

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Toth: — Mr. Speaker, it's my pleasure to introduce to you, and through you to this House this afternoon, a group of grade 12 students from Sedley School. They are seated in your gallery. There are nine students, Mr. Speaker. They are accompanied by their teacher, Sandra Robertston; and chaperons, Mary West, and also, seated on the floor of the House, Charlie West.

I would invite the members to welcome the students and I look forward to meeting with them around 2:35 for pictures and a few questions and some refreshments. Welcome to the Assembly.

Hon. Members: Hear, hear!

Mr. Solomon: — Thank you, Mr. Speaker. It's a pleasure and an honour for me this afternoon to introduce to you, and through you to all members of this Assembly, 73 grade 4 students seated in the east gallery from W.H. Ford. They are accompanied, Mr. Speaker, by their teachers, Ellen Aitken, Miss Cleveland, Mrs. Edwards, and Mrs. Tomchuck.

I'd like to welcome them personally. I look forward to meeting with each of you after question period to discuss what has gone on in this House and maybe we can figure it out together. I ask all members to join with me in welcoming you this afternoon. Thank you.

Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — Thank you, Mr. Speaker. It gives me a great deal of pleasure to introduce to you and other members of the legislature today on behalf of my colleague, the member from Regina Wascana, some 25 grade 4's, seated in your gallery, from Wilfrid Walker Elementary School here in Regina. And they're accompanied today by their teacher, Mrs. Becker.

And I look forward to meeting with the students after for pictures and drinks and any questions that they may have with regard to the legislature. So I'd ask all members to welcome these grade 4's and their teacher to the legislature this afternoon.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Reduction in Saskatchewan's Credit Rating

Mr. Romanow: — Thank you very much, Mr. Speaker. Mr. Speaker, my question, I guess, has to be to the Deputy Premier in the absence of the Minister of Finance. I'm assuming that she'll take it on the front benches.

Mr. Speaker, on Friday the Dominion Bond Rating Service — highly respected rating service, DBRS for short

— on Friday, Dominion Bond Rating Service dropped Saskatchewan's credit rating from R-1 medium to R-1 low. Mr. Speaker, you will know that this is the second drop of a credit rating agency in the last few days. Moody's from New York just did it a few days before that time. It's obviously a very serious situation that is facing the province in the face of this situation and this evidence.

Mr. Speaker, my question to the minister is this: in view of the fact that the Dominion Bond Rating Service largely attributes the drop to the credit worthiness of the province of Saskatchewan — which by the way a drop occurred as result of the debt since the mid-1980s according to DBRS — since DBRS largely attributes this credit rating drop due to this high debt since the middle 1980s implemented by your government, by your government's mismanagement, how do you justify to the House the government's continued insistence on spending priorities, taxpayers' dollars, in huge megabucks for megaprojects of questionable value such as the Cargill proposal.

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Mr. Speaker, I think if the Leader of the Opposition is honest with himself and his caucus, he will take a very serious look at where we are with agriculture in the province today, including over the past several years. There is no doubt that we have had a difficult time in terms of meeting the obligations of government related to the people of Saskatchewan. There is no doubt, Mr. Speaker, that it has been more difficult, given the farm economy.

You look at a minus net, minus income coming into the farm situation in Saskatchewan this year and that's going to tell you, Mr. Speaker, that you have some financial difficulties. To that, Mr. Speaker, I think it is important that every effort continue to be made to diversify away from agriculture in order to strengthen the overall economy of Saskatchewan. To that end, Mr. Speaker, we have done that and we will continue to do that.

We recognize the credit rating is dropped. There's no doubt about that. But I do believe, Mr. Speaker, that you have to look at the overall picture. You have to look what has gone into agriculture in support of the farmers, the rural communities. That impacts also on city people, Mr. Speaker. You also must continue, Mr. Speaker, to diversify that economy that has been so dependent on agriculture.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Deputy Premier. Mr. Speaker, the Deputy Premier talks about the economy, the farm economy, and she describes it as being difficult times. Mr. Speaker, that is partly true, but I think one would also agree that mainly what is true is the government's waste and mismanagement and its misplaced priorities. That's basically what's true.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And the question that I have for the minister, for the Deputy Premier is this: in the face of the fact that our credit worthiness is dropping, plummeting because of a huge debt which continues to rise — that's what these independent credit rating agencies are telling us — in the view of that fact, how does the government justify that we, the taxpayers of the province of Saskatchewan, should be asked to carry more and larger sums of that debt while their friends, the Cargills of the world, get off scot-free with grants and all kinds of financial arrangements like that.

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Mr. Speaker, the Leader of the Opposition and myself will have many disagreements, one of them being his statement of misplaced priorities. The day that he can stand in here and tell me that agriculture and diversification of our resources are misplaced priorities then we have a big disagreement, Mr. Speaker.

This government has made a commitment to diversification. It has to do with manufacturing and it has to do with the processing of food. It has to do with the processing of oil and gas. It has to do with the Co-op upgrader and yes, it has to do with the fertilizer as it relates to the gas that's drilled in this province, Mr. Speaker. Misplaced priorities, no. We will continue to put our efforts into diversification of our farm economy while at the same time, Mr. Speaker, trying to create a level of stability within the farm situation.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Deputy Premier. Mr. Speaker, I have here in front of me a copy of the rating by the Dominion Bond Rating Service, the DBRS for short. And, Mr. Speaker, I want to read for you as a preface to my question one short quotation from this report which lowered the credit rating of our province. It says:

Cumulative deficits have resulted in a substantial rise in the proportion of non self-sustainable debt in relationship to the GDP (gross domestic product). This figure (this is the important phrase, Mr. Speaker, which is the basis of my question). This figure (referring to cumulative deficits) has risen from near zero in the mid 1980's (from near zero to the mid 1980's) to over 30% today . . .

In other words, Mr. Speaker, the accumulated operating deficit has sky-rocketed from zero in the mid-80s to 30 per cent. Or putting it another way, for every dollar of production of income, 30 cents of that dollar has got to go to management of a debt because of a devastated economy and fiscal mismanagement by the people opposite.

Mr. Minister, my question to you is this: when in the world are you people going to realize — everybody else does; the people in the province of Saskatchewan does; Moody's does; DBRS does; the rating services do — when are you people going to realize that these policies and these priorities which you have set us onto have led

only to more debt, a population loss, increased taxes, and a debt now which has reached financial proportions of a horrendous size? When are you going to reverse your policies and start putting emphasis on people instead of the multinational corporations and your big-business friends?

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Mr. Speaker, we are not going to stop supporting the farmers. We are not going to stop supporting rural communities. We are not going to stop, Mr. Speaker, in seeking a level of stability for rural Saskatchewan which can only be positive for urban Saskatchewan. We are not going to stop doing that. That's what he's asking. That's what he's asking.

We are not going to stop our efforts to ensure that more manufacturing takes place. We are not going to stop our efforts to ensure that matters like heavy oil, Lloydminster area, upgrader, the Co-op upgrader. We are going to continue, Mr. Speaker, to facilitate where we can the increase in that activity in Saskatchewan. It is going to include other areas such as the fertilizer plant, first time in Saskatchewan a fertilizer plant, Mr. Speaker. That's positive. We're not going to stop doing that.

Having said that, the Minister of Finance has indeed recognized that it is serious. It is of concern when your credit rating drops. I would suggest to the Leader of the Opposition that to have sat the last several years and done nothing in terms of the efforts on diversification, this province would be in much worse shape as it relates to people and services in Saskatchewan, Mr. Speaker.

Now you can't have it both ways. He says, don't cut programs, don't cut programs. He knows the farm situation. He knows that, Mr. Speaker. We will continue to diversify this economy.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Deputy Premier. Mr. Speaker, I remind you, sir, and I remind the Deputy Premier, that the government opposite has had eight years to implement its policies as they describe it of diversification but what the people of Saskatchewan know amounts to privatization and a robbing of the assets and the heritage of Saskatchewan.

They've had eight years, Mr. Speaker — eight years to implement these policies. How are they making out? That's the question Saskatchewan people are asking. Because the bond rating agencies are saying that they have failed miserably and they've lowered the credit ratings. We've had GigaText and Joytec, Supercart, Cargill, Pocklington, Weyerhaeuser, and the list goes on.

How are they making out? Will the Deputy Premier tell us why in the world, if these policies of diversification are supposed to be working, how is it that the province loses so many people? How is it that we're in this financial mess? Can you explain that?

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Well, Mr. Speaker, eight years back I recall coming in. Interest rates were 22 per cent. Home owners in the towns and the cities of Saskatchewan were in fear of losing their homes. A home program went in for the protection of that. Within the eight years, Mr. Speaker, manufacturing in this province, Mr. Speaker, has increased over 600 per cent over the course of the last eight years — 600 per cent.

An Hon. Member: — Where's the jobs?

Hon. Mrs. Smith: — He says, where's the jobs? We could go to several plants, Mr. Speaker, to look at the jobs, including my own constituency of Swift Current, including North Battleford, including Prince Albert, Saskatoon, and Regina — 600 per cent increase in manufacturing, Mr. Speaker.

Mr. Speaker, over the last eight years we have seen the arrival of two upgraders for processing our own heavy oil in this province, Mr. Speaker. That's jobs.

Mr. Speaker, we also see on the oil and gas side, gas fertilizer. Those are jobs, Mr. Speaker. Where has he been for the last eight years?

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question for the Deputy Premier. She asks, where have I been the last eight years? And as one of my colleagues said, I've been out here fighting these bad policies by the Conservatives opposite. That's where I have been and the people have been.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And, Mr. Speaker, the proof of the pudding is in the eating. The proof of the pudding is that this government's credit rating has been lowered again.

Now, Mr. Speaker, I have a quotation which is the preface of my next question. The rating agency, Mr. Speaker, says, and I ask you, sir, to take particular note of this, that fully one-third — one-third of Saskatchewan's debt, which they say is about \$12.2 billion, is due within one year. One-third of \$12.2 billion is short term within one year, and 50 per cent of that \$12.2 billion is due within five years. They say the size of the debt and the short-term accumulation of the debt paints an immediate crisis.

My question therefore, Mr. Speaker, to the Deputy Premier is this. In the face of this kind of a devastating report by the Dominion Bond Rating Service agency, that nearly 50 per cent of this \$12.2 billion is due and owing, a third is owing now, within one year, what's your game plan? How are you going to address this debt crisis of magnitude proportions? Are you going to increase taxes? Are you going to sell off utilities some more? Are you going to cut back on government services some more? How are you going address this crisis? What's your game plan? Give us some specific answers.

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Mr. Speaker, we have said and will

continue to say that the policy for diversification will remain in place with this government. That's what we're talking about — what Saskatchewan is going to look like in the future, where are we going to get the dollars for services to health, education, and other areas, Mr. Speaker.

Ultimately it comes out of the taxpayers' dollar. Government doesn't create money by magic. They know that. We know that. But they continue to say otherwise, Mr. Speaker. The issue of manufacturing, the support to the farmers, it will still remain the base of Saskatchewan's economy but we must diversify from that.

Mr. Speaker, there's no doubt in looking at the farm situation when you consider the competition, you consider the pricing situation, the market situation for our grains, indeed it is time to diversify. In fact, Mr. Speaker, we probably should have had it ongoing over the last 15 to 20 years. That did not happen, Mr. Speaker. Only over the last eight years.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Deputy Premier and, Mr. Speaker, I want to emphasize that in the view of the opposition, and I think most fair-minded Saskatchewan people, this is a major issue of huge proportions for the province of Saskatchewan. I want to refer again to the DBRS rating document, Mr. Speaker, and give you a quotation as the preface of my question. And this speaks to whether or not the government can be trusted on its bookkeeping because the rating agency says the following, Mr. Speaker:

Revenue (in your budget) includes a \$310 million expected dividend from Crown Corporations, versus \$200 million last year. This amount is not sustainable . . .

Now I underline these words, Mr. Speaker. The rating agency says:

This amount is not sustainable in the long run, since it exceeds our estimated earnings from Crown Corporations.

In other words the Dominion Bond Rating Service says that the estimates do not gibe; the independent auditors say that the books don't gibe. They say, in effect, Mr. Speaker, that the government is cooking the books.

My question to the Deputy Premier therefore is this: how in the light of the Dominion Bond Rating Service statement that your revenues on Crown corporations are not sustainable — in other words that you've put the ratings and the expected revenues from the Crown corporations, inflated it in order to masquerade the true size of the debt — how in the world do you explain that allegation by DBRS? And is it true that the financial position is a lot worse even than DBRS knows and the people of Saskatchewan know?

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — First of all, Mr. Speaker, I do not accept the Leader of the Opposition's interpretation of what he's reading. If anybody knows about cooking books, maybe he should look within. If you want to talk manipulation, look within your own caucus before you start laying that on the government, Mr. Speaker.

Mr. Speaker, there is no doubt that the credit rating dropping is of serious concern to the government — also, Mr. Speaker, to the Minister of Finance who will be dealing with it when he is back.

But, Mr. Speaker, in fairness, if one looks at the situation over the last several years to do with the farm economy, Mr. Speaker, I believe that Saskatchewan has been able to do a couple of things: first of all, maintain necessary services and, secondly, continue the efforts on diversification.

