

April 24, 1986

EVENING SITTING

COMMITTEE OF FINANCE

**Consolidated Fund Budgetary Expenditure
Urban Affairs
Ordinary Expenditure — Vote 24**

Mr. Chairman: — Would the minister please introduce his officials?

Hon. Mr. Dirks: — Thank you, Mr. Chairman. It's my pleasure to introduce to the Assembly the senior officials from the Department of Urban Affairs. Beside me, Mr. Keith Schneider, assistant deputy minister. And other officials here today, Mr. Ron Davis, executive director of municipal finance; Henry McCutcheon, executive director, community planning; Don Harazny, director of administration; Ken Smith, director of municipal advisory services, and Mr. Richard Kilarski, also from municipal finance.

Item 1

Mr. Tchorzewski: — Thank you, Mr. Chairman, my welcome to the officials as well. I'm sure that they will be very helpful in providing the minister with the information that we will be seeking.

And let me begin by trying to be helpful in order that I may be able to assist the staff in having available the information as we get to it. I'll outline first of all for the minister a number of questions which at some point in time during these proceedings I shall be asking. I'm not asking for them now, but just in order to assist the proceedings here I would like to indicate to the minister that among the questions that I and my colleagues will be presenting will be things like: we'll want to know the numbers and the names of your personal staff and their salaries in the department, as well as the increases in salary that have taken place over the last two years, in each of the years of those two years.

We will be asking about any advertising that the department does, who does the advertising for the department, what is your agency, the purpose of the advertising, and what your plans are for this coming year in your estimates.

We'll want to know about the minister's travel, both the present minister and the former minister, because the present minister has not been in this portfolio that long. We'll want to know the destination of those trips, the purpose of them, the costs incurred, and the passengers that were on the government aircraft during those trips.

We'll want to ask how you determined the revenue sharing numbers — in other words — what is your formula for the determination of what the revenue sharing ought to be? We're going to be asking about what is the amount of revenue sharing, unconditional revenue sharing, for each of the municipalities in Saskatchewan for each of the years 1982, '83, '84, '85, and what it will be for 1986-87. I know that that's easily accessible on computers. I just serve notice that we will be seeking that information in order that we don't sort of catch you in one

day and expect to get it right away.

Further to that, I will be asking some questions about the workings of the Local Government Finance Commission, which has been established for some time, any recommendations it may have made — and I appreciate that it's not made a final report, but I know it has made some interim recommendations — what the dispositions of those are, what is the standing of this commission now in light of the fact that some people have pulled out of it, or some organizations have; so I will be asking about that.

Because the Department of Urban Affairs administers the heritage grant program for senior citizens, I will want to know, when we get to that, the number of applications which have been made under this program and the amount of moneys that have been claimed or sent out, also the number of senior citizen beneficiaries under the former program, which was the property improvement grant and the education tax rebate. So I know that you may not necessarily have that handy with you, so I am letting you know that I will be asking that so that you can have it available.

Also, we will be interested in asking about any polls that the department may have had taken, polling surveys or research over the last year, the purpose of those polls, what their findings were, the questions that were asked, and who did the poll. I'm not sure whether the Department of Urban Affairs has done any polling, but because the government appears to poll a great deal, we will be interested in knowing whether some polls have been taken and paid for by the Department of Urban Affairs.

Also, we will want to know the list of all consultants which the department has hired — outside consultants — to do any consulting work for the Department of Urban Affairs, who they were, what the purpose of their work was, and how much the contract was — what they were paid.

Those are just an indication of some of the questions which we will be pursuing, although there will be many others. And I only outline them here now in order to assist the minister and his officials in being prepared for them. I'm not sure whether we'll get to many of them, indeed if we'll get to any of them, this evening. But at some point in time we shall be pursuing that information.

Mr. Chairman, let me begin by once again reminding the House and yourself something which has been made note of several times in recent weeks and that is, although today is the 27th day of this session — I think that's what it is according to the blues — the sorrowful thing in many ways is that we have yet to have before this House second readings of legislation, and in our case considering these estimates, legislation involving the Department of Urban Affairs. And I think that's worthy of note, Mr. Chairman, and I think it's something we ought to be concerned about.

I think the record will show that this is probably the first time in the history of this legislature where the House has sat for 27 days and many proposals such as assistance for

municipalities, who are being very hard done by because of changes in liability insurance . . . Even though assistance was announced and legislation was announced in the throne speech 27 days ago, we have yet to see any signs of legislation which involves municipalities.

There are a number of things. We have seen no indication of changes to The Urban Municipality Act, the Act which this government passed not so many years ago. There have been municipalities who have expressed a lot of concern with some of those changes and with the new Act. One of my colleagues will be raising some of that, and so will I. Yet we have had no indication that this government is prepared to address some of those problems and bring forward amendments to the legislation. When we get to that, I hope the minister will be able to outline to the House, and through the House then to the public, what it is that he and the government have in mind for this session to be able to meet some of those concerns.

One of those things, as I have mentioned, is the question of liability insurance, and I will want to pursue that in about a moment or two. But I want to highlight before I do that what I think has been happening in the last four years which has really cost Saskatchewan taxpayers a great deal. If you pick up the newspaper any day of the week in the month of April, Mr. Chairman — and we all do because, I know, I'm sure we all try to keep informed — I don't think there has been an edition of any of the daily newspapers and probably some of the weeklies in which there wasn't some reference made to increases in mill rates in our municipalities, both for municipal purposes and school board purposes as well as hospital purposes.

There have been a dramatic increase — there has been — of mill rates throughout Saskatchewan over the last four years, a terrific increase in taxation on property owners . . . (inaudible interjection) . . . The Minister of Education chooses to speak from her chair, and when she is prepared to stand up and ask questions and make some comments, Mr. Chairman, I think she might be able to do that. But to speak from her chair while some of us are trying to ask questions and interrupt us, I think is really quite inappropriate on the part of the Minister of Education, the member from Swift Current. And I wish she wouldn't do that so that we can continue with these estimates in a good way, in an expeditious way, and get all the questions answered so we can move on to another department.

Now I was beginning to say before I was interrupted by the member from Swift Current, that every day in the newspapers we see indications of what policies of this government have done to property taxpayers — people who own property, families who try to maintain a home, families who try to maintain a home for their children and for the family as a whole in such a way that after they pay their taxes and other costs, they're still able to provide adequate needs for the families in other need areas.

While this has been happening, and these taxes have been increasing all over the province over the last four years in a very dramatic fashion, the average income of Saskatchewan income earners has decreased. Now you

think about that for a while, Mr. Chairman. Property taxes and income taxes have been going up but average income has been going down. Now you put those two together, and it does not take a great deal of effort to understand the kind of pain and suffering and hardship that the policies of this government have brought about.

We see in the budget speech an announcement that revenue sharing will increase this year by 3 per cent. Well that's a nice round figure, but I submit to you, Mr. Chairman, and the House, that that figure is not 3 per cent. It's less than that. The government says 3 per cent because it sounds better than something like two point something or other per cent. And I hope that the minister when we get into revenue sharing later in this evening will be able to indicate what in fact the increase has been to municipalities over this year, over last year, and this year over two years ago, because I think that that's important.

There seems to be no indication, and if there is, I know that we will be able to get those answers here today of specific problem areas and how they are being addressed. I asked a question in this House some time ago, which was raised with me when I made a trip to Prince Albert and met with city officials as well as others, whether the government was prepared to announce some assistance for the water treatment plant in the city of Prince Albert. We have yet not had an answer to that question and that's fair enough. We did not pursue it after I asked that question in question period because I knew that we would be into estimates and I would be asking it again.

(1915)

I hope that since that time, which is about 20 days ago, that we will be able to get an answer from the minister, indicating what he is now prepared to do on behalf of his government to assist the citizens of Prince Albert, provide adequate treatment facilities which they already are building. It's under way. I went and saw it for myself. But they have made requests to the government for some commitment. They have made requests from the two Conservative members from the city of Prince Albert to make a commitment that some assistance will be provided.

Another concern that we have is that if you go and visit many of our communities, Regina included, many of our street and other kinds of infrastructure of that kind are deteriorating rapidly — not the fault of the city, because the city fathers are trying real hard and working very hard to maintain the services. But the fault is that this government has been so stingy in its revenue sharing that it has squeezed municipalities to the point where they are unable to keep up with the needs that they are faced with, and so as a result we are seeing things happen that should not happen.

It makes far more economic sense to maintain facilities and streets and roads than it does to let them deteriorate quickly because of negligence, because of lack of money so that you have to rebuild them and then it costs a lot more money. And yet that seems to be the policy pursued by this government — neglect what is existing so that it

deteriorates much quicker and then ultimately you have to rebuild it and it costs you more. I suggest that in our view that's a wrong policy. It's the kind of policy that should not be in place, and it's just another area in which the government has been negligent.

Part of the problem, Mr. Chairman, is not only the provincial government. I mentioned earlier that I would raise this in my comments here this evening. But we have seen, I think regrettably so, a transfer of the tax burden from the federal government level — the federal government which is a wider tax base and can spread its taxation and its revenue gathering systems much wider and thus create a smaller burden on individual people — we've seen a shift of the tax burden from the federal government to the provincial government which in turn has passed it down to the municipalities. And because the municipalities have not many options, the municipalities do not have many options from the point of view of where they can raise revenues. They basically have the property tax. And so what's happened is that because of this tax shift, we have seen property taxes go up dramatically, and we do that . . . we have seen that happen with the quiet acquiescence of this government when the federal government has been using this approach.

Now before I ask a question I just want to highlight what's been happening. And I happened to pick a *Leader-Post* article dated April 22 of this year in which I think it clearly indicates the problems the taxpayers who own homes and live in apartments face today. This article, which is a survey of Regina taxes, as well as a survey of taxes of 18 major Canadian cities, shows that Regina home owners paid the second highest taxes among the property owners in 18 major Canadian cities surveyed in 1985 . . . (inaudible interjection) . . . Well the member from Maple Creek, who speaks from her chair, doesn't believe this. Well she should read the paper.

An Hon. Member: — It's because of the council . . . (inaudible) . . .

Mr. Tchorzewski: — Isn't that interesting. The member from Maple Creek sits in her chair and blames the city council.

An Hon. Member: — Let's talk about Saskatoon taxes.

Mr. Tchorzewski: — I will talk about Saskatoon too. But I really think it's unacceptable of an elected legislature to sit in this House and dump on city councils. We're here considering the estimates of Urban Affairs. And I'm quite happy to accept the fact that the Minister of Urban Affairs is interested in the concerns of urbans, and he's not getting much help from the member from Swift Current who says that all the fault — or Maple Creek — all the fault of rising taxes is the fault of city councils. I don't accept that proposition from the member for Swift Current — Maple Creek, I'm sorry. I think that's an unfair comment from the member of Maple Creek, and I wish that she would cease and desist making those kinds of accusations about municipal people.

Now let me carry on further. It says in this article, Mr. Chairman, that last year the owner of a typical Regina home paid a total of approximately \$1,636 in property

taxes — that's the total tax load on the average — and that Regina's municipal taxes, if I may narrow it down just to municipal taxes, ranked fourth highest among the 18 cities, and it was at \$801. And I think just so that everybody understands what we mean by typical home, it's an average bungalow of three bedrooms, about 1,200 square feet, and so on.

The interesting thing is when you make a comparison, Mr. Chairman, a very important comparison: in 1980, total property tax burden on that typical bungalow in Regina was \$809 — that's 1980. Six years later, 1986, it was \$1,635. Now that is almost a 100 per cent increase — that is almost a 100 per cent increase, Mr. Chairman. Surely if this government had been serious in revenue sharing and had been more interested in the needs of municipalities in this province than they were in what they thought was rewarding the oil companies, they could have gotten more revenues from the oil industry — which they have given away; it's gone — and they could have helped out these municipalities such as Regina and Saskatoon and Maple Creek and Swift Current and Humboldt and Watrous, so that this kind of a situation would have had to be created . . . (inaudible interjection) . . .

