

The Assembly met at 8 a.m.

Prayers

BEFORE ORDERS OF THE DAY

Hon. Mr. Hodgins: — Mr. Speaker, before orders of the day, I wish to advise the Assembly that I would desire to withdraw Bill No. 49, An Act to amend The Stray Animals Act from the non-controversial Bills committee and place it before the Assembly for second reading.

Leave granted.

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Parks, Recreation and Culture Ordinary Expenditure — Vote 39

Item 1 (continued)

Mr. Kowalsky: — Did you want to make some introductions, Mr. Minister?

Hon. Mr. Maxwell: — Thank you. Good morning, Mr. Chairman, hon. members. If I may, I would like to make an introduction or two. It's been some time since we've been in estimates.

Seated to my immediate right is Doug Cressman, the deputy minister of the department; seated immediately behind me is Dick Bailey, assistant deputy minister; and to Dick's right is Keith Rogers, assistant deputy minister. There are some other officials available should we need them.

Mr. Kowalsky: — I want to spend the first few moments, Mr. Minister, dealing with the effects of lottery tax on the department and the activities that the department sponsors. And I want to deal first of all, Mr. Minister, with what is happening to the sales.

The information we have available was that the projected sales for the month of July were 10.6 million. They came in at 7.9 million, which gives us a net loss of 2.7 million for July. The April to July figures were projected to be 37.4 million and they actually came in at 31.8 — that was just following the announcement of the lottery tax — at 5.6 million. I want to know, Mr. Minister, whether you would confirm these figures and if you've consulted with the kiosk operators and the ticket vendors about how their August sales are coming, whether they are stable, whether they are recovering, or whether they are going down, or just what is happening?

Hon. Mr. Maxwell: — Mr. Chairman, I don't have the hard numbers the hon. member just gave me. I have no reason to dispute those numbers at all, but I don't have those figures in dollar terms. What we've looked at is percentage of target sales year over year, and if we

translated to dollar figures, I'm sure they would come out in those kind of ballpark figures.

In terms of the kiosk operators and vendors, Mr. Chairman, they don't work for me. They're totally at arm's length; further than that, they're totally removed from my auspices or that of my department. They're under contract to Sask Sport Distributors Incorporated — SSDI is the acronym — and their dealings are between the governing body of SSDI and the kiosk operators.

Mr. Kowalsky: — Well, Mr. Minister, the kiosk operators are the people that are in the front lines administering this tax that your government has set up. Apart from how it's hurting them and their businesses, there's a definite relationship between what happens to them and what they're hearing and what's happening to your department. And I would think it would be very much your responsibility to find out exactly which way things are going in the sales so that you can defend the organizations that are going to be hurt by this, and I'm rather surprised that you haven't made an attempt to find out.

Let me tell you that in survey results which I have taken from the kiosk operators who have voluntarily given their results, they tell me that their — 98 per cent of them tell me — that their sales have decreased, have decreased by 10 per cent or more, that a full 40 per cent of those that replied, not necessarily those of the total works, but 40 per cent of those that replied tell me that their sales have decreased by over 50 per cent. Now that's quite a shot.

More recently, when I just stopped in and visited a kiosk operator on a random basis and I asked them, well what's happening in August? They tell me that it seems to be about the same. Some say well, if you think July was bad, August is worse. Others say, well a marginal recovery although not necessarily a big recovery, but my reading of it is that it's about . . . it's roughly staying the same.

Now you have the staff, Mr. Minister, and you have the responsibility over this. I guess my responsibility is to make sure that you're doing your job. So I'm going to ask you: why won't you put into place some type of a survey, either a telephone survey or a mail-out survey, to find out directly so that you know exactly what's happening. I think it would be very foolish for you to ignore this from your department. I think you should put it in and put it into place immediately. You have the staff; you could do this within a day or two, and you'd know exactly what was going on. And once you got the picture, then I think you'd have something to arm yourself with to go and talk to the rest of your colleagues and get rid of this rather ill-conceived tax.

Hon. Mr. Maxwell: — Mr. Chairman, as I've stated two or three times in the past, we haven't had any discussion either at cabinet or caucus as yet regarding the tax or the ramifications. In terms of kiosk operators and vendors, they have been sending results, their tabulated results and their sales, I believe, on a weekly basis to the parent body, which is Sask Sport Inc. who oversees SSDI. I have had discussions with them at their request. They've talked to me on more than one occasion, and they're just keeping

me apprised of the situation.

Obviously we have some concern — and I've said this in the past too — in terms of future ramifications. Should sales remain at the level they are now, there would be a reduction in revenue to a number of groups, 1,185 of them across the province. So of course we're concerned that that would happen. We are watching the situation, and we are trying to determine if there is a definite trend being set, irreversible, in the sales.

Mr. Kowalsky: — With respect to the groups that you mentioned, Mr. Minister, the 1,175 — or 85 is it? — groups, or close to 1,200 groups that are affected by this, I would think that it would also be incumbent upon you to consult with some of them, at least on a random basis, to find out what the effects on them are. I want to give you a couple of examples of the type of information that I'm sure you will get more of.

But the Viscount Recreational Board has sent a letter to the Western Gaming Systems through Saskatoon, and I'm going to . . . I want to read a couple of portions of the letter. The letter is written on behalf of the Viscount Recreation Board, and after detailing how they sell the tickets, the line at the end of one paragraph says:

I do not care whatever way you slice it the bottom line is a net loss to our organization.

The point he's trying to make here is that the tax is hurting the Viscount Recreational Board much more than it is hurting . . . or that it's costing them, as opposed to costing the individual ticket buyer because they use the Nevada system of raising their money. And as you know, the Nevada system in some cases takes the money right out of . . . it reduces the net that's available to their club, rather than taking money on top of the ticket sales.

And they go on to say:

Therefore this brings us to the final analysis if we cannot clear at least 20% on the Nevada's we in all likelihood will quit selling them. So in the end you lose we lose the government loses and the hospitals lose.

They make an excellent point for what's happening to their scheme. I want to give you an idea of what they use their money for, Mr. Minister. And he writes in a covering letter to me:

The ticket money is now being used by the Recreational Board to keep our community centre operating. Half the money has been designated for a community kitchen, gymnasium, hall project as part of a new school complex.

Dealing with the tickets he indicates that:

Since the government has licensed these tickets they have been a great asset to the community and I would hate to see any government remove them unless they are prepared to give a yearly unconditional grant to make up the difference.

And he ends his letter by saying:

Another thing that is funny is that the Culture and Recreation has announced a new Facilities Grant which are fifty, fifty sharing. I would like to point out that the Nevada and the 4-25 ticket sales in the future were going to be used to match these grants. It will take a lot of bake sales to make up the lost revenue in the Nevada sales.

Well, Mr. Minister, what solution have you got for them, what solution have you got for these folks at Viscount and probably many more like them? What solution for them have you got other than to say, look I think the best we can do is to work on your behalf to drop the tax on these ticket sales?

(0815)

Hon. Mr. Maxwell: — Well, Mr. Chairman, the hon. member is quoting from a letter. There were one or two inaccuracies. They're minor things so I'm not going to get into them. There isn't a 50-50 grant on culture-recreational facilities, and one or two other things, but that's not really germane to our discussion right now.

The hon. member is making the point that there are a number of groups in the province who could well receive reduced level of funding for their programming, and he's relating it to this lottery tax. I have nothing to do with Nevadas or any of the other gaming activities, only lotteries, so I'll confine myself to lotteries.

He described the tax as being ill-conceived. We did do some public sampling, Mr. Chairman, prior to that tax coming in, and there was overwhelming support for it at that particular time. And it was couched in the terms of, would you give a dime to health care if you spent a dollar on a lottery ticket, and some 78 per cent of respondents had said yes. And on that basis, it did not appear at that time to be ill-conceived. We're not totally convinced that it is, but time is going to tell.

So we are watching a situation and we are consulting with groups, as a matter of fact, who have taken the trouble to write to me. I don't believe I was cc'd on that Viscount letter. I don't believe I received it. So I haven't seen that one, but there have been other groups who have been corresponding directly with me.

Mr. Kowalsky: — I think, Mr. Minister, that's one reason that I would suggest that you make a direct attempt to contact these people at this time, because in addition to items like I have mentioned, some of the letters that I've gotten have also given some alternative suggestions, for example, and I would quote from his letter, and he says, ". . . I believe there is enough money for both sports and hospitals without the 10% tax . . ." in a portion of the letter. I mention that just as an aside.

I want to ask you, Mr. Minister, whether you are aware of how many people, how many kiosk operators or vendors have actually been shut down? How many have closed down? How many are actually quitting selling tickets because of the . . . because it's simply not paying them to

do so any more?

Hon. Mr. Maxwell: — Well, Mr. Chairman, I haven't heard of any. There are 781 of those outlets. I haven't heard of any. That doesn't mean it's not happening; I just haven't heard of any.

Mr. Kowalsky: — There's another case, Mr. Minister, where I think some consultation should take place, just from phone calls we've received. I can assure you of three including one really big one in Saskatoon that's already shut down. And I'm sure that it wouldn't take you long to find out. But there again if you take a look, you'll get some real good evidence of what's happening. And your earlier indication of your . . . If you were able to consult before, before you implemented this tax, as you indicated, and I believe you did, I think it would be incumbent of you again to follow up because these people now have a different perception of what's happened that they might have originally. You know, the initial idea of tax, especially if you say a tax for hospitals, might seem quite plausible, but once you find that the consumers are rebelling against a tax, it raises a completely different picture.

I want to ask you, Mr. Minister, whether you have consulted with other provinces to find out how their sales are.

Hon. Mr. Maxwell: — Mr. Chairman, we are tracking sales and we are keeping a comparison with other provinces. And this is being done through Sask Sport Inc. I've spoken with my counterpart ministers in western Canada, the lottery corporation, I believe, on two occasions but not in the last month. But we are tracking their sales too. We receive a weekly report from the corporation's head office in Winnipeg.

Mr. Kowalsky: — So what is happening. Would you confirm that your market share in July dropped from 19.4 per cent to 17.1 per cent? Would you confirm that Manitoba sales increased by 5 per cent and Alberta sales increased by 5 per cent, while Saskatchewan lost \$2.7 million? Would you confirm that B.C.'s unofficial figure is an increase of 11 per cent in the month of July?

Hon. Mr. Maxwell: — Well we've been using a different set of figures. I can't dispute those figures, I don't have them. What we have been doing is tracking the sales according to the percentage we have achieved of our target, and we've been doing the same thing with the other province.

For the month of, I believe it was July, Manitoba and Alberta were slightly below target and we had some reduction in target.

Mr. Kowalsky: — I don't want to take any more time then on this topic, Mr. Minister. I think I've made my points on it. I leave it with you and with your department to follow up on the suggestions that I've given you, and I actually wish you the best in your cabinet meetings and in your caucus meetings with your colleagues because I sincerely feel that it's very important that these cultural organizations be kept in place and kept funded. We have an excellent example right now in Saskatchewan with the

Saskatchewan summer games, an activity which is very worthwhile which we've been building for years and years towards. We want it to be sustained. We want the search for excellence in athletics, in cultural activities, to be sustained in Saskatchewan.

And I would urge all of the members on the opposite side who are here at this time to support the minister when he goes to bat for the cultural organizations in Saskatchewan. Support him, support him, support him. It'll be on your necks if you don't support him.

Mr. Minister, I want to ask you a few questions about multiculturalism. I want to know, Mr. Minister, whether you have any agreement between . . . with the federal government on immigration. I understand you've been trying to work on or there's been at least a desire on the part of the multicultural groups across the province that you establish a policy . . . an agreement; if not that, at least a policy on multiculturalism with respect to especially as it affects the immigration request towards it to Saskatchewan. And I want to know whether you're supporting the multicultural organizations of Saskatchewan position on that.

Hon. Mr. Maxwell: — Mr. Chairman, I don't have responsibilities for immigration, but I would like to spend some moments discussing immigration with the hon. member. You'll gather by my accent, it's a topic that's quite near and dear to my heart.

The Minister of Trade and Investment, the Minister of Justice has statutory responsibility and obligations towards immigration in this province. But because of the nature of this particular portfolio and the multicultural components with it, I do spend quite a bit of time speaking with immigrant groups and visiting with them.