Some Hon. Members: Hear, hear!

The Speaker: — Before the hon. member puts his question, I've been listening to question period. We've been having very, very long questions and long answers. Perhaps we could shorten it up a bit on both sides.

Mr. Romanow: — Thank you, Mr. Speaker. I shall endeavour to do so. Mr. Speaker, I have one new question, remaining question to the Deputy Premier, and one short quotation. And I'm prompted to give this quotation as a preface to my question, in the light of the last answer given by the minister when she said to look within.

These are the words of DBRS, Mr. Speaker, quote:

The cumulative deficits have increased the amount of debt dependent on the general revenue fund to over 30% of GDP (and here's the words I want the minister to know) from virtually zero in the mid 1980's, and the overall debt has a short maturity.

In the light of that, how in the world can the Deputy Premier and the government justify this spending spree of irresponsibility, subsidization of multinational corporations, this spending spree of waste and mismanagement. When you were in a zero position and you're now . . . 30 per cent of every dollar earned . . . used to manage the debt. How do you explain that?

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Mr. Speaker, if I could, for the information of the Leader of the Opposition — perhaps he would like to read the entire document instead of picking out . . .

An Hon. Member: — We have. We have.

Hon. Mrs. Smith: — You have, well good. For the House, Mr. Speaker, and for his information, the bond rating agency has also said that the province tried to reduce non-essential expenditures as best as it could, Mr. Speaker, in its last budget. But the effects of the deficit . . . and they recognized, Mr. Speaker, given the drought

years, together with the economy that has been affected by drought years, has created too many problems, Mr. Speaker.

Now the bond rating has it in perspective. That's not difficult. It's in perspective. Our farm economy is making it more difficult, Mr. Speaker, but the agency recognizes the non-essential services that the government in fact did do its best.

Some Hon. Members: Hear, hear!

Use of Lottery Funds for Government Purposes

Mr. Kowalsky: — Mr. Speaker, my question is to the Deputy Premier as well. Madam Deputy Premier, I note with interest, that your former Executive Council colleague, the member from Turtleford, is claiming that your government once again has designs on the lottery money for health care reasons or some other cause. Now considering the absolute failure of your lottery scheme last year, can you tell me why in the world your government would once again be casting its greedy eye on these funds?

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Mr. Speaker, the allegation is simply not true, that it is going to health and other allegations . . .

The Speaker: — Order, order. We are having difficulty hearing the minister, and if she wishes to add anything, I'll allow her to; if not, I'll go to the next question.

Hon. Mrs. Smith: — Well, Mr. Speaker, I'm aware of the allegations of what I read in the paper, and that simply . . . what I read in the paper is not true. If there was something around before, I am not aware of it. There has been no discussions and to my knowledge, Mr. Speaker, it has not even . . . nothing's reached my desk on it. The deputy minister is not aware of it. And I don't know why.

Some Hon. Members: Hear, hear!

Mr. Kowalsky: — Supplementary, Mr. Speaker. Your not being aware of it doesn't give us any guarantees, Madam Minister. And I think when the people of Saskatchewan compare your answer with the claim of the former minister when he states that your government is once again considering this ridiculous idea, I think they will believe him.

Madam Minister, have you consulted or are you planning to consult with the groups that are getting the money from this funding right now? And if not, will you give me your indication that you will . . . an assurance that you will consult with them, Madam Minister?

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Let me be clear for the member from P.A. There is not a plan devised by government to do what you suggest. That simply is not true. I have seen nothing; the Minister of Health has seen nothing; there has been no cabinet discussions; there has been nothing.

The Speaker: — Hold it, hold it. Order, order. Now I'm going to ask the members once more to refrain from interrupting the Deputy Premier. And I'm going to particularly draw to the attention of the member from Cumberland that he refrain from making any kind of remark that might be construed as unparliamentary.

Hon. Mrs. Smith: — Mr. Speaker, there is no plan. I can't state it any simpler . . .

The Speaker: — I'm going to ask the hon. member from Moose Jaw North not to intervene. The Deputy Premier has one or two remarks to make and let's give her that opportunity.

Hon. Mrs. Smith: — Must be Monday, eh. There is no report, no plan; it is not there. In terms of consultation with the groups, I think it is well-known that I consult broadly with the groups as affected by the departments that I have, and I will continue to do that with the cultural and the multicultural and recreations groups.

Some Hon. Members: Hear, hear!

Mr. Kowalsky: — You say you have no plan, Madam Minister. I will want a commitment. The people of Saskatchewan have made it very clear that they do not want lottery funds used through your government for any type of general purposes.

Secondly, the international community has made it quite clear that your government is incompetent in money management. Madam Minister, I want a commitment here today that you will not try to confiscate lottery money for general government purposes.

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Well, Mr. Speaker, I can give that commitment to the member again. We gave it before. I think that everybody generally agreed that in fact the lottery funds should not go into the consolidated; that if there was going to be any targeting, that it would be done outside of that. There is no plan to change that. And I can only restate what it was before, it will not go into the Consolidated Fund.

Some Hon. Members: Hear, hear!

MINISTERIAL STATEMENTS

Seniors' Week in Saskatchewan

Hon. Mr. Martin: — Mr. Speaker, in the absence of the critic for seniors, I've passed the information on to the Leader of the Opposition.

As minister responsible for seniors, I have a privilege to have the opportunity to honour our eldest citizens formally in this legislature. Mr. Speaker, June 3 to 9 is Seniors' Week in Saskatchewan. The theme is seniors in the family and in the community. At the request of the Senior Citizens' Provincial Council, we have set aside this special week to recognize and honour the contributions seniors have made to the development of our communities and our province.

A large number of seniors in Saskatchewan work as volunteers and contribute their skills to community organizations, to schools, and to churches. Many of the benefits we enjoy today are the result of their unselfish efforts.

Mr. Speaker, we are indeed grateful for the contributions seniors have made to our quality of life. They built our country and made it what it is today. Wherever I go in this province, Mr. Speaker, and I was in Kamsack earlier today, seniors tell me just how important it is for them to be involved in the community. They must feel that they belong to the community, and I got that message very clearly today when I met with them in Kamsack.

Seniors want to be involved. Our elders should be well represented on every community association. They tell me that they want to be looked upon as a family resource. As well, they are and should be an integral part of the family because they have so much to offer, so much wisdom and so much experience, so much compassion, and, Mr. Speaker, so much love.

They have the creativity to make life more interesting for our seniors and for all of us, especially the children, Mr. Speaker. And they have the desire to do so. Seniors are an essential, but often under-utilized resource. And as our society becomes even more complex, the contributions of older Canadians will become even more important.

And so, Mr. Speaker, I'd like to use this opportunity of Seniors' Week to urge everyone in Saskatchewan to involve our seniors in our own communities; to give our elders the opportunity to take their rightful place in society; to involve them with our children, as a bridge of understanding between the generations. Let's build on their wisdom and experience. Let's encourage their contributions, the continued contributions to our common future — not just for Seniors' Week, Mr. Speaker, but for all the weeks of the year.

Thank you.

Some Hon. Members: Hear, hear!

Mr. Hagel: — Mr. Speaker, I'm happy to respond to the statement made by the Minister responsible for seniors. My colleagues in the opposition, the members of the New Democratic Party, want to join with the minister in recognizing the contributions that our seniors in this province have made into building this province, particularly, Mr. Speaker, in times when this province was being built.

But I would like to comment as well, Mr. Speaker, about the role of the Seniors' Secretariat, and particularly the minister responsible for seniors, because seniors are looking to this government for some leadership and for some advocacy on their behalf and behalf of those that they care and love in this province.

Mr. Speaker, it is interesting to note that one of the issues of great concern to seniors this day is the goods and services tax being implemented by the federal government, without even a peep being uttered by the

minister responsible for seniors.

Mr. Speaker, it is interesting to note as well that seniors are concerned about health care, and there is no group in our society that has been harder hit by the policies of this government in the changes of prescription drug program, without a peep from the minister responsible for seniors.

Mr. Speaker, there is no group in our society that uses public transportation more than our seniors. And without a peep from the minister of seniors, this government completely eliminated the transit grants to the municipalities across Saskatchewan.

Mr. Speaker, the seniors in our province are extremely concerned about the potential claw-back of their pensions by the federal government, again without a peep from the minister responsible for seniors.

Mr. Speaker, more than anything else, the seniors of our province are concerned about the future of our province and the employment opportunities for our young people. Mr. Speaker, there is no group more than seniors who have said to me, expressed to me their concern about the loss of our young people and the out-migration of young people from our province.

Mr. Speaker, if we were to have recognized Seniors' Week appropriately in this Legislative Assembly, what we would be doing is seeing this government changing their policies, beginning to put seniors' priorities first, and to get on with the job of building the Saskatchewan that our seniors have been so proud of being a part of building in the past.

Some Hon. Members: Hear, hear!

The Speaker: — I'd just like to once more bring to the attention of the minister for families rule number 350, which states that "The purpose of the ministerial statement is to convey information, not to encourage debate" and that "Ministers will make a short factual announcement or statement of government policy." That's the key phrase — "of government policy."

Now I'd like to ask hon. ministers to keep that in mind when rising to make a statement. It's very, very difficult, quite frankly. To be quite frank with you all, it's very, very difficult for the Speaker to discern whether or not it is in fact a ministerial statement in the midst of it because, in fact, they may be leading up to a statement of government policy. I'm simply going to ask you for your co-operation.

Environment Week in Saskatchewan

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. I, too, have a short, succinct ministerial statement, and I provide a copy to the opposition critic.

Mr. Speaker . . .

The Speaker: — Order, order. I know you all had a great rest on the weekend, and you're full of energy. I fully realize that, but let's allow the Minister of Environment, in this instance, to make his ministerial statement so that we may all hear it and the appropriate response will come.

Hon. Mr. Hodgins: — Thank you, Mr. Speaker, and I will try and be brief on this. But, Mr. Speaker, this is an important announcement and I want you to know that I have proclaimed June 3 to June 9 Environment Week in Saskatchewan.

All across the country, governments, organizations, and individuals are using these days to draw attention to protection of the environment. They are promoting specific ways in which each of us can act now to improve the immediate environment in which we live.

Throughout this week, activities by environmental groups, municipal governments, and many others will be taking place around the province. Some of these projects are funded with special environment week grants from the federal Environment department. The Government of Saskatchewan was part of a provincial committee reviewing these project proposals, and we congratulate the many groups for their initiative and enterprise of these activities.

Mr. Speaker, governments themselves have a special responsibility to exercise leadership in environmental protection. This morning I announced a program of practical and immediate initiatives for responsible waste management within the provincial government. The program addresses new products and improved office practices, emphasizing the four Rs — reduce, re-use, recycle, and recover, which allow for responsible living in the work place.

This is one way for government to empower its employees to take personal action. Government leaders must also set an example, and as part of this program, those of us located in this Legislative Building will serve as such examples. This building will be the first site for a new paper collection and recycling project which will eventually encompass many buildings and thousands of government workers. The program itself builds on a number of individual projects launched separately by employees and different agencies during recent months.

Mr. Speaker, I am pleased to announce today's initiatives are expected to save taxpayers more than a quarter of a million dollars annually. That's the kind of responsible example we are setting.

The province will be undertaking other activities during environmental week. I will participate in the National Environment Day ceremonies at the science centre. This week I'll be providing more information on Saskatchewan's new environmental youth corps and I will be visiting many communities throughout the province.

Mr. Speaker, my job is protection of the environment. And I believe the most important means of achieving that is through public participation and personal action. The government must provide the people of Saskatchewan with the encouragement, the means, and the example so that they can be empowered to act.

I have instructed my officials to develop new approaches to environmental protection and public awareness. Some

of these initiatives were announced today; others will be announced in the months ahead. Mr. Speaker, I urge all members of the Assembly to join with me during Environment Week by showing outspoken leadership, and even more important, by taking personal action in pursuit of a healthier and safer environment.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Thank you, Mr. Speaker. I would like to respond to the minister's statement. And let me begin by saying first of all, Mr. Speaker, to the minister and to his colleagues opposite, that it takes a great deal more than proclamations to do an adequate and necessary job of protecting the environment.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — All over this province, Mr. Speaker, people have been ahead and continue to be ahead of this government. My colleague, the member from Moose Jaw, was in Chaplin, Saskatchewan, today touring with some school children who have been months ahead of this government when it comes to protecting the environment and doing something about recycling.

Mr. Speaker, it took pressure and it took action on the part of this opposition in announcing a paper recycling project in our offices before this government would even think about acting.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — The minister knows that because over a year ago, I wrote both you, Mr. Speaker, and I wrote the former Minister of the Environment urging that something be done, at least in this legislative building. And all we got was some responses from that minister and also from this one saying, well we might be looking at it, Mr. Speaker.

It takes more than proclamations to protect the environment. And simply doing something in the week of the environment while for eight years doing everything that they conceivably can to ignore environmental protection in the Millar Western pulp mill project in which they wouldn't allow public hearings; in the Cargill fertilizer project in which they would not even require an environmental impact study and statement and still refuse to have public hearings; in the case of Rafferty, Mr. Speaker, which apparently has taught this government absolutely nothing; in the case of the Aurum garbage disposal or garbage dump in Edmonton which threatens to pollute the North Saskatchewan River. And they hold hearings and this minister does not even think it's important enough to show up and make a presentation at those hearings on behalf of the Saskatchewan people. Mr. Speaker, all of those things are not protecting the environment.

