

EVENING SITTING

COMMITTEE OF FINANCE

General Revenue Fund
Agriculture and Food
Vote 1

Item 1

Mr. Neudorf: — Thank you very much, Mr. Chairman. And Minister and officials, good evening. I hope we're going have a productive period of time here.

We've had a number of opportunities already, Mr. Minister, to meet and to discuss various aspects of the problems confronting the agricultural industry in Saskatchewan, and obviously that's a significant issue here. Agriculture still is our number one industry. And in spite of your admirable — I might say — objective of diversification in agriculture so that we are not just hewers of wood and drawers of water but actually can do some diversification and get some secondary industries and tertiary industries developed around our primary industry of agriculture, I have given you my opinion of what I think of your Ag 2000 as far as a strategy is concerned, and I don't think I would have to refresh your memory on that one.

But based on that, I've had some questions asked of me lately; how you propose to meet your objective of diversification in the livestock industry by increasing the numbers of livestock, by increasing the numbers of hogs in the province — twofold, like in hogs for example, going from 1 million to 2 million to 3 million. What does your Ag 2000 actually do in practical terms to address that goal, to achieve that goal? What can you specifically state: this is what we think is needed in order to achieve a triple-fold increase in the hog production.

Hon. Mr. Cunningham: — Mr. Chairman, I thank the member for that question and hope, too, that we do have a productive evening tonight. I think Ag 2000 is a general strategy. We have since then announced our hog strategy which I think lays out very clearly what the strategy for hogs is. We've worked with the SPI (Saskatchewan Pork International Marketing Group) to develop a hog strategy. They have put together, or are putting together, an industry development fund whereby investors will be able to invest in the hog industry through a fund which will be on a commercial basis. They expect to be able to raise 10 to \$20 million of equity money to put into the hog industry — 10 to \$20 million they think is possible to raise to put into the hog industry.

For our part, we are working with them. We are working in the environmental area to try to get an ag operation Act passed that will help to stimulate the industry. We're going to do some training for people who are needed to work in the industry, and all of those pieces we think will help to develop the industry.

We've developed a one-stop shopping for the hog industry. We're having, at the Rural Service Centre in Saskatoon, a plan to have several people from my department; some federal people from PFRA (Prairie Farm Rehabilitation Administration); along with somebody from Economic Development; and we think that will help to facilitate the hog industry in terms of extension so that they can go to one-stop and get the engineering that they need and the help with business statements, and the extension and production information that they need. So I think in that particular area we have been fairly specific as to some of the things we think we can do to facilitate the hog industry.

We're also working with the beef industry. We have a \$2.7 million beef development fund which we think will go a long ways to help with research and development and marketing to promote the beef industry. I think the prices for these commodities are good right now and we certainly expect that with a little bit of help from the industry — working together with government — that both those industries will grow.

Mr. Neudorf: — Mr. Minister, anywhere in the hog industry when you start talking about numbers and the amount of capital needed in order to achieve your goal, when you start talking about equity or whatever fund you're going to be talking here, whether it's a debt fund or equity fund, \$10 million sounds like a lot of money to us. But when you consider that a turnkey operation can cost you \$5,000 per sow, and depending on how much the farmer is willing to invest in terms of time and inventiveness on his own, you're still looking at somewhere between 3 and \$5,000 per sow investment. When you start talking about \$10 million, that translates roughly to 3,000 sows times 20, is 60,000 porkers at the end of the year. That's \$10 million what you were just telling me.

Now if you want to double that and say 20 million, which was the extreme of your figure, that's 60,000 porkers. That does not quite make 1 million yet. So I think we're going to have to be taking a look . . . unless there's some multiplier factor here that's at work that I'm not aware of, that you're looking at.

Now you could double that by saying, well the investor's going to have the same amount of money as he will take out of this fund and therefore you double that. We're still quite a ways off, Mr. Minister.

What is your government prepared to underwrite in this whole issue? Like you're telling farmers right now . . . and I'm getting phone calls left and right, and that's why I'm raising this issue. Because I am a hog producer and that we're trying some innovative things on our farm right now that I think is going to be a go and I think that those shelters and so on is going to be a big seller that will make us more and more competitive yet in this industry where indeed we will be able to compete against the southern States.

What is your government prepared to do in terms of

helping and assisting the farmers that get caught up in this euphoria of expansion? The word right now is that if you want to make money — wheat, you're not getting too much and there's all these threats of trade embargoes and so on — walk your grain off the farm through the livestock industry, be it beef as some of my colleagues are, or hogs, like I am.

And if these people all go into it on your say-so . . . I remind you about the 1970s, and remember how things were in the 1970s — the super '70s — where we had a tremendous rate of inflation. And no farmer . . . and all my neighbours were doing the same thing. I was still too young at the time and I was teaching so fortunately for me I didn't get caught up in this.

But you would go out and you would outbid your neighbour because it didn't really matter to you how much you paid for that land, whether it was 7,000 at one point, then 10,000, then 20,000 per quarter, then eventually up to 120. Because what you were doing is you were paying for that land on the inflated dollar, 2, 3, 4, 5 years down the road. And as long as we had that rate of inflation, the system sustained itself.

And then we had, of course, when everything broke up, and it couldn't sustain itself any more and we know the dire consequences of many of the farmers in the late '70s and early '80s when interest rate hit through the roof to over 20 per cent. Now you're telling and advising and suggesting and recommending to the farmers out in Saskatchewan now, expand and get into the livestock industry.

And it takes two to tango, because I didn't have that much sympathy for the banks myself in the '70s when a lot of them found themselves not getting their payments in. Because the bankers always — as they're doing to the hog people right now — when you go in and ask for a loan, is that enough, do you need more? Because there was this type of optimism. So the bankers were at fault just as much as any of the farmers who went out and did this overbidding and overbuying.

But now I see shades of the '70s beginning to approach again because right now, yes, the hog market is lucrative and has been for the last five or six years. Quite frankly, I don't know why you haven't been recommending this four or five years ago. It was obvious to me at that point already. But now that you have caught on and are recommending this, what if a lot of people take you up on your advice and they go make these arrangements with the lending institutions, or with ACS (Agricultural Credit Corporation of Saskatchewan) and FCC (Farm Credit Corporation), since now their mandate has changed as well, and then we do get a period of time where the input costs rise dramatically or because the situations are beyond our control in other areas, the price of the product is reduced dramatically, or a combination of both?

Or something that is apparently coming into the future, and I want to talk about that a little while later, and that's the closing of the border. Dramatic . . . a

dramatic . . . a traumatic experience if that happens. I remember what happened back in 1985 when the Americans were facing another election and their red herring of the chloramphenicol, the medicine, was introduced and the borders were literally closed — bang. And not one animal crossed the border until Jake Epp, the federal minister of Health at the time, responded to the pork industry's plea for immediate action.

I remember going on a trip to Ottawa on a lobby effort to ask him: ban this stuff so that our animals can continue to go south. And when I landed back in Saskatoon from the trip a reporter asked: well what do you think of Jake Epp's action? I said: what do you mean, action? Well he's banned chloramphenicol, that quickly. And that quickly the border was opened again. But you, you know yourself, Minister, politics can have a very swift and sudden reversal in this whole issue.

So taking a look from the pragmatic, the economical issues, the potential; and the political issues, the potential, if this so-called disaster does fall upon industries that are dependent upon success on your recommendation, what are you prepared to do? And what are you prepared to commit now so that producers do have some level of comfort, I guess, that what they're getting into is something that they will not regret in a couple of years or even less period of time?

Hon. Mr. Cunningham: — Well, Mr. Chairman, the member makes some excellent points. I don't have a crystal ball and I attempt not to encourage producers to risk their money without weighing all the evidence and making a visible effort to look at it and make the decisions based on evidence that they see. The member opposite obviously has been a pork producer and knows that hog barns, while they might be moneymakers, are not printing presses and that hog prices have always gone up and down and grain prices go up and down and politics closes borders, and so those risks continue.

We certainly think we see, as best we can in our crystal ball, that there is a market — and a growing market — for red meats from this continent. And we have a comparative advantage over almost everywhere else in the world, and so we think in the long run that the potential is there. That's part of the reason for the structure of the funding that SPI has designed. It's equity funding, which means that funding will bear a portion of the risk.

And while the member says 10 to \$20 million is not a lot of money, that's true, but it certainly won't be the whole barn, it'll be . . . or the whole operation. It will be some portion thereof. And having that equity funding is somewhat better than having debt funding, if there is a downturn. I think there's money coming from other places. Certainly we're not the only ones who are seeing potential for increases in the pork industry.

The Royal Bank — at the SPI annual meeting that I was

at, Stuart Bond said they've lent \$20 million to hog barns in the last month or so. There's a barn that's beginning in Melfort. I think they're breaking ground on that now. I think they're sold on the basis of share units and there's 17 different farmers or other businesses who have a share in that barn. And it's based on what they call a spoke and hub, and the feeders will be fed on individual farms by farmers who have bought into the main operation.

