit, because that could change their whole direction. Because SERM is more for the environment. C&Ds I understand are for more set up to drain land, to move water. I mean they do work very good within the environment, they're very protect the environment. But I know C&Ds have had trouble with the arm of SERM, in that we can go into Langenburg into little different pockets throughout the province.

So I think that they could . . . Have you consulted with them and told them directly that they're going to be under SERM?

Hon. Mr. Belanger: — I apologize if I may have provided a confusing answer because I think you did directly ask me if this affected this year's budget, and the answer was no, it does not affect this year's budget. And we certainly again concur . . . or would advise you of the budget amount that we have here. And the C&D associations certainly are part and parcel of our picture and we continue working with them.

As you will know, the Saskatchewan Watershed Authority will represent all the watershed interests, whether it's a resort community, whether it's the agricultural producers. There'll be a lot of different interests associated with the role that that Watershed Authority would want to establish and coordinate to achieve their objectives.

And from what I can gather that the C&D associations are very supportive of stewardship. I concur with you that they take a very active role. They are quite concerned with the environment. And what you want to do is build on that particular stewardship, build on that success, and build a greater

model so we have more people doing what the C&D associations are trying to do.

And I think that in the long run if we can engage everybody with this whole process — as I mentioned, very important to keep talking about process — if you engage the people in this process then I think you're going to have a very fine example of how Saskatchewan people are able to work together to protect that water at source. And if you have a cleaner water to begin with, that lessens the amount of treatment and the cost of treatment which will serve Saskatchewan residents well into the future.

So not only is it a important ecosystem exercise but it's environmentally sound in terms of engaging people. It also . . . there's economic benefits. So we can certainly go on right till midnight here talking about the merits of stewardship. But I think it's also very important to understand that there is some growth attached to this whole process and I would just encourage people to continue being engaged. It is certainly a good, sound strategy to try and build on.

The committee reported progress.

The Assembly adjourned at 22:01.