And the member from Maple Creek is yelling from her desk again, and so is the member from Regina North, now Regina South. And I'm not sure whether it's north or south because you never know where a fugitive is from or where he's going.

But I say that it's not only the city of Regina. This is the kind of thing that has been happening across the province. And the member from Maple Creek asked: what about Saskatoon? Well I'll tell you. In Regina the average increase over that period of time, if you average it out in the mill rate or in the cost, has been 16.2 per cent; in Saskatoon it is 12.8 per cent over that same period of time. And there is a difference between those increases, but I don't think that's important. The important thing is that those kinds of increases are unfair. Those kind of increases are unfair when people who are trying to maintain their homes are the ones who get saddled with that burden — and that's what's happened to them.

Well some of the members opposite laugh. They think it's a joke when you see property taxes increase from \$800 to \$1,600 over a period of six years. I don't think that's a joke. I think that we all collectively here, whether we're Conservatives or New Democrats, should be concerned when that kind of situation is faced by Saskatchewan people. But I'm sure that most of the members opposite probably are. I suspect that the treasury benches aren't, because they have their particular agendas. But I think most fair-minded people would be concerned with that kind of a situation.

Now as I said to the minister when I began, one of the things that we're concerned about is that we have been here for so many days now, and we have yet to see the kind of legislation which would be in this House dealing with issues related to Urban Affairs.

I remind the minister that in the throne speech it was very clearly stated by the Lieutenant Governor, who read this

government's throne speech, that this government was going to deal with the question of liability insurance. Well we're still waiting. Municipalities are still waiting. School boards are still waiting. Hospital boards are still waiting. They've had to pay these exorbitant new fees — and I've got information which I will want to share with the minister over time. And there's been nothing coming.

So I ask the minister: in this issue which you addressed at the SUMA convention — and so did I, and so did almost every councillor who was there, and alderman — you indicated there that the government was studying the matter. Well, I was a little surprised at that, because I thought since this problem has been around for at least four years that the time for study had long gone by, and that was an appropriate time to announce what it is the government was prepared to do. That didn't happen. The throne speech said the government was going to have a solution; 27 days later nothing has yet happened. I ask the minister: what have you decided that the government ought to do, or what is the government's policy with regard to liability insurance so that the municipalities of this province don't have to continue waiting while this burden is put upon them?

Hon. Mr. Dirks: — Thank you, Mr. Chairman. The member opposite has raised a number of points which we indeed will want to deal with this evening and perhaps on into tomorrow as well — matters pertaining to taxation, for example. And I think we will be able to provide all of the members of the Assembly here this evening and certainly let the public know that the increases in property tax under the former administration were substantially greater than they have been in the last three or four years. We will provide that information and make it very clear.

We will also indicate that the mill rate increases which are being projected for this year are very modest. We will also provide all of the information pertaining to taxation that the member opposite has been talking about here in the *Leader-Post* which suggests, for example, that Regina's taxation is substantially high and that somehow that is a function of the provincial government. And of course the member opposite knows full well that that is not the case.

If he had taken the time to read the entire article in the *Leader-Post* dated — and I have it here before me — Tuesday, April 22nd, he would know that one of the reasons why Regina has a somewhat higher property tax rate is that the council over the years here in the city, and certainly the council that we have at present, has decided to offer what they believe to be a much higher level of municipal service in terms of extra spending to pay for things, and I quote:

... like better parks and recreation facilities, more paved lanes and more recreation centres, and more police and fire protection than is provided (for example) in Saskatoon.

And that of course is a decision that the council can take if they wish to do so. But there is naturally going to be an incumbent increase in the taxation levels that they are going to apply to their citizens.

I do know that a good number of people here in the city of Regina question seriously whether or not the council should indeed be applying the levels of property taxation that they do. In fact one of the most common concerns that I have expressed to me when I travel the streets of my constituency and talk to people these days is why in fact does the city council tax to the level that it does here in comparison to other centres. And of course the city council has given its own reason. It has decided to offer what they believe to be a higher level of service, which they believe is important. That naturally is going to cost the citizen of Regina significantly more.

When you take a look at the overall expected increase in terms of property tax here in the province of Saskatchewan, you will find that in fact it is a rather modest level of increase that we are expecting this year. The projected mill rate increase, for example, pertaining to municipal tax levies in the province of Saskatchewan overall this year for all cities, is in the order of less than 3 per cent. In fact I believe the estimate is around 2.7 per cent — a very reasonable, modest increase.

And I think that we certainly want to commend the municipalities across the province for taking it upon themselves to manage their portion of the public purse as effectively and as prudently as they do to ensure that in fact the levels of local property taxation do not increase significantly. And I think when we see a projected 2.7 per cent mill rate increase across the province for municipalities, that indeed we are seeing evidence that our municipalities are managing their tax dollars very well. So I think that would suggest that the comments of the member opposite with regards to excessive levels of taxation simply don't bear up under scrutiny.

And I have before me here an article in the newspaper today which talks about, for example, the property tax increases expected by the Weyburn residents — one of our well-known municipalities here in the province. And from what the member opposite has been saying, you would think that they property tax increases were going to be dramatic or perhaps exorbitant or perhaps burdensome. I don't know what kind of adjectives one could use to describe what the member opposite has been suggesting, but I would simply suggest to him and to the listening public tonight and to the members of the Assembly, that the property taxes in Weyburn are expected to rise in the order of 2 per cent this next year. Well I would suggest that a 2 per cent increase is rather a modest increase, a reasonable increase, and to suggest that somehow that the senior level of government here in the province of Saskatchewan is not providing the appropriate level of revenue sharing, and therefore property taxes have increased and are increasing and will increase dramatically — that assertion simply does not stand up under scrutiny.

(1930)

In fact, the opposite is the case. What has happened is we have seen the senior level of government here, the provincial government, over the last few years provide very reasonable levels of revenue sharing increases into the pool which can be utilized by the municipalities.

And I would, for the benefit of all members of the Assembly here tonight, provide some very interesting statistics. And I'm sure that the watching public will want to know for comparative purposes exactly what the mill rate increases were under the former administration during their last few years, and what they have been under this administration during the last four or five years.

And when you take a look at that, if I can compare from 1979 to 1982 — a three-year period, the last three-year period for the former administration — we see the weighted average equalized mill rate rising from 68 in 1979 to 87.3 in 1982. That was the year that we honoured the increases that you had basically promised. And we see that that is a 28 per cent increase — a 28 per cent increase in the weighted average equalized mill rate for municipalities under your administration.

When we compare that from 1982 to 1986, which is a four-year period of time — we're now talking about a four-year period of time for this administration compared to a three-year period of time for your administration — we find that the weighted average equalized mill rate rose from 87.3 in 1982 to estimated 99.4 in 1986, which is only a 14 per cent increase. A 28 per cent increase under the NDP in a three-year period of time; and only a 14 per cent increase in a four-year period of time under a Progressive Conservative administration.

Now I think that kind of statistic shows very clearly that not only have we been providing a reasonable level of assistance to the municipalities here in the province; not only have they been able to keep their mill rates at a reasonable level as a consequence of that revenue sharing pool that this government is providing; but we find that in fact the mill rate increases under your administration were substantially higher. In fact, they were twice as high as they have been under a Progressive Conservative administration.

So I think we need to attack this issue of taxation directly, at the beginning of our discussion; to point out very clearly that the assertions of the member from Regina North East simply do not bear up under scrutiny. The facts clearly suggest otherwise.

The municipal tax increases under their administration were substantially more — indeed, dramatic; the municipal tax increases under the Progressive Conservative administration substantially less over an even greater period of time than under the former administration.

As it pertains to the liability insurance matter, indeed we as a government have expressed concern about this particular issue. We do have a ministerial task force that is currently involved in addressing the issue of liability insurance. And in due course the commitments made during the Speech from the Throne will of course be kept, as indeed one would expect.

As it relates to SUMA, the Saskatchewan Urban Municipalities Association, which is the organization that is concerned about liability insurance, the organization that I of course have direct contact with, I have met with

them personally, along with some of my colleagues. We have discussed this particular issue at some length. And we have agreed with them, that they would like to in fact conduct a survey of all of their member organizations here in the province of Saskatchewan.

And I have before me here the letter, signed by the executive director of the Saskatchewan Urban Municipalities Association, which they have sent to all of their member associations.

They indicate here that they have done some research on the matter but further information needs to be gained, and that they have been in discussion with the provincial minister responsible for SGI, as well as the Urban Affairs minister, and the Minister of Rural Development.

And they want to survey their own member organizations to provide them with information on this particular issue as it pertains to liability insurance. And I have before me here in fact the questionnaire which the Saskatchewan Urban Municipalities Association is sending out to their own members.

Now it's only appropriate that we engage in a consultation process with SUMA — with the Saskatchewan Urban Municipalities Association — before any legislation would be brought in. There has been some suggestion by the urban municipalities association that they would like to set up their own form of self-insurance. And that of course, is something they can do if they so choose. Clearly, if they wish to survey their particular members to get detailed information on the liability insurance question, then I think it's important for them that they have the opportunity to do so, that they have the opportunity to analyse that statistical information, that they naturally would want to share that information with the senior government, and that together we would sit down and then finalize exactly what the best method is of addressing this particular matter, of dealing with the liability insurance question, as it pertains to the urban municipalities association.

As I indicated, they have suggested that they may want to develop their own particular solution to this problem, which is why they are engaged in this particular exercise of surveying their own particular members. So I think that has responded to the liability insurance question.

The taxation issue, I just addressed. And if the member wants to raise it again, I certainly will be willing to once again reiterate what I have just mentioned, with regards to the very positive levels of assistance that this government has provided, which has helped to keep municipal mill rate increases much less than they were under the former administration — in fact half — even over a longer period of time.

There were some other issues that the member raised in his initial comments, and I'm sure we will deal with them as time goes by. I would simply indicate to the member that any questions pertaining to the Local Government Finance Commission should be directed to the Minister of Finance. He is the minister responsible for this particular issue and will be answering questions with regards to the Local Government Finance Commission.

Mr. Tchorzewski: — Mr. Minister, I certainly will then direct some questions to the Minister of Finance with regard to Local Government Finance Commission, although I thought I understood there was some funding in your department for that commission. We will check that, and if there isn't, then fine. I'm quite prepared to raise it with any minister who may be responsible.

But I will also be raising it with you, Mr. Minister, because I think you, as the Minister of Urban Affairs, ought to have some concern about the workings of this commission because it will affect in a very significant way urban municipalities, as well as school boards, as well as rural municipalities. And as the Minister of Urban Affairs, I would think that you would be interested and would be able to speak about government policy on that question.

We indeed will have a great deal to say and ask you about property taxes on homes in municipalities in Saskatchewan. I will want to deal, first of all, with the liability insurance question at some length here this evening.

But just in response to some of the comments that you made. You seem to be very conveniently not including all of the facts when you quote your equalized mill rates over a period of time. You forget to include the fact that that was a period of time when inflation was much higher, when people had jobs in Saskatchewan, when the economy was strong and growing, as opposed to a time now, during the term of your government, when average incomes have decreased, when farm incomes have fallen in many cases to nothing, when your government has gouged the pocket-books of every family in Saskatchewan — particularly in the last budget — to the tune of thousands of dollars, when on top of that your Conservative federal government, for two budgets in a row, has done the same to those very same families.

So it's not a question of taking one form of taxation and sort of talking about it in isolation, Mr. Minister. You have to look at what your type of governments have done to the low- and middle-income earner — those people who are trying to maintain a home for their family. Your total taxation burden has become so immense that there is desperation out there. The federal government takes thousands in two years from each family's pay cheque. The provincial government does the same. You impose a flat tax which is certainly not the reform that you pretend it to be, but once again takes the most money out of the wrong people. And then on top of that, you reduce the amount of revenue sharing to far less than it ought to have been. As a matter of fact, you froze it last year to municipalities, and therefore you caused property taxes to go up.