What I would say to the hon. member is that the task force, the multicultural task force which has been touring the province and taking briefs and holding hearings, has completed their work, and we expect a final report within weeks. I think probably by the end of August or early September that final report will be available for public perusal. I'll certainly make sure the hon. member has a copy.

I know that one of the things they did when they were going around the province was listen to immigrant groups and take a lot of their suggestions. I don't know what's in it or what they're going to be recommending, but I look forward to receiving it.

Mr. Kowalsky: — Something that I would like you to clarify here. Are you attempting to establish a two-party agreement or a policy with the federal government on immigration?

Hon. Mr. Maxwell: — There is discussion and there is an agreement that is usually worked out on an annual basis, Mr. Chairman, between the federal and provincial levels of government, but they don't deal with my department on that. They deal with the Minister of Justice or Minister of Trade and Investment. I believe it falls under that category.

Mr. Kowalsky: — Thank you. And you're indicating that you're expecting the task force to be delivered towards the end of August. Are you telling me that you have not yet received that task force report? You have not received it?

Hon. Mr. Maxwell: — No, Mr. Chairman, I haven't received the task force report. I haven't seen it yet. I'm just advised it's at the printers.

Mr. Kowalsky: — Could you advise who establishes what organizations attain PCO (provincial cultural organizations) status, particularly with respect to the multicultural groups, and what is the criteria for the status?

Hon. Mr. Maxwell: — Mr. Chairman, I wanted to get this accurate, so I did some checking with officials.

First of all, a PCO would have to be a provincial organization which would have representation in a minimum of five of the eight zones into which the province is divided. And they would have to have been a bona fide organization for two years. There is an established set of criteria. We don't have it here, but I'll make sure you get a copy of it just as soon as we can dig it out.

So once they apply, they make the application themselves, and three members from the Saskatchewan Council of Cultural Organizations and three from my department would sit down and go over the criteria and make sure they are in fact eligible. Then they would come back and decide on a . . . they would each make a recommendation for eligibility for any kind of allowance. That's called the eligibility meeting. And then it would go forward from there as a recommendation to me that they be included on the list for an allowance.

Mr. Kowalsky: — Thank you. I now want to turn to another topic, and that is to deal for a few moments with the fledgling film industry here in Saskatchewan, and I want to ask you several questions about that.

Mr. Minister, I want to delve into this topic briefly because I think it's something that's fairly new to Saskatchewan and the film industry is on somewhat tenuous and unstable grounds here in Saskatchewan. And I know that it's a growing organization, and I think that there are certain things that need clarifying.

I want to state at the outset, Mr. Minister, that I feel that it's desirable to develop and help to develop a film industry because I guess I can look at it from three points of view. First of all, I think that a film industry is a worthwhile endeavour in itself as an art form. It is one way of reflecting our culture. Secondly, I think it's worthwhile because it can be a source of employment and a source of economic development for Saskatchewan. I think we should get into as many niches as we can.

And last of all, I think it's important because it's one of the vehicles that we can use right now in Saskatchewan that can help boost the Saskatchewan image, and by boosting the Saskatchewan image it will in turn help boost the economic development of Saskatchewan. I guess one of

the best examples of that is what *Crocodile Dundee* has done to Australia. And if somehow or other, you know, we can sponsor some film — because there's so many people that watch videos nowadays and see these things on television, that it can go a long way.

(0830)

Now my analysis of the instability of our film industry is that there seems to be no clear cut definition between the professionals in the industry who would be doing it for a living versus the amateurs who are maybe sort of doing it out of interest, or as a sideline; or another way of looking at it, the business versus the culture aspect of it. And there's that end of it that needs to be defined.

I understand that you've developed a film development office, or that you've mandated a film development office. I want to know what the mandate of this office is. I think it's important to clarify what the mandate of the office is so that those that are interested in trying to make a living through the film industry have it quite clear as to what they can expect from this office and who the office is supposed to served.

Hon. Mr. Maxwell: — Mr. Chairman, the original concept for their office was to develop film makers right here within the province. As I've said before, we're interested in having an indigenous industry within the province and we also want to attract film makers to the province. Then we are willing to provide pre-production financing.

I want to say at the outset of this particular discussion, Mr. Chairman, that when we went into this and went ahead with the film development office, we did so with the consultation and the advice of SMPIA (Sask Motion Picture Industry Association) and ACTRA (Alliance of Canadian Cinema, Television and Radio Artists), and indeed their recommendations were followed in all of this. And you may have seen some responses each of them sent to the major newspapers in the province in support of the office and the fund and indeed pointing out that what we have done is followed their advice and set it up according to the criteria that they had established.

And I think it's going to work extremely well once we get things up and running. We don't make any moves without further consultation with both of those bodies, and they've been extremely supportive and indeed extremely helpful in giving us advice and guidance to getting the industry off the ground.

Mr. Kowalsky: — Now you mention then that the purpose of the film development office is to develop an indigenous industry. I take it from that you're . . . I guess, a long-term objective, although it would be to develop a sort of a self-sustaining industry, that its function is not dealing primarily with the cultural aspect of filming.

Hon. Mr. Maxwell: — Yes, Mr. Chairman, we want to make films here in Saskatchewan, not necessarily what would fit in the term cultural activity, if that means multicultural activity. Film making in and of itself is a cultural activity, and we would view it that way.

Mr. Kowalsky: — Well this needs just a little further clarification. You see, I understand that film development is a cultural activity in regard to some of our . . . I support whether it's done for commercial purposes or just out of interest. But what I'm trying to get at here is the mandate of the moneys produced through Sask Sport is to support "cultural activities," not to support economic development.

I read this as sort of an economic development thrust. I read this as an economic development thrust, and I think it needs to be clarified as to exactly what the thrust is here. Are we talking economic development? Because I think the way we should proceed in nurturing the industry would be somewhat different than nurturing a cultural activity such as theatre in the city. We don't expect that our theatre, the Globe Theatre or Persephone, will ever . . . or will in the near, within five or 10 years, I think, end up making a profit for somebody, for somebody to actually end up a shareowner of it.

And yet in this industry my understanding is that if you're following the B.C. model or the Alberta model, that in the end you'll probably want to try to develop some entrepreneurship that is capable of attracting outside movie makers and outside producers to the province so that our people can learn hand in hand with working with the world's best. Because we know now that Hollywood people are more than prepared to go out into other parts of U.S. and particularly interested in Canada, part of it because of the uniqueness and part of it because it's cheaper and we're still friendlier in terms of allowing them to blow up vehicles in the middle of our fields and so on, without wanting exorbitant fees, and we can use that to advantage to bring some economic development into the province.

I know that when *Love and Hate* was filmed here in Saskatchewan, the film industry people, or people that were working with were rather impressed with the economics it generated, and with what they were able to learn and some of the jobs they were able to get through it. And so, for example, my understanding is that the Ramada in Saskatoon got \$5,000 worth of hotel rooms booked over a weekend. So that's why I think it needs a little more clarification.

Hon. Mr. Maxwell: — Mr. Chairman, the film development fund comprises a training component and we want to train people here on the ground in Saskatchewan. We are already producing graduates, for instance at the U or R (University of Regina) from their film outfit, and they're good people doing a good job. The problem we have is they leave the province because we haven't been making films here. There haven't been the incentives to stay here or the incentives to make films, and there hasn't been that training component.

In the one major production that was done last year, there were 61 jobs during the production. The Hotel Saskatchewan ran at full capacity, and it hadn't done that for a very long time and had their best quarter ever in history because of that one film that was made here. And I should say that the film development fund is a loan. We lend them the money interest free and they repay it. It's not a gift of any kind.

And yes, there is economic spin-off activity and we want to encourage that, but I'd like to point out that we have economic activity as well through, let's say, the Canada Games or the Western Canada Games. Those things attract tourists. We also have the legacy after the games of new facilities that have been built and the economic activity that went into building those facilities and the jobs that were created. So there are economic spin-offs, and I would count sport as well as part of that cultural mosaic, and film making as part of that cultural mosaic as well.

As to what kinds of films would be made here, that would be freedom for artistic freedom and we wouldn't be in any way involved in that.

Mr. Kowalsky: — Mr. Minister, the way I view this time is that we have the cultural aspect of the industry which we can support like we do support games and that has an economic spin-off. And that's what I call the cultural aspect of it. Then over and above that, I believe that there is some room for an economic development component to encourage entrepreneurs to get into it — people who through their own initiative will be able to work on things like become agents, try to attract outside producers, try to attract outside movie makers.

See, we know that to produce a TV movie it costs approximately a million per hour, and that would be a low budget movie, a low budget movie. We know that more than half of them do not recover their costs. Any movie that's shown on television now or on the networks, that only may be one in 10 makes a profit. And in order to make a profit, you first of all have to get on a television network and then maybe you have to go through . . . then you get into a syndication process. As an example of a cost, *Love and Hate* apparently cost very close to four and a half million dollars to produce.

The point I'm trying to get at here, Mr. Minister, is if you do not work hand in hand with an economic development strategy, but try to take the entire film industry on yourself, but not work hand in hand through economic development, that you're going to be, the province is going to be faced with trying to sustain a very, very costly industry — very, very costly for what it's going to pay off. I think we have to try to build the two hand in hand.

So my question is then, state it this way: do you believe, do you really believe that we can develop a film industry by ignoring the private sector and not working hand in hand through economic development and leave this strictly as something that we're funding at the rate of \$700,000 per year, is what I think you're funding the film development office?

Hon. Mr. Maxwell: — Well, Mr. Chairman, most of the work that will be done and the loans that will be going out will be going to private sector. That's to whom this is aimed.

I'll quote to you from a letter dated July 21, I received from Gerald Sperling, who's probably well known to all the members in here. He's the president of the Saskatchewan

branch of ACTRA, the Alliance of Canadian Cinema, Television and Radio Artists. He says:

The position of ACTRA, nationally and provincially, is fully in support of the Government's initiatives in film policy and development. We fully support the establishment of the Film Fund and the Film office. The Saskatchewan ACTRA helped to initiate the Saskatchewan Film Task Force and was instrumental in drafting the brief to the Government on film policy which contained proposals for a film fund and film office. We are very pleased that the Government has listened attentively to the concerns of the film industry and developed a program closely based on industry proposals.

That's the direction we have taken based on what the industry is telling us of their requirements. In terms of economic development, yes, I think there will be economic spin-off and economic development activity. And if other departments are appropriately involved in this, then that's just fine; we'd like to involve them. The point is in this initial state we have taken on the initiative at the behest of the professional groups within the province who represent actors and writers, and that's the direction we're going in.

Mr. Kowalsky: — One more question on this, Mr. Minister. We know that you have been advertising for a film development officer. My understanding is that that person has been offered between 40 to \$70,000, or at least the job is worth between 40 to \$70,000. I also understand that you have not been able to find a candidate up to this time.

I think that that in itself is somewhat symptomatic of some of the confusion that is now in place, and confusion that I've been drawing your attention to, because I think it's quite symptomatic . . . I think it's quite symptomatic because a person coming into here would be . . . not knowing exactly what the mandate was or seeing the mandate as being one which is impossible to succeed in, would not take the job unless he didn't know anything about the job. And we don't want that kind of person in here; we want somebody in here that can really, that understands and has some experience in the film industry, so that we can do for the Saskatchewan film industry, at least on a comparable and proportional basis to what happened in B.C.

I now that we are underdeveloped. We know it's a growing industry. We know we want image. We know that most films are economic failures. Have you considered going to pursue funding to help fund the film industry through ERDA (economic and regional development agreement), or what was formerly known as ERDA?

(0845)

Hon. Mr. Maxwell: — In terms of ERDA agreements, discussions had been going on within the governmental affairs and Government of Canada. And I think it's fair to say the federal government doesn't know which direction

they want to go right now. The FRDA (Canada-Saskatchewan forests resources development agreement) agreements, for example, are expiring across the country as well as ERDA agreements, and we don't have a firm indication that they will be renewed. There is some negotiation taking place, however.

In terms of the film development officer, it was advertised. I believe there were 45 applicants from across Canada and hardly anybody within province. It's a very specialized job and it's a very technical job, and they also require not only extensive knowledge of the film industry but extensive contacts within the industry. And it did tend to exclude, unfortunately, most of our home-grown talent — lack of experience.

The job was offered to three different individuals. And I won't give you their names and titles, but I can let you have this for your own perusal. I hate to read it into the record because you know they did apply for the position and we don't want to put this right across the country who they were.