So certainly there's never been any indication from this government that there is no risk in hogs. I think the producer will have to assess that. We just, in fact, are in the process of winding down tripartite, which is the safety net that's currently in place for hogs. And that's been at the request of the government and from producers because of countervail actions on that particular program. We hope to replace that with a whole-farm program that will have level of support and some level of safety net. But certainly there's no ability to completely underwrite an industry.

And I think the member makes a good point when he says that banks are not always that far-sighted. I think that's a tendency banks have. When wheat prices are good, they encourage everybody to buy land. And when hog prices are good, they encourage everybody to buy hogs. And I think producers will have to assess what the long-term trends are because they certainly know that there's no guarantees in any of agriculture.

(1915)

Mr. Neudorf: — I guess that's what I'm trying to pursue here, Mr. Minister, because of your strong efforts to expand the livestock industry a lot of farmers are taking the bait. A lot of farmers are taking your word seriously and they are expanding and they are investing. Fortunately a lot of them are going the equity route that you're saying, which of course spreads the risk. It minimizes the profits but spreads the risk at the same time. And certainly that is the recommendation that I would pursue as well.

But I want to just put on record as specifically as possible so . . . I know that I had a long dissertation before so I'll keep this one at a minimum so we can concentrate on this one issue that you responded to at the end. And that is, for whatever reason there is a negative impact on the livestock industry — and you have been the one that's going out and saying expand, we need the 3 million hogs, there's money in it — what are you prepared to do? Or do you not have any contingency plan in place other than the replacement for tripartite as it stands now? Because tripartite for all intents and purposes doesn't exist any more. Right now there's a vacuum out there in so far as any kind of production insurance is concerned.

What have you got in mind other than the plan that you're working with SPI right now to take the place of an industry that would be able to stand on its own two feet in the event of some kind of disaster? Where do you stand on that?

Hon. Mr. Cunningham: — Well, Mr. Chairman,

obviously we don't have — as I said earlier — have a crystal ball. There's always a risk in the industry. We have not been saying and certainly I've not been saying to producers, go out and produce hogs. All I've been saying to producers is that this province really needs the diversification in agriculture.

And for provincial government and the province as a whole we need the red meat industry and we certainly would like to see it expanded. But individual producers will have to make their own individual decisions and take some risk.

We certainly are not lending money for hog barns at a subsidized rate; we're not giving grants for feedlots or anything else. All we're doing is the government is saying, tell us what you want to do and we'll attempt to facilitate that as much as we can. And we're doing it with things like training and environmental regulations and information sources and extension and so on to help producers do what it is that they decide to do.

I don't think it's my role to tell producers to grow hogs or to grow cattle or to grow chickens. All we can do is try to point out where we think there is some opportunity and to help producers who choose to take advantage of those opportunities that they see.

Mr. Neudorf: — I guess the point I'm trying to make with you, Mr. Minister, is that the words of a provincial government, or words of a provincial government Agriculture minister, still carries a lot of weight out there.

And whereas producers may have been shy or may have been reticent to pursue a particular economic activity, if they hear the Department of Agriculture or its agrologists out there . . . or if they hear the Minister of Agriculture or the deputy minister going out saying it's a great thing, we think there's a good deal of potential, the folks will respond. And those are the ones that I'm concerned about.

I guess I'm concerned also about the impact of getting people involved in the hog industry that may not be ready for the hog industry, that don't have the basics, that don't have the fundamentals but rather jump in thinking that it's an automatic . . . like you said before, printing . . . to print the money and it doesn't work.

The days of the inners and outers have gone. The days of buying high and selling low just don't work. They never have worked and the industry has been noted for that over the last period of a while.

I want to pursue, just slightly, a different aspect but still in conjunction with this because of the trade. As you know, Minister, the amount of production in Saskatchewan is about three times right now what we can eat. In other words, 60 or 70 per cent of the product that we produce here has to find a home outside of our borders. We eat about 300,000 pigs a year; we produce a million. So those statistics become quite significant when we realize that we must find some offshore or continental markets other than

Saskatchewan for our product. And so access to those markets is extremely, extremely important.

I want to pick up on a couple of issues here. And I know my mind tends to think along the hog line, but it doesn't apply only to hogs, it applies to a whole host of goods from lumber, to blueberries, to cattle, and whatever. The comment by our federal minister, Ralph Goodale, was that yes, we may be embarking upon some strained trade relations with the Americans but we will not give up. We will stand up to them; we will wait till we see the whites of their eyes and we'll fire back.

I want you to put on record, Minister, where you stand and where your government stands in this respect. I heard the Premier, the other day, over TV or over radio, I can't remember which, but he was quoted as having said — I didn't hear him, I heard the quote that was attributed to him where he said — I will support Ralph Goodale in this fight against Americans no matter what he does. I will support him. You agree?

Hon. Mr. Cunningham: — Well just going back to some of your earlier points, I wanted to make some comment on them. I think you talk to different farmers than I talk to if you think that they're going to take to heart what the Ag minister says and run out and do it. Most of the ones I talk to say just listen to what the government tells you and do the opposite. So I don't think farmers are that gullible, and when it comes to investing money in feedlots and hog barns, that they're going to take my word for it. I think they're going to have a hard look at it themselves.

On the trade issue I think Mr. Goodale has adopted our position. I think the Premier particularly was out in front of this issue saying . . . when Mr. Goodale was saying, well maybe we'll make a deal and have a cap, that we were saying don't trade off Saskatchewan wheat for somebody else's sugar. We don't mind making a deal but we don't want to sell the farm, and I think we're pleased when Mr. Goodale finally took that stance.

So certainly we stand behind him in negotiating a tough deal with the Americans. I don't think that we can continually bow down to their wishes on each issue, because I think if we give up on wheat then we'll end up giving up on lumber and giving up on supply management and a whole lot of other issues. So I think the Americans, just having signed a huge new trade deal . . . It seems ironic that they would even consider at this point in time using farcical actions against us. I think they have absolutely no case in the wheat issue, and if we're in the right I think our long-run benefit is to withstand the pressure and to fight back.

Mr. Neudorf: — Fight back — I want to pick up on that one in a few moments. But first of all I want to say to you that essentially, basically, fundamentally, I concur with what you're saying although I want to pick apart your arguments just a little bit. But to set the stage about what we're talking about, I have a *Leader-Post* article here. It goes back to April 8

already. It's just one that I happened to find on my desk before I came in here. But it'll do to underscore my point. And the heading is "Goodale ready to match Americans' threats."

Just a few little things here is the Americans' concerns "... were like water off a duck's back to Goodale."

. . . after a deeply unsettling meeting in Toronto with Espy, Goodale seems to have concluded that reason has little place when U.S. politics and Canadian imports mix.

And then he says:

(Right now) Goodale is . . . matching the Americans threat for threat.

"Canada will stand up for itself," he said . . . (from the hustings, as it were.)

"Those on the other side who think there will be no consequences are mistaken. There will be consequences . . ."

Now that's pretty antagonistic rhetoric, I think you would admit, and maybe it's called for. And like you said before, I concur with some of things that you're saying.

But I want to know where you will stand ultimately, fundamentally, when this thing shakes down because, Mr. Minister, when there's a trade war, war entails firing of shots. They're salvos. Now I understand that if the durum wheat going into the States is going to have a cap put on so that there's trade restrictions, Goodale is ready to respond.

And the way I heard it — and I only heard this over the TV — I believe, is that those Californian wines and some other commodities might find themselves with hefty tariffs if they're shipped into our . . . as a response to what the Americans are doing to our durum wheat. But one shot means that they're going to fire another shot back that was bigger than their first one, and that's how the escalation of this whole process ensues.

So what I'm asking you is that if you so wholeheartedly and fully support any measures that Mr. Goodale may take, then what are you prepared to do to reassure the citizens of Saskatchewan that they will not face the brunt, that they will not have to bear any hardships ensuing from a trade war with the United States? And you can pick any industry in Saskatchewan that you want, that needs access to the American market, and if they happen to be the next victim in this next salvo that the Americans may fire, how will you back up your rhetoric in saying that you're going to support Mr. Goodale in whatever he does?

Hon. Mr. Cunningham: — Well obviously I'm not going to commit to support Mr. Goodale whatever he does, because who knows what he might do. Certainly we're supportive of the stance that he's taking now. I think Canada was more than

accommodating with the Americans. I know Mr. Goodale phoned the Ag ministers on a regular basis and kept us up on negotiations. There were offers made by Canada that I think were more than reasonable. The response from the Americans has not been reasonable, and I think, even though it's a country 10 times as big, I think there's little advantage in having a trade agreement where we live up to our side of the agreement and the Americans don't live up to their side. We may as well have an agreement where . . . not have an agreement at all.

Certainly we don't like to see a trade war. Nobody does. But if we're going to get hit on all fronts whenever something is moving south at increasing rates — that we're going to have the border shut because it's got to be unfair competition if Canadians are beating Americans — then we don't have a trade agreement, we don't have access to that market, we don't have access to any of it.