And simply coming and standing up in this House today and making a statement about the proclamation of Environment Week is just not good enough. It's window dressing, Mr. Speaker. Governments that ignore the environment for the whole year and only recognize it during Environment Week are governments that have

dismally failed in their responsibility, especially when they do it just before an election; dismally failed in their responsibility to protect the environment for the future generations who will have to live on this planet and in this province, Mr. Speaker.

Some Hon. Members: Hear, hear!

MOTION UNDER RULE 39

Mismanagement of the Provincial Economy

Mr. Romanow: — Mr. Speaker, before orders of the day I would move, seconded by my colleague, the deputy leader of our party, by leave, the following resolution:

That this Assembly condemns the Government of Saskatchewan for its continued mismanagement of the provincial economy, as reflected in the continued lowering of Saskatchewan's credit rating by various bond rating firms.

Leave not granted.

POINT OF ORDER

Mr. Lingenfelter: — Mr. Speaker, I rise on a point of order dealing with so-called ministerial statements that have been given in the Assembly last week and now two today.

I believe that if you look at the ruling in *Beauchesne's* on page 107 and 108, it's clear that a number of these that have occurred this session are simply not ministerial statements. And I feel that what is happening here is an attempt by the government to get the best political light out of the use of ministerial statements, and I think it's a misuse of the ministerial statement process here in the Assembly.

I notice today the minister got up and spoke about an announcement on seniors, and then was not in the Assembly when the opposition member spoke to the very same issue — I think tells you what this is all about.

(1445)

The other point that I would like to make, Mr. Speaker, is rule no. 349 indicates it's a tradition and a courtesy for ministers to advise their opposition critics when it is intended to make a ministerial statement in the House.

This has never occurred since 1982. And I would just like it if, in the light of the fact that ministerial statements are intended to be an announcement of public policy, that the opposition would be given the opportunity to review these statements in advance to coming into the Assembly so we can prepare to speak to it.

And now I know this isn't a rule that it's absolute that that has to happen. But I think in terms of making the Assembly work properly, we would ask the House whether these rules would be enforced and lived with, because I think otherwise it becomes some sort of a political gamesmanship of making three or four ministerial statements a day here in the Assembly.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Speaker, if I could just respond to the point of order. I recognize that some latitude and discretion must be used when it comes to making ministerial statements. I apologize to the House, Mr. Speaker, for the fact that as you have ruled previously, that some of our statements have been perhaps a little lengthy.

But, Mr. Speaker, on this specific point of order, I want to remind the Assembly that today there were two proclamations issued, two ministerial statements. One of them, Mr. Speaker, deals with the seniors of our province, a large constituency in itself. And I don't believe, Mr. Speaker, that it would be fair to say that there's anything wrong with proclaiming Seniors' Week in Saskatchewan.

Mr. Speaker, I don't think there's anything wrong with proclaiming Environment Week in Saskatchewan and proclaiming the use of environmentally safe products in our work place in this legislature, having a blue box recycling program in the legislature, in government, Mr. Speaker, throughout government. I think those are two fairly reasonable proclamations to make — Seniors' Week and environmental week.

Some Hon. Members: Hear, hear!

The Speaker: — I have listened to the hon. member's point of order and the response regarding the issue of whether or not a statement is a ministerial statement. I referred to that earlier in my remarks but I'm going to once more draw to the attention of ministers what the rules say about ministerial statements.

Rule 348 says:

Ministers may make a short factual announcement or statement of Government policy.

The operative phrase is "of Government policy". I have brought to the attention of members when they have not made a ministerial statement. Now I'm going to leave it to your discretion in the future of course, which I have to, but I'm going to ask you, in the phrasing of your ministerial statements, in the research you do, the phrase of government policy, a statement of government policy is essential for you to take into consideration.

As far as the latter half of the point of order, you have brought to my attention a second part: 349 doesn't indicate that the government must do this. From what I can see since I've been in the House, is that the practice has been in this House that at the time of the ministerial statement, a copy is sent to the opposition critic. If they wish to change this practice, of course they can do that.

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF THE WHOLE

Bill No. 9 — An Act to amend The Saskatchewan Housing Corporation Act

Mr. Chairman: — Order, order. Would the minister introduce her officials.

Hon. Mrs. Smith: — Mr. Chairman, I would like to introduce to the Assembly the acting president of the Saskatchewan Housing Corporation, Mr. Larry Boys.

Clause 1

Mr. Tchorzewski: — Thank you, Mr. Chairman. We've indicated that we are supporting this Bill, so I do not have a lot of questions, but I do have about three questions, maybe four that I want to ask of the minister. And we'll leave it at that, depending on whether she has the answers to the questions, Mr. Chairman.

Madam Minister, the problem which this Bill is purporting to address certainly is there. We recognize that. It's a serious one. But it's not a problem that's new. As far as I know, this problem has been around for some time. I think it's important, Minister, that you explain to this House how long is it that the Saskatchewan Housing Corporation or, in this case, the government has been aware of this problem. When did you first discover it, and how long has it been around?

Hon. Mrs. Smith: — Mr. Chairman, it was brought to the attention of the housing corporation towards the end of 1989, about November, and it was due to a court case that was taking place at that time.

Mr. Tchorzewski: — Thank you, Minister. In other words you're saying that the housing corporation and the government was not aware that this part of the legislation was a problem before November of 1989. There was absolutely no knowledge about it even though earlier in 1980s, about 1982, the government did propose a similar amendment dealing with another matter, Mr. Minister.

Hon. Mrs. Smith: — That's correct, Mr. Chairman. The Department of Justice in fact notified Sask Housing.

Mr. Tchorzewski: — Thank you, Madam Minister. Can you report to the House how many people in your knowledge have been affected by the actions taken by the CMHC (Canada Mortgage and Housing Corporation) as it pertains to the provision of the Bill which you are now attempting to correct? How many Saskatchewan residents have been affected by it as far as you know?

Hon. Mrs. Smith: — We are not aware of any others, other than the people involved in the court case.

Mr. Tchorzewski: — Thank you, Minister. I'd like to make a comment here and then ask you for some rationalization of what I say. There's a bit of a contradiction that's happening here. You're taking this action which involves the CMHC which is a federal government agency — and we support that; it's the right thing to do — you're taking that action because it unfairly impacts on people who have had mortgages or have mortgages. At the same time you have in your budget provisions — and the Premier announced it on free time television — that you're going to raise the minimum level of protection under the mortgage protection legislation

one whole percentage point or thereabouts. But anyway, you're raising it.

At a time when people are facing in this province pretty severe economic difficulties, your government chose to reduce the amount of protection on mortgage interest rates — on the one hand because you say that's the right thing to do; on the other hand when it comes to another agency which is not a provincial agency, you're saying, well we've got to correct this problem.

Madam Minister, how do you explain this contradiction? How is it that when it comes to an agency which is not your responsibility, you're so concerned about the people who hold the mortgage on their homes, which they try to provide housing for their children and family; but you're not as equally concerned when it comes to your agency for which you're responsible and policies of the provincial government here in Saskatchewan? How to you explain that contradiction?

Hon. Mrs. Smith: — I believe the member has put forth perhaps what I would consider to be two separate issues. I think any time, Mr. Speaker, that people run the risk of losing property unfairly, a risk perhaps of somebody being able to juggle the rules so that something unfair happens, then I think in fact those kinds of loopholes should be closed. And that's what this legislation is doing.

Mr. Tchorzewski: — You just made my point, Minister. High interest . . . high mortgage interest rates create risk for people and cause people to lose homes because they cannot maintain their mortgage payments.

Now you may say that a 1 percentage increase in the mortgage rate is not a great deal, but I can tell you that there are an awful of families in this province to whom a 1 per cent change in the interest rate on the mortgage has been absolutely devastating because they don't have any left-over money at the end of the month. As a matter of fact, they struggle towards the end of the month or just before pay time to be able to get by. That's the first point, and you've made it.

The second one, which I think is even more revealing, is that you talk about doing away with the ability for someone to juggle things. Well what do you think you did? You promised the people of Saskatchewan a protected mortgage rate to the maximum that they would have to pay of nine and three-quarters per cent. That was a solemn promise on which people made their plans and planned their budgets and were determined how they were going to make things go by for them for the rest of the year.

You juggled that, Madam Minister. You pull a surprise on them without notice and in the middle of those plans, which they made because of assurances from you. You said you're going to increase that rate from nine and three-quarters to ten and three-quarters. That's just unfair. That is juggling with the system. That is juggling with the rules, and you did the juggling, Madam Minister.

An Hon. Member: — You're a fine one to talk. You didn't even have a program.

Mr. Tchorzewski: — The member for Rosthern gets excited, Mr. Chairman. He can get up and speak whenever it is his turn . . .

Mr. Chairman: — Order. Allow the member for Regina North East to put his question.

Mr. Tchorzewski: — Mr. Chairman, that the member from Rosthern who's doing the interrupting, obviously is reacting to a very sensitive point with the members opposite — sensitive to the point where six cabinet ministers are gone; where the latest one, the member from Turtleford, is gone, is now revealing government plans which the rest of the Executive Council would rather not to have the public know about. The member from Nipawin has indicated he's not running.

Mr. Chairman: — Order, order. The question before the committee is Bill No. 9, and I would ask the member to relate his questions and keep his questions on the Bill that's before the committee.

(1500)

Mr. Tchorzewski: — Thank you, Mr. Chairman. I appreciate your ruling. I just felt it important to react to the member from Rosthern.

Madam Minister, in order not to take a great deal of more time, I think I've made the points that I wanted to make. But there's one other question I want to ask you because I think it's important.

You say that this amendment comes as a result of three court cases — or is it two? It doesn't matter. Some court cases — one court case? Okay, one court case. Are you prepared to make this retroactive so that people in the past, and in this case, this one court case, are protected or are you going to leave some of those people hanging out there while you only worry about what happens from now on when the Bill is passed and proclaimed?

Hon. Mrs. Smith: — Mr. Chairman, as I had stated, only the one case has been brought forth. It is not my intent to look at the retroactivity on it. I think if some people were having some difficulty with CMHC at this point, they would probably be dealing with their lawyers and in fact they would probably be inquiring to Sask Housing and to CMHC.

So it was the intent in fact to have the legislation 1990, the day of passing, and not be a retroactive Bill . . . (inaudible interjection) . . . I'll let . . . I can't hear you.

Mr. Tchorzewski: — I was going to leave it at that, Madam Minister, but because of your answer, I feel I could ask:

Are you saying that it's not possible to make it retroactive, or are you saying that you chose not to? Simply to say that the people affected have got a lawyer looking after it isn't good enough, because all a lawyer can do is go according to the legislative provisions which are already there. And if you don't change the legislative provisions, this particular family is in deep trouble.

So are you saying that you can't do it because of some legal impediments, or that you are not prepared to do it?

Hon. Mrs. Smith: — Where settlements have occurred, they would not fall under this — where settlements have occurred. And what . . . those that are in the process but not completed would probably fall within this legislation. But if somebody has negotiated and reached a settlement, then they would not be able to come back.

Clause 1 agreed to.

Clauses 2 and 3 agreed to.

The committee agreed to report the Bill.

THIRD READINGS

Bill No. 9 — An Act to amend The Saskatchewan Housing Corporation Act

The Speaker: — When shall this Bill be read a third time?

Hon. Mrs. Smith: — Next sitting, Mr. Speaker.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Urban Affairs Ordinary Expenditure — Vote 24

Mr. Chairman: — Would the minister introduce her officials.

Hon. Mrs. Smith: — Thank you, Mr. Chairman. I have today officials from the Department of Urban Affairs. Immediately to my right, Mr. Dave Innes, the deputy minister; to his right, Keith Schneider, the assistant deputy minister; immediately behind me, Don Harazny, director of administration; and next to him, Ron Davis, executive director of municipal finance.

There are also four other officials in the House. Henry McCutcheon, the executive director of community planning; Gerry Stinson, director of northern services; John Edwards, assistant director of municipal finance; and Grete Nybraten, manager of revenue sharing.

Item 1

Mr. Van Mulligen: — Thank you, Mr. Chairman. Mr. Chairman, I think that it might be fairly said by any observer of the political scene in Saskatchewan that the government's priorities since 1982 have not included urban property taxpayers or their village, town, and city councils. I think it's reasonable to say that if they were a priority the government would have provided more funding over the years for local government.

Instead the government has given a great number of excuses over the years about their own financial problems, resulting in great part from their own fiscal mismanagement. They've given excuses but they haven't given the money.

If one looks at the major pool of capital, the major pool of

money that the Minister of Urban Affairs is responsible for, the revenue-sharing grants, in 1984-85, revenue sharing for urban municipalities was \$65.1 million. This year the revenue sharing is \$67 million. That's an increase of 2.8 per cent, Mr. Chairman, over a period of six years. Inflation has been much higher than that each and every one of those years. My own estimate is that the accrued inflation since that time, the cumulative inflation increase is more in the neighbourhood of 30 per cent — certainly a great deal more than the 2.8 per cent increase in revenue sharing that urban municipalities have received from the provincial government.