But the first candidate was from Toronto, and the woman was very interested in the job. And there was several lengthy discussions with officials but when we got around to prioritizing the order of the candidates, the first candidate had decided not to pursue a career in government and continue in the private sector where she was capable of generating far higher income. So that's why she turned it down.

The second candidate, at his interview, was told he would have to move to Regina, and he's from Edmonton, and he said he consulted with his family and they were quite willing to move to Regina. After he was offered the position, his family said, you go to Regina, Dad, and you're going by yourself. They'd changed their minds. They decided they were going to stay with their friends in Edmonton. Although he was very excited about the position and very anxious to take it, he put family ahead of career, so he's still in Edmonton.

And the third candidate who was very interested — constantly phoned the department and offering suggestions on how the program could be established and discussing issues within the industry — while we're in the process of offering the job to the first two people, this individual took a job some place else. So we lost all three and decided we were going to re-advertise. So that's the history on that one. I'll let you have this.

Mr. Kowalsky: — It kind of illustrates a point of the need for enhancing Saskatchewan's image, Mr. Minister.

I want to deal a little bit more with FRDA; I defer to my colleague from Prince Albert-Duck Lake.

Mr. Lautermilch: — Mr. Chairman, as the economic regional development agreements pertain to forestry in Saskatchewan, you a moment ago mentioned that there were negotiations ongoing. It's our understanding that the federal government plans to scrap these agreements for regional development and move into the Western Diversification Fund as a means of funding. Could you enlighten us on that and explain how the negotiations are

going at this point, sir?

Hon. Mr. Maxwell: — Our last FRDA, which expired at the end of March, was a \$28 million agreement over five years. Projects are being continued to be paid out to end of this current year. Federal forestry officials and provincial forestry officials, my director of forestry, have been meeting discussing what the content of the new agreement would be and what it might look like. The financing has not yet been approved by the federal government.

Mr. Lautermilch: — Mr. Minister, I would sort of, I guess, want to know what your opinion is in terms of funding for forestry agreement. If you were satisfied with the economic regional development agreement, or if you feel that through the western diversification office with western diversification of funds we could accomplish the goals set out as they relate to forestry.

Hon. Mr. Maxwell: — We've been very happy with FRDA agreement we had with federal forestry, and we'd like to renegotiate a new agreement with them. If the question was going through FRDA as opposed to WDO (western development office), when we deal with FRDA, we're dealing with the Ministry of State for Forestry in Canada, and we're dealing with forestry people, and I kind of enjoy that relationship. We've been dealing with them now for four and a half years.

They changed minister last year, but Gerry Marrihew, when he was the minister, was a great ambassador for forestry and he fought to get these agreements into place right across the country, and I thought he did an excellent job with them. I think it would be a shame if we couldn't renegotiate those and continue them on the basis we had them in this last four, five-year period.

If there's money available through WDO, we'd like to go after that too. And without criticizing federal colleagues at all, the difference is I'd rather be speaking to forestry officials who understand the forest industry than speaking to economists who may not have quite the same grasp of the forest industry, certainly in Saskatchewan where it's different than in our neighbouring provinces. Manitoba would be similar to us, but our forest type and mix and age is certainly way different, for example, from British Columbia.

Mr. Lautermilch: — Well, Mr. Minister, I would want to say today that I'm very pleased to hear that that would be your preference. Very disappointed we were to hear the negotiations hadn't been completed for an extension of this agreement and for more federal funds, but it was especially, it was a concern of ours during the federal campaign of northern Saskatchewan residents that the tree trade agreement may in fact scrap these kinds of regional development programs. And I think what you're seeing now, frankly, Mr. Minister, are the results of the free trade agreement, and the fact that the federal government is trying to move out of these regional economic development agreements.

I'd want to say, and I would like you to comment on this, Mr. Minister, the Western Diversification Fund as it relates to Saskatchewan, I don't believe has had a good

track record in terms of the kinds of dollars that we've been able to get here in Saskatchewan in that with 16 per cent of the western population, we've only received some 6 per cent of the funds. And I think that's a concern that all of us in Saskatchewan should have in terms of what we're able to generate here from federal dollars. And I think in terms of forestry and northern economic development programs and tourism programs — but we're dealing now with the forestry programs — there is some need for concern and there is need for some strong lobbying with your federal counterparts to ensure that this kind of an agreement continues.

A lot of people are feeling that the Western Diversification Fund is nothing more than a political slush fund and would rather see an ERDA agreement carry on, and we've had examples of politics being intertwined in that federal money. We've had it here in Saskatchewan. And so I will certainly hope, Mr. Minister, and I'd like you to comment on this, I will hope you would pursue this with all the vigour you can muster to make sure that in our forestry, we do have a forestry agreement that well suits the needs of our forest and the future forestry development in Saskatchewan.

Hon. Mr. Maxwell: — Mr. Chairman, I can give every assurance to the hon. member that we are pursuing most vigorously a new FRDA. In fact, I have corresponded with Frank Oberle, the current Minister of State for Forestry for Canada, impressing upon him the importance of having a new agreement negotiated with the province.

We also have an upcoming council of forest ministers' meeting, I believe it's in October, and that will be as far we're concerned from a Saskatchewan viewpoint the number one agenda item.

Mr. Kowalsky: — Mr. Minister, with respect to forestry, there's an increasing and growing number of small wood-lot operators, owner-operators, who are existing on very small incomes from their forestry work to date. I think you can acknowledge that in the forest industry, it usually takes several years before you can develop any kind of sustainable living off of it. And yet at the same time we know that there's a lot of land that's very marginal in northern Saskatchewan, and they are quite capable of turning otherwise useless land into production, which in turn can be used to help with pulp, with saw logs. Some of them are going into specialty woods, things that large industries would not be able to do, finding uses for tamaracks and willows, hobby woods, some of them are going into Christmas trees.

They tell me that they're quite pleased in many cases just to be able to get a couple of thousand dollars, maybe 4 or \$5,000 a year income off of it, and they feel that that . . . because it's an interest and I think it's valuable for us to keep this kind of an industry and that association going. I want to know whether you are looking at providing any kind of funding, continuing any old funding or adding any new funding to this, again, sort of fledgling industry, but one which I think is very desirable of support and need of support in Saskatchewan.

Hon. Mr. Maxwell: — There was some money under the last FRDA for activities such as this, Mr. Chairman. It

wasn't an awful lot of money, and actually seeing as the hon. member raised it, I should tell him it's one of the items in discussion in the new FRDA, because we agree. We think this is a very worthwhile economic activity. And quite often as you identify for some of the marginal farms, it can be the difference between a break-even year or going under.

There is some money to be made in wood-lot operations, especially in specialty woods, as the hon. member identified, that are not generally used by industry on any large scale basis. In fact I met with one wood-lot operator here three years ago who supplied the major Christmas tree that was put outside the building. And in fact he makes his sole living just from his wood lot, and he's been managing it intensely for a number of years. I believe he's managed it for something like 50 years, and he has been making a living doing that. So it is possible, and yes, we would like to see something, some type of incentive program put into a new FRDA for these types of operators.

Mr. Lautermilch: — Thank you, Mr. Chairman. Mr. Minister, under the forest management lease agreement with Weyerhaeuser, small operators are reduced to what appears to be to me a very small amount of timber. My understanding is that there are about 114,000 cubic metres available for small forest manufacturers, which is really a very small portion of the allowable softwood cut in Saskatchewan. My belief is that it works out to something in the neighbourhood of 1 per cent.

I know that in other jurisdictions, in other provinces, B.C. is an example, they're starting to realize that job creation through smaller operators in the forest clearly creates more economic activity and more job opportunities for the people in their province. British Columbia's component, just as an example, is around 17 per cent; Alberta is around 17 per cent as well; Manitoba, the small-business component is up to almost 50 per cent, I understand.

When I look at the 1 per cent that's allowed and when I see the number of smaller operators who have shut their operations down in the Prince Albert area and in the northern area of Saskatchewan, smaller operators who just aren't being able to make a go of it in the forest right now simply because the allotment isn't conducive to making a profit. And I'd like to know, Mr. Minister, if you've turned your mind or if you would turn your mind to increasing the amount of allowable softwood cut for the smaller independent operators?

Hon. Mr. Maxwell: — At the outset, Mr. Chairman, just as you would well know, Mr. Chairman, let me say that, you know, everybody wants a piece of the action in the forest industry and there just isn't always enough action to go around.

When the FMLA (forest management licence agreement) with Weyerhaeuser was negotiated and the level was established at 86,000 cubic metres, that was roughly what they'd been taking out prior to the agreement coming into place. So that's why that was a figure that was put into the negotiated FMLA.

(0900)

In terms of acquiring new sources of wood, officials have been identifying in concert with small operators, indeed meeting with SCIFI, Saskatchewan Council of Independent Forest Industries, over a three-year period, alternate sources of wood and areas that perhaps big industry would not be interested in going into for reasons of economics, but small operators would. Plus we have increased the volumes to them quite considerably and the Besnard reserve was made available to them.

I know that Weyerhaeuser has right of first refusal, but they have not exercised that right.

Mr. Lautermilch: — Mr. Minister, the point that you raised is just exactly what the problem is. The areas that you're allotting to these small independent operators are not economically viable. Weyerhaeuser has got the bulk of the usable forest in that area, in that lease area, and it's basically the commercially viable forest. But the small independent operators who've been harvesting timber, who've been cutting saw timber and saw logs and posts and rails, are now moved into areas where they can't make a living.

And it's not a decision where they can go to government officials any longer. They've got to go to Weyerhaeuser in order to decide where they're going to be cutting. And that's the problem, Mr. Minister, and that's why a lot of them aren't operating in the forest any longer.

They've had to shut their operators down. I've had small-business men who have been harvesting timber in northern forests for 35 and 40 years, people who've worked with the sweat off their brow to feed their families and employ people, who had employed 6, 8, and 10 people, who've had to shut their operations down. And you haven't allowed the room for them in that lease agreement. You've cut back the number of cubic metres that is allotted to them, and not only that, the decision as to where they're allotted these cuttings rights doesn't allow them to make a living.

I mean you have to understand, Mr. Minister, that there's got to be room for the small operators. Everybody knows in our area in northern Saskatchewan, and I'm sure in your area as well, the riding you represent, that those small operators employ an awful lot of people and create an awful lot of economic activity in the communities where they reside and where they run their business out of.

But the fact is that your government has chosen Weyerhaeuser over Saskatchewan business men and women who have been operating, some of them, for 30 and 40 years in Saskatchewan. And that's the problem, and that's the big-business mentality of this PC government, and that's why I ask you, Mr. Minister, to reassess what you're doing in terms of that lease agreement so that you will create room for small-business people from northern Saskatchewan so that they can continue their businesses in that area.

Hon. Mr. Maxwell: — Now, Mr. Chairman, we have been having discussions and negotiations with small operators in the area mentioned by the hon. member. We

have been looking at putting them into areas where stand quality is very high, and it is scattered. There's 30,000 cubic metres of saw logs that are excellent quality within that lease area that will be made available to operators, and we're doing this over a 20-year period.

Mr. Kowalsky: — I think you probably had had requests for an archery season for elk. I want to know whether you're going to extend it? If not, why not? Are you going to extend an archery season for deer? Are you going to approach the Manitoba example?

Hon. Mr. Maxwell: — Mr. Chairman, as I'm sure the hon. member knows, there's been quite a letter-writing campaign regarding bow hunting for elk and for deer. The problem is one of demand and supply. The demand far outstrips the supply. The number of people who want to hunt elk . . . If we put in an extra season, we would be giving preferential treatment to one group who want to hunt with a bow. They can't hunt with a bow during the regular season.

Now I understand because I've met with the wildlife federation members often and it's been a topic of discussion, I understand that they're saying, well, the chances of taking an elk with a bow are far less than taking it with a rifle in regular season; therefore they may not have a great impact upon the numbers.

But unfortunately, as with extending the seasons, with the changing the seasons with white-tail deer, what we do is we run the risk, Mr. Chairman, of alienating the farmers. And after all, the farmers are really the stewards of our wildlife in this province to a very large degree, and we don't want to alienate the very people who are playing host to wildlife running wild across their land. And that's the basic reason that we'd be very reluctant to tamper with this.