And isn't it interesting that you would stand up and talk about the increase in property taxes and not once mention the removal of the property improvement grant? Now I submit to you, Mr. Minister, and I'm sure your officials would be able to calculate this out for you very quickly, that if you put on the property improvement grant that you took away from the property owners in Saskatchewan, causing the greatest property tax increase in the history of this province, that the amount of tax

increases during your term of government have been nothing short of atrocious.

Now why wouldn't you have mentioned the removal of the property improvement grant? Why would you have not wanted the viewers tonight, and those who they will speak to, why would you not want them to know that you did remove that? Maybe because you know that they know it. Because they have felt that \$230 per home increase that they have had to pay because you did not provide property tax relief, so that you could provide money for the Pocklingtons and the Essos and the Shell Canadas and what not.

Mr. Minister, in the city of Moose Jaw in 1981, the mill rate was 93.2; in 1985, it was 117.8; and we don't know yet what it is going to be for 1986. I'll probably have it later on. That's not insignificant, and if you add on top of that the property improvement grant which you took away, it becomes a very, very, large tax burden and tax increase.

In the city of Yorkton: 1981, the mill rate was 78; in 1986, because we have it now, it's 101. In Saskatoon in 1981, 138.87; in 1985, 180.23. And that's before you factor in the increase in the tax caused by your removal of the property improvement grant. Now I would like you to stand up in this House and deny that that was not a tax increase. If you can say to this House and to the public of Saskatchewan that when your government removed the property tax — the property improvement grant — that that was not a tax increase, then I'd like to hear you say that.

Mr. Minister, you also said that the function of the tax increase have been municipal. Well I want to say to you that we have had in this country and in this province, a sharing of tax revenues. That is the tradition and that's the right way to do it.

You know, Mr. Chairman, and the minister knows, and we all know, that the ability for the province to raise taxes is far greater than the ability of a municipality to raise taxes. And we know that it's only fair that that being the case the province is able to raise taxes in places where there is a great deal of wealth — some parts of the province — and then redistribute some of this wealth so that there's some equalization of benefit from some of this wealth around all of Saskatchewan. When you freeze the revenue sharing, as you did last year, you took away that concept; you destroyed it.

(1945)

Now I found it somewhat interesting, the comments that the minister made about liability insurance. And I go back to my earlier proposition where I said that for four years it has been widely known that there was going to be a serious problem faced by municipalities and others with regard to liability insurance. That's not a phenomenon that's all of a sudden come running out over the horizon and square into the face of this government. That has been a known fact for several years.

I ask the minister if he would be prepared to answer this question after I finish my remarks, and that is: why has it

taken four years, knowing that the problem is there — and I know that you weren't the minister, but you were part of the cabinet — then why has it taken four years for you to decide that you need a study when the problem has always been growing over that period of time? Why has it taken four years?

I know the municipalities are now wanting to assist you by doing a survey. And I would encourage that, and I congratulate them for it. But if this government had provided the leadership at any time during that four-year period instead of following its usual piecemeal approach, I am sure that those municipalities would have done that survey before and would have been in a position to be able to assist you in meeting this problem head-on and we wouldn't have had these kinds of situations.

Let me give you some examples, examples which you have neglected as a government. In North Battleford, that city paid SGI \$8,250 in 1985 for \$5 million worth of comprehensive liability insurance with a deductible of \$500. This year the deductible has doubled to \$1,000, and the premium has more than tripled to \$29,081. Now surely, surely that's not the kind of situation that should have had to be faced by the city of North Battleford when you have had four years to address the problem. And they would not be forced to cut other programs, needed ones, or raise the mill rate to meet that tripled cost in insurance premium, which they have had to pay because nothing was done.

In order to handle the liability insurance, SGI requires that they get all of the other insurance business of the city as well. So not only have they said to North Battleford, we're tripling your premium, we're doubling your deductible, but in order for us to provide you coverage — this is your Crown corporation, Mr. Minister — they say in order to provide you coverage, we are going to require that we get all of the other insurance business of the city as well, such as a \$30.5 million coverage on city property which has a premium of \$36,900.

My question to you, Mr. Minister: why has it taken four years for your government to decide that it's time to do a study? Why has it not been done earlier?

Hon. Mr. Dirks: — Well, Mr. Chairman, if ever we witnessed a case of hyperbole in this legislature, we just saw it. I mean, talk about exaggeration — talk about exaggeration.

Four years ago, the member suggests four years ago liability insurance was going sky high — absolute nonsense. Four years ago liability insurance was not an issue. Liability insurance for the majority of organizations that are concerned about liability insurance has become an issue within the last 18 to 12 months. It's really been within the last year that liability insurance has become an issue.

And this government recognized very quickly that liability insurance had become an issue. That is why we set up our ministerial task force on liability insurance. That's why we have been meeting with the organizations that have been affected. That is why SUMA wants to, in fact, survey its membership to determine exactly what the

extent, exactly what the magnitude of the problem is.

If it had been a problem four years ago, then SUMA would have been surveying its membership four years ago. But it wasn't a problem four years ago. And I think the member opposite owes it to this Assembly to not engage in such excessive hyperbole and exaggeration and distortion. That's not the fact, and he knows full well it's not the fact.

He was elected by the citizens of Regina North East on the expectation that he would deal fairly and reasonably in a factual manner here in this Assembly. But you're not doing that this evening.

Liability insurance was not an issue four years ago. It has become an issue very recently. This government has recognized that it has become an issue very recently. That is why we are working diligently with the organizations affected. That is why we have been consulting with the Saskatchewan Urban Municipalities Association. That is why they are now comprehensively surveying their own members to determine exactly what the extent of the problem is. Once they find that out, they will be back in consultation with us. Now that's the reasonable and prudent approach to this particular kind of a problem.

To suggest that the problems should have been solved four years ago, when it wasn't a problem, is clearly a nonsensical suggestion. The member opposite should know that. I think the approach that has been taken is the reasonable approach. We will continue to meet with SUMA to discuss the matter with them, to reach as quickly and as expeditiously as is possible to most reasonable and fair way of dealing with this particular issue. And that is of course what the Saskatchewan urban municipalities would want this particular government to do.

Mr. Tchorzewski: — Mr. Chairman, I wish to remind the minister that he should at least read his mail, because as it came to my desk today, I'm sure it came to his desk yesterday — a newsletter. It was a newsletter in which it was referred to some comments made by the president of the insurance association of Canada. I think I have the correct title of the association. If I don't, I will correct it tomorrow.

But in that newsletter, the president states very clearly that the concerns about liability insurance were being raised, not only four years ago, but even before that. Presentations were made to different provincial governments, and I'm not sure whether they were made to this one, because this government does not seem to be quite willing to listen to people very well, but at least four years ago, presentations were made to provincial governments, not only by people in the public, but by the insurance industry itself which were warning that there were going to be serious problems in the liability insurance industry.

And the minister stands up today and says the problem didn't happen until this year. Surely, Mr. Minister, you don't expect anybody to believe you when you say that, because you know that that's not true, and you can stand up and say in your usual way all you want about that. The facts will not substantiate what you're saying. Because

one of the things that your government has lacked and the reason why the province is in the state that it's in, is that it's lacked the capability to provide the leadership, and to anticipate problems, and to foresee into the future because you didn't bother to do some research and know what's going to happen. Because you lack that leadership, you have not been able to address these concerns.

You work on the crisis by crisis basis. That's the problem. You go merrily along and then there is a crisis and you scramble around and you decide you're going to deal with the crisis. So instead of planning for the future, you continue to try to put out brush fires which causes the problem to get greater.

Now are you saying, Mr. Minister, and I will ask you this question again: in light of the fact that governments were being warned about this problem at least four years ago, why has it not been possible for your government to know about that and anticipate the problem and deal with it earlier than 1986?

Hon. Mr. Dirks: — Mr. Chairman, I wasn't Minister of Urban Affairs four years ago, but I would like to comment about the time period for years ago. But before I do that, I want to draw to the member's attention that if liability insurance was a pressing issue to urban municipalities four years ago, then one would expect that they would have brought forward resolutions and debated it and discussed it heatedly at their annual convention four years ago in 1982. I would expect that they would have done it again in 1983, and that they would have done so in 1984, and likely even again in 1985, and they likely would have discussed liability insurance at their annual convention again in 1986. Well if the member opposite doesn't know, I will clue him in right now.

The Saskatchewan Urban Municipalities Association debated the issue of liability insurance and brought forward a resolution for the first time at their last convention this year in 1986 — not 1982 or '83 or '84 or '85. The issue was debated in 1986 with their resolution. So for the member to suggest that it was a pressing issue four years ago, certainly doesn't seem to jive with what the Saskatchewan Urban Municipalities Association has been dealing with.

In fact I suggest that four years ago the pressing issue here for the people of Saskatchewan was not liability insurance, the pressing issue was interest rates. And I would ask the member opposite: what did you do as minister of Finance to protect the people of Saskatchewan from high interest rates? Did you do anything? Did you anticipate the problem of high interest rates?

You didn't need to anticipate it. It had been with you for a long period of time. Not only did you not anticipate it, you did absolutely nothing to alleviate the problem of high interest rates facing the average person here in the province of Saskatchewan — absolutely nothing. And the people of Saskatchewan remember. They remember when interest rates were 18, 19, 20 per cent; that it was an NDP administration that did absolutely nothing to assist them.

And back in 1982 they remember that when you were minister of Finance it wasn't liability insurance that was the pressing issue which you seem to suggest was the case back in 1982, a pressing issue was inflation, and the cost of gasoline in the province of Saskatchewan was going up and up and up and up in an inflationary way — not liability insurance going up and up, but gasoline was going up and up.

And you were the minister of Finance and you did nothing to alleviate that particular cost. So I would remind the member opposite, this government dealt with interest rates, this government dealt with gas tax. Liability insurance was not an issue then.

Mr. Tchorzewski: — Well, Mr. Minister, here you go again. I'm quite aware of the fact that you weren't the minister of Urban Affairs until December when the Premier decided he had to make some cosmetic changes in the look of your cabinet. I'm not questioning that. But you were indeed a member of the Executive Council, and you would have been party to discussions around the cabinet table on issues of the day and problems that people and municipalities and families face in Saskatchewan. So you would have been part of any decisions with regard to liability insurance or property tax increases or the destruction of the revenue sharing formula which your government brought about.

Don't blame it on the municipalities. The members of this government always tend to slough it off on somebody else. When the Ombudsman brings a problem to your attention, you say he's wrong and you're right. Church organizations bring a problem to your attention, and you say they're wrong and you're right. Individuals bring problems to your attention, you say they're all wrong but you're right. You're always right. That is not an acceptable way for a democratic government to work. Other people are right sometimes too. Or at least they deserve to have their problems and their concerns given some consideration.

Your government in its arrogant way refuses to give them the time of day. Everybody who has ever brought any problem . . . We've debated that in the legislature, Mr. Minister, with regard to the Ombudsman's report; we did it again today; and instead of giving the Ombudsman a chance to come in here and say what he's got to say under questioning from all of us, you use your big majority to shut that down. Now if that isn't arrogance, I don't know how you would define the concept of arrogance. That is the worst kind of arrogance.

You prefer to stand up and beat up on a defenceless public servant who was supposed to report to this legislature — he doesn't report to any minister — rather than give him a chance to come into this legislature and be questioned by the members here so that he could make it clear what the problems are and provide the evidence to support them.

So don't blame the municipalities for the fact that you did not act in the last four years as a government to address the issue of liability insurance. The reason that SUMA had to deal with that in resolution form this year, Mr. Minister, is because of your inaction. You know that organizations

like SUMA and SSTA (Saskatchewan School Trustees Association) set policy and express the direction that they would like the government to act on their behalf. But they also take action to pressure the government when they feel that their government is not acting on their behalf.

And many of the delegates that I spoke to in SUMA felt strongly that your government had done nothing and that it was time to stand up at their annual meeting and say to the government, get off whatever it is you're sitting on and do something about it.