And I think probably much less than the 2.8 per cent increase . . . or the 2.8 per cent is much less of an increase than the increase in revenues that the government has received from various sources. And when it was first set up, revenue sharing was intended to ensure that it would distribute the money derived from revenue of resources in this province, that that money would be distributed as well to urban municipalities.

And it was for that reason that a special escalator formula was devised based on the performance of certain taxes in Saskatchewan, so as to ensure that the increases would keep pace with the increase in revenues to the government, that the amount going to urban municipalities would also then accrue to urban municipalities. This hasn't happened.

If we look at capital funding, the second major source of provincial government funding for urban municipalities, we note that for a period of two years this program was cancelled, cancelled because the government of the day said it didn't have the money — cancelled, Mr. Chairman.

We look at the matter of property tax rebates. We know that property taxpayers in Saskatchewan used to receive a property tax rebate to help equalize the burden of property taxes. It was called the property improvement grant, Mr. Chairman, and the amount received by each and every residential property taxpayer in Saskatchewan was a maximum of \$230. This was intended to equalize the property tax burden. It was a major assistance to property taxpayers in Saskatchewan. This government cancelled that. It took that away. And notwithstanding the fact that many other provinces in Saskatchewan continue to have some form of rebate system to take the edge off the worst features of the property tax, this government has not seen fit to do that. In fact they took a lot of money out of the pockets of property taxpayers when they cancelled that program.

I know of no other department, Mr. Chairman, that has been treated as shabbily or with such low priority as has the Department of Urban Affairs by this government. When your government looks to cut-backs, Madam Minister, your government always looks to Urban Affairs. Your front line in the battle of the deficit has not seen the likes of Graham Taylor, has not seen the likes of Bob Andrew, but it continues to rely on urban property taxpayers and their urban governments.

Now I suppose that urban governments might feel better somehow, Mr. Chairman, if they thought that their

frugality at their level had in fact resulted in winning the battle of the deficit, but we're not seeing that either. The deficit in Saskatchewan continues to grow, and the legacy of this government will be a shocking, crushing burden of debt that will implicate generations to come.

As you know, Mr. Chairman, municipalities do not incur deficits, and they find it hard to understand how the government could fail them so badly. They have had to deal with cut-backs at all levels, but they see a government whose spending seems to be out of control, and when it comes to their friends especially, their spending seems to know no bounds. And I would suggest, Madam Minister, that you've reached the bottom of the well of goodwill with municipalities, that you've worn out your welcome, and that municipalities, like others in Saskatchewan, are looking for a change.

(1515)

And they look for this change too because your government has shown a propensity to meddle where it shouldn't, and I refer to the ward system, and has shown a propensity to run away and hide when it should be displaying leadership, as was the case with respect to shopping hours in Saskatchewan.

I want to turn to the issue of revenue sharing in particular. Mr. Chairman, I don't want to repeat the government's sorry record. We had a detailed examination of the history of revenue sharing in consideration of Bill 24, I believe it was, which dealt with revenue sharing. And I touched on it in my opening remarks. But I do want to examine a couple of areas.

One is the impact on property taxpayers. The matter of revenue sharing and the fact that we dwell on it is not a reflection of some dispute between politicians. This is not a mere dispute between the opposition and the government or a mere dispute between local governments and the government. This is a fundamental question about how you tax people and whether you take advantage of fairer taxes, whether you take advantage of your opportunity to tax corporations, to derive more from resource revenues, or whether you hit the property taxpayers in Saskatchewan.

As you know, the property tax, there is a very, very minuscule or very minimal relationship between ability to pay and one's income. In fact many observers say that the relationship between property tax and ability to pay is a spurious one; if there is a relationship it's not a direct one.

We pointed this out some years ago and continue to point how a cabinet minister — and we know the income of cabinet ministers, and we beg the question of whether or not they receive additional income — but we know the income of cabinet ministers. And we take the house of the former minister of Urban Affairs and his known income, and we know that of his known income, 3.4 per cent is going to pay for property taxes, 3.4 per cent.

We've also analysed the property taxes paid by a widow, senior citizen in my constituency living in what is likely to be one of the poorest areas of Regina, on one of the

smaller lots in Regina, and probably paying among the least property taxes in the whole city. We knew though that her property taxes were 5.9 per cent of her known income.

So the relationship between ability to pay — and no one would argue that a cabinet minister has far more ability to pay — and the property taxes that they do pay is indeed a spurious one. The cabinet minister should be paying more in taxes. In fact he's paying much less, almost half as much as senior citizens in my constituency are paying in some of the poorest areas of the province.

The government has seen fit to put pressure on property taxpayers over the years because it reflects an ideological, philosophical direction on their part. I think one only needs to examine the work of the Local Government Finance Commission and their final report, to look at the history, the reliance on the property taxes in Saskatchewan to know that during the Liberal years, the reliance on the property tax was much higher, much higher than it was for example during the '70s, when the reliance on the property taxes as a percentage of the gross provincial product dropped significantly. And we see now, during the 1980s, debt reliance increase again with another right-wing Tory government.

So we know that it's a major ideological, philosophical difference between governments. They choose to not put any priorities on making sure that urban municipalities have money with which to support services and programs and put pressure on property taxpayers. We know that they've taken away the property improvement grant, which was intended to ameliorate the worst effects of property taxes. They've seen fit to do away with that.

I might say that I'm not the only person in Saskatchewan who's now saying these things. I note too, Mr. Chairman, that the local government federation — the federation comprised of representatives of the Saskatchewan Urban Municipalities Association, the Saskatchewan Association of Rural Municipalities, the school trustees association — are now suggesting that no more than 25 per cent of school costs should come from the property tax. They're advocating that there be a shift away from reliance on the property tax to fund local governments.

And I'd like to now know, Madam Minister, what is your position on this claim or this suggestion by the local government foundation that we in fact should move away from the heavy reliance on the property tax, which we now have and which has increased substantially over the last eight years?

Hon. Mrs. Smith: — Thank you, Mr. Chairman. And let me say to my critic, I enjoyed some of his comments. However, I think my memory is long on good days and I think I've heard a few of those comments before. We're not into new issues, you're right. And I'm going to hear them again. And some of them I suspect are going to be around for a lot longer than what the hon. member and myself are going to be around.

Mr. Chairman, let me deal with the question of how to tax, the fundamental question that we deal with in a democratic society. Who pays taxes, how do they pay it,

and so on.

That is probably one that I refer to as a debate that is going to be around for a very long time, with due respect. It has been around in my discussions since I was first elected at the local government level with the school board; that was in discussion then. That was 1973, Mr. Chairman.

Every year it was up for discussion, including with the local government federation. And I'm very familiar with SUMA (Saskatchewan Urban Municipalities Association), SARM (Saskatchewan Association of Rural Municipalities), and SSTA (Saskatchewan School Trustees Association), and the formation where they get together and talk about issues of concern to them. Property tax is certainly one of those that they all have in common.

Cabinet ministers paying more, I was quite surprised to hear that. I think if one wants to have a rational debate about it, one would sit down . . . for example if I had a home in Regina and I'm a cabinet minister and I make this level of dollars, there is an assumption built in, an inherent assumption built in to the property tax debate that you are probably going to have a piece of property that is first of all worth more money, it's probably going to be bigger, it's probably going to have some items of luxury in. And if all of that is true you are going to be taxed accordingly.

So I am going to be paying more property tax. If I take your argument right through, I am going to be paying more than what my father, who is a senior citizen, might be paying because his level of income is not up there. So I think when one talks about the issue, and if it's to be understood, there are built-in assumptions in dealing with the problems with the property tax and with other issues along with it.

Mr. Chairman, in terms of urban Saskatchewan and the last eight years, the hon. member is right in terms of the increases, or lack of, that urban councils, towns, villages, hamlets, and the cities have been at. But I also think it's a little unfair to simply say they're not a priority based on that. I think one has to take a look at the larger picture.

And for example I would remind the member of the municipal capital program. I would remind him of the business tax, and I'm sure he's had representation from friends and from business people in Regina regarding that.

I think there is no doubt that some of the councils are struggling with raising revenues, just like everybody else. And I say struggling because I think that they are very realistic. They know, for example, if they live in a small town that most of those people are tied to the agriculture community. They know if they live in a city such as my constituency, Swift Current, we are very dependent in downtown Swift Current on our farming and ranching community. Regina people know the same thing. They may deal with Agribition and a few other agriculture things within the city, but the city also knows that the parameters around it bring in rural Saskatchewan and the agriculture community. They also know that that agriculture base is the main base of the Saskatchewan

economy. And if it is in a position of a minus on its net income, then we are all going to feel it. You are going to feel it in Prince Albert, I'm going to feel it in Swift Current, and the hon. member is going to feel it in Regina. It matters not what city we live in, we feel it when it comes to agriculture.

I think given the areas of priorities to ensure . . . and I want to talk a little bit about health, education, and the need for diversification, Mr. Chairman, they don't have access to raising revenues outside of what comes with that government grant. Local governments do. Now it may not be easy and there may be choices to make, but local governments will make those choices and in the best interest of the community in the long run.

They are also, Mr. Chairman, realistic when it comes to their revenue sources. And while it would have been nice to see an amount equal to what the Department of Health gets or the Department of Education, that was not possible. I think we have done reasonably well in maintaining that support at that zero level without a roll-back.

Mr. Chairman, the level of property taxes that the member has referred to, I found that interesting. You know the other day I was reading the *Leader-Post* — I don't know if it was Friday or Saturday — and on one of the front pages of one section there was a picture of a couple that retired to Regina, Saskatchewan, from Ontario. And one of the reasons they retired here had to do that their income on retirement income was going to go further than what it did in Ontario. Housing quality was higher and at a better price, and the taxes did not compare to what they had to pay in Ontario.

Now, Mr. Chairman, I'm aware of several people that have moved into Saskatchewan for retirement purposes because of some of those factors. There's other factors, too. Sometimes it's health reasons, climatic conditions, and those types of things. But I found it interesting that they in fact talked about what it cost them to live in Regina, including the level of the property tax that they were going to have to be paying on this home that was much more affordable, higher quality than what they had in Ontario. So I think one has to rather keep things in perspective and look at a much broader picture sometimes than what my hon. friend does.

Mr. Chairman, the question of the percentage of property taxes that relates to education, I don't know what the right percentage is. 25 per cent, that's what the local government federation has been put forth. I think there's several factors that have to be weighed in coming to a conclusion on that.

For example, are we talking about just the operating grants? Or are we going to take other factors in the government financial book, the blue book, such as the capital costs for new schools, renovations, portables? Are we going to include the cost of teacher pension, government contribution? To date, Mr. Chairman, that has not been included in arriving at the 50 per cent. If you were to take those two factors alone and add them on to that, obviously you have something higher than 50 per cent. So the entire issue needs some further discussion.

(1530)

I would also suggest that there must be a discussion at the local government level with school boards and with parents in terms of autonomy. If government is going to be paying 75 per cent, then what autonomy is left at the local level? And I think that is a key question as it relates to parents and their children. For I'm sure the hon. member will know that in the British North America Act parents shall determine the choices and the education of their child. That has been a fundamental principle in Canada and in the democratic system as we know it here in Saskatchewan.

And while it's often easy as a trustee, and I know because I've been there, you know. When you have to either start raising taxes or you decide you're going to close a school, or you might have a drop in enrolment and you're going to have to lay off some teachers, all of those decisions are difficult at the local level when everybody knows everyone else — much easier for the government to do.

But the key question is: should a provincial government 300 miles removed from Prince Albert or some place else in fact be making the decisions that are best left at the local level? And I think you have to tie in the question of the ratio, the percentage of dollars coming from provincial government to local level.

I know in some of my discussions in the past as it related to property tax and education being on it, there was at one time a proposal that was put out about looking at income tax, and is that a fair way of doing it, and what are the implications. I think those will probably stay around for a while, come up for more discussion, and as I said earlier, that particular debate will be around much longer than what you and I will be around in here.

Mr. Chairman, having said all of that, I will take my seat and the member may have some other questions.

Mr. Van Mulligen: — Mr. Chairman, I get the very distinct sense that when it comes to the proposal by the local government federation, the government is not planning to do anything, that the government will not commit to any further . . . or any action which might reduce the reliance on the property tax for property taxpayers in Saskatchewan.

This government, that whenever it's faced with tough questions in the area of urban affairs or local government financing, has seen fit to study, to evaluate, as it did with the Local Government Finance Commission.

Let's put this in the context of 1982 of a then soon-to-be premier, running around the province saying during the election campaign that, we'll do whatever you want. Whatever idea you've got, we'll do it. Whatever the NDP is doing isn't good enough and we'll do much better. Just elect us, he said. Just elect us. If you want more money, we'll give you more money. If you want to change this, we'll change it. If you want to do that, we'll do that.

And so to his surprise, he got elected and people then started to ask the follow-up questions — well what about

this commitment or that promise or this thing that you said? You said that you'd reduce the amount of taxes, property taxes, that people need to pay. You said you agreed that people were paying too much for their education through the property tax and that you wanted to reduce that.