Any of the seasons that we operate, whether it be for elk or white-tail, antler, mule deer, all go before a wildlife advisory committee. And we give them all kinds of information, the biological information, the numbers, the number harvested, where they were harvested, all that kind of information, and this committee, which operates independently from me, advises on what the dates should be and the different zones. And in the years that I've been minister responsible for wildlife, I've never overturned a recommendation that they have sent to me.

Mr. Kowalsky: — How many archery licences did you give out last year and how many were filled? Same question.

Hon. Mr. Maxwell: — I just did some checking on numbers and we found the archery tags in our information. For antelope, there were 300 archery tags; for mule deer, 950; elk, there's no archery season for them; moose is 34, but there is an open season in the north-west, which doesn't . . . it's not included in here; and white-tail, you have the option of archery or rifle.

Mr. Kowalsky: — And how many of those were filled?

Hon. Mr. Maxwell: — I'm advised they were all filled, Mr. Chairman.

Mr. Kowalsky: — No, no. You're not telling me that there were 950 deer shot by bow. And how many return, how many of those actually resulted in animal kills?

An Hon. Member: — You're asking harvest?

Mr. Kowalsky: — Harvested.

Hon. Mr. Maxwell: — We have a relatively low success rate, Mr. Chairman. We have a number for antelope; it was only 53. And moose, we don't have a number for. I think we can do some checking on these and get those numbers to you if that's okay. We'll find out what the total harvest was for each. We can give you it by rifle and by archery, I believe, and we'll send that to you. I think I realize the point you're making, hon. member, that considering the number of tags that are issued, there are not that many animals harvested by bow.

Mr. Kowalsky: — I think that's exactly the point, Mr. Minister, that the number, that ratio on animals harvested to the ratio of number of licences issued is rather low, much lower I think than for firearm hunters, and I think that the number of additional kill would be very much, is really almost insignificant. I think you should have a good hard look at extending and taking a look at the archery season. And the argument of sustained . . . of being able to sustain game really doesn't seem to, I don't think holds as much, as great an argument here as perhaps maybe some other lobby.

I would like to thank you, Mr. Minister, and your officials for the forthright answers that you have given me here today.

Item 1 agreed to.

Items 2 to 17 inclusive agreed to.

Item 18 — Statutory.

Item 19 agreed to.

Item 20 — Statutory.

Items 21 to 32 inclusive agreed to.

Items 33 to 35 inclusive — Statutory.

Items 36 and 37 agreed to.

Item 38 — Statutory.

Item 39 agreed to.

Vote 39 agreed to.

**Supplementary Estimates 1989
Consolidated Fund Budgetary Expenditure
Parks, Recreation and Culture
Ordinary Expenditure — Vote 39**

Items 1 to 13 inclusive agreed to.

Vote 39 agreed to.

(0915)

Forest Renewal and Development Fund

Mr. Chairman: — Any questions?

I'd like to thank the minister and his officials.

Hon. Mr. Maxwell: — Thank you, Mr. Chairman. I too would like to thank the officials in their preparations for the estimates and the unfailing professional service to this government.

I also thank the members of the opposition for the civilized manner in which the debate was carried out.

Mr. Gerich: — Do I have leave to introduce some guests, Mr. Chairman?

Mr. Chairman: — The member for Redberry has asked for leave. Is leave granted?

Leave granted.

INTRODUCTION OF GUESTS

Mr. Gerich: — Mr. Chairman, and members of the Legislative Assembly, I would like to introduce a tour group from Louisville, Kentucky, and welcome them to the city of Regina. I hope that you have a pleasant and entertaining trip and enjoy Saskatchewan's hospitality. Please help me make our guests welcome.

Hon. Members: Hear, hear!

Mr. Kowalsky: — Mr. Chairman, I would like to join with my colleague from Redberry to welcome the tour group from Louisville, Kentucky. And I do so on behalf of Her Majesty's royal opposition. I mention Her Majesty here because that's something that, I think, might be unique to you. We extend our hospitality to you and we extend our good neighbour policy. We hope that you have a very warm visit here while you're in Saskatchewan.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure New Careers Corporation Ordinary Expenditure — Vote 59

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

Hon. Mr. Maxwell: — Thank you, Mr. Chairman. Seated to my right is Terry Lyons, acting CEO (chief executive officer) of New Careers Corporation; and behind is the manager of the New Careers Corporation, Tony Antonini.

Item 1

Mr. Lingenfelter: — Thank you very much, Mr. Chairman. Mr. Minister, I wonder if you could just outline the mandate of New Careers. I think there's many people

in the province who don't understand what New Careers is all about. I wonder just in a couple of lines — I don't really need along dissertation, but if you just could in a few words outline what the mandate of this New Careers is all about.

Hon. Mr. Maxwell: — Yes. The purpose, Mr. Chairman, over the last few years has been to take trainees into the program and equip them with skills they need to get off social assistance and get into long-term career positions in society.

Mr. Lingenfelter: — Mr. Minister, I don't have a lot of questions to ask here, but I just want to say that, I guess, the opposition on behalf of the public are concerned and worried about the number of job positions being opened in the province of Saskatchewan and the government will attempt to blame it all on the poor crops and the drought. But I think at any rate, we have to be concerned about the fact that we have the present time in the province, 43,000 people who are on the unemployed list in the province and that doesn't include the 50,000 people who have left the province since 1985.

I don't want to go through the list of towns, average size towns that would be made up to make up 50,000 people, but the list would include many towns like Nipawin and Assiniboia and Shaunavon and Maple Creek, and the list would be very long. The 50,000 who have left the province in the last four years are leaving because there are no jobs here.

And I guess what I would like to say is there seems to be in the province at the present time, a belief that the government is finding high paid jobs for friends of the Conservative Party. And if you look at the list of new careers that have been found for Tory politicians — I just want to go through the list — but Paul Schoenhals, a defeated MLA from Saskatoon Sutherland now has a new career, not to the tune of a minimum wage job, but to the tune of something in excess of \$100,000; John Gormley, the defeated PC MP from North Battleford-Meadow Lake is now a senior adviser in the department of privatization. There's a new career for someone and it's not at minimum wage; it's at a very, very high level, with all the perks and privileges that that position would take with it.

We have Louis Domotar, defeated PC MLA from Humboldt, now special projects co-ordinator for the property management corporation, another new career for a Tory politician. We have Keith Parker, who was in the Assembly yesterday, not as an elected member, but as a new employee with tourism, now advising the government — very high paid.

We had Sid Dutchak, a defeated PC MLA from Prince Albert-Duck Lake, interim president of the Sask Housing Corporation back in 1986, appointed after he was defeated . . . (inaudible interjection) . . . a special adviser to the Minister of Urban Affairs. Okay, I'll correct that. He was appointed as a special assistant to the Minister of Urban Affairs after he was defeated.

We have Myles Morin, the defeated PC MLA from The Battlefords, is now working with the government, a very high-paid position. We have Gordon Dirks, who was

appointed right after the election to do a project for the government.

Now the list is much longer than that — much longer than that. We have Larry Birkbeck and Katzman and many others who were defeated who are presently working directly for the government. And then we have Gay White Caswell who's working in a front group for the PC party. There's a great belief that that group is being funded by the PC party as a political action committee for the next election.

And I want to say to you, Mr. Minister, that while New Careers may be doing an excellent job — I'm not being critical here of New Careers and your people who you have working on the project — what I am critical of is the vast amount of money that is going out in political appointments that could be used, I think, to hire many thousands of people who are presently leaving the province. And I say again that since 1986, 50,000 people more have left the province than have come in. And the vast majority of those, over 60 per cent, are people under the age of 30. And I just think we have a disaster looming here if we don't get a grip on unemployment and the fact that people are fleeing the province.

And that's my comment here. I'm not being critical of you or your department, the New Careers Corporation, in terms of what you're trying to do. But the simple fact is that the Premier of this province, I think, is not doing what he could be doing in terms of stopping waste and mismanagement, for example, GigaText, Canapharm — places like that where we're dumping millions of dollars. And we should be using that money in places like New Careers in order to create jobs and employment that would be meaningful to the people of the province.

Hon. Mr. Maxwell: — Mr. Chairman, obviously the matter under consideration is the New Careers Corporation, and I'd love to have the opportunity to lay some numbers and facts out. In terms of just the political discussion we're having, I really don't think it serves any useful purpose here this morning for me to respond with our book of defeated NDP MLAs and MPs in Saskatchewan who subsequently obtained employment with the former government. These are all well documented and both sides have been through these before. For me to bring up the member for Regina Centre who was a defeated candidate and then subsequently got a job with the then NDP government, really wouldn't help anything.

So I'm just going to leave all those aside and not read any of them into the record. In terms of out-migration from the province, of course it's a concern. But we also recognize that we have been beset with some very severe economic difficulties in the last number of years. And we hope that with a little help from Mother Nature, that can be turned around too.

As well as the programs that my colleague, the Minister of Social Services and the Minister of Economic Development, have been putting in place to try and encourage people to stay here, to give them training programs, to give them opportunities, and in our case to get them off the minimum wage jobs and into something

that is better paying. What we are trying to do is provide a combination of on-the-job training and counselling with prospects on the field to be hired into something that is long-term. The 86 per cent of our graduates who complete the course successfully are still gainfully employed, Mr. Chairman.

Mr. Lingenfelter: — Mr. Minister, I want to just ask you a few questions about the operation of the New Careers Corporation. Could you tell me the staff that you would have employed in your office as minister? Is there anyone on staff who works specifically with the New Careers Corporation?

Hon. Mr. Maxwell: — No, Mr. Chairman. In my office staff no one is assigned specifically duties with New Careers. Almost all of the inquiries that come into my office — well in fact all of the inquiries — are referred to the chief executive officer and the staff over in the New Careers offices. We don't have any executive assistant paid for by the New Careers Corporation.

Mr. Lingenfelter: — Mr. Minister, what about in the New Careers Corporation, can you give me a list of the executives and their positions and titles, and the salaries that these people are presently receiving, along with any extra perks — automobiles and any extra travel allowance that they would be getting at the present time?

Hon. Mr. Maxwell: — Mr. Chairman, if it's agreeable with the hon. member, I will send him the list with the background information on the employees of the New Careers Corporation. Salaries are not on it. And I can have the salaries sent over to you separately. We didn't put salary on it. I know verbally what the top two people are making; I prefer not to just throw it out verbally. I'll write it on.

Mr. Lingenfelter: — Mr. Minister, if you would send those to me on paper that's fine. I just want to get an idea of what the executive officers in the different Crowns and in the departments are making.

I wonder, Mr. Minister, a short question on some of the projects you're involved in in New Careers. Can you give me a list? Have you got the list with you? Can you read it out to us the different projects that you're involved in at the present time?

Hon. Mr. Maxwell: — Mr. Chairman, I'll send over to the hon. member a copy of the summary of work plan for '89-90. I believe what's what you'd be looking for, these projects.

Mr. Lingenfelter: — Mr. Minister, I want to ask about one specific program that you have going and to ask you about it, but the Elbow golf course, can you tell me what the agreement amounts to, how much money's involved there, and what the terms of that agreement are?

Hon. Mr. Maxwell: — Yes, Mr. Chairman, that was a project undertaken on behalf of Parks department, which is also my department. The arrangement is a long-term lease to the proponents for a percentage of their gross. And I don't have that because these officials don't deal with that, but I believe it's 4 per cent of gross is the lease

arrangement. I'll have to confirm that. I believe I was asked that earlier in estimates actually.

Mr. Lingenfelter: — I wonder, Mr. Minister, if you would give to me the name of the individual or group that that lease is with and the terms of the lease. What I'd like to know is the amount of the lease, the name of the individual, and the number of employees that would be involved in that project?

An Hon. Member: — . . . year, because it's Parks . . .

Mr. Lingenfelter: — Well that's fine. If you'll get it to me that would make . . . Mr. Minister, if you would just confirm that on the record then we can get on with something else.

Hon. Mr. Maxwell: — Certainly, Mr. Chairman, I'm pleased to confirm that. We'll get those details and I'll submit them to the hon. member. I believe I gave those figures in estimates a few weeks ago. I don't recall. But I'll certainly get them definitively and send them to him.

Item 1 agreed to.

Vote 59 agreed to.

Mr. Chairman: — I would like to thank the minister and his officials.

Hon. Mr. Maxwell: — Thank you, Mr. Chairman. I too would like to thank the officials and members of the opposition for their questions.