(2000)

That's why that resolution was considered this year, because during all the rest of the time they still had some faith in you as a government, that you would get around to doing something. But after they saw that you were not prepared to do anything, they knew that they had to use another course which they don't normally do, but do when they feel that there is no other channel available to them.

Why do you think they were concerned? Well, I'll give you another example. Let me give you the example of the city of Prince Albert. Now if you were involved in the council of the city of Prince Albert, Mr. Minister, and you had this come to your attention, don't you think you'd want to pass a resolution urging the government to take some action? The city of Prince Albert carried \$10 million in liability insurance in 1985. They paid a premium of \$30,000. The insurance coverage was renewed on December 31, 1985 and once again it so happens that the company was SGI, and it was renewed for \$5 million, not 10, \$5 million worth of coverage — half the coverage of 1985 — and the city of Prince Albert is now paying \$84,000 in premiums — triple what it was.

And I ask you as a member of the Executive Council, are you saying to this House that your insurance company, a good insurance company, the Saskatchewan Government Insurance, was not informing the government over the period of the last four years that this was going to come? I suspect if it was, then either you weren't listening or your minister in charge of SGI wasn't reporting this information to the cabinet. Either way it's wrong. Either way you have failed.

Now there are many other examples of these kinds of atrocious increases. And you know as well as I know why these increases have taken place. They've taken place because Saskatchewan taxpayers are asked to pay for the tragedies in Beaulieu and the Iran-Iraq war, and every time a tanker gets blown up, liability insurance companies have to pay out and the Saskatchewan taxpayer has his and her premium increase to pay for that. They have to have an increase to pay for that.

Any responsible government, knowing that this was happening, would have taken some steps to take the initiative, meet with the SUMA people, meet with the school boards, meet with the hospital representatives, take the leadership and begin to work out with them some solution to the problem before it reached the crisis stage. But as it seems is the pattern of the way you operate, you wait for the crisis to hit you between the eyes like a broad

axe and then you get woken up and you decide you must do something about it.

Well you may eventually get around to do something about it, but you cannot any longer recoup the 80-some thousand dollars that Prince Albert had to pay as opposed to the \$30,000 they had to pay a year ago. They spent that money. The insurance company has got that money, and one would have thought that you would have at least considered some program like — let's use SGI. Let's have SGI provide a liability coverage. Let the Saskatchewan government be the reinsurer. Let SGI set its rates according to the risk factor in Saskatchewan.

And that's quite a legitimate argument, because whether . . . Because ultimately you as a government — or the New Democratic Party as a government — but the Government of Saskatchewan, when there is a disaster, will have to bear that cost in one form or another. So if you bear it by spending money in a budget or by special warrant when the problem or the disaster is created, or whether you set up a mechanism through SGI where you become the reinsurer, it's still going to cost you the money. But at least you would have been building up a fund which you could have used to provide insurance coverage. You chose not to do that. You chose not to do that.

And now when SUMA, faced with these kinds of atrocious increases, passes resolutions and has a debate — and I'm glad they did — you decide it's time to do a study. Oh heavens, you don't do a study about how do you keep the cattle in the barn after the cattle have run away. You don't do a study on how you keep the horse in the barn after the horse has gone, and then you shut the door. That's what you've done.

And I ask you again: why was your government not capable or willing to provide some leadership before the crisis happened, so that you could have begun to address the issue before this time?

Hon. Mr. Dirks: — Mr. Chairman, the member opposite has made a number of comments with reference to SGI I'm sure that the minister responsible for SGI will want to deal with those in the Crown corporations. But I would simply remind the member opposite that it was under the NDP administration that SGI got involved in a tangle of international reinsurance issues.

Mr. Chairman: — Mr. Minister, if I may suggest, we should stay as much to Urban Affairs as we could and not straggle out. The former speaker brought it up and straggled off topic but related it very quickly. If the minister would do that, we would keep the House in order this evening and get the business done. So would both members take that advice, please.

Hon. Mr. Dirks: — I appreciate the comments of the chairman. I certainly want to restrict our comments to Urban Affairs. And there is some tie-in to SGI because of the liability insurance issue as it pertains to municipalities.

And of course one of the reasons why SGI had its difficulties over the year with the former administration,

which we unfortunately are still living with today, is because the former NDP administration involved SGI in a terrible international tangle of reinsurance schemes which literally cost the taxpayer here in the province of Saskatchewan millions and millions of dollars. And we've been trying to extricate ourselves from that, and I'm sure the minister will want to talk about that later when he has time.

I would simply remind the member opposite that the issue of liability insurance only became a pressing issue in late 1985, and it was at that time that we as a government in fact initiated discussions with some of the major organizations involved. And I would remind you that we have met with the Saskatchewan Urban Municipalities Association. We have met with the Saskatchewan Association of Rural Municipalities to discuss this matter. We've discussed this matter with the universities. We've discussed the matter with the Saskatchewan Medical Association — just to show you the broad scope of organizations that we have had the kinds of discussions that we should have.

Leadership is not simply saying, ah, there's a problem — here's our solution; and jamming that solution down people's throats. That may have been the approach that the former administration took. I don't believe that that really is leadership at all. Leadership is in fact recognizing a problem, working with those particular organizations that are affected by it to solve the particular problem, to find the best possible solution.

That is in fact exactly what we are doing at this particular point in time. And as I indicated, that is what the Saskatchewan Urban Municipalities Association is doing. They are providing leadership themselves as an organization to their member agencies, by sending out the questionnaire which they have, which is requesting very detailed and comprehensive information from their member associations. And they will be reviewing that. And on the basis of that they will be deciding whether or not they in fact want to set up their own particular insurance scheme.

Now I suspect the member opposite would have liked to have seen the government impose some kind of a scheme upon the Saskatchewan Urban Municipalities Association. That might have been the approach of the former NDP administration. It's certainly not the approach of this Progressive Conservative administration. We would rather work with organizations than work against them or work at them. Working with them is leadership. And I think that that has been borne out in the past and you will find that borne out in the future as well.

Mr. Tchorzewski: — Mr. Minister, you say that liability insurance premiums became an issue in 1985, I agree — it became a crisis in 1985. But I once again remind you that leadership is to anticipate the potential problem and deal with it before it becomes the crisis. And that's what we have been talking about here this evening.

You did not anticipate because you did not bother to look ahead. A tradition of your government is you're always looking either backwards, as you just did talking about

the SGI's liability insurance things, prior to 1982 . . . You talk about the past. You're backward looking. You never talk about your record because you know it's a bad one. And you never talk about the kind of leadership you've had because you haven't provided any.

If you had, in any sense, cared about the kinds of problems that municipalities might face — and that's part of your responsibility as a government: look ahead, do some planning, anticipate the problem, and begin to deal with it before it becomes a crisis.

Since you did not deal with it, are you now prepared at least, Mr. Minister, to provide municipalities with some funding to cover the extra costs that they've had because they have had to pay up to 400 and 500 per cent more in liability insurance premium? Is your government prepared to consider providing financial assistance to municipality to cover those costs?

Hon. Mr. Dirks: — Mr. Chairman, I think it's important to remind the member opposite that the Saskatchewan Urban Municipalities Association is presently undertaking a very comprehensive survey of its member organizations to determine exactly what their own liability insurance needs and problems are. And to suggest that somehow the senior government should, at this particular point in time, commit itself to providing additional funds to cover liability insurance costs, I don't believe is a responsible position to take.

What is a responsible position to take is to work with the particular organization, the Saskatchewan Urban Municipalities Association, to find out with them exactly what the particular liability insurance needs are of their member organizations — and we don't know yet what the survey is going to produce — and then to sit down with them to determine how best to deal with the particular issue.

The member knows that we provide unconditional revenue sharing grants to municipalities. If he looks in the blue book this year, he will see that there is an increase in information, or in revenue, that will be provided to the urban municipalities. And of course they can spend that according to their own particular priorities.

So I would simply reiterate that we recognized that the liability insurance problem has hit a number of municipalities, and other kinds of organizations, not just municipalities. We have moved to consult very quickly with the organizations that are involved and we will be working with them to not impose what we believe to be our solution, but to work with them to find out what we together believe will be the best solution for the organizations here in the province.

Mr. Tchorzewski: Mr. Minister, it's not a question of imposing. And I had not suggested that, and I would not suggest that. The issue here is not whether you impose something or whether you not impose something. You may choose to deviate a discussion to get away from answering the question. And that's fine. That's quite appropriate in debate, and I'm prepared to get into the debate with you. So we're not dealing here with a question of what you might impose. We're here dealing

with a question of neglect by your government, and what you might be prepared to do to make up for the errors of your ways in the last four years.

(2015)

You must know, Mr. Minister, that in some municipalities the increase in money that they have to pay for liability insurance is greater than the increase in revenue sharing that you're going to provide them this year. And that is a fact. Some municipalities will pay more in premiums for liability insurance than you will provide them in the increase in your revenue sharing of less than 3 per cent.

And you say that you don't feel you have any responsibility. Well I don't agree. I think you do have some responsibility. You have some responsibility to provide in this year, while you are working co-operatively with SUMA, to find a solution to provide them with some financial assistance to cover this cost, or at least a portion of this cost, while you work out a solution with all of the other bodies affected. Now why wouldn't you be prepared to do that? Why wouldn't you be prepared to recognize for this one year at least some financial assistance for municipalities faced by this increase in premiums to the point where many of them are reducing their coverage? And I'm not sure that's wise. I'm not sure that's wise. Why would you not be prepared to do that?

Hon. Mr. Dirks: — Mr. Chairman, I have before me the resolution from the Saskatchewan Urban Municipalities Association, and they in fact make no reference whatsoever in their resolution to asking the senior government here in the province to provide them this year with additional funds to cover the liability insurance problem that they have been meeting. And I think they have done so responsibly.

They recognize that the reasonable and responsible approach is not to simply automatically ask the provincial government for additional funds to cover off the liability insurance increases that they may be experiencing, but the responsible approach is to work together, to define the magnitude of the problem, to determine what is the best way to deal with that particular problem. And that is what the Saskatchewan Urban Municipalities Association has done. I want to commend them for taking that particular responsible approach.

We want to work with them. We certainly will do whatever we can as the provincial government here in the province, and I certainly will do whatever I can as Minister or Urban Affairs to ensure that the liability insurance problem facing municipalities is dealt with as expeditiously and directly and effectively as can be done.

But I would simply remind the member opposite that the issue came up late in 1985. We of course have responded and have been consulting with these particular organizations. They to date have not requested any special funding and they have been responsible in not so doing. And we will be dealing with this particular problem with them in a consultative fashion to address the particular issue that we together know is a problem that they are facing.

Mr. Tchorzewski: — Well, Mr. Minister, you may not in your term in your portfolio, which comes after your responsibilities in Social Services and others . . . I'm not sure whether you had the opportunity to address all of the issues surrounding this matter adequately up until now. But I remind you that maybe you should read a letter that was sent to the former minister of Urban Affairs from SUMA after last year's budget, and that letter made it very clear how disappointed SUMA was and indeed felt betrayed by your government when you (1) froze the revenue sharing at the level it had been in the year before; (2) had used discussions that your government had had with SUMA around property improvement grants, and cut out the property improvement grants which increased by at least \$230 on every household, and a lot more on farms, the tax burden.

So don't read one resolution and pretend that that is the only concern that this important body representing all the municipalities has had. Don't expect them to incorporate in that resolution concerns which they have said to you and your government prior to that in the form of a letter to the Premier. The letter made it very clear how disappointed SUMA was in that your government had decided that SUMA was not going to be one of those so-called four pillars that you announced in the budget before this last budget. You forgot that the municipalities existed. After cutting out that kind of funding — because when you consider what inflation has done, when you freeze funding you've actually made a cut-back — after doing that and after SUMA reminding you that that was wrong and that they were dissatisfied, do you expect them to include it on a resolution which is dealing with liability insurance and what's happening there? Come now, you know very well that that's not a rational argument on your part. Whether SUMA, in their resolution, asked for assistance or not, do you not think that the government had some responsibility to look at what was happening with insurance premiums and provide some assistance to municipalities?