Now how are you going to do that? And you said, well this is too complicated to be dealt with piecemeal so we're going to have a Local Government Finance Commission, and it will report and it will come in with the finest, best report in the whole world. I don't know if those were quite his words but I think I probably paraphrase appropriately.

And then he said, and once it's in, their report will be a report of action and we'll act on it immediately; we'll do things with it. It's been sitting on the shelf.

That report and others over the years have suggested that the reliance on the property tax was simply too great. And if you don't agree with the recommendations of the local government federation, because you have a concern about autonomy which doesn't seem to be shared by the Saskatchewan School Trustees Association, but if you have that concern, why don't you propose some alternative except to say this is a matter that we'll study for some years to come?

The point that I'm making is that you don't intend to act, that you don't have any money, that you don't care and you haven't cared. You said earlier that I've heard all this before. He's raising the same old issue. And you're right, Madam Minister, I am raising the same old issue, although every year it turns out to be a new issue because every year you continue to freeze the funding for urban municipalities. If you were to provide urban municipalities with the money that they require, then this wouldn't be any kind of an issue. We wouldn't be talking about it.

But every year we find that you've cut back or that you've frozen the fund for urban municipalities. And every year you've got some excuse. If I read your remarks correctly, tomorrow it'll be because of the agricultural situation, and that's the reason that your government is now cutting back.

Well is that the reason for the whole last six years or the last eight years? Is that the reason that we haven't been able to provide an adequate level of revenue for urban municipalities, indeed for all local government, because of the agricultural situation? Is this something that's plagued Saskatchewan now for eight years continuously, or does it say something about your priorities as a government?

I think it says lots about your priorities as a government. I think it says lots about your philosophy. I think that it says lots about your right-wing ideological approach, as it did with the Liberal government in the '60s. It's saying it now: that we prefer not to take revenues from, as the SSTA calls it, income-sensitive sources available to the provincial government, but prefers to put the load on property taxpayers because it's a far better, far better for those with higher incomes to pay taxes in that manner — because it hits the poor the hardest.

That's the kind of approach that you've shown with your attitude towards Urban Affairs. That the kind of approach that you've adopted in Saskatchewan. You've adopted for approach that relies more on the property tax.

And yes, it is an age-old question, but the question here and for the people of Saskatchewan to decide is: how do various government respond to that? Yes, it's a question that comes up every year, but it's a question of how do governments respond to that? You haven't responded very adequately at all and that is one of the reasons that communities are expressing concern.

And I know that they're realistic and I know that if they're faced with a zero per cent or no increase at all in their revenue sharing, that councils know how to do the job of trying to deliver the services and programs and hold the line on taxes. I know that.

But that still begs the question of what kind of support and commitment can they get from the provincial government? And they simply haven't seen it.

I want to turn to — And before I do, I just want to simply say that I assume from your comments about the approach by the local government federation that supports a tax shift from the property tax base, that your approach will be that this is a matter that will be studied long and hard, that you do not have any concrete suggestions or concrete responses to make to the local government federation, and that as in the past that when you're faced with the request and things get too tough and you can't find the answers, you're going to study it some more. That's my assumption; that's what I read into your answer, Madam Minister.

Madam Minister, I want to just turn to one impact of revenue sharing that troubles some specific communities in Saskatchewan. And this deals with the foundation grant portion of the revenue sharing. As you know, the revenue sharing is comprised of a per capita grant and a foundation grant. And the per capita grant is straightforward; depending on your population, you get so much per person to help you defray local taxes and to continue to provide local services and programs. But in addition to that, there is a foundation grant, and I quote from the Local Government Finance Commission which says:

The purpose of the foundation grant is to provide a greater degree of equality among the more wealthy and less wealthy municipalities of comparable populations in terms of their ability to provide a reasonable level of municipal services at reasonable local tax rates. The foundation grant is based on the principle of equalization and could be referred to as the equalization grant. To achieve the purpose behind equalization, more assistance is provided to the less wealthy communities than to the wealthy communities.

One of the recommendations of the Local Government Finance Commission was that in 1986 you needed to add the amount of \$17 million to the total revenue-sharing pool to ensure that full equalization could be achieved,

that the objective which was set would in fact be achieved. And certainly that's one of the objectives of the revenue-sharing pool, and that's why we have a foundation portion of it, is to promote equalization between municipalities.

But to reach that goal you had to increase the amount of money. We see however over the years that you've either frozen or cut back in revenue sharing to municipalities, so therefore moving away from achieving the objective of equalization. And my question is: what are your plans; or do you have any plans to achieve equalization? And I put this in the context that no one in their right mind is going to expect any more money out of you people when it comes to revenue sharing because your record belies that.

The question I then have is that notwithstanding that, how do you propose to promote equalization? which, as you know, is a problem for some communities in this province — a grave problem for some communities in this province.

Hon. Mrs. Smith: — Mr. Chairman, we have in fact reviewed the split on the formula — the 60 per cent on the per capita and the 40 per cent on the equalization. And that was reviewed in conjunction with SUMA and it was left not changed and in agreement with SUMA.

I think, Mr. Chairman, when it comes to some of the other points that the member has raised regarding the level of funding, I can only state again, given the economic times and the priority areas of education and health, those decisions were taken. And while they are not easy on everyone, I do not think you can look at urban affairs or city councils, town councils, in isolation of the other services and institutions that are within their communities.

To do so is to do a disfavour to everyone that pays for the programs. And everyone ultimately pays for those programs through their tax dollars. That's the reality of it.

(1545)

Mr. Van Mulligen: — Well, Mr. Chairman, I don't want to keep going back and repeating myself, but the minister seems intent on visiting the past. Madam Minister, I am entirely prepared to concede to you that it might be appropriate for government to either freeze or even cut back in revenue sharing to municipalities on account of severe economic difficulties being faced by the province of Saskatchewan which implicates it's own revenues, and therefore needing to take that kind of action. I am prepared to make that kind of concession.

But you tell me, Madam Minister, where it is that we've lived in these severe economic difficulties for the last eight years. We haven't. We may have had severe economic problems for a couple of years now, but it doesn't sort of provide the reason why you've shown this attitude and have in fact not provided the funding for urban municipalities over the years. You haven't. It says something about your priorities. When it comes time to cutting back or to finding money to favour other programs and other priorities, you cut back on moneys to urban

municipalities.

Eight years — eight years — you've been in power. Eight years. In the last six years that I refer to, the money for urban municipalities has gone up by 2.9 per cent. And I think that you stretch credibility — stretch credibility — by saying that we had sort of severe economic difficulties now for a period of six years. That's absolutely ludicrous.

What we have had is the one constant, and this is your government — a government that seems to rollick in severe fiscal mismanagement. And that accounts for why the money isn't there.

Madam Minister, I want to turn again to my question, and that is: do you have any plans at all, any plans at all to promote equalization between municipalities?

If the president of SUMA were here and if he were responsible for the revenue-sharing pool, then I would ask him. But the president of SUMA and the board of SUMA is not responsible. You're the person that's responsible. I want to know from you what you're planning to do about equalization.

When communities point out to me the problems that they have about equalization, I don't say to them, well you should go to SUMA; it's a SUMA problem. It's not a SUMA problem. This problem arises because of underfunding by your government. I'm asking you what your plans are in this regard.

Hon. Mrs. Smith: — Well, Mr. Chairman, the member's right about a few things. SUMA is not responsible for this. But I would remind the hon. member who seems to be high on consultation, that in fact that is one form of consultation. SUMA respectively represents villages, towns, hamlets, and cities. And with the numbers that there are, it is a vehicle for some good consultation, good discussion to take place between the department and in fact between SUMA.

Mr. Chairman, I had told the member that we in fact reviewed with SUMA the discussion of equalization and where the split should be. It was concluded at that time that there was no change. They didn't want change. Now I have stated over the past several months since being Minister of Urban Affairs, I believe since October, and getting into budget time, that at any time I was prepared to sit down and start talking about revenue sharing, the formula, whether it be the per capita, the equalization, and that perhaps we should also be discussing the business tax area. As you know, when that program was put into place it was for three years and there is still a much larger question coming after that on it, and some time will have to be dealt with.

So SUMA is not responsible, and I don't for a minute suggest that they are. But certainly when it comes to any changes that the Department of Urban Affairs may be making or wanting to put forth, we will continue to sit down and talk with SUMA.

Mr. Van Mulligen: — Madam Minister, what changes are you proposing to SUMA that they should study? What changes are you proposing to the foundation formula?

What changes?

Hon. Mrs. Smith: — Mr. Chairman, I already stated that I was not proposing changes but if we were to be getting into discussion on it, it would be with SUMA.

Mr. Van Mulligen: — Mr. Chairman, this is just absurd. If we were to be getting into changes, then we would consult with SUMA. It's saying, well don't ask us any questions because we're consulting SUMA. The fact of the matter is that you're not taking any leadership in this issue. You have no ideas at all as to how to promote equalization between communities. You don't want to take any leadership in this matter.

Madam Minister, I simply want to point out from your own briefing notes in September of 1989. It says in chapter 3, emerging issues:

There are two issues of major and widespread significance which have been developing over the past number of years. One is that small community decline, where 60 per cent of all cities, towns, and villages have experienced population decline.

The second, at the opposite end of the spectrum, a much smaller number of municipalities have experienced high growth. These are primarily suburban bedroom communities. These municipalities often argue that their tax base and provincial grants are inadequate to meet their short-term expenditure requirements.

And may I just illustrate with some information from your own municipal directory. It might be termed a tale of five towns, Madam Minister.

We have here the town of Kamsack with a population of 2,565 has an assessment of \$12 million, roughly. Maple Creek, a population of 2,452, an assessment base of 11.3 million. Moosomin, a population of 2,557, an assessment base of 12.3 million. Unity, a population of 2,471, an assessment base of \$12.7 million. And then we have the town of Warman — one of these bedroom communities that your own advisors were telling you about — Warman, a population of 2,455, an assessment of \$7.3 million.

So on the one hand we have four municipalities in Saskatchewan . . . or five municipalities all with roughly the same population, four of whom have an assessment basis of 11.3 to \$12.7 million, and then we have Warman with an assessment base of \$7.3 million. To provide the same level of services and programs in Warman as is provided in these other communities, Warman needs to have a much higher mill rate. Property taxpayers in Warman need to pay much more in property taxes than is the case in these other towns.

That is the reason we have a foundation grant. That is the reason that communities such as Warman and Pilot Butte and Martensville are now joining together to see if they might have some united approach to your government. You've met with these communities. What is your answer to these communities?

Hon. Mrs. Smith: — Mr. Chairman, two points: it used to be that the population was counted once every five years, and one of the adjustments done was that small towns, in fact all of them, would be adjusted on an annual basis. What we see happening with many of the bedroom communities . . . if in fact they are growing communities, then they benefit from that because it is now readjusted on an annual basis. That did not used to happen. It was once every five.

I think in looking at Warman by itself one has to take a look at what makes up their assessment base. And if the member were to be totally honest with this Assembly, he would talk about what that assessment base is. And it's mostly residential with very little . . . (inaudible interjection) . . . Allow me to finish please. I sat here and I listened to you.

Mr. Chairman, the assessment base is mostly residential. We do not have a factor within the formula where one makes that adjustment of what that community is made up of. Warman has a problem, as do many other bedroom communities that live close to a city the size of Saskatoon or the size of Regina in terms of attracting business and a taxation base outside of those residential within the community. They're in competition. On the other hand, it might create some opportunity for them. And I'm sure that many of the citizens in Warman and other bedroom communities have taken a positive view of looking at opportunities that might open to them because they are near to Saskatoon.

So, Mr. Chairman, to sum it up, we do, on an annual basis, readjust on the population count. And for any small towns that are growing in numbers of population, then that is to their benefit. But in terms of the assessment base, whether it's business or strictly residential, there is no adjustment on the formula to recognize that.

Mr. Van Mulligen: — Well, Mr. Chairman, it's clear that with respect to the question of funding for bedroom communities, a problem that was pointed out to the minister when she was first appointed, pointed out to her by her own officials — it was one of the two issues of major and widespread significance — that the question of equalizing, revenue sharing, the question of the foundation grant, that bedroom communities and other communities in Saskatchewan would stand to be affected by this, and where property taxpayers are paying far more in taxes than they should be, that the government has no answers. The government has no proposals. The government has no action plan. There will not be any solution coming forward from this particular government. That's how I interpret the minister's remarks.

Mr. Chairman, I want to turn briefly to a related item, and this deals with a resolution that comes from the 1990 SUMA convention. It's a resolution that . . . it's entitled "Payments to Northern Municipalities". And the resolution reads:

Therefore be it resolved that the provincial government act responsibly and wants a precedent such as sending quarterly payments as established in the municipalities, the provincial

government to maintain that precedent at all times in the future.

And the response by the minister is:

Payment of operating grants to northern municipalities are made as funds are made available to the department through the passage of interim supply Bills by the legislature. Interim supply Bills provide interim funding to the government pending conclusion of the review of the budget by the Committee of Finance and passage of the Appropriation Bill. In recent years, interim supply Bills have provided funding on a month-by-month basis, thereby necessitating a similar scheduling of operating grant payments.