(0930)

Consolidated Fund Budgetary Expenditure Saskatchewan Property Management Corporation Ordinary Expenditure — Vote 53

Mr. Chairman: — I'd ask the minister to introduce his officials.

Hon. Mr. Taylor: — Yes, Mr. Chairman, I'd be pleased to do that. Seated beside me is Otto Cutts, the president of the property management corporation; behind Otto is Ian Laidlaw, vice-president of operations and services; seated behind myself is Shirley Raab, the vice president of finance and administration; and beside Shirley is Trevor Clark, financial analyst for the corporation.

Item 1

Mr. Anguish: — Thank you, Mr. Chairman. Mr. Minister, we had some discussions previously about the SPMC (Saskatchewan Property Management Corporation) participation credit, and my understanding is, at the time when you answered the question during question period, was that if a department or agency is overcharged by SPMC, they receive a credit back because in fact they were overcharged. Can you tell me whether or not the departments and agencies that have been overcharged by SPMC receive that credit back on a monthly basis? Do they receive it back annually, or is there a charge against them that's placed by SPMC lowered in the following fiscal year?

Hon. Mr. Taylor: — Yes, as I explained it in question period, if you'll recall, I used the analogy of a co-op dividend as something of the similar type of thing as the credit. It's not an overcharge. It isn't for an overcharge, and they receive it on a monthly basis.

Mr. Anguish: — Well how is the participation credit determined for each of the departments or agencies that are supplied services by SPMC?

Hon. Mr. Taylor: — Again I think the analogy of a co-op dividend is the easiest for us to understand. It's based on the amount of space that they would have and then on our profits, based on our profits, and then paid back on a monthly basis to them.

Mr. Anguish: — Well it would be nice if we could get a little more detail than a co-op dividend example. I think I understand how co-op dividends work. You buy a share in your local co-op, and the more money you spend there during the year, the more your dividend will be at the end of that particular fiscal year.

I would like to know from you, Mr. Minister, in more detail, as to how the participation credit actually works. Does that mean if a large department like the Department of Health spends \$40 million to SPMC, would they get back even more though they used more space than say the Department of Finance who, in relationship to the Department of Health, pays very little to the property management corporation?

Hon. Mr. Taylor: — I think an example I could give you that . . . say we had a department of government that had 10 per cent of the space. Okay? And our profit was . . . let's take a figure of \$50 million, then their dividend would be \$5 million paid in 12 equal instalments.

Mr. Anguish: — Well, Mr. Minister, the participation credit, it has nothing to do then with the cost, the actual cost of delivering those services to the department?

Hon. Mr. Taylor: — The operating costs are split across the whole operation of the corporation, and then the participating credit is back on the percentage of the corporation that that department would occupy, as I said previously.

Mr. Anguish: — I understand the participation credit in the '87-88 fiscal year amounted to some \$42.7 million. I'm wondering, can you tell us whether or not that \$42.7 million has at this point been all disbursed back to the departments and agencies that are served by SPMC?

Hon. Mr. Taylor: — Yes, it has.

Mr. Anguish: — Can you tell us what the participation credit was for the fiscal year, 1988-89?

Hon. Mr. Taylor: — It's on page 15 of the recent annual report of the property management corporation if you have it with you, '88-89, and the figure on page 15 is \$54,440,000.

Mr. Anguish: — Mr. Minister, if the participation credit

seems to keep increasing, why do you keep increasing the amounts charged to government departments and agencies? What happens is that when we look at the budget each year, it unfairly or misleadingly inflates the budget of some government department and agencies . . .

An Hon. Member: — Education, Health.

Mr. Anguish: — . . . such as Education and Health where it looks to the public . . . for someone who doesn't give close scrutiny to the budget so that budget has actually gone up for the department. And actually the budget hasn't gone up a whole lot at all. It's an increase in payments from the particular department to Saskatchewan Property Management Corporation. So why don't you just reduce the rents and service charges that you make to government departments and agencies?

We see this year that I spoke about, '86-87, you have a participation credit of 42.7 million, and then the following fiscal year, the participation credit was even more. So instead of increasing the participation credit each year, why don't you just reduce the amount of rent that's paid by government departments and agencies? It seems to me to be an administrative nightmare for someone to collect all this rent when you know you're collecting too much. And then you have to go through all the problem of making the disbursements back to the government departments and agencies. It seems like you make two administrative steps which are unnecessary to do.

Hon. Mr. Taylor: — The difference between the years of the participating credit of 1988, not all the buildings and everything was on stream, and this year they are. So that accounts for the rise between the two years. My officials indicate to me that this should somewhat level out now.

Mr. Anguish: — Well if you're operating at the optimum ideal level within SPMC and Mr. Cutts has everything all running smoothly, and you've got the exact amount of space, and the exact amount of people, and the exact amount of departments, the exact amount of agencies, and the exact amount of services provided to them, then I would just have to assume there would be a zero participation credit because everything is operating on an even keel.

Hon. Mr. Taylor: — Well we operate on a market base and certainly that's the figure that comes in, and we turn that back to the department. So it should stabilize somewhere in that area now.

Mr. Anguish: — I don't know what would stabilize there at all. I don't know why you need that money and then turn it back to the government departments and agencies. It doesn't make a whole lot of sense.

What I ask you, Mr. Minister, is if everything was operating smoothly in an ideal situation, which I know may never happen, but governments should strive for that, especially someone like property management corporation who we don't have a lot of access to information . . . Likely the greatest accessed information we have about your department, sir, is the estimates

process we're going through right now, and it's an accountability process. And you understand that.

So I'm asking, if everything was operating ideally, is what you're striving for I'm sure, would there be a participation credit? I would think there should not be a participation credit because you're not in the business of making profit. If you're in the business of making profit, you'll likely be sold off in the near future because you privatize everything else that makes money.

Hon. Mr. Taylor: — I think your question illustrates the difference in philosophy and opinion. Certainly we are operating for a profit. We're not a line department of the government. And not like you used to have it under the NDP where is was supply and service and you'd try and hide things and so on. We operate; we operate for a profit, but in this case we turn some of it back as a dividend as I explained earlier. So we make no apology for having a profit in this Crown corporation.

Mr. Anguish: — You say where we hid things in supply and service. You've got to be joking. You know, in the last year that the department of supply and service were reported in the *Public Accounts* of the province of Saskatchewan is the '86-87 fiscal year, there was a whole section on department of supply and service in the *Public Accounts*. There were 21 pages of detailed expenditure information, plus a 30-page annual report that listed in greater detail the projects undertaken by the department.

Now in '86-87 the SPMC annual report, there's 15 pages, only six of which give a summary of financial information. So don't you use your political rhetoric saying that we hid information in supply and service.

Some Hon. Members: Hear, hear!

(0945)

Mr. Anguish: — I don't question the integrity of your officials in Saskatchewan Property Management Corporation, but I tell you, sir, there was much greater public accountability in the department of supply and service than there ever has been under Saskatchewan Property Management Corporation. There's no question about that.

Now if you're operating for a profit, why do you give this money back to your customers? It makes no sense to give \$42 million back to government departments and agencies. If you're in the business to make a profit, why don't you keep that money and reduce the bloody deficit of your government which you now pay \$384 million a year on. Why do you refund it?

Hon. Mr. Taylor: — No, I think what you fail to explain is that under the property management corporation as it exists now — let me give you an example. If you wanted to know what the rent was that the Department of Health paid for its buildings, we could tell you that. Under supply and service, as it was previously, you had no idea, no idea at all what the rent was of any government department; there was no way of ascertaining that. But now we do have that. And we charge those rates, at the business rate; we make a profit and we pay a dividend.

As I say, the best example is the co-op. A co-op operates for a profit. Any co-op I belong to operates for a profit. I happen to be a member; I get a patronage dividend. That's the best example I can give you as the way the departments of government work with the property management corporation.

Mr. Anguish: — Well I don't know why you'd charge rent on something you already own in many cases. The other examples that distress us somewhat are the ways in which you conduct your leases to properties that you don't own. When you commit yourselves to long-term leases for facilities which didn't cost the departments any more, it might be good business practice for property management corporation, but it's poor business practice for government departments because they end up spending millions of dollars which used to go into programs that were administered and delivered by those particular departments and agencies.

I'd like to go to the profitability of the Saskatchewan Property Management Corporation, Mr. Minister. In '87-88, besides the \$42.7 million participation credit, which has all been paid back to departments and agencies, there were an additional \$22.192 million in retained earnings. What do you do with the retained earnings, Mr. Minister? If it's invested, at what rate is it invested at and where is it invested?

Hon. Mr. Taylor: — Well certainly as you pointed out before, and I think maybe a little misleading saying that there was money that could have been used for programs, there was rent paid before, but as I say, under the old system, you never knew what it was. I mean, if you're using these buildings and occupying the space, you're obviously paying some rent. Now we have it so that we can put our finger on it and say how much it is, and the public can know.

If you go down the statement a little further — and I don't know if you have this with you, but you mentioned the retained earnings of 22 million — going down the 1989 statement, you'll see a dividend paid to the province of Saskatchewan of 20 million. So that leaves 2.821 million left as the retained earnings. So 20 million was paid back to the Government of Saskatchewan.

Mr. Anguish: — Well is it invested, the remaining amount? There's still retained earnings there, regardless what you paid back to the government. You admit there's still retained earnings in the property management. What do you do with the retained earnings? Is it invested? And if it is invested, where is it invested and what rate of return are you getting on the investment?

Hon. Mr. Taylor: — It's invested, they tell me, in inventory and equipment and things of that nature — the 2.8.

Mr. Anguish: — You don't invest like that. If you're in the business of making profit in the property management corporation, you try and get an optimum return on your retained earnings, the money that you've got to deal with, that you know you've got. You don't invest it in paper, as you're trying to indicate, Mr. Minister. So is that your

practice? Why don't you invest the money to get a rate of return?

Hon. Mr. Taylor: — I think if you understand that retained earnings is not necessarily cash, it can be used for the ongoing operation of any business, and that's the case here. And I turn you to page 14 of the annual report, '88-89, and if you wanted to know the cash that we have on hand, it's shown on page 14 under the heading of cash, of \$809,000.

Mr. Anguish: — Well, in other businesses as well, if you pride yourself in operating as a business and in making profit, inventory shows up as a separate item on the balance sheet. So I don't know how you can tell us that your retained earnings all went into investment in inventory.

Hon. Mr. Taylor: — I think you misinterpreted what I said when you thought that everything was an inventory. If you look on page 16 of the report, and I see you have it now, and you just go down that column of 1989, the Saskatchewan Property Management Corporation's statement of cash flow, and that's how we use the cash that we have. If you can see, there's operating activities, there's the dividend I talked about previously, there's investing activities, there's financing activities, there's an increase or decrease of cash over last year, and the cash at the end of the year of \$809,000 that I told you earlier. So really, as how that money is used, is explained in that column there.

Mr. Anguish: — Well maybe it does explain it, but it doesn't explain it adequately, and you certainly don't explain it adequately, sir.

On page 12 you have the Saskatchewan Property Management Corporation's statement of financial position. Under the assets, there's an "other" listed, and says, "note 5." Well if you go to note 5, note 5 includes inventories in note 5 — at the bottom of the page — inventories, \$5,235,000. Sir, are you listening? If you go back to this statement of financial position, and you have retained earnings of \$22 million.

So you can't say that the retained earnings are all invested in inventory. That's just absolutely not the facts. I ask you again, sir: of the retained earnings that you have, what's happened to them? You said they're invested in inventory. I want to give you an opportunity to correct the statement that you made in this legislature.

Hon. Mr. Taylor: — Well I think the problem is you just don't understand the operation of a corporation of this size or magnitude. Certainly . . . (inaudible interjection) . . . Well the member from Regina Centre doesn't understand an . . .

Mr. Chairman: — Order, order. I would ask the member from Regina Centre to allow the minister to respond to the questions, please.

Hon. Mr. Taylor: — Thank you very much, Mr. Chairman. I've seen over the years that the member from Regina Centre doesn't understand an awful lot of things in this province.

Certainly I'll take you back through this again, and you see that there were retained earnings of \$22 million and that there was a \$20 million dividend paid to the government, which left retained earnings of \$2.821 million.

An Hon. Member: — What page are you on?