Hon. Mr. Dirks: — Mr. Chairman, we have acted, I believe, very responsibly to consult with the Saskatchewan Urban Municipalities Association on the matter of liability insurance. We continue to consult with them now. They are in the process of surveying their membership to determine the magnitude of the particular problem. Once that survey is complete, then we will, together, continue to address the particular issue of liability insurance. That is the responsible way to go. That is the way we will go.

Mr. Tchorzewski: — Mr. Minister, when did your consultation begin?

Hon. Mr. Dirks: — Mr. Chairman, I was taking some time to question my officials as to exactly when the matter was first brought to our attention as a pressing concern. And I would remind the member opposite, as a pressing concern on the part of the urban municipalities association, which of course represents the urban municipalities.

And in fact they did not bring it forward as a pressing concern to our attention until early this year, in 1986. And

in fact our consultations with them, my consultations, began of course in the early part of 1986 very soon after I became Minister of Urban Affairs. And the member is asking for an exact date. I don't have . . . Well the convention was of course in January, so I will have had discussions with them, of course, during the month of January.

But we did not receive, to the best of my knowledge, any written communication from any particular municipality expressing concern about the liability insurance issue. The Saskatchewan Urban Municipalities Association did not formally communicate that particular kind of a concern, as I indicated, until in the early part of this year when it in fact was dealt with officially and formally on their part and brought to our attention as a concern of theirs at convention time.

So as I indicated, the issue really is a 1986 issue and not a 1982 issue, as the member opposite would suggest. In fact, as soon as it was brought to our attention as a concern on the part of the municipalities, then we responded to it in consultative fashion with them, and we continue to do that.

Mr. Tchorzewski: — Well now it's become a 1986 issue. In our previous discussion you said it was a 1985 issue. And I'm not sure that you're sure when the issue was an issue, Mr. Minister. Let me ask you another question then, because if you only realized that this was a problem in 1986 in February or the end of January when there were resolutions at SUMA and there were debates expressing concern, then you did not read the newspapers like I did, because I had found that this was being reported some time before that.

My question to you, Mr. Minister, is: when did your department bring this to your attention as a problem, or when did your department bring it to the attention of the former minister that this was a problem that the department was addressing and therefore the government should address? I know it wasn't after the SUMA convention had raised it; I know it was discussed in the department. I want to know, when did the department first raise it with either you or the previous minister?

Hon. Mr. Dirks: — Mr. Chairman, my understanding is that along with most other provinces in our Dominion of Canada, the issue was first being discussed in the very late part of 1986 — pardon me, 1985 — when the issue first became apparent. And I believe that the former minister may have had some very preliminary discussions with officials as a consequence of likely reading some of the same newspaper articles that were surfacing in the very late part of 1985 and the early part of 1986.

(2030)

As I indicated, SUMA did not bring it to our attention as being a concern on their part — that's the Saskatchewan Urban Municipalities Association. They did not bring it to our attention as being a concern on their part until in the early part of this year. And of course we have been consulting with them and working with them ever since then to address the particular issue.

Mr. Tchorzewski: — The intent of my question was to determine when it became a concern on your part, Mr. Minister. You're therefore telling me that your department and the officials responsible did not address themselves to the issue of liability insurance before late 1985 or early 1986. Is that what you're saying, Mr. Minister?

Hon. Mr. Dirks: — Mr. Chairman, I find myself reiterating the same point because the issue never really became an issue until municipalities began to receive their notification of renewal for their policies in the latter part of 1985, some of them in the early part of 1986. And it was only then that the issue — indeed, when they saw the increases that were there before them, that it became an issue for them. And of course the urban municipalities association representing the municipalities of course brought it forward at the convention, and we had discussions, of course, in January.

So we're talking about a very quick and rapid response in terms of consultation and discussion with the urban municipalities and their representative association here in the province of Saskatchewan — no different really than anything that has happened across the country.

Mr. Tchorzewski: — Mr. Minister, the issue was an issue in some provinces in Canada in the early '80s, in the early 1980s. Are you saying that your department did not keep in touch with similar departments in other provinces and with whatever agency in the federal government is responsible for urban affairs? Are you saying that your department was not aware of some of the concerns that were being expressed in other parts of Canada and were being indeed addressed by other departments of municipal affairs in other parts of Canada? Is that what you're saying?

Hon. Mr. Dirks: — I would remind the member opposite, or bring to his attention, that in fact other provinces have addressed the problem in similar fashion, moving to consult with those particular organizations that are involved. The Federation of Canadian Municipalities as only raising it as a significant issue in the very latter part of 1985 and the beginning part of 1986, which was of course the same time that the Saskatchewan Urban Municipalities Association began to deal with the issue in a formal way. All of that was happening at the same time — the Canadian organization, the Saskatchewan organization, and the Saskatchewan government dealing with the issue at the appropriate time in the appropriate way.

Mr. Tchorzewski: — Well, Mr. Minister, in 1979 or 1980, I'm not exactly sure on the dates there, representations were made to a committee of the Ontario legislature, expressing concern about the impending problems with liability insurance. Representations made by, not only people of various industries, by the insurance association of Canada.

Are you saying in light of that, that no government in Canada, which it happens in this period of the last five years or so has been almost all Conservative, thought it important enough to pay attention to those concerns which were being expressed to places like committees of

the legislature of Ontario? None of those governments, including yours, thought it was important enough to have your officials do some research on it in order to determine where the problem was heading, and what solutions you might be able to find in consultation with municipalities, and school boards, and hospital boards, and other municipal organizations?

Hon. Mr. Dirks: — Well I have to chuckle a little bit at the member opposite, it seems he kind of walked into this one. If you say that it was an issue back in 1979 — seems to me you were the government at that time. Seems to me if it was a pressing issue then, that you would have done something to anticipate the problem, and that back in 1979 you would have changed SGI to deal with the issue, or you would have brought in some kind of legislation to cap limits, whatever, on liability insurance questions.

There's a host of things that you could have done back in 1979 if it was a problem. Because clearly you were aware that back in 1979, you say it was an issue and a concern. And you say, why didn't this government do something? Well my friend you're being very, very inconsistent.

Back in 1979 if it was an issue and you were aware of it, then if you were expressing leadership at that time, you were in the cabinet, you would have done something about it. You did absolutely nothing about it at that time. And of course the reason nothing was done about it is because it was not a problem for municipalities back then. So let's not be inconsistent. It was not a problem until very late 1985, early 1986. That is when this government became aware of it; that is when it became an issue for the municipalities involved; that is when we began to consult and deal with the particular municipalities.

If you want to say that it was an issue back in 1979, then of course my response has to be — you should have done something about it back in 1979. But you never did anything about it back in 1979. And you know full well it wasn't an issue here in Saskatchewan back in 1979 either.

Mr. Tchorzewski: — Well, Mr. Minister, back in '79 and '80 the flags were being raised. And that's the point that I'm making with you today. The reason I went back that far is because I want to highlight the fact that this issue did not come upon you or your government in late 1985 or early 1986.

People were aware of it in 1979, and I suggest to you that if we had been the government . . . Because only the signals were being set, and there were people who were looking at the problem across Canada, including here in Saskatchewan. Except when you became the government in 1982, and then you forgot to follow it and consider it, like you did with lots of other programs in various departments of government. And you neglected it until 1986 when the Saskatchewan Urban Municipalities Association and other local government bodies had to pass resolutions to force you to act.

That's the point. You could have in the last four years, as we would have had we been in the government, provided the kind of program or whatever was necessary to meet

the problem before it actually became reality, which I agree with you it did, in late '85 and early 1986. That's not what I'm arguing. I'm arguing that you knew — maybe not you personally — but your government should have known the impending problem as other governments did, and should have done some work to prepare for 1985 and 1986.

You did not do any work to prepare for 1985 and 1986, because you became the government in 1982, and all kinds of progressive planning in the Government of Saskatchewan came to an end. You became so overwhelmed with this need to help your friends in certain sectors of industry like the oil industry, certain picked and chosen contracting firms, certain picked and chosen advertising firms, that you forgot to address these kinds of issues, such as liability insurance, which now has become a crisis. And therefore, in order for you to try to soften up the political effect on yourself, you decided to announce another study.

Mr. Minister, that's not good enough and you know it. I ask you once again, and I ask you this quite sincerely: will you reconsider your government's position and assist the municipalities and other associations financially for some of the burden that they have to bear because of these atrocious increases — and I remind you again, some of them as high as 500 per cent — in liability insurance premiums? Will you reconsider, at least think about what you might do to assist them?

Hon. Mr. Dirks: — Mr. Chairman, certainly it's my duty as Minister of Social Services to draw attention to some of the inconsistencies that are being brought forward by the member opposite.

He is saying that back in 1979 the flags were being raised. Well if they were being raised back in 1979, I will remind you that you were in government in 1982, and you brought in a budget and a speech from the throne and so on in the 1982 year. And if the flags were being raised, you had three years to see the flags. You seem to have missed them though, because you didn't bring in any particular legislation to deal with the problem. And I can understand that.

The fact of the matter is, it was not a problem back then. If it became a problem in 1983, then you would have expected that when the municipalities received their renewal notices for insurance, that they would have started bringing it to the attention of the urban municipalities association in this province. And you would have thought that they would have brought it to the attention of the Federation of Canadian Municipalities. But that was not the case. It was not brought forward as a big issue in 1982.

Now if the flags were being raised in 1983, you would have thought that they would have — when they received their renewal notices — that they would have raised a fuss or a stink about it, that they would have brought it forward to the Saskatchewan Urban Municipalities Association for discussion and debate. The Federation of Canadian Municipalities in 1983 would have dealt with it in some formal way, bringing it to the attention of governments. But that was not the case. It was also not the case in 1984.

And it was also not the case in 1985, until the very end of the year in 1985.

So for the member opposite to go back to 1979 and say that somehow the flags were being raised then, therefore, this administration should be doing something or should have done something in '83 or '84 or '85, simply doesn't make sense. If it were the case, then certainly he should have dealt with it because he was in the cabinet under the NDP at that time. But they didn't deal with it, and of course it was not an issue to be dealt with then. It was not a big issue at all.

Now he makes reference to . . . well you have given certain gifts away to the oil companies. I would remind the member opposite, and I'm sure he doesn't want to be told this information again, that it was under this administration that the oil patch came alive in the province of Saskatchewan. Under your administration the oil patch was basically dead, and municipalities as a consequence did not have the people working in the oil patch that they should have had working. Wells were shut in. Service companies did not exist. Small, medium, and junior oil companies were not at work in those municipalities paying taxes in those municipalities as they could have been.

Under this administration, the oil patch has come alive, and year after year after year there have been record increases in the number of oil wells drilled. And as a consequence there has been a substantial entry of funds into the government coffers in the last three or four years. And as a result of that, this government has been able to provide capital to municipalities to do some of the very important things that need to be done that never were done under your administration.

And I will only bring to the remembrance of the Assembly here today two examples. The first example, of course, is the Saskatoon arena. We see today that the citizens of Saskatoon are going to benefit from an arena. And that is something that the municipalities are of course very concerned about. Two to one, the people in Saskatoon voted in favour of that arena. And I understand that some members of the NDP opposition of that party were opposed to that particular project in Saskatoon.

(2045)

Now where does the funds come from? Where does the money come from to pay for these particular capital projects that are needed in these municipalities that citizens of a city like Saskatoon vote for in the magnitude of two to one? Well they come from an oil patch that has been booming over the last number of years here in the province and has brought a lot of money into the coffers. Now we know that the oil patch has fallen upon difficult times these last few months because of international oil prices. But had it not been for that revenue coming in over the last few years, the municipalities would not have had the funds that they have today. That's my first example.