Because of the legislative process involved, little can be done to ensure that all operating grant payments to northern municipalities are made on a quarterly basis.

This issue was also raised by the president of SUMA, Ted Chold in a letter to the minister in April 9, 1990 following the budget. And he says in part:

We are aware that the Committee of Finance and Legislative Assembly is currently debating motions for interim supply. Like other groups receiving transfer payments from the province, urban municipalities are interested in seeing payments made without undue delays.

The SUMA board wants to express our concern that delays in revenue-sharing grant payments may create cash flow problems for several municipalities, particularly northern municipalities and other smaller communities.

Now I want to ask the minister why it is that she would say that the interim supply Bills have provided funding on a month-by-month basis therefore necessitating a similar schedule of operating grant payments.

Are you saying that you can only receive money on a month-by-month basis, you can't sort of ask for quarterly payments on your interim supply? Is that what you're telling us?

(1600)

Hon. Mrs. Smith: — Mr. Chairman, just to kind of backtrack a bit, and for your information, the town of Warman, the community of Warman in fact had received \$111 on their per capita grant. And it's interesting to note that the average for the province is \$92.

Now the department officials inform me that that in fact is due to what they call a weak assessment. In other words they take the average and if you are below that, then there's some additional dollars put in. So I guess in one light there is some recognition in determining that weak assessment base, but there's nowhere where it specifically says, residential versus business assessment.

Mr. Chairman, the question of the northern grants, I

believe they've received their first quarter now. And as always in the House, if the budget was not passed and estimates not finished, there would be an interim supply after that first quarter.

In terms of the letter that was written, I think it's fair to say that after that first quarter payment goes out, it is done month by month in here. And that's happened before, and that's all the letter was referring to as to how it would be handled thereafter if the House was still in session.

Mr. Van Mulligen: — Madam Minister, you write:

In recent years interim supply Bills have provided funding on a month-by-month basis, thereby necessitating a similar scheduling of operating grant payments.

I'd like to ask you on what legal opinion or other opinion do you base such a statement? What prevents you from asking in any interim supply Bill for a full quarter of revenue-sharing grants or revenue-sharing payments? What prevents you from doing that?

Hon. Mrs. Smith: — Mr. Chairman, that's exactly what we did with the first interim supply Bill.

Mr. Van Mulligen: — What did you exactly do, Madam Minister?

Hon. Mrs. Smith: — Mr. Chairman, we asked for a quarter and received the quarter on the interim supply Bill. Now after that first quarter, as has happened a couple of other sessions, and I've stated that in there, the remainder was done on a monthly basis as long as the House was in session.

Mr. Van Mulligen: — Well here you say that in recent years you've done this on a month-by-month basis. And if you've done it on a quarterly . . . if you provided the full quarterly payment so far this year, why do you feel obligated to do anything on a month-by-month basis? What prevents you from providing the payments as you set out in your schedule? What prevents you from doing that?

Hon. Mrs. Smith: — I may have led the member down the wrong path. Let me clarify when I talk about a quarter. A quarter has been paid out to date. On the first bill, two-twelfths was paid. And the second one was one. So that's a monthly basis.

Mr. Van Mulligen: — Well, Madam Minister, what prevents you from providing three-twelfths at the time that you normally would make such a payment to the municipalities? What prevents you from doing that? And why don't you do that?

Hon. Mrs. Smith: — Well there's nothing to prevent one from putting that forward. I think it is done and assessed between the Department of Finance and the Department of Urban Affairs as to whether you go quarterly or monthly basis. And that assessment would take place shortly before one were to get into the interim supply Bill as to how much it should be and if it should be the quarter or the monthly basis.

Mr. Van Mulligen: — So what you're saying then, this is a matter of discussion between you and your department and the Minister of Finance and his officials. Is that what I'm reading into your answer?

Hon. Mrs. Smith: — That's correct, Mr. Chairman.

Mr. Van Mulligen: — Please explain to the people of Saskatchewan how this has something to do with the legislative process as you state in your response to SUMA, as a result of this resolution. How can you state that it's because of the legislative process involved?

Somehow you leave the insinuation that it's got something to do with people on this side of the House and the process in this House as to whether or not they get a quarterly payment. That is simply phoney. That's not true. That's a prevarication, Madam Minister, for you to say that, a prevarication for you to say that. It's simply not true. How can you say that?

Hon. Mrs. Smith: — Well, Mr. Chairman, with all due respect to the hon. member, the legislative process in this House is both sides. It is government side. It is opposition side. The member knows that. He also knows that in terms of debate, whether it's an interim supply Bill or something else, that in fact the opposition has a role to play in determining the time and whence it goes forward.

Government too has a responsibility. That's not new to this House. That's all that was meant by the legislative process. That's no different than what it was in 1981, 1971, 1975, or 1965. That only thing that's different is the stripe of the colour of the government, the party in government.

I mean, don't play games with that. That's easily enough understood including by councillors that may read that. You know, I just don't understand what the member is looking for, or why he thinks that's wrong. I'm in a legislative process. That's all that was meant by it. And there are timing considerations and I may have to get in the line-up for discussion with the Minister of Finance along with the Minister of Education and a few others. Very simple.

Mr. Van Mulligen: — Madam Minister, with all due respect, what you're saying is just so much phoney boloney. Madam Minister, your predecessor went out of his way to somehow paint a picture that the reason that urban municipalities could not get their full quarterly payments on time was because somehow the opposition was hijacking the legislature; that somehow the opposition was holding things up in the legislature; or that it was something that was out of the government's hands.

This is not a matter of legislative process. This is a matter of government process, Madam Minister. This is a matter of your government deciding to slow-walk payments. This is a matter of your government deciding to slow-walk payments to various sectors in the community including urban municipalities. It's not a legislative process, it's a matter of how much money the Minister of Finance feels that he should be giving out at any time. That's the point.

It's not a legislative process.

I want to ask you too, in terms of Mr. Cholod's letter where he says that, we're interested in seeing payments made without undue delays. The SUMA board wants to express our concern that delays in revenue-sharing grant payments make for a cash problem.

What delays would he be talking about, Madam Minister? I don't understand where the delays come in. What is he talking about?

Hon. Mrs. Smith: — Mr. Chairman, in reviewing the letter from SUMA and Mr. Cholod, I think it's fair to say that local governments have always been concerned about the delay in payments and for some very good reasons. One being the financial costs if in fact the council is put into a borrowing position because of the delay of government payments, it's obviously going to cost them some added dollars, and they would be having to look at their local taxpayers if that is the case.

SUMA's letter simply . . . it's one where the SUMA board wants to express some concern that delays in revenue-sharing grant payments may create some cash flow problems. I think if you look at last year, for example, there was some difficulty in moving things through. I mean you know that as well as I do, you know. You were gone for 15 days and some of the normal business of the House was not dealt within the normal time frame that the House normally works it through.

So, you know, to suggest anything else, I think, is to forget what actually has taken place and what happens in the process in here, including the fact that you may be up debating an interim supply Bill for three, four or five days. That doesn't happen all the time, but there has been occasion when in fact it has taken some time.

So all those factors play a role in looking at those payments, the interim supply. And as I said earlier, that there would be some discussions when interim supply comes up as to whether it should be the two-twelfths or the one-twelfth or the quarterly payment. I think in the past the department has in fact, if there has been a delay in payments, they have tried to, as Education has done, accelerate some future payments to make up for those delays.

Mr. Van Mulligen: — Well, Madam Minister, again you're following that political line developed by your predecessor that municipalities shouldn't expect to get their payments on time as long as the legislature is sitting. And the legislature sits because the opposition is there, and therefore if you're not getting your payments, the opposition is responsible. That is just so much phoney boloney, Madam Minister. It's a line that he couldn't peddle and you're not peddling it very successfully either.

Madam Minister, since 1987, or '87, '88, '89, and this year, there have been 12 interim supply Bills. I don't think that there has been one single instance, one single instance where an interim supply Bill during these years has taken more than one day to receive all readings in the legislature, and in fact in most cases Royal Assent is given the next day.

(1615)

And don't mislead the House about talking about that somehow that the dispute over SaskEnergy last year resulted in a delay by the government in considering an interim supply. That is simply not the case. We were back for some time before the government brought in its interim supply. There was no delay on account of the SaskEnergy debate.

Now it may be to your political interest to somehow convince people who are not as familiar with the details of this that somehow the reason that they're not getting grants is because the opposition walked out of the legislature, but we expect more than that from you, Madam Minister. People of Saskatchewan look up to you because you're the Deputy Premier. We can't and we should not allow this kind of dishonesty, this kind of dissemination of misleading information to come from you. We expect more than that from you.

You're the minister that's responsible not only for Urban Affairs but also for Consensus Saskatchewan. How can there be any kind of consensus in this province if you attempt to mislead people in Saskatchewan? How can you do that, Madam Minister? Why don't you simply recognize that there has not been any case of delay in the case of interim supply, that these things have all been passed in the same day they were put forward, that royal assent was given in most instances on the same day, that there is no reason to delay any payments to urban municipalities on account of interim supply. There is simply no reason. You can have all the money you want in interim supply; you only have to ask for it. There has not been any delays in interim supplies because they've all been passed the same day.

Why can't you just level with the people of Saskatchewan? Why can't you level with urban municipalities? Why can't you two be honest with them and tell them the honest truth instead of skirting around the issue and talking to them about the legislative process and one-twelfth and a month-to-month basis, when that's simply not reflective of the truth. Why do you play to this concern about undue delays when that simply is not true either? Why don't you be honest with the people of Saskatchewan?

Hon. Mrs. Smith: — Perhaps I should thank my critic for the lecture. I would suggest that when lectures like that come forward, that perhaps along with us sitting over here, there should be a mirror in front of it, Mr. Chairman.

I have often been called a lot of things, dishonest is not one of them. And I suppose one is never too old to come into first-time things throughout their lifetime, but I'm shocked that the member in fact would state that.

If the member would take a look, tomorrow go through *Hansard* and review what I said, he will find that I never once said that this was due to the opposition. I did not say it was due to you hijacking. I did not say that this is only the opposition. I used the terms legislative process, because that's what I consider it to be. And you're absolutely right. It is not when the interim supply Bill

comes forward, but in the meantime there may very well be a delay in timing, getting up to that point where the course of normal government business is not looked after for whatever reasons. Some of those reasons may be legit. It doesn't matter; they became part of the legislative process.

Mr. Van Mulligen: — Next time that you're responding then to municipalities, Madam Minister, on this question, why don't you make it clear then that this is a matter of government business, that this is a matter of government process and has got nothing to do with the legislative process lest you might mislead them into thinking that somehow the legislative process has a role to play or has played a role in delaying any payments to municipalities, because that is very far from the truth. You know it; we know it. Now it's time that you make sure that they know it too when you respond to them. Will you do that, Madam Minister?

Hon. Mrs. Smith: — Mr. Chairman, I for a moment don't presume that anyone can mislead locally elected people, local governments, into something. I don't know, you may have a different view. But my short time in working with the town councils, some of the city councils, and SUMA has been one that these people are very capable of running the affairs of their community and not about to be misled into anything.

Mr. Van Mulligen: — Well I appreciate that, Madam Minister, and I know that. But just the same that, you know, letters like this that are imprecise, that talk about a legislative process as opposed to just simply a matter of government machinations, that have ministers and the legislative secretaries appearing at the SUMA regional meetings and talking about delays with a nudge and a wink and about why that is, and to have in fact your predecessor going around to these meetings making it very clear that the reason for these delays is because of the opposition — all of it untrue, all of it unfounded.

Well, Madam Minister, some local government people just might be misled a little bit about the actual truth of the matter. I'm pleased to know that we'll have no such more nonsense from you in the future about interim supply.

Madam Minister, I want to turn to the matter of capital funding. And I want to refer you also to Mr. Cholod's letter to you, where you say that the SUMA board is disappointed that we were not informed that last year's allocation was cut by \$5 million last September to \$7.5 million.

Why weren't you . . . why didn't you inform the board? More importantly, why didn't you consult with the municipalities? You and your predecessor are always fond of talking about consultation. Why didn't you consult in this instance?

Hon. Mrs. Smith: — As I understand it, Mr. Chairman, it was of what they would cash flow difficulties in trying to manage the moneys. The commitments were still there. It's to be paid out over five years for various projects agreed upon, and they would probably see some delay for that year's commitments or the next year's commitments if they hadn't had any the first year.

So it was one of being able to manage, yes, with fewer dollars, but eventually the dollars would be there.

Mr. Van Mulligen: — Well, Madam Minister, the fact that you've experienced cash flow difficulties is no surprise to us or, I suspect, to anyone in Saskatchewan. But the question is, why didn't you consult with municipalities? You've given me a reason here today, saying that it's cash flow difficulties; that's why you had to reduce by 5 million the amount of money last year for the municipal capital program. Why wouldn't you sort of inform the SUMA board, why wouldn't you tell municipalities about that?

Hon. Mrs. Smith: — I am informed that at the time when it took place, yes, consultation with SUMA that in fact there would show a reduction for that year, did not take place. I think it was probably considered to be more internal. It was a matter of having to manage the various projects and the dollars. And the Department of Finance and various departments at that, you know, run into some difficulties at various times and take those decisions.