The same thing may well happen with beef or hogs or lumber or steel or anything else. So I think at some point you have to draw the line and stand and take a stand, and I think world pressure and reason will prevail. And hopefully the stance that Mr. Goodale has taken now, I think, is very well justified, and obviously there could be some serious consequences of a trade war, but I think there are also serious consequences of not defending your rights in an international situation.

Mr. Neudorf: — Oh I don't disagree with you at all. In fact I agree with you. But what I'm getting at is, I want to know where your government will stand as this thing progresses from one point A to point B to point C. And the message that I'm getting from you in both instances that I've raised so far is, first of all, if the industries in their expansion mode find themselves in some dire consequences for whatever reason beyond their own control, you are not ready to stand behind them and support them and take any responsibility because it's their decision, not yours.

And the same thing here, if I'm reading you correctly, if one shot fired leads to another to another to another that the consequences of that is unfortunate in your opinion, but you're not prepared at this time to state what you're willing to do to help those industries that find themselves in trouble because of — let's say — durum.

(1930)

Hon. Mr. Cunningham: — Well, Mr. Chairman, that raises some interesting points. We already are in a trade war in the grains; the wheat and the barley in particular have been for a number of years. And that — we have said and have always maintained — is a federal responsibility. There's a trade war going on, and the American government is supporting their farmers, and the European governments are supporting their farmers, and the Canadian government over a period of years backed away from its farmer. And it's not possible for a provincial government to pick up that federal responsibility.

So if there are consequences, we'll do what we can to help our producers, but we certainly do not have the pockets as a provincial government to compete with the American treasury.

Mr. Neudorf: — Let's not forget the issue here that I raised initially. My first statement was that your Premier, your boss, said that, I will support whatever Mr. Goodale does. He said that, I heard it. So there is a commitment on your part. And if Mr. Goodale, hearing that kind of support from a Premier whose province has almost half or has half of the arable land in all of Canada, that must give him a great deal, and a degree of comfort to go ahead, and to start fighting this war. And I'm not opposed to that. That's not my point. Please don't misconstrue that. But what I'm wanting to find out is what you, as a provincial government, are prepared to do to back the province's . . . or the farmers, rather, of this province. That's what I'm after.

So, Mr. Minister, you've already alluded a number of times to the fact that we are in a trade war, that the Free Trade Agreement that we have is really nothing more than paper that it's written on. That's the impression I'm getting from you. But if that is the way you really feel, then what about the trade settlement or dispute settlement mechanism that is in place? Do you not feel that there has been value in that? Where would we be, in your opinion, in these various industries that trade with the Americans if it had not been for the Free Trade Agreement as it has existed since — when is it? '89? '88? You give me your opinion on that.

The Chair: — Order. Why is the member on his feet?

Mr. Flavel: — I ask leave to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Flavel: — Thank you, Mr. Chairman. I want to introduce to the members tonight two people sitting in the Speaker's gallery, my daughter Corrine, and her fiancé, Terry Lavallee, and I ask all members to welcome them here tonight.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

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Hon. Mr. Cunningham: — Well certainly, there have been some positive effects of the Free Trade Agreement. There have also been many negative effects. The trade settlement dispute mechanism has not worked all that well. We continue to win the cases and then we continue to be harassed. A point is the durum issue. We've been to a trade dispute mechanism two or three times and we've won every case but they're still threatening that they're going to

put tariffs on or close the border, so that hasn't been the solution. And certainly if there's not more will by the other side to live up to their side of the agreement, there will be little advantage from it.

And certainly what the Americans are practising now with wheat is a two-price system. They have one price off-shore where they dump into our markets at very, very low prices, and they have a domestic market which is much higher. And they're attempting to shut us out of that market.

We gave up our two-price system for wheat when we signed the agreement. And now the Americans have one in effect. And if we're to believe them and if they follow through with the threats, they will indeed have a two-price system for wheat, which we no longer have. So while there are certainly some advantages for a province like Saskatchewan in trade agreements, they need to be good trade agreements.

Mr. Neudorf: — When was this two-price system removed in Canada?

Hon. Mr. Cunningham: — To the best of my officials' recollection and mine, it was probably about 1988 when Charlie Mayer was the minister in charge.

Mr. Neudorf: — What was that last comment? I didn't understand you.

Hon. Mr. Cunningham: — I'm sorry. It was at the time Charlie Mayer was the minister in charge when it was done away with.

Mr. Neudorf: — So what you're saying is it happened some time during the reign of Charlie Mayer. Is that right? From '83, could have been?

Hon. Mr. Cunningham: — Yes, that's when Mr. Mayer was minister in charge of Canadian Wheat Board.

Mr. Neudorf: — Well, Mr. Minister, nothing is perfect. And I don't think anybody would ever agree that what we're experiencing with the Americans is perfect. I think when you are a country like they are, bargaining and negotiating from a position of strength, as they would like to see themselves, it is difficult. And that's the difficulty that we've had all through the '80s that I've been involved with any kind of farming industry, is the fact that we've had nowhere to put the Americans up against the wall as it were and look them eye to eye and make them blink.

And, Mr. Minister, I can't see why you do not admit freely that finally through the FTA (Free Trade Agreement), we have been able to make them blink. Where we've actually won cases that we had no chance of ever winning before and we have the countervail reductions in the hog industry as a good example of that.

So while it is not perfect, certainly the advantages in my opinion far outstrip the disadvantages. And simply by the fact that that agreement has been signed, that

we have now had the additional agreements on the GATT (General Agreement on Tariffs and Trade) and now that we have NAFTA (North American Free Trade Agreement), that surely you can see that we have been making progress and again obviously not perfect but it is something upon which to build as opposed to the vacuum that existed before.

But I guess ideologies are something that we will never be able to persuade each other otherwise from those points of view.

I have a question now, and just get your Crop Insurance people, this won't take long. I have a note here that was sent out from the Canada/Saskatchewan Crop Insurance Customer Bulletin, April of 1994, and could you indicate to me — there's a section here and I like what I see because there's a section that's high profile and squared off, boxed in, where it says, compensation for crops damaged by big game — could you tell me what amount of damage this compensation program for big game is expected to cost the Crop Insurance?

Hon. Mr. Cunningham: — Our estimate on that is \$1 million.

Mr. Neudorf: — That would include the 1993 crop year?

Hon. Mr. Cunningham: — This program is just for the '93 crop year. This is the response to the large amount of crop that was left out last winter. It's designed to cover that crop which wasn't harvested last winter, and the deadline for application is April 30 which is yesterday, so we will soon have those numbers in and fairly close to a final estimate.

Mr. Neudorf: — Okay. Under which appropriation would this money, this million dollars come from?

Hon. Mr. Cunningham: — To begin with, Mr. Chairman, this is funded half by the federal government under an agreement we've made with them, so our funding will be a half a million. There will be adequate money in our premium base to make that payment.

Mr. Neudorf: — Oh, I can't buy that, Mr. Minister. There's something that we're not doing properly here — either my questioning or your answers, and I suspect it's the answer in this case.

First of all, you say a million dollars. Now that million dollars, is that your share out of crop insurance? Or is it 2 million, so that the feds are picking up half of the 2 million or half of the 1 million?

Hon. Mr. Cunningham: — They're picking up half of the 1 million.

Mr. Neudorf: — So you're only actually putting \$500,000 in it as opposed to the 1 million?

Hon. Mr. Cunningham: — That is correct.

Mr. Neudorf: — Now, Mr. Minister, I forget exactly how you answered my question two or three questions ago, but let's have another go at it. You said there would be enough money in there to pay for it from the premiums, I thought I heard you say, and the word premium didn't come through very loud. Is it the farmers' premium money that goes into the fund that pays out for this big game insurance?

Hon. Mr. Cunningham: — No, it wouldn't come out of the farmers' share of the premiums. There's enough money in the premium subvote that the provincial government puts in to cover that \$500,000. So it won't be . . . it will be an additional . . . it will be additional premium money. It will be in the premium vote. There's enough money there to cover the 500,000. It won't come out of the farmers' share of the pool.

Mr. Neudorf: — Well obviously I don't understand what we're doing here. This is federal money, what you're telling me now; it's federal money that is coming and paying for the big game damage insurance. Is that right? It's not provincial government money nor provincial farmers' premium money that is going to . . . but you just finished telling me that the total cost was a million. The feds paid half; you pay half.

Now let's start again from the beginning.

Hon. Mr. Cunningham: — I think you have it right. The federal government pays half, which is half a million dollars; the provincial government will pay the other half, which is half a million dollars. We think there's adequate money in what we budgeted for our share of premiums to cover that 500,000.

Mr. Neudorf: — Now where does your share of that million, your share which is \$500,000 . . . is that appropriated out of the legislature here or does that come out of the Crop Insurance funds that basically come from farmers' premiums. Where does that money come from?

(1945)

Hon. Mr. Cunningham: — What we have appropriated in our budget is \$54.855 million for our share of crop premiums. We will have enough in that vote to pay the \$500,000 of wildlife damage.

Mr. Neudorf: — Is that money that is going to be paid out to the farmers any way reflected by farmers' premiums themselves? Is any of that premium money used or is that a separate account entirely, that this money is all coming out of the appropriation that we will be voting on?