Hon. Mr. Taylor: — I'm on page 15. And I've told you some of that is in inventory and in various other things, as is the case in equipment in any corporation of this size. And then I told you to look on the next page and you'd see all the disbursements and how the cash flow took place, ending up with the cash on hand — which you asked me about the cash — of \$809,000.

Mr. Anguish: — Mr. Minister, I'm on a different year, I'm sorry. You have a different annual report than I do. What year annual report have you got?

Hon. Mr. Taylor: — The report that I have is the annual report of '88-89.

An Hon. Member: — Are you two years late . . .

Mr. Anguish: — Well the member from Regina South says, two years late. That's like your public accounting. If you did adequate public accounting, we wouldn't be into this argument we're in here today.

An Hon. Member: — Don't get so defensive. Use the new stuff when you ask questions.

Mr. Anguish: — Well new stuff, Mr. Minister, your *Public Accounts* are still two years old.

Mr. Minister, what do you plan on doing with the retained earnings in the Saskatchewan Property Management Corporation? What's your intention? Are you going to invest in inventories until you've bought up all the paper in the world and own every piece of real estate in Saskatchewan, to have a complete monopoly in the province? Or do you plan at some point in investing it in treasury bills or investing in GigaText scams? What do you plan on doing with the retained earnings of the property management corporation?

Hon. Mr. Taylor: — Well I think if you look at the total figures and realize that the property management corporation is about a billion dollar corporation, a billion dollar corporation, it would seem quite logical that 2 million, little over 2 million of retained earnings could easily be used in ongoing operation. By that I mean some inventory, I mean some equipment, I mean some supplies, purchases, various things. I think it would be quite reasonable, and I think to you too, Mr. Member, that of a billion dollar corporation, \$2 million of retained earnings to be used in operation would be reasonable and logical.

Mr. Anguish: — That's not what I asked you. What do you plan on doing in the future as you gain this great profitability in property management corporation by drawing more money from government departments and agencies? What do you plan on doing with the retained earnings? Are you building a slush fund for PC

re-election, 1991, when you run to the end of your mandate? Or do you plan on investing it to try and get optimum return on investment rates? Do you plan on buying more real estate? Do you plan on buying paper, because you know the price of paper is going to go down, and you own the pulp mill in Saskatoon now, or you want to help Weyerhaeuser with it? What do you plan on doing in the future with your retained earnings?

(1000)

Hon. Mr. Taylor: — I think this speaks for itself. It shows right here in the annual report — anyone in the province can have access to this — that in the last year we paid a dividend of \$20 million to the Government of Saskatchewan. And I said earlier, we operate on a profit, and we have every intention to do that. And as we attain profits and bring in profits, we will pay them to the Government of Saskatchewan as we have in the past. And it will all be there, and that's no type of a slush fund or anything.

That's right there, black and white, showing to the people of Saskatchewan how the use of their property, their property, as is the case with the federal government, as in the case with the B.C. government, is used and how the benefits from this accrue in a dividend to departments and as a payment to the Government of Saskatchewan.

Mr. Anguish: — Well, Mr. Minister, obviously, you don't want to tell us what you're going to do in the future with retained earnings. I just asked you what investment vehicles you would be using with the retained earnings of the property management corporation, and you either don't know or won't tell us, one or the other. So if you won't give us that information, or can't give us that information, I'd ask you something else that deals with your accountability. You stated in this House today that you're far more accountable than the department of supply and service used to be in their dealings with public funds. I ask you today, will you give us a list of the inventories, itemized list of the inventories that you purchased with the retained earnings of the property management corporation?

Hon. Mr. Taylor: — Well once again I fail to see your line of reasoning. I've explained to you from the last year's operation that there was \$22 million, and \$20 million went to the government. And I've explained to you that in future years, profits will go back to the government. There are some retained earnings, retained earnings of roughly \$2 million in a billion dollar corporation. Those are being used for operating, for equipment, for some that may go into inventory, various operational things.

Now I can get you a list. I can't provide it for you today, and I think you will realize and understand that. But I can give you a list of where that \$2 million could be spent in real estate and in various equipment and so on. I really don't know, and I'm asking you to reconsider, because I really don't know if that's best serving the interests of the time in this legislature and the time of the department to put that list together. I'll do it for you, but I ask you to reconsider and think this through.

I mean, what is the benefit by listing a whole bunch of

equipment, desks, you know, there's a hundred and one things. Now if you want that, we'll provide it for you. But again I ask you to give that serious thought because I think that is a rather foolish question. When you look at a billion dollar asset to say . . . and I told you it's in inventory, it's in operating, and it's in supplies. Now if you want that, fine. But again I ask you to just think that through a bit.

Mr. Anguish: — I'll consider withdrawing the request. I'll consider it and we'll deal with that before we're done the estimates. But the point I make to you, sir, is that when the department of supply and service was around, if they spent \$2 million and you were in opposition sitting in the Public Account Committee, you'd want to know where every cent of that \$2 million was spent, and you'd get it, and the officials that would be there could tell you where the \$2 million was spent. They could tell you right in public accounts. But you see, sir, you and your officials don't appear before public accounts to that extent to give that information. I'm sorry. I withdraw that — you do appear, and you have been in public accounts. But you don't give the detail of information that supply and service used to give.

Mr. Minister, there is one list I'd like to get from you that I'm sure you'd be happy to provide as well. Would you give us the list of properties that you own and lease, and which department you lease them to, and what the amount is that you charge for each of those properties? You surely have that list.

Hon. Mr. Taylor: — We can provide you with a list of each department and the buildings. We don't give out the lease figure because, as you know, we're in competition with the private sector, and we certainly don't want to put out our figures out there so that we're not in a competitive position, or shall I say, playing poker with your cards up on the table — we don't intend to do that. That's all.

But certainly we will provide you with a list of all the buildings and which department has the various buildings and the aggregate of how much each department pays in total. We'll give those to you now.

Mr. Anguish: — Will you also give me a list, Mr. Minister, of the departments which received a participation credit and the amount of the participation credit they received?

Mr. Minister, I'm talking about if we could go to the '87-88 fiscal year for the participation credit that year and the 1988-89 fiscal year, for both those years, if you could give us the amount of participation credit that was paid to each government department and agency, if you could itemize it please.

Hon. Mr. Taylor: — Just so we're clear on that, you want '87-88 and '88-89?

Mr. Anguish: — Yes.

Hon. Mr. Taylor: — The list that I mentioned that I'd send over to you, I only have one copy, so I'll get it copied and send you a copy of that. And the latest request, I think we'll probably be on again this afternoon, and we will work over the noon hour and see if we can provide it for

you if you want it that quickly, or if a little more leeway is fine, that would be . . . You'll get the list. Now if you want it this afternoon, I'll have to have them work right through their lunch hour on it, but if you say at a little later date is fine, and when I say later date, that's before the House closes for sure.

Mr. Anguish: — Well I appreciate getting those lists, the sooner the better. I certainly wouldn't want to take food out of someone's mouth over the lunch hour to get the detailed breakdown, but it would very nice if we could have it when we resume estimates this afternoon if there's somebody in the department.

Mr. Minister, I have the '88-89 annual report, so we're both talking about the same annual report now. And you mentioned that there was a dividend paid to the Government of Saskatchewan for \$20 million. Is that correct, sir? I see you answer in the affirmative.

Well on page 18 of the same annual report under item 6, says promissory notes. And I'll quote you from that:

The Corporation has a non-interest bearing promissory note of \$20,000,000 (1988 — nil) from the province of Saskatchewan which is due on March 31, 1990.

Now, Mr. Minister, what that tells me is that you gave a dividend to the Saskatchewan government, what you call a dividend, and we see here in your own annual report that by March 31, 1990, they have to pay you back that \$20 million. Am I not interpreting this correct, Mr. Minister? Could you give me an explanation of that.

Hon. Mr. Taylor: — Well I'm informed, you know, that it's not unusual for the province to loan money to corporations, and that we have an interest-free loan for one year of \$20 million that will be paid back at the end of each year.

Mr. Anguish: — Mr. Minister, that's misleading. That is absolutely misleading. You stood in this House this morning and said oh, that we didn't have all these retained earnings because we gave a dividend of \$20 million to the province of Saskatchewan. But then when I get the annual report and look at it, I find that it's just a juggling of figures because you got back a \$20 million loan from the province of Saskatchewan. So there was no \$20 million dividend in reality. It might have been a paper transaction, but regardless, you maintained that \$20 million in property management corporation.

So don't say that you only used 2 million to buy up inventories. You had at your disposal \$22 million. What did you do with that \$22 million? I would have a hard time believing you spent \$22 million in inventory — you might have spent 2 million, but I'd have a very hard time, Mr. Minister, believing you spent 22 million on inventories.

Hon. Mr. Taylor: — Well we paid a dividend of \$20 million to the Crown, and we have an interest-free loan of \$20 million that we use in part of our hundred million dollar expenditures. Payments for schools and hospitals, capital construction around the province — they're all

financed through the property management corporation, and that's where that \$20 million would be spent.

Mr. Anguish: — Well it's not a good business practice if you're there to make profit, and it's not good in terms of deceiving the public. You gave a \$20 million dividend and you got back a \$20 million loan. I think that's misleading to people, and I don't care how you try and explain that. You cooked up an annual report that says that you did so well you give it a \$20 million dividend to the government, but then in return, you got an interest-free loan back from the government for \$20 million. That's not a sound business practice. That's deceitful. That misleads and misrepresents the position of the property management corporation, because likely nothing happened. Did you send a cheque over, Mr. Minister, to the Government of Saskatchewan? Can you show us, Mr. Minister, today, the cancelled cheque from property management corporation to the Government of Saskatchewan for \$20 million? Will you show us the cancelled cheque?

Hon. Mr. Taylor: — Yes, we can provide you with the cancelled cheque.

Mr. Anguish: — And so then you have another cheque. Can you give us a copy of the deposit slip for the \$20 million you got from the provincial government?

(1015)

Hon. Mr. Taylor: — Yes, we could. You mean the deposit slip in our account. I told you we have the cancelled cheque for what we paid the government. You're not wanting to see their deposit slips. You want to see the deposit slip that we would have for the \$20 million loan. Is that correct?

Mr. Anguish: — I want to see . . . like, I don't understand the transaction that took place there when you can stand up and tell us that you gave a \$20 million dividend to the province, but the province turns around and gives you an interest free loan for the same amount of money for \$20 million.

So what I want to see is I want to see the cancelled cheque that you issued as the dividend, and I want to see the deposit slip that you received the 20 million back from the government. I find it just an amazing transaction. Why wouldn't you just keep your \$20 million, the government keep their \$20 million and save the extra paperwork because you'd be in the same position?

Hon. Mr. Taylor: — Certainly we have more than the \$20 million of borrowings. If you'd look on page 14 — I'll refer you to that — and you'll see liabilities and equity, promissory notes, long-term debt, capital lease obligation, and accounts payable. You'll see that with promissory notes and long-term debt, we have a considerable amount of money borrowed, and that's all done through the Department of Finance.

So I guess the simple explanation is — and let's look at one's own business — if say you had a debt and it was for, in our terms, maybe \$2,000 or something, and you paid that off to your bank, and then for some reason you

decided that you needed another \$2,000 for an acquisition in your business and you took out a loan that day, that's the kind of transaction that took place. I mean, you paid one thing and you've taken out another loan.

We paid a dividend to the government. We got another loan of the same amount from the government, non-interest bearing loan, for, as I say, part of this bigger figure of \$400-and-some million, and that money is used for the construction of hospitals, schools, nursing homes, the various capital things, buildings we may build for the Government of Saskatchewan.

Mr. Anguish: — Well I can understand it in some situations. I have an insurance agency, and suppose at the end of the month, I owe Saskatchewan Mutual \$2,000 in premiums, and Saskatchewan Mutual owes the company \$2,000 in commissions that have carried over from different periods of time. They wouldn't send me a cheque and I send them back a cheque. It would be a paper transaction. So I don't understand why you would go through the extra work in your streamlined corporation of property management to give \$20 million to the government and then get the \$20 million back from them, other than to look good because we're doing a good job, and I'm a great general manager, so we're going to give the province \$20 million this year. In fact, you'd be better off just doing the paper transaction.

Actually, Mr. Minister, I was quite surprised to find that there was a cancelled cheque and a deposit slip equalling the same amount. I expected a different answer from you, but I respect the answer you gave, and I respect the fact that you're going to give us the cancelled cheque and the deposit slip.