But you are quite correct that it was not done in consultation with, and if there was any discussion on it, the discussion came in after.

Mr. Van Mulligen: — Can I then ask, Madam Minister, this was a six-year program, \$12.5 million a year. Last year cabinet directed that it be reduced by \$5 million. This year the amount that's shown in the estimates is \$8.5 million. We only have four years remaining on this program. What can municipalities assume — that the six-year target remains, that it will be a six-year program and that all of the rest of the money that's allocated for the program will in fact be available in the next four years?

Hon. Mrs. Smith: — The program started off five, and with the money problem and the management of it last year it became a six-year program. In my discussions with SUMA and councillors I know no different. It is still a six-year program. I have had no discussions to indicate anything else. You may see through the years where tight cash in fact is being managed, but there has been no discussions to remove that commitment of six years.

Mr. Van Mulligen: — Well thank you for that assurance, Madam Minister. Municipalities will be pleased to know that and we'll be looking forward to a considerable increase in the estimates or in the budget for the municipal capital program next year so that they can begin to undertake the projects that they've been planning.

As you know, that there's some concern by municipalities. Some are having to wait now until 1991 to get their 1990 entitlements just as some have had to wait until 1990 to receive funding expected last year. At least those are the comments from president Cholod of SUMA and I have no reason to assume that president Cholod is not correct in that.

I just want to ask you one further question with respect to capital. One of the features of this capital program is that the cities of Regina and Saskatoon receive much less than

they did under the old capital program. They'll each receive a flat \$1.5 million per year which amounts to only about one-third of the \$25 per capita rate for other communities and which had also been the rate for Regina and Saskatoon under previous programs.

Now the SUMA board recommended that Regina and Saskatoon be included on an equal basis. You've rejected their advice. Although you say you always consult these people, you never seem to listen to anything they say. And SUMA is disappointed. Now I'm going from their briefing notes. SUMA is disappointed that Urban Affairs has not yet been able to justify the claim that Regina and Saskatoon warranted inequitable treatment under the new program because they did or will receive an inordinate share of other special capital grants.

And I wonder if the time hasn't come for your department and you to table the study that you've done to show that Regina and Saskatoon did in fact warrant inequitable treatment under the new program. Will you do that now, Madam Minister?

(1630)

Hon. Mrs. Smith: — Mr. Chairman, the hon. member's observation that Saskatoon, Regina do not receive on the same formula is quite correct. I think if one takes a look at what they do, which is \$9 million each over the life of the program, and if you also take a look at the consideration of other projects into our two large urban centres, you will find, I believe, a story that has a great deal of credibility in terms of fairness and equity.

For example . . . And I'm quite willing to share these figures with the member, except I have one set on here that the Minister of Highways has not announced yet, to do with urban assistance for both Saskatoon and Regina. So if you would give us an opportunity to take those aside and give you the rest, I don't have any difficulty with that.

I think it's interesting to note, Mr. Chairman, that in fact over the last eight years, while we have 9 million going into Saskatoon and into Regina, there are some special project areas that are over and above that. And I take a look at the city of Regina and — over those eight years, the total — I look at the carbon filtration plant, the field house, the art gallery, Norman Mackenzie, the science centre, Queensbury Downs, including urban assistance — and I'm talking about the roads, the highways — you end up with approximately \$40 million over and above that other commitment.

Saskatoon — there's some things that are worthwhile mentioning there. There's the heritage parks, Saskatchewan Place, the roads, the bridges, highways, etc., and that totals about 46, \$45 million.

So it is not that there has been no dollars outside of the 9 million that is committed under the capital program going in. And I will have the officials send him a copy of this tomorrow.

Mr. Van Mulligen: — I want to thank the minister for that undertaking. As you know, this is something that has puzzled people in local government and one of the

reasons that SUMA and others have been asking for the information, that is, for you to justify the claim that some inequitable treatment in terms of the municipal capital program is in fact warranted for Regina and Saskatoon.

This will be welcome information for both cities as they try to understand why they have been treated differently under this program than they have under other programs. Can I expect that information soon, Madam Minister?

Hon. Mrs. Smith: — I will ask the department to try and have that to you tomorrow.

Mr. Van Mulligen: — Madam Minister, I just want to touch on one of those extraordinary capital commitments that I'm sure that you'll want to talk about: rail relocation in the city of Regina. You budgeted absolutely no money for rail relocation assistance this year; the city is wondering what your commitment is. And I wonder if I might ask you today whether you are committed to continuing on with rail relocation and whether there will be sufficient funds in next year's budget as your share of this project.

Hon. Mrs. Smith: — Mr. Chairman, some time ago I had had a couple of meetings with Mayor Doug Archer, mayor of the city Regina, including the day of the budget. And I had to tell him that in fact there was no moneys in this year's blue book on the rail relocation.

Having said that, I also indicated to him that I was quite prepared to sit down and talk about some high priority areas, whether it be for safety, special areas to do with rail through the city of Regina.

I think both of us were quite realistic, and while I cannot speak for him, I did indicate to him that while that figure is eliminated in this year's budget, the city obviously was going to have to look at it in that context, and that next year, if there were to be some discussions, those would probably have to take place before it was automatically put back into the budget.

But we did leave on a note and a commitment to have some discussions on those priority areas that city council would deem necessary for the benefit and the safety of people.

Mr. Van Mulligen: — Madam Minister, your government committed to rail relocation some time ago. You confirmed \$25 million for phase one. My question is: does that commitment stand? Yes or no?

Hon. Mrs. Smith: — Mr. Chairman, at this point in time I cannot give the hon. member a commitment. I don't know if that commitment will be back in place next year. That is going to depend on economics and the dollars coming in, the dollars that you might have some room to be flexible with. I'm not going to prejudge that, Mr. Chairman.

I think in my discussions with Mr. Archer there's no doubt that the issue of safety was uppermost in his mind with a couple of controversial crossings where there's been some accidents and some difficulties with. And the door was left open to in fact discuss some of those. I think at this

point in time it's also fair to say that Regina city council may want to review, if in fact to go ahead and do the rail relocation, put it up as a priority in terms of their spending areas, and then they may very well be back to talk to government. The money is not in the budget this year, and today I cannot give a commitment that the money will be there next year. That is going to depend on what is happening within our provincial economy and some other factors. So I think it would not be wise to speculate what might take place next year.

Mr. Van Mulligen: — Well it's obvious that no one can take anything you people say at face value. And it's obviously that no one should have any credibility in anything that you negotiate. And it's obvious that you're not a government to be believed, especially in the case of Regina.

If we look at the example at the University of Regina where you promised before the last election that there would be money for a student union centre, and then shortly after the election you said the money isn't there. Whereas a government that you committed to spending another \$21.5 million for rail relocation, and now you're saying that the money won't necessarily be there, that you're no longer committed to this project.

Madam Minister, I think there's a very clear message in all of this, a very clear message for the people of Regina. And that is: your Conservative government doesn't like you. Your Conservative government has no money for you. Your Conservative government does not care about any commitments that it may have made to you. It will not honour them. That's the message for the people of Regina, Madam Minister, and I think they will long remember that.

And they will long remember the involvement of the member for Regina South and the member for Regina Wascana when their meek voices at the cabinet table were overruled on this — overruled by a number of cabinet ministers from other places in Saskatchewan who said: Regina? we don't care about Regina. If we don't have the kind of support we want in Regina, then we're not going to support the people of Regina. That is the very clear and unequivocal message in what you're saying to the people of Regina. And no matter what kind of nefarious turn-around it involves, you people will do it. You simply don't care about the people of Regina.

Madam Minister, your briefing book last September said, and I quote — your briefing book that you got last September said:

There are several areas which will have to be addressed when the city-urban affairs funding agreement is negotiated with respect to rail relocation — provincial role and level of involvement. Political direction will be required as to whether a passive funding role or a more active one with higher provincial profile is preferred.

Well we sure had the answer now. It's a passive role. No money at all. Zip. Another two-faced approach by this government when it comes to the people of Regina.

Madam Minister, the people of this city are disgusted and they're fed up with the antics and the actions of your government. Nowhere else have we seen a government move in ways that you have, where one day you'll say, trust us; vote for us; we've got commitments for you; we'll help you. And as soon as the election's over and you don't like the results, you go back on your word.

Madam Minister, it's just simply beyond words that how you can behave like that, how you can act like that with respect to 170,000 citizens of Saskatchewan. It's simply beyond belief.

Madam Minister, one of the things that your predecessor announced last year was that at a meeting of other ministers of municipal affairs, they expressed concern about the goods and services tax even though your Premier wasn't expressing any such concerns at the time.

The ministers agreed at their conference that they would work with their respective ministers of Finance to determine the effect of the new federal goods and services tax on municipalities. The ministers instructed their deputy ministers to review the impact of the proposed tax on municipalities across the country to provide a common information base.

I wonder if you're in a position now to table this impact study and to share that with municipalities in Saskatchewan, Madam Minister.

(1645)

Hon. Mrs. Smith: — Mr. Chairman, I believe that some work in fact was done shortly after the meeting that you have referred to with municipal ministers, and it was felt at that time that they would in fact ask the Department of Finance in each respective province and territories to take the matter within the Department of Finance and do an analysis from the financial point of view.

You will also know that the Federation of Canadian Municipalities organization has been working very hard on this in terms of analysis of the impact on each council and the financial impact.

I don't know if you are aware that the federation recently reached an agreement with Ottawa that the partial rebate of GST (goods and services tax) for municipalities will be designed to have an effective rate of 3 per cent. In other words, the municipalities will pay the full 7 per cent on the purchase and then apply to Ottawa for a 4 per cent rebate.

There is no doubt that that will not make everybody happy. Nobody's in favour of more taxes, and very few like the necessary paperwork that go with a rebate. But this was done through the Federation of Canadian Municipalities in getting to that agreement and I can only make the assumption that they in fact . . . they do have representation, I believe from each province that sits at the national level, and that these people have been informed of it.

Mr. Van Mulligen: — Well, Madam Minister, somehow

the municipalities of Saskatchewan got the impression that you were going to review the impact of the proposed tax on municipalities here and that you would be sharing that information with them. I, for one, am disappointed that your officials have not seen fit, or that you've not seen fit to review the impact of this tax in Saskatchewan, to get that information out to municipalities.

I note that the city of Regina will be spending \$18,000 to hire an accounting firm for consultation on the GST, to get that firm to help the city to set up a system for calculating and paying the tax.

Madam Minister, municipalities look to your department for leadership on issues such as this. I just might say that your efforts are seen as half-hearted and certainly not befitting a government that has apparently now come of the view that the GST is not an acceptable thing. We still await for some review of the impact of this tax and for some guidance from your department as to how municipalities should cope with this. Will you be doing that, Madam Minister?

Hon. Mrs. Smith: — Well, Mr. Chairman, I suppose we could have had the Department of Urban Affairs doing a study and we could have had Rural Development doing a study on what it was going to cost the RMs. And then we could have went to the Department of Education and we could have asked them to do a study on the financial impact on school boards. And we could have done the same thing with the Department of Health and hospitals and nursing homes and the home care system. We chose not to.

We chose to go the Minister of Finance, Finance department, which is what each municipal minister did — and I believe most provinces have done what we did in Saskatchewan — and we asked for co-ordinated review in order to be able to have a fair look at it.

I still believe that that in fact is the best mechanism when you are dealing with a change which falls under someone else's jurisdiction like the federal government; that in fact, you are best off to be dealing with the one agency. And in this case because it's taxation and it's financial, it was felt that the Department of Finance indeed was our best mechanism.

Mr. Van Mulligen: — Well municipalities are still waiting for something from that source. But I'm sure that they'll find great comfort and solace and substantial help in the comments that you've made here today, Madam Minister.

I just want to turn briefly to the ward system. Madam Minister, as I understand it, you're now saying that the at-large system for electing councillors, and dictated in your legislation, will remain in place at least until after the next municipal election. Am I correct in my reading — that's your position?

Hon. Mrs. Smith: — What I have stated is that I am open to discussion. If they wish to raise this with me, I indeed will enter into a discussion on it.

I have however stated that perhaps they should give it a

try going through one full term, and then that I would sit down and have another look at it. That does not mean that I would refuse to look at it over the next several months or the next year.

As I said, I am open to discussion on it. I have had some discussion, namely with the mayor of Regina, some of the SUMA people and the mayor of Saskatoon. I have not had any discussion — P.A., Moose Jaw, for example, or smaller cities.

Mr. Van Mulligen: — Well, Madam Minister, with respect to Regina, Saskatoon, and SUMA, what are they telling you? That they want to go along as you're suggesting or are they advocating that they be given the option, the choice?

Hon. Mrs. Smith: — Well I think the debate is probably not much different than what you have before. You will have some that say, leave it as it is for another term, and you will have those that say, no, change it now. You will have certain aldermen that think perhaps it's not necessary to change it now; see how it works for another year, another term. I don't think that's unusual, given the diversity of people and opinion, and thank heavens we do have that diversity out there.

However, there's no doubt that the question of the ward system is going to be revisited at some point in time, and it's just a question of when.