Hon. Mr. Cunningham: — No, this money is totally coming out of this appropriation. It won't be reflected in farmers' premiums. We pay 25 per cent of the total premiums and the vote is 54.855 million. We think the quarter share of premiums will be enough less than that to allow us to pay the 500,000 which will then go . . . So it will be paid from by federal money and provincial money but none of the farmers' share

of the pot.

Mr. Neudorf: — Well I think I'm glad to hear that because I understand that for this big game damage fund you don't have to be a farmer to get paid out. Anyone, a farmer or non-farmer, has the right to put in an application and actually be paid out for damage entailed by big game.

Hon. Mr. Cunningham: — Well I guess if there are people who are not farmers who have crop laying out, they qualify. They don't have to be part of the crop insurance program. It works much the same as the waterfowl damage does, really designed along the same lines as the waterfowl.

Mr. Neudorf: — I'm glad to hear you say that, finally. It took us a long while to get here. Because your own little box that I was talking about before says that you do not have to be a Crop Insurance customer to qualify for this program. All affected farmers must register their claims before harvesting the crops. I find that a little bit confusing, I guess, the way that's being written there.

One other question on this, Mr. Minister. Why would an individual who has a crop lying out in the field and was perhaps not able to harvest it last fall, like in the north-east, let's say for an example . . . he would be eligible for compensation. Is this correct? If it was out in the field.

Hon. Mr. Cunningham: — That is correct.

Mr. Neudorf: — Now then, what about a farmer who was a little bit luckier or worked a little harder, or worked till midnight and got his crop to a point where it was stacked in his yard? Would he be eligible then?

Hon. Mr. Cunningham: — No, he would not.

Mr. Neudorf: — Why not?

Hon. Mr. Cunningham: — Basically the reasoning for that is that we've spent a considerable amount of money on prevention and what we've done in the long run is move provincial government funding out of compensation and into prevention. Certainly it's much easier to do prevention on grain that's in bins than it is grain that's lying in the field. This was a one-time shot with the federal government helping us fund this, largely as a result of the disaster in the north-east although it certainly does apply to the whole province. And so it's designed to compensate farmers whose crop laid out over winter.

Mr. Neudorf: — Yes. I understand that we're talking about grains. We're not talking about hay crops and so on. Is that right? Yes.

So what about the farmer that, instead of leaving his grain out there on the field in swaths, where he would have gotten big game damage, he did perhaps, for whatever reason . . . he may have combined it wet but he got it on the yard and he got it in a pile, and now the deer are running through the pile. What would the

difference be, and why would he not be compensated for that kind of damage?

Hon. Mr. Cunningham: — Well for that particular farmer, there is help available to do prevention through serum to get blood meal and to have help with fencing and so on to prevent the damage. And that's the route we took, and I think that's the long-term route that we're going to go with in this area. But with the serious situation we had this winter with the crop lying out, this was an additional program that was designed to handle that particular situation.

Mr. Neudorf: — It's like my colleague said here, Mr. Minister, it's almost . . . you might as well start putting salt on their tail and hoping that's going to get them away.

Mr. Minister, one other aspect to crop insurance and it came out on this same sheet that I have here. And you say that the corporation would like to remind wheat producers to take appropriate measures to prevent loss, and then it goes on to say that failure to attempt to minimize damage may result in denial of insurance liability.

And what we're talking about here is the wheat midge. Is this a new rule? How long has something like this been in? I'm not quite familiar with it and I've asked a few of my farmer friends and they say they've never heard of this. For example, I imagine now what you're telling me, if there was midge on the field the previous year and you reseeded into wheat again, that you would then have the option of saying to the farmer, application denied.

Hon. Mr. Cunningham: — The concept of uninsurable causes is certainly not new. Crop Insurance has always had the principle that we only insure for natural hazards and that if farmers do not produce and attempt to produce in a reasonable manner that coverage may be denied.

The wheat midge certainly is new; we've never assessed uninsurable causes for wheat midge, but we have this year some scientific evidence that shows very high concentrations of wheat midge. We know that if in those areas wheat is seeded on wheat stubble that there will almost certainly be a problem, and if there isn't some action taken, that there will be severe crop losses. And in an attempt to prevent losses to the farmers and the corporation, we are warning farmers that in those circumstances they should take some measures to prevent losses.

Mr. Neudorf: — What mechanism is in place, Mr. Minister, to make sure that the farmers who are in potential jeopardy of losing their insurance have been informed, or do they just get this little sheet in the mail and they have to read between the lines? At what point do they know they are in jeopardy? Like how many midges do you have to find on a per square-foot, or what mechanism is there that . . . or is it just a by gosh, by golly kind of a feeling, or is there something specific that somebody has tested it the previous year?

Because it would seem to me that farmers want to have a higher comfort level than this. You mentioned the word reasonable. You say they may be denied. Well if I was a farmer who was going to be insuring my crop, I'd want to jolly well know more than, well you have to take a reasonable precaution or you may be denied. That to me is just not acceptable in the world of business.

Hon. Mr. Cunningham: — Certainly all the marketing agents have been informed and are telling the customers as they sign up to be aware of this. It won't be an arbitrary assignment. Some adjuster will assess a crop, and if it is indeed wheat on wheat stubble, and if it is an area that's known to have large midge populations, and the crop is destroyed, and the farmer has made no attempt to control the midge, then certainly there's a possibility of assigning uninsurable causes. This is no different than we have done for many years in regards to proper use of proper weed control, proper seeding dates, and so on. If the farmer is not farming in an acceptable practice and that's obvious, then Crop Insurance has from time to time denied coverage or partial coverage on some of those crops.

Mr. Neudorf: — Well, Mr. Minister, by the time the adjuster comes out to make the assessment, it's too late. It's a done deal. The facts are there and now it has to be determined. Now you mention that the agent would have this information.

So what you're telling me now is that every farmer out there who's contemplating seeding wheat on wheat, he should feel free to do so unless his agent warns him and says — in the contract — you better not, you may be in jeopardy of losing your coverage because I saw some midge evidence there.

What I'm saying is, how specific can we get so that the farmer knows whether he's in jeopardy of losing his insurance or not?

Hon. Mr. Cunningham: — The only farmers who would be in jeopardy of having uninsurable causes assessed would be somebody who had wheat midge last year, and that we knew about it because of our claims and who hasn't taken any measures to control it this year. And that measures might include seeding early or seeding early varieties or spraying or taking some measure to control.

And I think most farmers who had wheat midge last year will not be seeding wheat on wheat stubble where they know there's a problem. And I think part of it is the information so that the farmer realizes the risk. I don't think there are farmers out there who are going to want to seed a crop that they know is going to be in danger, particularly if they don't plan on taking some steps to control it.

Mr. Neudorf: — One more question on this, Mr. Minister. When it comes to canola, has it been the practice in the past, if a farmer seeds — and I know it's not good practice, but there may be some who do that

-- seeds canola on canola? Now you're telling them you won't get covered for that. Has that been the practice in the past, or is this a new determination on your part?

Hon. Mr. Cunningham: — Again this is new primarily because of the huge increases in canola acreages last year and expected increases this year. We've known this is not a good agronomic practice. We've had two or three wet years which means the instance of disease is greater than it has been, so I think again we're doing this to protect all farmers.

One of the things that I hear when I travel in rural Saskatchewan and talk to farmers is that they don't like to pay premiums for people who are not going to farm expediently. And it's certainly hard for us to judge, and we don't want to get into the business of judging who's a good farmer and who's not a good farmer. But there are some of these things that are obviously not good farm practices, and we want to warn people that in case that is obvious that we very well may assess uninsurable causes.

(2000)

Mr. Swenson: — Thank you, Mr. Chairman. Mr. Minister, the last time we met I asked you a couple of questions. You were going to provide me with some information. One was dealing with trichomoniasis in bulls in the Grainland pasture, and you were going to provide me with the ear tag numbers and the history of those particular bulls. And the other question was around a former Crop Insurance employee who has not been settled with yet, and you gave me the assurance that you would speak to your officials, and update that particular file for me and report back on its progress.

Hon. Mr. Cunningham: — Mr. Chairman, I did send over the ear-tag numbers on the bulls and their history in the pasture.

With the Crop Insurance situation, the employee, there has been no settlement as of yet. My understanding is that we've had an offer that's been put forward to the former employee for about two weeks, and haven't had a response. I understand that our offer is certainly with . . . about the top of the limits that fit in our criteria for making those sorts of offers and we're certainly not holding this up. We're prepared to settle or to go to court to get it ended one way or another as soon as possible.

Mr. Swenson: — Mr. Minister, you said the ear-tag numbers weren't here and you're going to send those across?

Hon. Mr. Cunningham: — I think I did. Those are the . . . I can go over some of those. I think there were . . . just some of the facts. There were seven bulls used in the Grainland breeding field; three of those tested positive for trich in December of '93. All the other bulls were clean. All the bulls were wintered in the Valjean in '92-93. One of the three infected bulls in '92 was at Grainland; the other two were in Valjean in

two different fields. In 1992 at Valjean in the field, of nine patrons there were three that had above-average open cows. All bulls had been checked and semen evaluated where necessary.