Mr. Minister, you mentioned that you would give us a list of the participation credits broken down by department over the two fiscal years. And I tried to get out of you earlier what the formula was. There must be some kind of formula as to how you determine that. I'm wondering if you wouldn't endeavour to provide us with the formula as to how you determine exactly what amount of participation credit a department or agency would receive from property management corporation. Do you think you could provide that to us?

Hon. Mr. Taylor: — We'll provide you with a general statement of how we come to those figures, yes.

Mr. Anguish: — Well thank you, Mr. Minister. I'd like to leave the participation credit and the accountability aspect for right now. We may come back to that after lunch when you provide me with the documents that you said you would.

Mr. Minister, I'd like to look at your security division of property management corporation. And I'm wondering if you could tell us today in this House, at this time, whether or not you could tell us how many staff you have employed with the security section of property management.

Hon. Mr. Taylor: — We don't have an exact number here for you, but looking at all the commissionaires and all the properties that we have and so on, probably around a

hundred in security of buildings.

Mr. Anguish: — Mr. Minister, I don't want to know just the ones that are in security of buildings. I'm not sure what you mean by that, whether they're secured because they're inside of the building, or they're responsible for the security of the building itself. But I don't want to just know those that are in security of buildings, I want to know what the total staff component is of the security section of property management corporation.

Hon. Mr. Taylor: — It fluctuates, as you can understand, you know. Commissionaires come on and change, and so on, but roughly, the total number of people involved in that security would be around a hundred, very close to a hundred.

Mr. Anguish: — Well some of those must be temporary. I have here a list that happened to come to me entitled, Saskatchewan Property Management Corporation, Telephone and Address Directory, and it gives the computerized codings for each of the different divisions in property management. And I notice the security service is coded as SS, and it's in the CA division which would be . . . oh that would be minister's office, no, sorry, corporate affairs. I don't find anywhere close to 100 people in here coded as SS.

So those that are coded as SS in this directory, Mr. Minister, specifically assigned to the SS, the security services, how many people are on the permanent staff? I'm not talking about commissionaires and people you'd hire on a temporary or part-time basis; I want to know the permanent staff, the complement of the property management corporation's security service division.

Hon. Mr. Taylor: — We can get you the information on the permanent ones. Again, why you would see the discrepancy between the phone book or the list that you have may have there and the figure I gave you is that I think you realize that not all these people would be in the directory. They don't all have a phone. Certainly there are a number of them that are permanent, permanent security, and there are some that are temporary. I can't give you that figure right now. We can provide it for you. But I said the total amount is around 100 people, but some of those are temporary and some come and go, and the figure changes from time to time.

But certainly we can give you the total of permanent commissionaires and permanent people in security and so on.

Mr. Anguish: — Could you provide us with the names and salary levels of each person in the security service?

Mr. Chairman: — Why is the member on his feet?

Hon. Mr. Maxwell: — Mr. Chairman, I wonder if I might have leave of the committee members to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Maxwell: — Thank you, Mr. Chairman. Seated in the Speaker's gallery, Mr. Minister, are two young people I'd like to introduce to you. But before I do that, I'd like to give you a brief explanation of why they're here today.

In the 1987 Remembrance Day service in the village of Enniskillen in Northern Ireland, a bomb exploded, killing a number of residents. Relatives of the victims publicly forgave the perpetrators of the crime. Canada's High Commissioner was in Belfast the day after the bomb exploded, and the plan to bring young people from Enniskillen to Canada originated.

And today I am pleased to introduce to you, Michelle MacEntee, aged 16 from Newton Butler, Fermanagh; and Peter Ferguson from Churchill, Enniskillen, Fermanagh. Welcome to the Assembly. Enjoy your visit to Canada.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Saskatchewan Property Management Corporation Ordinary Expenditure -Vote 53

Item 1 (continued)

Hon. Mr. Taylor: — In answer to your question, as you know, the custom is usually to give a bulk figure for the top executives, and some of these people in the securities would be vice-presidents of the corporation. And I don't think it is the practice to give out the exact salary of corporate officials. I would give you a bulk figure for those people. If you wanted to know the total salary for all of the people in the unit, I would give you that. But I don't think you're asking me to give vice-presidents' salaries in this forum. I don't imagine that's what you're asking.

Mr. Anguish: — I want to know the salary levels and their qualifications, if possible. The salary levels, qualifications of those people that work in the security service of property management corporation. Can you provide that?

Hon. Mr. Taylor: — In keeping with that, I'll certainly give you the qualifications of the top people, but I would keep the age-old tradition of bulking the top executives together. But I would provide you that.

Mr. Anguish: — Can you also provide us with your . . . You just said you won't give it for the top executives, but I'd like you to give us a bulk figure, at least, and what their benefits packages are, whether or not they get a vehicle, whether or not they are provided with special travel. I'd like to know what's happening there because certainly if you're talking about accountability, under the supply and service, you knew everyone's salary and what they were making, and you'd find out their qualifications for the job which they hold. And if you want to be as accountable, or you said you're more accountable than supply and service, I'm wondering if you could provide us with that information as well after lunch, sir.

Hon. Mr. Taylor: — I don't know if I can have all that for

after lunch, but I will provide you in accordance with what we've done in past tradition here in the Assembly, the bulk figure for the salaries. I'll certainly give you . . . and I imagine you're just concerned about the top echelons, their qualifications, and I will provide you with that.

Mr. Anguish: — Do you have it here with you now? Can you provide it with us now?

What's the overall budget of the security unit?

(1030)

Hon. Mr. Taylor: — We anticipate a budget for '89-90 for the securities division, and that's the total of it as I was talking to you previously, is 1.9 million — 1.9.

Mr. Anguish: — Can you provide us with the list of the equipment, the specialized equipment that was purchased by the security services division of property management? I'm not talking about the desks and pens and pencils. I want to know any specialized equipment that they would use in the performance of their duties. Can you provide us with a list of that type of equipment, and who the supplier was, and what the purchased amount was?

Hon. Mr. Taylor: — I think, Mr. Minister, what you're asking would be better provided by myself to the Leader of the Opposition or to you on an individual basis, rather than in the forum that we're in right now. If you can understand, some of this is used for the protection of people, the members and so on. And I think I'm not wanting to withhold anything from you — I think you understand that — but this type of answer would be better provided on a confidential basis, you and I in my office, or something of that nature.

Mr. Anguish: — Well, Mr. Minister, this brings up an interesting point which we talked about in this Legislative Assembly during question period. And you admit to me there's sensitivity of information, such as this looking at purchases and equipment that they would have . . . that other government departments wouldn't necessarily have.

And the point that I brought up to you that time, when CSIS (Canadian Security Intelligence Service) was set up in Ottawa there was an all-party parliamentary group established to oversee CSIS so they would not run astray and build their own little kingdom out there, and no one knew what they were doing. In fact I think at the current time there's something like two Liberals, two Conservatives, and one New Democrat, a committee of five that oversees the operations of CSIS because of sensitive information like that that you don't want to get out in some political harangue that might happen in the legislature outside of the legislature.

So I put this question to you: have you given any reflection on the request that I made of you to set up a committee that would deal with sensitive information and oversee the activities of the Saskatchewan security service?

The Minister of Justice said outside the House that day that I questioned you that he would consider it. I'm asking you now, sir, since that time, have you considered it? Have you talked to the Minister of Justice, and can you give us some assurance in the legislature today that you will set up an all-party legislative committee to deal with the confidentiality of the security service and the overseeing of their operations so that we make sure that they're accountable and working in the best interests of all Saskatchewan citizens?

Hon. Mr. Taylor: — No, I'm not looking at setting up that type of a committee. I will do the same as I offered last year in estimates and each year since I've been the minister in charge of the property management; that certainly you or the member from Riversdale, or any member of your caucus who wants to come and talk to me personally about these issues in the confines of my office in a private conversation, I'm most willing to do that with you. I've offered that each year. It's never been taken up by a member, but the offer stands good, and I think we can certainly share information. That way I don't see the necessity of the committee.

Mr. Anguish: — Well, Mr. Minister, there is a great necessity for a committee. There's a great necessity for a committee, because what you've got here is you've got your own private police force, and you're asking people to take your word. You may be an honourable individual. I believe you're an honourable individual, but who says that you're going to be in that office for ever. What about some other government in the future? Would you settle for taking the word of the cabinet minister as opposed to sitting on a committee? It's not you that we're concerned about. You can be kicked out of office. What we're concerned about is a police force that's set aside from all other police forces, that's answerable to Mr. Cutts and yourself.

And so there is a great need for a legislative committee, sir. If there was a legislative committee, I wouldn't be asking you for the equipment that's been purchased, the equipment list and the suppliers, and you wouldn't be saying, well come to my office and we'll have coffee and I'll tell you what it is, because it's confidential.

So, Mr. Minister, I can't believe that the Minister of Justice would say that he would consider setting up such a legislative committee of senior members of the legislature, and you say no, you won't consider, you don't see any need for it. Well I'd ask you this question, sir, concerning the security service: how many members from the security service of property management corporation have assisted in or conducted criminal investigations in the province of Saskatchewan since the security service was set up? How many criminal investigations have they either conducted themselves or participated in, sir?

Hon. Mr. Taylor: — No, we don't do criminal investigations. If there's something that would pertain to that, it's turned over to the RCMP immediately.

Mr. Lautermilch: — Thank you, Mr. Chairman. Mr. Minister, further to your comment that you don't do criminal investigations, let me refer you to a newspaper

clipping from the *Prince Albert Daily Herald* dated August 19, '89, in which the northern adviser to the Premier of this province indicated that he asked the police force in our community to . . . that he was withdrawing the charges and that it would be handled by the security division of the Saskatchewan Property Management Corporation.

Mr. Minister, this was an alleged break-in in the office of the Premier. The police force were asked to withdraw by the northern adviser to this Premier and brought in your security division. It's a break-in, sir; it's a criminal act, and your securities division is investigating. Would you care to comment on that investigation and what the results of that investigation might be.

Hon. Mr. Taylor: — It was turned over to the RCM Police and there was no criminal content to it; so the investigation was dropped. Now our people are looking at it from a physical security aspect within the building.

Mr. Lautermilch: — Well, Mr. Minister, let me again refer you to this clipping, and that certainly is not the words of the northern adviser to the Premier of this province. There was an alleged break-in, and I should quote from this for you. He said:

Dobrowolsky filed a complaint with the city police (it wasn't with the RCMP) August 2, after he discovered a file cabinet in the Central Avenue office had been broken into. He later requested the complaint be dropped, and it has been handled by the security division of the Saskatchewan Property Management Corporation since that time.

Would you care to comment further on that, sir?

Hon. Mr. Taylor: — Well, as I said before, the police were brought in — and you're correct; it was the city police, I guess, in Prince Albert that were brought in — and there was no indication of any criminal break-in and that was dropped, and our fellows are just looking at the security of the office, and so they're not really investigating any type of a criminal act at all.

Mr. Lautermilch: — Mr. Minister, don't try and twist this around. And I'm going to quote again to you from the words of the northern adviser to the Premier. He said, and I quote:

He later requested the complaint to be dropped and it has been handled by the security division of the Saskatchewan Property Management Corporation . . .

Mr. Minister, what this gentleman, Mr. Dobrowolsky, from the Premier's office in Prince Albert says, is that he asked the police to drop their investigation and that he would bring in security officials from the property management corporation. Can you explain that? What are they investigating? Indicated that there was a locked filing cabinet broken into — clearly a criminal act. He indicated that there were some — what were his words here, I guess — some confidential documents that may be missing. If that's not a criminal act, then I don't know

what is.

But, sir, I would like to know why the security division of the Saskatchewan Property Management Corporation would be investigating and the police were asked to withdraw — the city police in Prince Albert were asked to withdraw.

Hon. Mr. Taylor: — No, all our fellows would be doing there in that investigation would be looking at, as I say, the internal operation and to see what types of security should be put in place, that there wouldn't be any filing cabinet broke open or anything of this nature. So there's no criminal investigation on that part. They're just looking at a way in which any type of situation in the future could be avoided.

Mr. Lautermilch: — Mr. Minister, was the filing cabinet broken into or was it not?

Hon. Mr. Taylor: — Yes, I understand that the filing cabinet was broke in. Someone broke into the filing cabinet.