But I want to bring to the member's attention what I believe to be a very important example for me because I happen to be a member from Regina. And in this city, the citizens of this municipality for 11 years complained

about the quality of water that they had to drink. In fact, people like my wife and many others refused to drink the water in this city during the months of July and August because of the foul taste and its foul odour. And I can understand that and appreciate that because there were times when I didn't want to drink it either. And I suspect the member opposite who, although he lived in Humboldt, occasionally travelled here to Regina, he had the same problem with that water.

But did you, when you were minister of Finance, find any money in the government coffers to fix up the municipal problem here in the city of Regina relating to water? You did nothing. For 11 years the people of this city complained, and rightly so, to their senior government, provide us with funds to fix up the taste and odour problem of Regina's drinking water. Absolutely nothing was done. The Progressive Conservative government came into power in 1982. We immediately put in place a study to review the problem, to see what was the best way to deal with it, and then we took action. You were talking about leadership. Well I suggest to you that to leave that problem fester for 11 years certainly wasn't leadership under your administration, or under your tenure as Minister of Finance.

We moved very quickly, very expeditiously, to take the money out of a booming oil patch which is taking revenue into the government coffers, taking that money out of the government coffers, providing some of it to the municipalities that you were just talking about to say that they were underfunded, to solve a very serious problem here in the city of Regina that you were not interested in solving; that you never had money to solve; and that I suspect you weren't going to solve if you had gotten power again. And I'm very thankful that you didn't, because today the people of the city of Regina have good drinking water. It's because this government is concerned about municipal issues and I think we can all be proud of that.

Mr. Tchorzewski: — Well, here we go again. Mr. Chairman, we have now opened up the debate fairly wide and the minister had decided to try to get away from the question of liability insurance and talk about other issues. Well fine. We can do that too. But obviously the minister has not been prepared to answer some of the questions that deal with whether the government is prepared to provide financial assistance to municipalities due to the government's neglect causing great cost to them in liability insurance premiums. He has yet to answer directly the question whether his officials in the

department presented him or his minister before him with any recommendation or any indication, prior to this 1986 year, that there was a problem developing in liability insurance that the government should be addressing. You have not yet answered that question, Mr. Speaker, other than talk about it in generalities. And I wonder why you would not answer that question.

In 1982, if you want to get into that debate, I want to tell you what happened. There was in 1982 an adequate revenue sharing program. When you became the government, you destroyed it. You did away with the revenue sharing program which had been developed in consultation with the SARM and SUMA. It was as much their revenue sharing program as that of the government of . . . (inaudible interjection) . . . The member from Regina Victoria wants to shout from his seat. Well if he wants to shout from his seat, Mr. Chairman, I'm prepared to sit down and have him get up and make his remarks and ask some questions.

Thank you. I'm glad he's decided that he has nothing to say. I will continue. In 1982, Mr. Minister, the Government of Saskatchewan had a budget in which the revenue sharing program was a good and real revenue sharing program. When you became the government, you destroyed that revenue sharing program and it no longer existed in that form. There was no longer any way to determine how much municipalities were going to get in revenue sharing, because you wiped it out. You talk about constant dialogue with municipalities. Well I'll tell you something. We had continuous dialogue with municipalities and together with the municipalities, we were able to anticipate problems and deal with them before they became a crisis — something you haven't done with the issue of liability insurance.

If you want to boast about the great viability of the oil patch today, you can go ahead and do that. If your policies have really done so much for the oil patch, I ask you why are there thousands of people in the oil patch of Saskatchewan being laid off and have been laid off and are without jobs. And you know that they are. You have a funny, perverted view . . . (inaudible interjection) . . . Did the minister from Maple Creek have something to say? Because she's yelling from her seat again. I'll wait till she's finished, Mr. Chairman. She's now completed her comments. I will continue.

Mr. Minister, you have a very . . . Your government has a very perverted view of how you develop economic policy. When the oil industry was healthy, as it was in recent years, what do you do? You pour money into the oil industry. When the oil industry was healthy, you handed over to the oil industry \$300 million a year and said, here, this is yours — when they didn't need the help.

Today, when the oil industry is in trouble, you say, when your Premier goes to Ottawa to meet with the Prime Minister — who isn't there, because he's down in Florida — when the Premier goes to Ottawa, what do they discuss? They discuss how they're going to take off the PGRT (petroleum and gas revenue tax) tax but put it on the consumer so that the consumer has to then subsidize the oil industry. Now what kind of strange logic is that to raise funding to be able to provide adequate funding for

urban municipalities? What kind of peculiar logic is that? I don't understand.

You're asking the consumer, and you did ask the property tax payer, to almost double his taxes since you were in government, or certainly have a very significant increase. Because you were not prepared to take a fair rent from the oil which Saskatchewan people owned, you decided that the oil companies ought to get \$400 million a year, and therefore you were not prepared to get that money and help municipalities pay for the cost of services that they were confronted with.

If you had such a great entry of money from the oil industry, Mr. Minister, why did revenue sharing funds have to be frozen for the last fiscal year? You talked about the significant increases in oil revenues and how they were helping municipalities. Tell me, if that was such a great help to municipalities, because of this tremendous increase of revenue from oil, why did you freeze revenue sharing funds in 1985 and 1986?

Hon. Mr. Dirks: — Mr. Chairman, the member opposite has talked about a number of matters in his talk in the last few minutes. He talked about the oil companies, for example. And I think perhaps it's important to deal with that particular issue to set the matter straight, because the oil revenue that this province has received has certainly helped this particular government provide the kinds of services to certain areas here in the province that municipalities are concerned about.

Let me give you an example. The rural municipalities here in the province and some of the smaller urban municipalities are very concerned that we have a viable agriculture industry in the province. Without that viable agriculture industry those municipalities are going to suffer and those municipal governments are going to suffer.

So we decided as a government that it was very important to take the funds that we had last year and to put those funds into agriculture. We all know that agriculture is the backbone of Saskatchewan's economy. We all know that the Premier of this province and this government certainly understands agriculture far more so than the former NDP administration ever did. And we decided to place an emphasis on agriculture last year because of the very difficult straits that agriculture was finding itself in.

Now we could have reduced the assistance that had gone to agriculture and we could have provided some more assistance — 1 per cent or 2 per cent or whatever increase — to urban municipalities. But we felt that it would be more appropriate to put a stress on agriculture, because that is the backbone of our economy. When agriculture is in difficult times, then this province suffers. And we believed that we needed to shore up agriculture, and indeed that is what the Premier has done.

So that certainly was one of our priorities as to where the dollars were going to go. And then of course we had additional priorities, one of them being health care, to provide additional funding — and I don't want to talk about the large area of health care because we spent a good deal of time dealing with that particular issue.

But if the member wants to know where the significant dollars went in last year's budget in terms of major increases, certainly the area of agriculture is where those dollars went. That is where they should have gone. And I think the member opposite betrays his misunderstanding, or lack of understanding, for what Saskatchewan is all about when he says that you should have been taking money from somewhere else and putting it over here. And agriculture would suffer as a consequence, and I think that's what the implication would be. We don't want that to happen.

Now, Mr. Chairman, the member opposite talked about the oil companies. And I think it's important, as I indicated when I rose to my feet, that a number of points be stressed here.

Under the former administration, grants were paid to oil companies to drill a hole. If they had a dry hole the grant was still paid out. Now the chairman is wondering whether or not this is on the topic. The member opposite was talking about the revenues that were coming from oil companies, and how those revenues were derived, and as a consequence how the municipalities receive more funds or less funds. Okay? So it's important to understand.

Under the former administration grants were paid to large oil companies — and that's about all we had here in the province, were large oil companies; we didn't have any of the small or junior or medium-sized companies — grants were paid to large oil companies even if they drilled dry holes. And millions and millions of dollars were paid out under the NDP administration to the large oil companies, the Mobils and the Gulfs and the Shells of this world, even if they drilled dry holes.

When this administration took over we changed that policy — we changed that policy. And as a consequence of that policy being changed, a large number of small and medium and junior and middle-size companies established here in the province of Saskatchewan — our own people setting up their own oil companies to drill for oil. As the consequence of that economic activity that was generated, literally thousands and thousands of jobs were created. As a consequence of that, taxes were paid that would not have been paid, revenue flowed into the government coffers that would not have flowed into the coffers.

As a consequence, the government had a larger pool of money coming in from the oil patch that it can now pay out in various areas in terms of services. Many of those services went to municipal concerns, such as to fix up the water, to provide an arena, and to provide a host of other things. Some of that money last year went to shore up the agriculture problem here in the province of Saskatchewan.

Now I know the member opposite would like to deceive the public and suggest that \$300 million was given away to the oil companies. That simply is not the fact; he knows it and I know it. What is the fact is that the oil patch boomed under this particular government; and as a consequence of that boom, revenue flowed into the government, and that revenue was used to do the kinds of

things that should have been done a long time ago and were never done under your administration.

Mr. Chairman: — Mr. Minister, and Mr. Member from Regina, if we could tighten the subject back more to the estimates. Both members have been allowed to stray, and each time the straying gets larger and larger and larger. So would you draw the bow in tighter and try to stay on topic. And second of all, would members on their feet and in their chairs stop trying to draw other members in their seats into the debate.

Mr. Tchorzewski: — Mr. Chairman, I shall tighten this bow as soon as I respond to the remarks of the minister opposite. The minister opposite just talked about their oil policy, and I'm going to talk about their oil policy. Because the public of Saskatchewan knows, as well as you know, Mr. Chairman — because you have municipalities in your constituency that have paid a price, a very serious price, because this government chose not to make them a priority but chose to make their friends in the oil industry a priority.

(2100)

I say that the public of Saskatchewan knows that the taxpayers of this province lost \$300 million a year in revenues from oil because of the following policy of this government. They allowed oil companies to drill new wells on existing oil fields called infill wells — no exploration involved, no risk involved, no expenditure of development money other than to drill a hole. And you know what they did, Mr. Chairman? They then said to those oil companies, you get a tax-free holiday.

Now does that make sense to say to an oil company, here is the well, here is the field; drill anywhere inside this existing field that everybody knows about and pump the oil as hard as you can, because we're not going to charge you any royalties for it. That's why \$300 million a year have been lost — because of that kind of policy.

And so what do you think happened? Oil companies pumped as fast as they could out of those new wells. They reduced the pumpage on existing wells. They got the holidays on the new wells which they didn't have to do any exploration for, and they ripped off the Saskatchewan public with the help of this government. That's what happened. That's why this government had to freeze revenue sharing and neglect all kinds of other funding for programs in many other departments as well as this minister's department.

And I know my colleague from Regina Centre, either later today or tomorrow, is going to show some good examples about how funding for all aspects of municipal affairs since 1982 have been reduced, because this department and programs under this department have not been considered to be important enough to this government to provide them the fair share of the provincial revenues.

Mr. Minister, I ask you again: if there were such great revenues from the oil industries that were supposed to benefit all of Saskatchewan people, why did your government freeze the revenue sharing in 1985-1986? And don't stand up and make the same old speech,

because you can't play God in here.

Your budget was presented last year in April. That means that decisions on that budget were made prior to April; they were made in December and January, February, winter-time. Surely you're not going to stand up and say that when you were making those decisions to freeze the revenue sharing that you knew there was going to be a drought?

Don't try to kid the troops, because nobody is going to believe you. You did not know about an agricultural drought. The money that you paid for drought relief was paid as special warrant; it was not paid out of any budget provision that was made in the 1985-1986 budget, Mr. Minister.

So don't try to argue that you froze revenue sharing because somehow you knew there was going to be a drought, and therefore you took money away from municipalities so that you can provide drought assistance and help our farmers — help which they badly needed. How can you say that you knew there was going to be a drought, and so you froze revenue sharing for municipalities because you were going to spend that money somewhere else?

I ask you again, Mr. Minister, can you justify freezing revenue sharing in 1985-1986 when you say that your government was getting such terrific revenues into the treasury?