What we really are saying here is that we had no reason to know that these bulls were infected, in fact may have been infected by a cow that was brought into the pasture in '93. So that's basically the record that you had asked for.

Mr. Swenson: — Mr. Minister, you missed one. My information is, and you've confirmed it, that there wasn't one at Meyronne in 1991. And I've done a little checking and there are people that would allege that that particular pasture had over 20 per cent failure rate back in 1991 with . . . this would be 258-8 you've got down here would be the number.

Hon. Mr. Cunningham: — That is correct, that one of these bulls was apparently in the Meyronne pasture in 1991. We had no complaints from that pasture that we're aware of. And certainly different breeding fields in different pastures often have low conception rates for a whole number of reasons. But certainly we had no complaints on that pasture in '91.

Mr. Swenson: — Well I won't ask any more questions on the issue, Mr. Minister. I'm going to provide this to the patrons and I think they will probably have some questions for their pasture managers and people in the department. I understand some of them may want to see you in court some day so we'll let that process unfold as it should.

On the other issue, Mr. Minister, I just want to inform you that the individual in question is watching tonight and I'm going to go back to my office and check with the individual about the offer that you say has been made to him. And I will be back before my colleagues are finished and if that isn't the case then maybe we'll have to have some more conversation about this.

Mr. Toth: — Thank you, Mr. Chairman. Mr. Chairman, I've got a couple of questions regarding the GRIP (gross revenue insurance program) program. How many producers continue to be involved in the GRIP program, and where are we going with the GRIP program as far as provincial involvement?. And when is it . . . I understand, I believe it was last year. It was a two-year phase where the province was going to get out next year. Where will producers be when the program ceases?

Hon. Mr. Cunningham: — Mr. Chairman, there are 43,479 producers still in the GRIP program. The member is absolutely right; we have given notice to end the GRIP program, and this will be the last crop year, and at that time the provincial government and the producers will all be out of the program.

Mr. Toth: — Mr. Minister, everyone is quite well aware of the significant changes in the program last year, and with 43,000 producers still in the program that would indicate to me that there's a substantial premium has been paid into the program. Now the

way the changes came out, there really hasn't been a pay-out out of the GRIP program. And I realize you could argue, well there was a shortfall in the first year, and no one disagreed with the fact that there wouldn't be a shortfall the way the program was implemented.

I'd like to know where the program stands today as far as the funds in the program and what you anticipate you'll have by the end of the year in the program, considering that there possibly will not be another pay-out under GRIP this year, but there are going to be substantial premiums continuing to be collected under that program.

Hon. Mr. Cunningham: — Yes, Mr. Chairman. As of the last audited number we have on there, the balance in the fund is \$43,319,512. That has another year to run. We don't know again what the final balance will be, whether it could be . . . if the projected prices that are there now were to hold for the coming year it could be around \$300 million surplus in the fund. Certainly I think a fairly small shift in grain prices would reduce that to nothing or to a deficit. And so it's very difficult to predict the final balance that may be in the fund when we're out of it at the end of this crop year.

Mr. Toth: — Mr. Chairman, Mr. Minister, we realize that there's going to be a substantial surplus in the fund whenever it's said and done and I would . . . as you've indicated, there's roughly 43 million, \$43.3 million of surplus there right now. And there will be an additional substantial sum of money coming into the program because when you look at the number of producers, just factoring out, when you're in GRIP all your crops are included; you're going to be paying on all the crops that you put in this year so there should be a substantial sum of money in there.

Mr. Minister, when it comes to the end of the GRIP program and we've got a surplus in the program, will you commit to distributing those funds back to the producers who were involved in the program and stuck out the program, versus just taking the surplus and then beginning another program and building a program for the rest of the producers — now all of a sudden they have a free ride on a program that's been initiated through funds that have already been created through a surplus in the original GRIP. Will you commit to do that, sir?

Hon. Mr. Cunningham: — Mr. Chairman, it's interesting that the member opposite is so confident in grain prices. His colleague was lecturing me shortly that I shouldn't be confident that hog prices won't go down in the future. I think it's also true that grain prices are not something you can take to the bank until you see the cheques. So I don't know with all the amount of certainty that he does that there will be a surplus in this fund. Certainly that's what we're predicting at this time. I can make a commitment that we would pay producers' share back, at least as much as it's within our power to so do.

This is a federal-provincial agreement. And the agreement is fairly clear on how deficits get divided

up. It's not all that clear on what happens to surpluses. I would agree with what I think the member is saying, is that it shouldn't be rolled into a new program where farmers would be forced to sign up to a new program in order to get their share of the surplus that's in there.

So if we can work the deal . . . and again this is a federal-provincial agreement, any changes to it need the approval of the federal government and six other provinces. But I think I can assure producers with reasonable certainty that their premiums share would be paid back to producers at some point.

Mr. Toth: — Mr. Chairman, and, Mr. Minister, I appreciate that, the comments you've made, some of your views on it. I think it's only fair that the producers that stuck with the program and certainly will have put the funds in, should be the ones that at least should get back their portion of whatever is there or at least get some pay-out out of it.

Now if you think we're going to have a pay-out this year, in view of the grain prices as we see them today, they're going to have to fall a long ways in order to trigger a pay-out even next year because they are up substantially. And where the long . . . that average is in there, it was dropping off. One year's increase will not raise it enough to trigger a pay-out, especially under the way the program was changed.

Mr. Minister, a question regarding the head office. How many employees are presently employed, full- and part-time, in the head office in Melville today, and how many were there in October of 1991?

(2015)

Hon. Mr. Cunningham: — Mr. Chairman, there are 153 employees at the head office of Saskatchewan Crop Insurance to date. We don't have the number here for 1991 and I don't have anybody in the House with me tonight who was around in those days, but we can certainly get that number.

Mr. Toth: — Just one question, Mr. Minister, that's full- and part-time, the total number working at head office at the present time?

Hon. Mr. Cunningham: — Yes that's the total, full- and part-time.

Mr. Swenson: — Mr. Minister, I just went and phoned that individual and we got a problem here. Either you don't know what your people are up to or else you're trying to get me off somewhere else where I don't want to be, because he phoned and was talking to his lawyer as late as last Thursday and there is no offer.

So I don't know what the legal help that you've been paying for the last two and a half years on this issue are doing, sir, besides wasting the taxpayers' money, but they have seen nothing in writing. He himself has heard nothing verbally. And his lawyer said, if anything comes in on Friday, I will contact you on Monday, because of the conversation we had in here last week.

And like I said to you before, the longer this goes on the taxpayer pays the money, the lawyers get their chunk and the individual goes on and on and on and on without settlement. It doesn't make any sense to drag this thing out. And every week that's frittered away, Mr. Minister, costs the taxpayer more money.

I don't understand what the reluctance is to get on and settle this thing and why you would tell me tonight that there was an offer made two weeks ago when there is no such offer. That is absolutely bizarre, absolutely bizarre and unacceptable. If there is no offer, just tell me there is no offer and we'll be done with it.

But in all fairness to the individual and the whole process, I would think when you give me a commitment that you're going to get on and settle it, it would get settled. So can you give me some kind of commitment that your high-priced legal help that you've got working on this thing, aren't going to fleece the taxpayer any more and you're going to get on and cut this thing off and get done with it?

Hon. Mr. Cunningham: — Well, Mr. Chairman, I'm told that our solicitor has informed us that within the last two to four weeks, there has been a verbal offer. There have been written offers at various dates. Certainly I don't think this is a place to get into negotiating a settlement with an individual, and if it's going to end up before the courts, I think that will be counter-productive.

Again, I will certainly check into that information, but as of now that's the best information I have — that there has been a verbal offer made, and we are waiting on a reply.

Mr. Swenson: — Mr. Minister, you know full well that when these things are done, especially after it's gone through the legal process, people put their best shot down on a piece of paper and the lawyers go back and forth. I mean verbal . . . You don't negotiate that way and neither do I, nor does anybody else into these issues.

All I asked you last week, and you can check *Hansard*, is if you're going to go to court, fine, go to court. Let's get the thing settled. Let's not drag this thing on and on and on and make life absolutely hell for the individual; cost the taxpayer all sorts of money with ongoing legal fees. If court's where you want to be, let's go to court. Get her done.

But there are no written offers. The individual has heard nothing verbal. I mean that simply is not the proper way to negotiate after two and a half years, Mr. Minister.

Can you give me the assurance tonight that if that's where we're going, let's get to court and get it done; have your lawyer say that's it, let's go to court, let's get it in front of a judge, and let's get this thing sorted out so people can get on with their lives, and we quit spending the taxpayers' money. Can you give me that

assurance?

Hon. Mr. Cunningham: — I can give you the assurance that we certainly have no desire to drag this out, and I will once again attempt to, attempt to hurry it along. However I cannot guarantee that this can come to a quick settlement. Obviously there are two sides in every dispute, and this has been a long and difficult process. Certainly if I can speed it along I will do that.