Mr. Lautermilch: — Well then, sir, would it not be that if the filing cabinet was broken into, there was forcible entry that . . . was there forcible entry? Can you answer that?

Hon. Mr. Taylor: — Forcible entry into what?

Mr. Lautermilch: — Into the filing cabinet, sir.

Hon. Mr. Taylor: — It seems to me that if it was broken open, there would be forcible entry.

Mr. Lautermilch: — If there's forcible entry, would it not be a criminal act, sir?

Hon. Mr. Taylor: — Not necessarily.

Mr. Lautermilch: — Was there a forcible entry into the office, sir?

Hon. Mr. Taylor: — No, there was no evidence of that.

Mr. Lautermilch: — Then, Mr. Minister, perhaps what we have here is an inside job. Maybe you'd better scrutinize some of your staff up there. Or could it be that maybe one of the staff accidentally knocked a hammer off a filing cabinet and broke the lock off?

Hon. Mr. Taylor: — Do you have a question?

Mr. Lautermilch: — I'm sorry, Mr. Minister, I didn't hear your comment.

Hon. Mr. Taylor: — I'm asking you if you have a question.

Mr. Lautermilch: — My question is: would you be willing to have the security service investigate the integrity of the staff in the Premier's office in Prince Albert, if it looks like an inside job? You might want to include the Minister of Finance who was involved in a little trickery down here at about the same time, trying to get some headlines that

were totally phoney.

Hon. Mr. Taylor: — Well as I said five minutes ago, the security unit are looking at the operation of the office and to try and avoid anything like that in the future.

Mr. Lautermilch: — Mr. Minister, are they investigating then a criminal act?

Hon. Mr. Taylor: — I've said that no, they're not.

(1045)

Mr. Lingenfelter: — Mr. Chairman, I want to ask the minister just one quick question on these break-ins that everyone has been talking about and have been reported in the paper that the Minister of Finance has been so concerned about, which there isn't a shred of evidence that any break-in occurred.

I want to refer you back to the last election in 1986. In the period leading to that election there was a Van Johnson who running the campaign for the individual running against Allan Blakeney in Elphinstone, and there was a similar big break-in during the campaign. And the TV cameras went out there and they filmed the break-in, and in the end there was no break-in at all. What had happened is that in order to get press for the campaign, they arranged a little inside job there as well.

I wonder when you people on that side are going to get tired of using the justice system of this province and the press. Every time there's an issue you want to side-track, you cause a break-in, and this is what has happened in this case. You know it and so do the people of the province.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Well, you can say it outside the House or not, but the simple fact is, it was in the newspaper. All these break-ins . . .

An Hon. Member: — Go say it anywhere.

Mr. Lingenfelter: — Well we will say it anywhere. But the simple fact is that the credibility of your department, the credibility of your department is at stake here. This is three or four breaks-ins that you've announced to the press and got press on when there was no break-in, and I think the people of the province really wonder about a Premier of a province who would allow this kind of jiggery-pokery with the press and with statements about break-ins in order to cover up political tracks.

What you do every time you get caught with your finger in the cookie jar is you arrange some sort of a crime. And the Minister of Finance is involved in these little escapades of talking to the press about them. Well there's a break-in; there's documents missing. And this happens in by-election . . .

Mr. Chairman: — Order, order. I ask the member to apologize. He made an allegation against the Minister of Finance and I'd ask him to apologize. That's not parliamentary, and I would ask him to apologize for that

remark.

Mr. Lingenfelter: — Mr. Chairman, I want to just repeat what I said so that you can make a ruling on it. What is said is the Minister of Finance is involved in speaking to the press about the break-ins.

Mr. Chairman: — Order, order. Your last statement was okay, but that's not what you said the first time, and I will certainly check it in *Hansard*.

An Hon. Member: — Yes it is. It is. No, I'll check *Hansard*, but that is what I said.

Mr. Chairman: — No, you did not.

Mr. Lingenfelter: — Mr. Chairman, if I said something different, I apologize for it. What I believe I said and what I repeat, is that the Minister of Finance has spoken to the press about these break-ins which are phoney. The break-ins are phoney. And I think the Minister of Finance should be very careful when go goes to the press talking about break-ins that have not occurred when he knows full well that it's simply a matter of detracting from the issue at hand. That's the only point I want to make.

This is the third or fourth time we've had to deal with these phoney break-ins in this Assembly, and I think the people of the province are tires of it, and I wish the minister, if he's serious about it, would go through the investigation and tell us what the results are.

Mr. Anguish: — Well, Mr. Minister, I submit to you that the reason that the northern adviser to the Premier called off the investigation is because you were afraid that it would be exposed that there was no break and entry into the building because there was no sign of forcible entry into the location of the office, and therefore it was something that was cooked up. And so before the city police in Prince Albert could make a report that was embarrassing to your government, the northern adviser to the Premier calls off the criminal investigation, because break and entry is a Criminal Code offence, whether it's the filing cabinet or whether it's into the building, and turned it over to the security service to do the investigation to save your government embarrassment. Is that not in fact what happened, Mr. Minister, in this particular case?

Hon. Mr. Taylor: — Well, Mr. Chairman, I think in plain and simple terms, anyone would realize that if you came into an office and there was a filing cabinet that had been opened, you would probably phone the police. Most people would do that, would phone the city police. You phone the city police and you find no evidence of any entry, forcible entry into the building. You probably say, well look, there is no criminal aspect from outside; therefore we don't have to have an investigation. Well, there's no . . .

Mr. Chairman: — Order. Allow the minister to make his comments without interruption.

Hon. Mr. Taylor: — So therefore the next logical thing is to ask the security group within the government to see if there are ways that we can ensure that filing cabinets

would not be tampered in any way, shape, or form, and that's what's taking place. I see no problem with it.

Mr. Anguish: — Has your security service determined what person or persons in fact broke into the filing cabinet?

Hon. Mr. Taylor: — I'm informed that it was an employee that didn't have a key, and opened up the filing cabinet when the manager was away, and that's simply what happened.

Mr. Anguish: — I would think any employee that broke into a filing cabinet and then left would advise their superior they had to do this, because they would know, as you described, when the key was put in the door and the door was opened, the filing cabinet was broken into, whoever entered the building would think, well there's been a break and entry. So wouldn't it be logical to assume that that employee would have informed a superior? And if that superior was informed, why were the city police call in; and if a superior wasn't informed, what disciplinary action has been taken against the employee who broke into the filing cabinet?

Hon. Mr. Taylor: — Again, you know, I think you're trying to make a mountain out of a molehill here. So a person comes in and he didn't have his key, so he pries open the filing cabinet to get whatever he wanted to see there, and he didn't tell the supervisor. The supervisor or the boss comes in, hasn't been informed of this, sees an open filing cabinet, informs the police. I think that's what you'd probably do, or any reasonable person would. He finds there's been no forcible entry from outside, says to the police, well look at, there's no need for an investigation here, and then says to the security division of the property management, which he should do, saying look at, this has happened, we want you to make sure that the filing cabinets can be secured in such a way that it cannot happen in the future.

Mr. Anguish: — Well, Mr. Minister, I think you're flying by the seat of your pants because the story gets more interesting as you go on trying to answer for the break-in. Can you tell us, Mr. Minister, who was the employee who broke into the filing cabinet, and who was the employee who discovered the supposed break and entry that turns out not to be a break and entry after all? Can you tell us who those two employees were?

Hon. Mr. Taylor: — You have already put forth the name of the individual that found it. It was Mr. Dobrowolsky, who we all know. I think, I would give you the name of the employee in confidence. I don't think I want some innocent young fellow to be bantered around the province, but I will tell you in confidence outside the Chamber . . . (inaudible interjection) . . . No, I will deal with the critic and I think he appreciates that. I will tell him on a confidential basis.

Mr. Anguish: — Well I find this a little interesting. We're going to move on to another activity right now . . . and I do want that name from you. Maybe at the same time, you can tell us the instrument that was used to break into the filing cabinet. I mean, if a filing cabinet is locked, you can't use your long fingernail on your pinkie to pry the

filing cabinet open; you have to have a hammer, a crowbar, a screwdriver or something like that.

In your opinion, Mr. Minister, you've likely skirted the issue very well of whether or not any employee of the security services has participated in or conducted a criminal investigation. And so you think you've likely skirted that very well with the alleged break-in to the Premier's office in Prince Albert.

I have her a memo from the security service. It's to a John Baker at the Department of Justice, sir, and the details are by Doug — I don't know who that is — and the person detailed is Gerry. I don't know who that is either. But I imagine they only use their first names because of confidentiality in the matter in the event that someone like myself would get a hold of such a memo and use it against them.

But I want to ask you, Mr. Minister, if you think this would not be a matter more appropriately handed by the RCMP, who are very adequately equipped to conduct such investigations. And I'll read you just the first line, and the person who's being investigated, I will refer to as Mr. X because I neither want to disclose his name and drag him through a harangue by the government and by the public for something which he may not be guilty. But I quote:

John advises that he has received information that an (Mr. X) is a potential threat to Bob Andrew, the Minister of Justice.

Now could you tell me, sir, why would people at the security service of property management corporation be doing an investigation into an individual who is viewed as a potential threat to the Minister of Justice in the province of Saskatchewan? Would you not think, sir, that think would be a job more adequately performed by the Royal Canadian Mounted Police, or possibly the Regina city police? But I would think the first would likely be logical, that the RCMP should be doing investigations into a potential criminal matter.

Hon. Mr. Taylor: — Well, that's a good case in point, and whether it be the Minister of Justice or the member from Battlefords, that the security unit would hear via various methods that there would be some type of threat or danger, then that would be turned over to the RCM Police ; whether it be the Minister of Justice, whether it be myself, yourself, the member from Quill Lakes, or any other member of this Assembly. So an investigation wouldn't take place; they would just turn that then over to the RCM Police.

Mr. Anguish: — Well it seems to me that there is some evidence here that they're doing, if not a criminal investigation, they're doing surveillance on an individual in the province of Saskatchewan because they view him as a potential threat. That's what this report is about. It's 1, 2, 3, 4 pages long, 5 pages long, on this individual that they view as a security risk to the bodily harm of a cabinet minister in the province of Saskatchewan. This is an investigation. This is surveillance of an individual. Again I submit to you, sir, because of the long established credibility of the RCMP, it should be the RCMP doing each surveillance and not some people that you hire in

property management corporation in the security service.

The Assembly recessed until 1 p.m.

So if this isn't on the verge of having a private little police force off to the side, I don't what it is. And I think you should be accountable for that in this legislature, and I want to know why the security service is conducting surveillance on Saskatchewan individuals, a job that would be more appropriately performed by the RCMP, if in fact it was necessary.

Some Hon. Members: Hear, hear!

Hon. Mr. Taylor: — I don't know what document the member is quoting from, and maybe he'd be kind enough to share it with me, but certainly we don't conduct surveillance. If there's any idea of where surveillance needs to take place, it's turned over to the RCM Police.

Mr. Anguish: — Mr. Minister, when we have our meeting that you can't reveal confidential information in this House, but you can to me as an individual, I'll maybe go over this report with you as well because it is surveillance by property management security services on an individual. And I think that that is not a proper responsibility for the provincial government to be involved in. I think you have no business involved in that area. Surveillance or criminal investigations is beyond the scope of what a provincial government should be doing, sir.

(1100)

I would ask you this question then, phrasing it a little different. How many people do you have at the security services branch of the property management corporation who do surveillance or this type of investigative work? Now I'm not talking about vital points, security of buildings; I'm not talking about commissionaires. I'm wondering how many people do you have and what are their names, of people who do this type of investigative work for the security service?

Hon. Mr. Taylor: — Again, what you have there, and I would like to see it, but it's probably just some background information from a threat that may have come to a minister's office, and the individuals may have made a few phone calls, and that's just the background that would immediately be turned over to the RCM Police.

If you're thinking of surveillance, of watching people or anything of that nature, none of that goes on within the unit. It's there basically for, as you'll well aware, the vital points program. It's there for VIP protection. It's there for the physical guarding of the properties of the government, the buildings and the assets of the government. But if you're trying to say that there's some type of surveillance or spying on people, that's absolutely incorrect.

Mr. Anguish: — Mr. Minister, how many . . .

Mr. Chairman: — Order, order. Being 11 o'clock, the committee will rise and report progress and ask for leave to sit again.

The committee reported progress.