Hon. Mr. Dirks: — Well I wonder if the member opposite is in agreement with his leader, the Leader of the Opposition, who has recently come out in favour of tax holidays in the oil patch — in favour of tax holidays in the oil patch. Now you're saying that you are not in favour of tax holidays in the oil patch. You can't have it both ways.

The Leader of the Opposition has seen the light, and he has now come out in favour of the program that this government has had in operation over the last four years. It's unfortunate he didn't see the light a lot sooner.

I want to remind the member opposite that the tax holiday was put in place in 1982, and in '83-84 there was a 7 per cent increase in revenue sharing to the municipalities. Pardon me, in '82-83 there was an 8.3 per cent escalator, plus cash; an 11.5 per cent increase which we honoured — which we honoured — and we brought in a tax holiday at the same time. So to suggest that somehow the tax holiday had a negative impact upon urban municipalities simply is contradicted by the facts.

Here are the facts: in '82-83 a tax holiday is on which is generating revenue for the government, and as a consequence we have an 11.5 per cent increase during the course of that year; '83-84, the oil recovery program is in place and we have a 7 per cent increase to the revenue sharing pool; '84-85, the tax holiday is in place and we have a 5 per cent increase in the revenue sharing pool; '85-86, the oil recovery program is in place, the revenue sharing pool is held at zero because agriculture is in difficult straits in the province of Saskatchewan.

And every farmer here in the province is very, very happy

that this government took the decision it should take, and that is to provide significant amounts of assistance to agriculture, to the farmers of this province, to ensure that their livelihood is maintained. That's the priority that the people of this province would want.

So when you take a look at the overall picture, you will see that the oil recovery program not only created thousands of jobs, not only benefited those immediate communities and those smaller municipalities out there in rural Saskatchewan where the oil recovery program is taking place, but that program over the last three or four years generated substantial revenue which came into the government coffers and went out to do the kinds of things such as fixing up the taste and odour of Regina's drinking water. I think everything has taken place exactly the way it should.

I see the member opposite suggesting that Regina's drinking water has finally been fixed up, and it certainly has under a Progressive Conservative government.

Mr. Tchorzewski: — Mr. Minister, my colleague wants to get into this so I'm going to let him — except after I say this.

The difference between an incentive policy for exploration for new-found oil and your policy is really quite a wide difference. Your policy was to provide gifts to oil companies for putting in more wells in existing oil fields.

Our policy would be to provide incentive for oil companies to go out there and find new oil fields, which is something your policy never did. It's something your policy never did.

Mr. Minister, your whole tax holiday has had a negative effect, and you just showed us how. In your own statistics you showed us how. You said that in 1982 and 1983, which was a budget which was presented by the former NDP government, which you honoured because you didn't dare change that part of it — you changed many other parts of it, but that part you didn't dare change — the funding to municipalities in revenue sharing was increased by 8.3 per cent.

It went down to 7 per cent in 1983-1984 when your oil policy should have been bringing you buckets full of more revenue to the treasury, and therefore it should have been able to be shared with municipalities and assist them. Instead, instead you reduced the revenue sharing to 7 per cent.

In 1984-1985, when that oil revenue should have just been pouring in, you reduced the increase to 5 per cent. And in 1985-1986, before the oil industry was in trouble, you set a budget in which you froze revenue sharing.

You've just defeated your own argument. You have just showed the kind of neglect that you have had for municipalities. Are you suggesting, Mr. Minister, that in 1985 when you were preparing the budget for 1985-1986, you were anticipating a drought? Is that what you're saying, Mr. Minister? I don't think so. You didn't know that there was going to be a drought any more than

the member from Saskatoon Eastview or the member from Regina North, or South — or any other of your members. No one can anticipate a drought and that's why governments will always argue when you talk about those kinds of problems. You don't budget for drought.

Your own Minister of Finance said in his budget speech, you can't budget for drought. You didn't budget for drought when the farmers' problems were really beginning. Mr. Minister, you froze revenue sharing because you refused to provide assistance to municipalities simply because you did not include them as part of those pillars of yours for whatever you call it. You forgot municipalities. And because you decided that instead of trying to share revenues around and charging from the oil companies an adequate amount of taxation, you were going to shift the tax burden, once again, on to property tax payers. And that's what you did, Mr. Minister.

Hon. Mr. Dirks: — I would like to continue the discussion concerning the oil patch policy. I think the people in the oil patch certainly know what a benefit it has been in the many thousands of jobs that have been created.

I would simply draw to the member's attention that inflation rates, national inflation rates, '83-84 for example, 5.8 per cent inflation and yet we provided a 7 per cent increase; and '84-85, 4.4 per cent and we provided a 5 per cent increase. I think that the levels in increase in the revenue sharing pool over the years have been very reasonable levels of increase. I think the decision to provide additional funds to agriculture last year was certainly the appropriate way to go. If you ask people here in the province of Saskatchewan, where should the dollars be spent when you're in a time of drought, they would say, emphasize agriculture. And that's certainly what this government has done.

Mr. Shillington: — Thank you very much. Mr. Minister, I wonder if you would give me the grants to the cities in Saskatchewan for 1986-87. Read them slow enough so that I can write them down. Either that or hand me the sheet if it's a tear-off?

Hon. Mr. Dirks: — To the member opposite I would ask the question: under what program?

Mr. Shillington: — I meant to say revenue sharing, if I forgot. Grants to the cities under revenue sharing for 1986-87.

Hon. Mr. Dirks: — I would ask the member: does he want the actual amount of grant that is going to each of the urban municipalities in the province or just the cities in the province?

Mr. Shillington: — The urban municipalities . . . If you're going to read it it would be too lengthy to give me all the urbans. If it's a tear-off sheet, that would be useful. If you're going to read it, then I'll have to be satisfied with the cities.

Hon. Mr. Dirks: — We could xerox the entire copy off to you and provide that to you first thing tomorrow when we come back. I could read some of the cities off to you, but

once again the list is not all that long but would take some time. Perhaps I should just xerox the whole thing and give it to you first thing tomorrow, or do you want me to read the list of the grants for the cities?

Mr. Shillington: — Just give me Regina, Saskatoon, and Moose Jaw now, and give me the rest tomorrow morning. We'll have something to go on tonight.

Hon. Mr. Dirks: — The total grant for Regina would be \$16,163,880; for Saskatoon, 15,242,059; for Moose Jaw, 3,742,544. Is that sufficient or would you like me to keep going?

(2115)

Mr. Shillington: — Yes I do, actually. The member from Regina North, South, whatever it is for the next few months — it will be the ex-member for Regina North and then will not be the current member for Regina South — wants to know why I care.

About a couple of months ago I had occasion to have the springs changed in a Chevette that I drive around town.

An Hon. Member: — That little red one.

Mr. Shillington: — Yes, a little red one. The person who was changing the springs was telling me what a land office business he had been doing. And I realized as I was listening to him tell me how great business was that I wasn't the only one that was finding the streets awful rough. I think most citizens in Regina, and I expect Saskatoon, are finding the streets deteriorating very badly.

When I look at the assistance given to the municipalities, the reason for that is obvious. The CPI (consumer price index) in Canada has increased by 27 per cent since April, 1982. Let's say March to March, since the April figures aren't in. Since the April figures, the CPI has increased by 27 per cent. The assistance given to the municipalities under revenue sharing has increased by 10 per cent. The difference, and I think one can generally assume that the urban municipalities have faced the same increases in cost as everybody else, the difference is seen in higher taxes, rougher streets, deteriorating surfaces.

So I guess my question, Mr. Minister, having got these from you, and I want to see the rest: how do you expect municipalities to get along on a 10 per cent increase over the four years you've been in office when their costs have gone up by 27 per cent?

Hon. Mr. Dirks: — Mr. Chairman, I apologize for taking so long, but there were a number of statistics and pieces of information that we were looking at here. But I see that in the last year of the NDP administration, I believe revenue sharing was around 53 million. And it's anticipated to be around 67 million this particular year. And I would just check with my official here for a minute. That comes to a 26 per cent increase in revenue sharing and not a 10 per cent increase as the member opposite suggested.

Mr. Shillington: — In the 10 years which you have been in office — in the four years — it seems like 10, it seems

like 10; I tell you, it seems like a hundred. In the four years in which you've been in office, you have increased revenue sharing by 10 per cent, Mr. Minister. You're actually spending less in this department now than when you were when you came into office.

And I can go through some other statistics for you, Mr. Minister. Your increase has gone up by 10 per cent. If \$60 million was an appropriate figure in 1982-83, how on earth can 67 million be an appropriate figure four year later with 27 per cent inflation. That, Mr. Minister, is why the gentleman selling springs and shocks is doing such a land office business in Regina.

Hon. Mr. Dirks: — Mr. Chairman, the member conveniently neglects very important pieces of information when he compares this particular four-year period. He forgets that water programs that were previously delivered in Urban Affairs, of course are now being delivered through the water Crown. He forgets that certain ambulance funding and programs has gone to the Department of Health. He forgets that funds for the property improvement grant have now gone to assist education. There are a number of things that, of course, he forgets, or neglects, or forgot about. I'm not too sure. So when he makes his comparisons, he, of course, in all fairness, needs to take those things into consideration, and he hasn't done that.

I would remind the member again that the revenue sharing pool went from 53 million in '81-82, the last fiscal year of your administration, to 67 million under this particular government. That was a substantial increase in the order of around 24, 25, 26 per cent, and I think that's something that is very realistic.

Mr. Shillington: — Mr. Minister, if the revenue sharing formula had been left in place, how much would the increase have been? If the revenue sharing formula, which we don't have any more, but if the revenue sharing formula had been left untouched, what would the increase have been?

(2130)

Hon. Mr. Dirks: — I'm surprised that the member opposite would want to talk about the revenue sharing pool, because I'm sure all members of the Assembly will want to be reminded that that revenue sharing formula was tied in directly to that old stiff NDP gas tax. Well . . .

An Hon. Member: — That's inaccurate; that's not right. You're misleading. Your officials will tell you that.

Hon. Mr. Dirks: — Under your administration — under your administration there was a gas tax. There was a gas tax. Now the members opposite have some concerns; they don't want to hear the gas tax talked about. But there was a gas tax under your administration, and of course it was escalating. It went up and up, year after year. and as a consequence the municipalities, of course, had to pay far more for gasoline in comparative purposes than they have had to during the last four years.

Without a gas tax, the municipalities have in fact saved substantial amounts of money, as have the school boards,

as have many other organizations here in the province. All of those organizations that had substantial travel costs had to pay a very stiff NDP provincial gas tax. That tax was removed in 1982, and since 1982 the municipalities have saved a substantial amount of money because that tax has not been there.

Now we hear the members opposite wanting to assure the public of Saskatchewan that that gas tax would not be back on if an NDP administration was in power. Well, I remind the members opposite, and I remind the people of Saskatchewan that the NDP were wedded to a gas tax then and I suspect they're wedded to a gas tax now.

Mr. Shillington: — Mr. Minister, you said earlier that the ambulance program and a water program had been taken out. I had already figured that into account. You're still spending less now than you were when you came into office.

Mr. Minister, I want to make a comment about the revenue sharing which you patently do not understand. Well I will start again since the minister was engaged in something else. Let me say first of all that when I say you're spending less now on money that goes to municipalities that you were when you came into office, I have already figured in the ambulance. I've figured that in; you are still spending less.

Mr. Minister, with respect to the revenue sharing formula, what you said is just simply not accurate. They did not get a share of those taxes. That was used as a formula and they then got a percentage of the tax base. There is no reason why the formula could not have continued. It could have been continued, it could have been calculated just as well without the tax. The imposition of the actual tax was irrelevant to the formula itself.

Mr. Minister, it's relatively easy to do, and I just did it. If revenue sharing had been left in place, the revenue sharing pool to municipalities would have increased by 19 per cent during that same period of time. That's twice what they actually got. They got one-half of what they would have got under revenue sharing. They got one-third of the actual increase in cost.

I ask you, Mr. Minister: is it any wonder that the people selling springs and shocks in the city of Regina are just doing grand under this government?