Mr. Neudorf: — Mr. Chairman, Mr. Minister, I want to give you a little bit of a quiz here, a 50-question quiz — fill in the blanks and multiple choice. And if you give me the right answers, we can move along here with a fair amount of alacrity.

I noticed, Mr. Minister, that since last year, you've had a complete change in your ministerial staff. And there's . . . the following people have been quit, due to relocation to new positions. But, however, they don't seem to have gone anywhere in your department. I refer to Joanne Buhr, Gord Nystuen, G. Treleaven, Linda Ungar, and Judy Samuelson, and I notice the first three of those that I mention all left on the same day which was in September of '92. Could you explain if these people were relocated to another department of government and, if so, what their new positions are, and their new responsibilities and salaries.

Hon. Mr. Cunningham: — Mr. Chairman, the first three individuals that the member opposite mentioned were ministerial staff to the previous minister of Agriculture and went with him to be ministerial assistants in the Department of the Environment.

Mr. Neudorf: — Could you answer part B of that question?

Hon. Mr. Cunningham: — I've forgotten part B.

Mr. Neudorf: — What are their new positions — you partly answered that — and their responsibilities and their salaries? I think, now that I reflect upon what your answer was, I'll pursue more appropriate channels to get that type of information, so we can just leave it at part A.

Your new ministerial staff is Tom Halpenny, Andy and Don and Deanna, Elaine and Wendy, to save me the agony of going through some of those names. All of these employees were reclassified when the government revamped its MA (ministerial assistant) classification system. Explain how the new duties of these assistants differ from their previous duties under the old system.

Hon. Mr. Cunningham: — Mr. Chairman, there were no change in the duties. This is the same staff doing the same job, and other than some shuffling around within the office, basically they continue to do the same jobs after the reclassification.

Mr. Neudorf: — Well what was the hiring process that

was followed in hiring these people? Was there any open competition, or how did you manage to come up with these from their old job, as you say?

Hon. Mr. Cunningham: — When we reclassified we did not look for new people. It was simply a matter of classifying and setting pay scales and classifications uniformly across all ministers' offices, and not a change of personnel.

Mr. Neudorf: — Well the following assistants received salary increases in the course of being reclassified, and there was Andy got a 9.7 per cent increase; Elaine got a 7.4 per cent increase; and Wendy got a 12.2 per cent increase. So what I'm asking you: what justifies what appears to me to be a rather extreme salary increase?

Hon. Mr. Cunningham: — Mr. Chairman, I'm not sure where the member gets his numbers from, but there were no increases to anybody in my office as a result of the reclassification.

Mr. Neudorf: — Mr. Minister, the information that you have supplied us in the global questions was the basis for this interpretation. And when I start taking a look at anywhere from seven and a half to a twelve per cent increase in the amounts of monies that these people are receiving, especially as the colleague back here said, in zero-zero-two times, then it poses a question that I think has to be answered.

Hon. Mr. Cunningham: — Mr. Chairman, I think what the member is referring to is the reclassification that occurred at the time that I became Minister of Agriculture, and that is a result of, indeed, changes in duty when we went from a new staffing system and they were reclassified from . . . I think Wendy was reclassified from an intermediate secretary to a senior one, and Andy was reclassified to an intermediate ministerial assistant at that time.

Mr. Neudorf: — Well I notice then, Mr. Minister, that Mr. Halpenny and Ms. MacIntosh started about the same time as the others, and they were included in the reclassification, yet neither received any kind of increase in salary. So would you explain how the extra duties of reclassification warrant a raise in some cases but not in others.

Hon. Mr. Cunningham: — Mr. Halpenny started at that time and came in as the junior assistant, whereby Mr. Prebushewski was promoted to an intermediate assistant, and that's why he got the raise. Tom had just started at that time, so there was obviously no reclassification.

Mr. Neudorf: — I'm sure you've done this already, Mr. Minister, but I'm going to ask you now whether, if you don't have it here tonight, whether you would be willing to commit to detailing all the travel undertaken by ministerial staff including total cost, cost per staff member, the destination, and the purchase of . . . the purpose, pardon me, of each trip. Now these are standard questions that are normally asked, so you may have that information. While you're at it, also

give me the comparison of how those travel expenditures would compare to the previous year so that we can have kind of a rolling perspective of what your expenditures really are.

(2030)

Hon. Mr. Cunningham: — Yes, we do have that information on the travel expenses. I don't know if we have the previous year's here, but we have this year's. We have the in-province of \$3,603.43 . . . pardon me, that's the out of province. And the in-province, 8,856.02 for a total of 12,459.45. And I'm just getting the sheet photocopied and I'll send it over to you.

Mr. Muirhead: — Thank you, Mr. Chairman. Mr. Minister, I have a question that I would like to ask and it would maybe take a long time if we started going through all this. It's pertaining to a quarrying problem that's been going on since 1983 till now. And if I can just get a commitment from you, I won't spend time on it tonight. I just want to run it by you because I just want to ask this question: is the Department of Agriculture completely responsible for quarrying leases pertaining to lands branch land?

Hon. Mr. Cunningham: — Could you repeat that — what leases you were referring to?

Mr. Muirhead: — Just to give you a little scenario of the problem — in 1983 till 1988, there was a problem with a constituent of mine, a Mr. Bakken that they had purchased some lands branch land. But lands branch retained the quarrying rights. They only bought the surface rights.

And they had to get a quarrying lease through Energy and Mines. And there was an outfit, construction company called Squaw Creek Aggregate, that had a quarrying lease till 1988. This land was purchased in 1986 so the Bakkens couldn't get a quarrying lease until 1988.

Then there was a problem, and this has nothing to do with who's in government or whatever minister because it's been through several ministers. There's always been a problem. Lands branch would not allow Squaw Creek Aggregate to have the lease, so there's where the problem arose.

Energy and Mines wanted to continue their lease with them but lands branch wouldn't allow it. Because Bakkens in the meantime bought the land and the Squaw Creek Aggregate had made some slip-ups and they were not going to be allowed. They had broke their quarrying lease contracts and they were never going to be allowed to rent this land from lands branch.

So I went through this in long, long detail — pages. This is a *Hansard* from 1992 with the Minister of Energy and Mines in 1992 — the member from Swift Current. And so he had some people there that pulled the files, and when Energy and Mines came back on, he explained to me that we couldn't solve it at that time, that it was going to . . . by January 1, 1993 it

would be transferred into Rural Development. Well then, it went till '93 in estimates, with the member from North Battleford was the minister. And I'm not going to take the time to get into all these details because it would take hours here, I know.

And it just didn't happen and so he said there was a delay. And it was going to end up in Agriculture, he thought. And I understand now that lands branch has complete control and this is the question I was asking, that lands branch has complete control now of these quarrying leases. Is that right, Mr. Minister?

Hon. Mr. Cunningham: — Mr. Chairman, I think the member opposite is right in that there was legislation which changed the quarrying rights — on the new leases at least — to our department. My officials are not sure just where this one is at and I will certainly undertake to look into this particular case as it seems to have been a long-standing problem. And we will do our best to look into that particular situation and get back to the member opposite.

Mr. Muirhead: — Thank you. Mr. Chairman, Mr. Minister, is there any of your officials with you tonight that knows something about this ongoing problem?

Hon. Mr. Cunningham: — Some of the officials are vaguely familiar with it but they certainly don't know any of the details and we don't have any here tonight.

Mr. Muirhead: — Well so we don't have to . . . I just want to get this commitment from you, Mr. Minister. This problem was almost solved in '92. Like we got through with all the barricades with the member from Swift Current when he was minister of Energy and Mines, and there wasn't going to be any problem with the Bakken brothers — the one lives in Estevan and one lives in Arm River.

There was no problem in them receiving this here quarrying lease because they own the land now; they own the service rights; and all the other problems were taken care of. It was just the technicality of getting it . . . of lands branch would always say: well you've got to take it back to Energy and Mines; Energy and Mines said take it back to lands branch; and I understood. I finally understood it from the minister. He made it very clear to me from the officials that it was a problem that would be taken care of once it got settled into the right department.

So I just need your commitment because I can't go back to the Bakkens like I did in '92, and say it's going to be taken care of by January 1 and then in January it didn't happen until estimates came up in '93. And then I just can't go back to them now, and this is '94, and say well, here it can't be taken care of again.

Now we know where it's landed. It's landed in Agriculture. I just need a commitment that you will put someone with me that you can let me know . . . put someone with me in your department that can sit down and go through all the details, because this Mr. Bakken, Ronald Bakken has went to see a . . . (inaudible) . . . I believe — I may not be pronouncing

his last name right — and applied for . . . talked about it, and he said why don't you put in an application, which he did, and he has heard nothing. So if you can give someone that has the authority to settle this, which I don't think is a big problem, if it can just . . . somebody can sit down with cool heads, I think it can all be taken care of. Can you give me that commitment, Mr. Minister?

Hon. Mr. Cunningham: — Yes, I can. It sounds like a problem that fell through the cracks in the reorganization of government and we will get on it and I'll certainly have somebody get in touch with you who has the authority and knows the details.