Mr. Van Mulligen: — Can you tell us, Madam Minister, who particularly is telling you that they don't want the choice right now, that they want to continue on with the at-large system? Can you tell us that?

Hon. Mrs. Smith: — No, I will not tell you who. Those have been done in private conversations with myself.

Mr. Van Mulligen: — Madam Minister, why wouldn't you just take the official consultation, the official representations of Saskatoon and Regina and SUMA, and accede to that as opposed to your own private consultation? We can't judge from your private consultations as to whether that's actually taking place.

You know, you say it's taking place; maybe you're consulting with somebody from the Tory party who wants to go along with your line that this is the best way to punish the people in those cities, to put in an at-large system to get rid of those NDP councillors. I mean that's why you did it. That's why your predecessor had this pushed through, rammed through that legislation.

Why won't you just go along with the official representations of Regina and Saskatoon and SUMA that they want the choice? Why don't you do that?

Hon. Mrs. Smith: — Well, Mr. Chairman, I can only restate that I have told SUMA in fact that I'm open to discussion on it. I've told Mr. Dayday, the mayor of Saskatoon, the same thing, and I've been perfectly up front with Mr. Archer on the matter for the city of Regina. In terms of who I talk to privately, I think what I do is I raise that as an example that in fact there are some. That is not to say that everything's going to be based on that opinion.

The member knows that. He knows that full well. So let's not play those kinds of games in this House when it comes to what people have to say. SUMA has asked that the ward system be reinstated for large cities, and I have told them that I would be open to some further discussion on the matter.

Mr. Van Mulligen: — I think that's some namby-pamby political position where you're saying that you're open to discussion. You're saying that you're open to discussion, but you're not listening to anything that anyone has to say on this. You're not listening to the official positions of Regina and Saskatoon or SUMA. You're not listening to the thousands of people in Regina that voted to retain the ward system. You're completely out of touch, Madam Minister, completely out of touch. And for you to say, well I'm open to discussions on it, I think that's just a cop-out. You're not really open to discussions on it. You're going to continue with the at-large system. You don't want to provide the choice.

Madam Minister, might I just point out one thing: that it is very likely that there will be an election that will intervene between now and when municipal elections are held in Saskatchewan. And let me tell you that after that election our position will be that municipalities should have the choice in this matter. That's something that we will be putting forward and that's something that I want the large municipalities of Saskatchewan to understand very clearly. When it comes to the NDP., we will give you a choice. Will you give them a choice, Madam Minister?

Hon. Mrs. Smith: — Mr. Chairman, I suppose the best of all worlds would be that people have choices, whether it's in determining who their government shall be or in fact the structure of that government. Listening to the hon. member, from what he has just said, I take it that he's modified his position. It used to be, under the NDP, that you didn't have a choice on the ward system until after being elected for two terms. So I find his position rather interesting.

Mr. Chairman, the issue of the ward system will continue to be up for discussion with SUMA, with Regina council, Saskatoon council, or others who may wish to discuss it. I have stated and stated publicly, as the member knows, that I would like to see it work for another term and then do the analysis and the review on it, and you may very well find that it should be moved to the ward system. I don't know. All I've said is perhaps we should give that time to see if in fact it needs changing. I think that is relatively reasonable, Mr. Chairman, in looking at this kind of an issue.

Mr. Van Mulligen: — Well I certainly wouldn't to encourage the councils from our large city or the people in those cities to hold their breath on this particular issue, Mr. Chairman. They might be waiting a long time.

Madam Minister, I just want to briefly turn to the question of municipal public accounts. As you know, about a year and a half ago you advised that municipal public accounts regulations were adopted and that municipalities had to publish public accounts. One of the provisions of that is that expenditures made by the city and by any board pursuant to contract shall include: one,

include expenditures pursuant to contracts for any goods and services where the aggregate of the expenditures pursuant to the contracts for any goods and services is \$10,000 or more. Why wouldn't it just suffice for them to bring the public accounts for each department than to give you the information for each department, the \$10,000 limit or so for each department? Why are you asking for an aggregate here?

Hon. Mrs. Smith: — Mr. Chairman, I can only tell the member that in this particular case consultation did take place very thoroughly with the municipalities, and in fact it was they that chose this. They simply stated that it was easier for them to do this reporting by category and that was the system that they wanted.

Mr. Van Mulligen: — Are you saying that they asked for the ability to publish aggregate information as opposed to doing it on a departmental basis?

(1700)

Hon. Mrs. Smith: — Mr. Chairman, to the hon. member, yes, that in fact is what they've said, that it was easier to do this by category.

Mr. Van Mulligen: — Well, Madam Minister, might I just point out that one of the great hypocrisies in Saskatchewan is that you demand that municipal government to cities in publishing your *Public Accounts*, that they have to put forward the aggregate values of all expenditures. That is to say, if a person receives money under one department, but it doesn't meet the threshold for reporting . . . it gets money from another department, doesn't reach the threshold for reporting, when the aggregate value for both departments is reached, they have to publish that, they have to print that.

And one of the great hypocrisies, this is something that your provincial government refuses to do. Notwithstanding, notwithstanding a motion of the legislature that the provincial government should publish this information, your government now refuses to publish this information.

This must go down as one of the great hypocrisies by your government, Madam Minister, one of the great hypocrisies. How do you answer those charges?

Hon. Mrs. Smith: — Mr. Chairman, I can only tell the member again. In thorough consultation with the municipalities on this, it was recognized that municipal administrations often have differences from what you would see — for example, the provincial administration. And I would suggest to the hon. member, if we both had the time to go and look at the differences between provincial and federal, you would see some markedly differences.

With the municipalities in looking at these differences at their request, we complied to recognize those differences in order to facilitate for them the working relationship that we've had with them, and also that they are the people that are there on the front line, day-to-day, and very much experts in their own right.

Mr. Chairman: — Being past 5 o'clock, the committee will recess until 7 p.m.

The committee resumed.

Mr. Van Mulligen: — . . . a couple of points, and that is that this is likely to be the last estimates before a provincial election for the Department of Urban Affairs. And it's now up to municipal leaders and property taxpayers in Saskatchewan to evaluate this government.

Some of the things that we saw coming out of the estimates this time is that when we looked at revenue sharing, we see a government that doesn't care, doesn't care about property taxpayers; has lots of excuses about why help isn't there, but simply put, the priorities aren't there. It doesn't care.

We saw in interim supply that this is a government that continues to play some base political agenda and tries to mislead municipalities about what is actually happening here. We saw in the case of the capital program that it doesn't consult with municipalities, that it makes massive changes in the program but doesn't consult.

We saw in the case of rail relocation that this is not a government that is to be trusted. This is an untrustworthy government. This is a government that will commit to major programs one day and without any consultation, without any consultation, without any discussion, changes its mind. This is not a government to be trusted.

We saw in the case of the GST a tax that implicates every municipality in Saskatchewan. But this government is capable only of half-hearted efforts on their behalf, only half-hearted efforts. It can't get it together with the other departments to do a full analysis and study of the problems that it creates for municipalities and how they might be assisted to cope with this.

We see in the case of the ward system that this is a government that is intent on playing a punitive agenda, that it wants to punish the people in the large cities for their political behaviour. That's what it wants to do. And we see in the case of the public accounts that it's what's good for the goose is not good for the gander; that it's got one approach for the provincial government here but an entirely different approach for municipalities.

That is what municipalities have come to expect from this government, and the reason I submit that this government will not be back and that they will lose the next election. I now turn it to my colleague, the member from Cumberland.

Mr. Goulet: — I'd like to raise a couple of questions. One is in relation to The Northern Municipalities Act and the changes that were made last time, especially as it relates to economic development. In that Act, of course there were shortcomings. In a way, we're in northern municipalities, three economic development corporations were unable to take part in . . . they were unable to take part in industrial and commercial activities especially because a statutory basis was not there.

I was wondering, Madam Minister, what you have done

to rectify the situation for the communities who are very interested in economic development while recognizing that the unemployment rate as you well know is 50 to 90 per cent in northern Saskatchewan. What has been done, Madam Minister, to legally and properly rectify the situation?

Hon. Mrs. Smith: — Mr. Chairman, the department will be pursuing an amendment for the future to address the problem that the member from Cumberland has put forth.

Mr. Goulet: — I'm wondering, Madam Minister, why is it — it doesn't appear to be a very complex amendment — why is it that you're unprepared to introduce it at this time? Are you planning to introduce it at this session? Because my feeling is that I think people want to live in a proper legal and statutory basis in the north as in the south. I was wondering whether you're planning to introduce it at this session, because I well know that in regards to development in the north the large-scale corporations always have the statutory requirement just overnight.

We know that, you know, the amount of dollars . . . even provincially, we provided Weyerhaeuser last year with \$8 million. We also provide a roll-back on the royalty rates for mining which has amounted to about \$15 million in the past couple of years. So I'm wondering, Madam Minister, why is it that you will not proceed a little bit more quickly? Or could you tell me: are you going to introduce it at this session?

Hon. Mrs. Smith: — First of all, it has nothing to do with complexity, and you're quite correct, it isn't a complex Bill or an amendment by any stretch of the imagination. Quite frankly, in terms of the legislative agenda for this House, we dealt with issues like the Community Development Bonds, which has some very real potential for northern Saskatchewan, and the amendment that you are talking about is not done and it will not be on the legislative calendar this session.

Mr. Goulet: — I'm very sorry to hear that, basically because, as you even raise the community economic development bonds, the fact that that if there's any interrelationship with industrial and commercial activity, a statutory basis will not be there for them to proceed as effectively as they should.

So I'm very disappointed that you will not do that. Like I said, you more or less take a special initiative when large-scale corporations do develop in the North. But when it comes down to communities, you are still unwilling to move as quickly as you should.

Hon. Mrs. Smith: — The community will still . . . the northern communities can in fact benefit from the community bond legislation. In fact that will override the northern Act. So there is some opportunity there.

But you're quite correct. Perhaps this other mechanism will allow some other opportunities to that end. This session, we went with the community development bonds and, you know, while you may not be happy about that or some other people will be dissatisfied that it has to wait for another session, once you line up legislation from

all departments, you begin to set down some priorities and the impact. And that was the decision made, and that's what we went with.

Mr. Goulet: — So what you're saying to me, Mr. Minister, is that the North is really not a priority in regards to getting proper statutory and legal basis for them to go ahead with industrial and commercial activity. Is that what you're saying?

Hon. Mrs. Smith: — Mr. Chairman, I never used those words at all. The member stands in his seat, and he puts words in my mouth, and they are not my words. They may be his words, but they are not mine, and let the record show that.

Northern Saskatchewan very much thrives on economic development — economic development by not just the government sector, but in fact by the community sector and the private sector. And it has nothing, absolutely nothing to do in terms of where northern people come on the agenda. The community bond and the potential is held out for all of Saskatchewan from north to south and east to west. And I think that's very important for northern Saskatchewan to be able to tap in like everyone else.

Item 1 agreed to.

Items 2 to 9 inclusive agreed to.

Item 10 — Statutory.

Items 11 and 12 agreed to.

Item 13 — Statutory.

Vote 24 agreed to.

**Consolidated Fund Loans, Advances and Investments
Urban Affairs
Vote 162**

Item 1 agreed to.

Vote 162 agreed to.

**Consolidated Fund Budgetary Expenditure
Economic Diversification and Investment Fund
Vote 66
Urban Affairs**

Item 12 agreed to.

Mr. Chairman: — I'd like to thank the minister and her officials.

Hon. Mrs. Smith: — Thank you, Mr. Chairman. I too would like to thank the officials with us today and the department and also my thanks to my hon. colleague, the critic for Urban Affairs.

Mr. Chairman: — Order. Just a moment. Would the committee want to deal with the Saskatchewan Municipal Board? Page 83 of the main *Estimates*. Next item of business: page 83 of the main *Estimates*.

Mr. Van Mulligen: — If I might, Mr. Speaker, I just say that I want to join with the minister, thanking the officials for coming

out today. I've known these people over the years. They're people of high calibre. We look forward to the opportunity of giving them a government to work with that'll also be of high calibre.

**Consolidated Fund Budgetary Expenditure
Saskatchewan Municipal Board
Ordinary Expenditure — Vote 22**

Items 1 to 3 inclusive agreed to.

Vote 22 agreed to.

**Supplementary Estimates 1990
Consolidated Fund Budgetary Expenditure
Saskatchewan Municipal Board
Ordinary Expenditure — Vote 22**

Items 1 and 2 agreed to.

Vote 22 agreed to.

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

Hon. Mrs. Smith: — Mr. Chairman, I would too, and actually I've got it backwards. We usually introduce them at the beginning and I would like to introduce to you, Mr. Chairman, Graham McNamee, the chairman of the municipal board, and behind me I have Janet Dawson and Marilyn Saucier. And I would like to thank all the people over at the board.

Mr. Van Mulligen: — I would join with the minister in thanking the officials for turning out. It was a short appearance for them but they no doubt have had to wait a long time for this, and I thank them very much.

The committee reported progress.

COMMITTEE OF THE WHOLE

Mr. Chairman: — Being past 5 o'clock, the committee will recess until 7 p.m.

The committee recessed until 7 p.m.