Hon. Mr. Dirks: — We're of course negotiating with SUMA to find an appropriate replacement for the revenue sharing formula. And of course the whole issue of revenue sharing is something that the municipal financing commission has been involved in analysing during its period of review of municipal financing, and we expect that the municipal financing commission will of course make recommendations with regards to that revenue sharing pool.

But I would remind the members opposite again that that particular gas tax cost municipalities literally millions of dollars under your administration — literally millions of dollars. So on the one hand, you can talk about an ever increasing revenue sharing pool. But if in fact the municipalities have costs that are going up because of a

gas tax, then that's significant whether it's school boards that have buses that they have to pay for, or whether it's various kinds of vans or trucks that municipalities have that drive around the streets every day. And if you live here in the city of Regina, you will see them daily. I am sure that they have to fill up their tanks every day just like you and I do. Well under an NDP administration, not only did they have to fill up their tanks but they had to pay a stiff NDP gas tax. They had to pay that.

Now you don't want to be reminded of that. But I'm sorry, my friend, it is my duty to remind you of that. I have to. The people of Saskatchewan don't like to be reminded about that stiff NDP gas tax. They certainly don't want to see it back on. It's certainly related to the costs of municipalities. That gas tax is now gone. And I can assure the member opposite that gas tax is not coming back on under a Progressive Conservative government. And as a consequence, the municipalities are not going to have increasing costs as a result of a provincial gas tax because there won't be one under this particular government.

Now the member from Regina Centre talked about pot-holes in the roads. And I would like to talk about that for a minute, because as I have travelled the streets here in the city of Regina and talked to people in my constituency recently, one of the concerns of people in this particular city has to do with what they believe to be the condition of roads here in this particular city.

Well the senior government has an obligation to provide a certain level of funding to the municipalities, and we do that. And that is a certain amount of money that goes to the cities and they can spend those dollars as they please to assist them with their budgetary needs.

But we don't say to a city, you must have this many police officers; and we don't say to a city, you must have this many firemen; nor do we say to a city, you must have this many parks in your city. We don't dictate to a city the level of services that it chooses to provide. And if a particular city such as Regina wants to have more parks and wants to have more recreational facilities and wants to have more policemen and more firemen than other comparable cities here in the province, that's their choice. They are obviously going to pay for it. They have their own priorities to decide upon, and it's not for me to determine what their priorities will be.

But clearly the priority decisions that they take are going to have implications for the way their dollars are going to be spent. Our obligation is to provide a reasonable amount of revenue sharing to the municipalities here in the province. And as I indicated before, when you take a look at the increases, the magnitude of increases over the last four or five years, we started out at 53 million in 1981-82, the last year of your administration, and that has increased to 67 million under the revenue sharing pool — a very substantial increase here in the province of Saskatchewan for municipalities.

But on top of that you need to add the savings that each municipality has enjoyed because they haven't had to pay a gas tax here, a provincial gas tax in this province, every year since 1982. So not only did the revenue sharing increase from 53 million to 60 million the first

year of our administration, but there also was a saving because they didn't have to pay a gas tax. And the next year when it went up to 62 million, there was a \$2 million increase, but there was another saving that accrued to the municipalities because, again, they didn't have to pay a provincial gas tax. And when you add on those savings to the municipalities, we're talking about a substantial increase of money that the municipalities have been able to spend in addition to the revenue sharing pool that they have received from the provincial government.

So I think, any way you want to cut it, the municipalities have seen an increase in the revenue sharing pool; they've seen a decrease in the gas tax that they have paid to fund their transportation costs. Certainly I think that's something that the municipalities were happy to see.

Mr. Engel: — Mr. Minister, I'd like you to run that one by me one more time. I listened very carefully and you were saying how that part of this sharing aspect the RMs were stuck with is this big gas tax bill. Now were there two kinds of situations, and were the urban municipalities treated different than a rural municipality? I've served on a rural council, and I know that when the RM paid their gas tax, they did an accounting process and they got every cent back. They didn't pay any gas tax — the RMs. The RMs didn't pay one cent in tax. And I think the minister should know that or retract this statement and tell us that he didn't intentionally mislead the House.

Hon. Mr. Dirks: — Well I'm not here to talk about rural municipalities. There is a minister in charge of rural municipalities, and you can address your question to him with regards to rural municipalities. If you want to talk about urban municipalities, I will be happy to do that.

In the city of Regina, they of course have fleets of vehicles. Right? And they obviously have transportation costs that they accrue. And school boards of course have costs that they have to pay. Right? Well they're going to have the same costs as everybody else is going to incur here in the province of Saskatchewan, so . . .

Mr. Chairman: — Order, order. Will the member allow the minister to please reply to his question.

Mr. Engel: — Mr. Minister, I just made some phone calls and I checked while you were on the phone, and municipalities did not pay the gas tax. They paid it, and they have a form, and he tells me they're still getting their reimbursement on the federal tax exactly like they used to on the provincial gas tax.

And the minister has deliberately misinformed the House saying that municipalities had to pay a gas tax. Now I want to challenge you, Mr. Minister — straighten out the House at this time and tell us the truth for once, and quit misleading and trying to bring up old figures that are going to come back to haunt you. Because the municipalities had a form they could fill out; they got a reimbursement of every cent of provincial tax they paid, like they still do on the federal tax. And you to stand up in this House and say that they paid tax and paid more for their fuel than they're doing now is completely unadulterated falsehood, because they're paying three times as much for their fuel now as they did before you

were in office and you know it. You know it.

The price per barrel on fuel was \$11 a barrel when you came to office, and today you want to freeze it and you're forcing it. You're arguing with your federal counterparts — freeze the price of oil. Keep it up at \$20. Don't let the price descend. Make the municipalities pay twice as much for their fuel as their counterparts in the United States are. If you raise the fuel issue, Mr. Minister, you're hanging your own self because that's an issue that you haven't told the truth on, because they didn't pay any tax, and if they did pay it on their vehicles, they could keep their forms and they got a reimbursement of every cent of tax they paid. So I want you to correct that statement tonight.

(2145)

Hon. Mr. Dirks: — Mr. Chairman, the gas tax issue of course is something that the people in the province of Saskatchewan were very happy to see removed in 1982. The people here in the province of Saskatchewan . . . (inaudible interjection) . . . Does the member want to hear the response or does he not? I'll be happy to respond. The people were very happy to see the gas tax removed here in the province. It was of considerable benefit to them. Everybody who had a car out there, who drove a vehicle, benefited from it and they don't want to see it returned. Municipalities had the option of a rebate on that particular gas tax if they chose to apply for it. The school boards here . . .

Mr. Chairman: — Order, order! Would the members opposite please allow the minister to give his reply.

Hon. Mr. Dirks: — The school boards here in the province of Saskatchewan — and I was an educator at one time, and I recall the . . .

An Hon. Member: — What's this got to do with urban affairs?

Hon. Mr. Dirks: — Well, you were talking about rural municipalities.

An Hon. Member: — I was talking about municipalities.

Hon. Mr. Dirks: — You were talking about the impact of the gas tax.

Mr. Chairman: — Order, order! Would the member from Assiniboia-Gravelbourg please allow the member to reply.

Hon. Mr. Dirks: — Mr. Chairman, I think it's fair to say, regardless of the difference of opinion that there may be about the gas tax, one thing is sure; under the NDP there was a gas tax and the people suffered as a consequence. And there will be a gas tax again under the NDP if they get back in. Under this administration there is no gas tax — nor will there be. And the municipalities here in the province of Saskatchewan benefit because there is no gas tax. Because the people here in this province have less tax to pay, there's more money circulating as a consequence, and certainly every municipality is going to benefit as a

result of that.

Mr. Engel: — Thank you, Mr. Chairman. Let's decide if the minister is accurate in this statement. He decided to come on and be political, and I guess that's when you don't have to be honest. And you don't have to be sincere. And you don't have to be right.

In 1976 . . .

Mr. Chairman: — Order. Order. Please be seated. Please be seated. Please be seated. I have heard comments back and forth in this House that are touching upon very shaky grounds. And I would remind the House of another ruling in Beaudette's.

And just as a reminder and a caution, rule 322:

It has been formally ruled by Speaker that a statement by a Member respecting himself and particularly within his own knowledge must be accepted, but it is not unparliamentary temperately to criticize statements made by a member as being contrary to the facts; but no imputation of intentional falsehood is permissible.

And I would advise members of the House to keep that in mind in their discussions.

Mr. Engel: — Thank you for the ruling, Mr. Chairman. The minister stood up in this House and said that the tax is a good thing; it's really . . . I want to tell him this: in 1976 a price per barrel of oil was \$11 a barrel, wheat was \$6 a bushel, and we were paying about \$1.20 a gallon tax, all taxes in — \$1.20 a gallon.

Today we're paying about 40 cents a litre in my country; it's a little cheaper in Regina, but today in Gravelbourg car gas is 40 cents a litre. So it's \$1.60 a gallon. So RMs are paying \$1.60 — municipalities, I shouldn't say the word RM but use municipalities. Municipalities are paying \$1.60 for every gallon they're using when they use to get it for \$1.20.

The buying power of the economy that time was \$6 a bushel, not \$3 per bush. And I want to tell the Minister, if he's saying that there's more money around now, that's false. There's less money around and we're paying more for our gas because you have taken off the tax, and you're not building roads. And I'd agree that the consumer can't afford to pay the gas tax.

But I want to make this argument, Mr. Chairman, that municipalities are getting a bad deal from this government. They're getting less in revenue sharing. They're getting stuck with paying more for gas because of the intentional philosophy of this government to keep the fuel prices and oil prices high when everything is low. And I think, Mr. Minister, that your performance tonight by trying to get political hasn't deceived anybody but yourself. You're the only one that's being deceived and caught in this trap because the RMs and municipalities didn't pay tax. I'd like to know how many didn't apply to get their tax back if you think that was such a big cause that affected their cost sharing and on their revenue sharing, that they had a worse deal then. I think when

you're making your arguments, be careful, be careful; use facts, use facts. If you're talking about income, remember that in '76 we were getting six bucks a bushel and the oil price was only \$11 a barrel. Remember that your friends are trying to maintain . . .

Mr. Chairman: — Order, order, order. Would the member please be seated. Order has been called. I have given a fair degree of latitude in terms of the gas tax as it pertains to transportation costs for urban municipalities. I've allowed both sides to discuss the gas tax as they could keep it on topic of the additional costs in so far as revenue sharing to these municipalities. However, I feel that the focus is now gone off track, and I would ask the member, if he has any questions regarding urban affairs, to please come to that question.

Mr. Engel: — Mr. Minister, and Mr. Chairman, I don't have to ask a question. I can state my argument and make my defences as far as urban affairs are concerned. There is no rule in the book saying that we cannot put our position forward and challenge a minister saying that this is the rule, this is the rules we play by.

And now the point I'm making, in response to the argument we made, the costs that the RMs and the municipalities, the urban municipalities, are facing — the costs of the urban municipalities . . . My urban municipalities are Gravelbourg; my urban municipalities are Assiniboia, Lafleche, Coronach. I have towns down there that are facing some very, very heavy costs because of this administration's point of view, because of this administration's philosophy.

Mr. Chairman: — Order. Order. Please be seated. I have already indicated an order before any member can call a point of order, and I would have you respect my point of order, first of all as chairman, to allow myself to elucidate on what I called order for.

What I called order for was to bring the discussion back to Urban Affairs as opposed to the full administration as the member from Assiniboia-Gravelbourg was alluding to.

Hon. Mr. McLeod: — Mr. Chairman, it's obvious that some of the members of the House are a little on the testy side. I believe they're tired on the opposite side of the House. But in any case, I would move . . . (inaudible interjection) . . . If the member for Assiniboia-Gravelbourg would just let me make this motion. Could you just be quiet while I make this motion, to shut down the committee for the night?

Mr. Chairman, I would move that the committee rise, report progress and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 10:01 p.m.