Mr. Muirhead: — Mr. Chairman, Mr. Minister, thank you very much. That's all I'm going to ask you.

Mr. Neudorf: — Thank you, Mr. Chairman. Mr. Minister, looking over the information that you passed across a few moments ago, I asked you a question about all in- and out-of-province travel by your ministerial staff, and I received your page 52 from your document from Don, and he has taken four trips and he's the only individual mentioned here. I understand that he's your senior ministerial assistant and he's the only one that had in- or out-of-province expenditures paid for by your department. Is that right?

Hon. Mr. Cunningham: — No, that's not quite correct. Don was the only one that had out-of-province travel, so the out-of-province travel . . . the in-province travel, the \$8,000 is all ministerial assistants within the province, and certainly all of them have had . . . yes, all the ministerial assistants have had some in-province travel.

Mr. Neudorf: — Well you warded off my next question because from that I thought that Don was quite a high flyer here with that kind of expenditure all by himself, but . . . and that makes sense, that he would be the only one going out with you on these trips.

Mr. Minister, I notice that his out-of-province travel amounted to \$3,603.43, and he's gone to Vancouver with you and he's gone to Victoria with you and he's gone to Winnipeg with you for legitimate causes, I would surmise. And yet I find it very interesting that he would go with . . . well I don't know who he went with, but he did go to Prince Edward Island, and it was over half the total cost, over \$1,740, and you're telling me the purpose of that trip is not available. Now I know they've got good lobsters and so on in Prince Edward Island, but I . . . you know, give me some better reason to believe that the money was more well spent than that.

Hon. Mr. Cunningham: — I don't know why it says on the paper not available. That was the three-day provincial and federal Agriculture ministers meeting in July of last summer, so that's the reason for that travel. Don does usually travel with me out of province. When they send a farm boy like me out of province, they send some experienced traveller or

else they're afraid I won't come back. So that's one of the reasons why.

Mr. Neudorf: — Well I trust, however, the lobsters were good. But for now, Mr. Minister, that will be the extent of the questions for this evening. We'll pick this up at a future time. I believe your House Leader wants to make an announcement here to the chairman. If I could have the Government House Leader's attention.

Mr. Muirhead: — Mr. Chairman, Mr. Minister, just to speed up the process, I've had the pages take a photocopy of the **Hansards** for '92 and '93 so you'll know why they're being sent to you. Thank you very much.

Hon. Mr. Shillington: — I move the committee report progress.

**General Revenue Fund
Indian and Metis Affairs Secretariat
Vote 25**

Item 1

Mr. Neudorf: — Mr. Chairman, the impeccable cooperation that we are having from . . . between the Government and the Opposition House Leaders appears to have broken down. And we were under the impression, at this time, that we were getting ready for estimates of Social Services, and our critic is ready, and I noticed the surprised look on the Minister of Justice who's all raring to go here so we have a little bit of a problem. Perhaps the government House Leader . . . have you got your Social Services officials ready?

Hon. Mr. Shillington: — Yes. In speaking with the member from Morse before supper, he was relatively clear that we were going with SIMAS (Saskatchewan Indian and Metis Affairs Secretariat) and then with Social Services. I don't know that the Minister of Justice is hung up on the matter. If the opposition wants to go to Social Services, or if you want to spend a few moments on this and then go to Social Services or . . .

An Hon. Member: — Yes, we could do that.

Hon. Mr. Shillington: — Okay. Why don't we, since there has been some . . . Yes, the member from Morse is fairly clear, I say to the member from Rosthern, the member from Morse is fairly clear about what we should be doing.

An Hon. Member: — Give us a minute and we'll get a Justice critic in here.

Hon. Mr. Shillington: — What . . . or SIMAS? Why don't you let — this is SIMAS — why don't you let the member from Regina Northwest go first? She had some questions and then . . . (inaudible interjection) . . . Yes, it is SIMAS, Saskatchewan Indian and Metis association, not Justice.

(2045)

Mrs. Bergman: — The best line of questioning, Mr. Minister. What are the major objectives of the programs that your — the programs themselves — that your department delivers.

Hon. Mr. Mitchell: — Mr. Chair, and to the member, I think it's correct to say that we don't actually deliver a program as such, but we are the coordinating agency and the policy agency with respect to Indian and Metis people and the government's relationship with them. And so we will get together the right people on the provincial side to deal with the Federation of Saskatchewan Indians, for example — the Federation of Saskatchewan Indian Nations — and facilitate the discussions, and provide some leadership, and deal with the policy questions and that sort of function. We don't deliver a program as such.

In the past we have done so. In the past we have delivered a grant program to Indian and Metis organizations, but as of last year that program was transferred to the Department of Economic Development, and we don't actually deliver a program as such.

Mrs. Bergman: — Thank you. The total budget for the department is increasing by \$10.1 million which is an increase of 75 per cent. That's a considerable increase. Aside from treaty land entitlements, there is still an increase of 600,000 or 25 per cent. I would expect this has meant some considerable changes in the operations at the secretariat. What benefit will the people of Saskatchewan receive as a result of this increased spending?

Hon. Mr. Mitchell: — I'm not certain I know how to answer the question in the terms that the hon. member asked, Mr. Chair. There are two new person-years of employment included in the figure, and those have to do with the implementation of the Treaty Land Entitlement Agreement, land selections, and the problems related to that.

And we have an additional \$470,000 in the budget to help fund the bilateral processes that we have set up. Now the member will recall those are the agreements that the government has entered into with the FSIN (Federation of Saskatchewan Indian Nations) and with the Metis Nation of Saskatchewan, a process whereby we can identify and work on issues of common concern.

And we fund the Indian and the Metis participation in that process. It's a process that is greatly to our advantage because, as I mentioned before the supper break, we have finally learned that in order to reach viable solutions to some of these problems we have to work very closely with the Indian people and the Metis people, and they have to be involved in working those things out so that we have to provide them with some funds so they can participate in that process. But those are the two items of increased expenditure.

Of course you had correctly identified that the major sum is for the treaty land entitlement process.

Mrs. Bergman: — I'd like to ask you some questions on the subvote areas. The salary budget is increased by 131,000. You said there are two new full-time equivalents. Is this how the money is being spent, and what roles do those new positions fulfil?

Hon. Mr. Mitchell: — Those are the two positions that I mentioned in my previous answer. They are both analysts. One is a senior position. The other is a junior position, and they're both concerned with treaty land entitlement implementation.

Mrs. Bergman: — As you say, the staff will administer the treaty land entitlements, and the total budget for treaty land entitlements is going up by 86 per cent. But your budget to administer a larger program is only going up 8 per cent, and the operating expense is frozen. This is admirable. How was it possible for you to do that?

Hon. Mr. Mitchell: — Well I think that it was a matter of good management, if I may say so without embarrassing my officials. They have really focused hard on the core things that we have to do and eliminated all the other things, and their focus has helped us to contain expenses in this area, and I think it's probably just as simple as that. We've given them a mandate and provided them with the bare essentials of support.

I might just mention that this is a very small unit to be doing such a big job, and if you consider the size of the Indian and Metis population in Saskatchewan, it's really quite remarkable. We deal a lot with other provinces on these questions, trying to ensure that the developments across the country are more or less done in harmony with each other. That brings us in contact with some pretty big governments. And in the case of the Government of Ontario, there were more people in the minister's office, as part of the minister's staff, than there is in our whole secretariat. So we're quite proud of the efficiency with which we're dealing with these questions.

Mrs. Bergman: — Again I congratulate you on that efficiency. How much of this policy and coordination budget will be spent on public consultation and outreach?

Hon. Mr. Mitchell: — We can't identify any particular sums in the budget that relate to public consultation and outreach as such, but the member's question is still a fair question because the whole operation is geared towards that.

We, as I mentioned earlier, are the contact point between the government on the one hand, and Indian and Metis organizations and communities on the other. And that means that we are out there all the time. For example, in the land acquisitions that are taking place under the Treaty Land Entitlement Agreement, our staff — our senior staff — is out in the communities around Saskatchewan dealing with little problems that arise, and trying to work out an accommodation. And a good example is the Bronson forest that the member from Rosthern was questioning

me about just before supper tonight.

Our staff has been . . . several trips out there to meet with the Thunderchild Band and with the people who are concerned about the Bronson forest, to try and mediate an understanding between them, and develop a co-management agreement and related kinds of arrangements that can ease that passage, and result in the community being whole — being in good shape, being able to deal with the situation without tearing at the fabric of the community.

So we're kind of out there all the time and we think practically all of our staff apart from secretarial and clerical spend a good deal of time out in the community. So we kind of are outreaching and consulting more or less steadily.

Mrs. Bergman: — Thank you. The accommodation budget is frozen. Where is this money going and how much of the budget will be transferred to SPMC (Saskatchewan Property Management Corporation)?

Hon. Mr. Mitchell: — That entire amount in item 2, the \$237,000, all goes to SPMC. It's for rent and for mail and for the other things that SPMC does.

Mrs. Bergman: — Thank you. In the subvote on aboriginal organizations and issues, the budget is increasing 470,000, or up by 70 per cent. Can you detail which organizations will receive grants?

Hon. Mr. Mitchell: — We haven't made these announcements yet, but I can describe them in rather generic terms. To what I will call Indian developments, will be 330,000; to Metis developments, 265,000; to Indian, Metis, aboriginal women, 170,000; other aboriginal, 74,000; and that totals 839,000 altogether.

Now when I say Indian developments, that would include funding for the FSIN, for example, to participate in the bilateral process, as well as to some of the tribal councils for some specific projects. These are all project-related functions. Similarly with the Metis, although that's a somewhat confused situation at the present time, it was intended at the time the budget was struck that some of it would be for the Metis Nation of Saskatchewan and some for other Metis organizations, community-based organizations of one sort or another. And of course the other items, I think, speak for themselves.

Mrs. Bergman: — Do your officials know how much of this funding will be used for salaries and overhead and how much will be used for programs delivered by the third parties?

(2100)

Hon. Mr. Mitchell: — The answer is a little bit of each. Each of these organizations has presented to us a budget with respect to the particular project. For example, in the FSIN bilateral process they presented us with a budget. We are budgeting for a fraction of their request because we simply can't . . . we don't

have the money to meet their request fully so we provide them with a level of funding which is a fraction of what they've asked for.

Most of that would go into salaries for staff that will permit them to participate in that bilateral process. To some extent they'll use their existing staff and try and reallocate their time so that they can devote time to the project and they may bring in contract employees or temporary employees or some arrangement like that so that in that case it would be probably pure salaries.

In others, with respect to our funding for Aboriginal Women for example, we know that they are using that money for particular projects, probably outreach projects to aboriginal women or counselling or that sort of thing. But in each case they present a budget to us and in each case we make an allocation which I'm sorry to say is only a fraction of the amount that they need and ask for, but it's a lot better than nothing and recognizes that the government appreciates the validity of the proposed project that they have, and we're doing the best we can.

Mrs. Bergman: — Thank you. The allocations to Indian and Metis organizations is increasing over 100 per cent but the budget for aboriginal employment development is dropping. How long has this employment program been in existence?

Hon. Mr. Mitchell: — This kind of program is, I'm advised, about seven years old. It started out as a grant to employers so that they could hire individual aboriginal people, and it was quite a big and expensive program at that time. We've swung away from that now to encouraging employers, and assisting employers, to develop programs whereby they will employ aboriginal people as part of their normal workforces without any subsidy so far as salaries are concerned. We are prepared to put some money into their planning process and help them in their planning process to encourage them to develop these special programs for the employment of aboriginal people.

We also provide some grant money to post-secondary institutions like the Indian cultural college and the like to work on strategic links between employers and aboriginal people, and try and make that process work a little more smoothly.

So it's been a change in the focus of the plan. That means that we're spending a lot less money on it because we're not paying the wages. The employers are paying the wages, but we like it because it has a more permanent quality about it, leads to the kind of jobs that are likely to last beyond the program, continue indefinitely into the future, and we're quite satisfied with the results.

Mrs. Bergman: — Demographic profiles indicate a large increase in the aboriginal school population over the next 10 years. Could you describe for me the programs and initiatives this agency is undertaking to support the needs of aboriginal school children.

Hon. Mr. Mitchell: — It's a very good question, and the answer is that we're not directly involved in the problem that the hon. member raises. It is, in the final analysis, a school division problem, with the assistance mostly of the Department of Education.

We do a lot of work with community organizations, and those organizations, or some of them, are directly connected with aboriginal kids going to school. And we fund some of those organizations or fund them to some extent, and we encourage them, and we facilitate them. And they are concerned with the kids going to school and some of the problems that the kids encounter and try and . . . So in other words, we encourage the aboriginal organizations which in turn deal with the problems that the hon. member has referred to. We're not directly involved in the little-kids-going-to-school questions.

Mrs. Bergman: — In November 1993, the Public Service Commission co-sponsored a one-day seminar in which Ted Gaebler, author of *Reinventing Government*, was the guest lecturer. In the course of his presentation, he commented that the whole exercise of reviewing expenditures and budget plans hinges on one simple question that I would like to ask of you now: how is the quality of the life of the citizens of Saskatchewan better as a result of your department's activities?

Hon. Mr. Mitchell: — I was present during some of that conference, and I met Mr. Gaebler, and of course most of us have read his book, I guess. I think that this is one of the key functions of government. I say that because of the demographics of Saskatchewan which the member has referred to, and the trend lines.

There is simply no question that the relationship of aboriginal groups to the larger Saskatchewan community is going to become increasingly important as time goes on. I believe that we have allowed the situation to deteriorate to the point where the problems, the social problems being encountered by Indian and Metis people, have become so large that they really overwhelm other social problems that already exist in this province.

So what we're doing in this secretariat, performing some of the functions that we have discussed already, and pursuing our mission and following our principles as we were discussing before supper — I believe we're doing one of the key functions which is important now and will become increasingly important in the future. We are touching upon and involved in processes that will spell success or failure in our ability to deal with these issues and these problems.

So I can answer Mr. Gaebler quite directly that what we're doing here is an enormously important and necessary function of the provincial government in relation to these issues we've been talking about. I believe the federal government has a huge responsibility as well that includes Saskatchewan but includes other parts of Canada also. And they must be — and I know they are — very concerned about some

of the same things that are concerning us in this Assembly.

I am quite satisfied that this is a vital and necessary function for government to be performing, and I would be pleased to answer Mr. Gaebler on this question in exactly those terms.

Mrs. Bergman: — Thank you. Just as a last note, previous ministers have agreed to respond in writing to a number of written questions submitted by the official opposition, and I am asking you today if you would please ensure that we too are provided with copies of your answers.

Hon. Mr. Mitchell: — Yes of course.

Mrs. Bergman: — Thank you for your time and the time of your officials; I appreciate it.

Item 1 agreed to.

Items 2 to 4 inclusive agreed to.

Vote 25 agreed to.

(2115)

Hon. Mr. Mitchell: — Mr. Chair, on behalf of the Assembly, I'd like to thank Mr. Hendrickson and Mr. Reid for coming here tonight and assisting the committee in its work and for coming here so often in the past as we've called on them, I think, five or six times to come in order to complete these estimates. We really appreciate their efforts.

Mr. Toth: — Mr. Chairman, I'd like to extend my thanks to the officials and the minister as well for being here and responding to the questions over time to this portfolio. Thank you.

General Revenue Fund Social Services Vote 36

The Chair: — I would ask at this time the minister to introduce the officials who have joined us here this evening.

Hon. Mr. Pringle: — Thank you very much, Mr. Chairman. To my right is the deputy minister of Social Services, Conrad Hnatiuk; behind Conrad is Neil Yeates, our associate deputy minister; behind me is Bob Wihlidal, our budget director; and behind Bob is Phil Walsh, our director of income security programs.

Item 1

Mr. Britton: — Thank you, Mr. Chairman. And I would start off by welcoming the officials here tonight. We have a few questions we'd like to develop with the minister and I'm sure he'll need your help.

Mr. Minister, we got started once a few days ago and we got hung up a little bit on our interpretation of . . . or at least my interpretation of what I thought was abuse

of the system and things like that, but I think I'll leave that for a minute and I would like to start off probably with a new series of . . . a new approach.

And could you start off by letting me know how many people are on welfare for March in 1994? What's the numbers now, in March?

Hon. Mr. Pringle: — Thank you, Mr. Chairman — 40,993 cases representing 82,000 people.

An Hon. Member: — Say that again.

Hon. Mr. Pringle: — There are 40,993 cases representing 82,000 people in total.

Mr. Britton: — The numbers seem to be still going up at about a thousand a month, Mr. Minister, and I think if you remember, we were arguing a little bit about what you would call levelling off, and I suggested that levelling off at a thousand a month was not what I would consider a good thing.

Mr. Minister, you suggested in the *Star-Phoenix* that I was being a little hard on the poor, as you put it. I would like you to indicate to me, sir, any place in any of the conversations we had that indicated that I was concerned in anything but the folks that need help, and I was trying to develop with you what I thought was the fact that there was abuse of the system, and it was the abuse of the system that I was concerned about.

Hon. Mr. Pringle: — Yes. I think your member, the hon. member is referring to the article written in the *Leader-Post* by Mr. Murray Mandryk. And I won't repeat the words that he used, but I think that's the article that you're referring to. I'm not aware of any article where I'm quoted as saying that, but I stand to be corrected.

Mr. Britton: — Thank you, Mr. Chairman, Mr. Minister. Well Dave Traynor is the reporter that I'm referring to, and you deny that your department was soft on security. You also said that you had hired 30 additional investigators. You stated that in the same article, Minister. So I would ask you, is this true? Have you hired 30 new investigators?

Hon. Mr. Pringle: — Let me say, first of all, that I'm aware that I've made some comments in question period during our discussions that would concern me in terms of a perception that abuse is higher than it really is and that we've got significant controls in place to ensure that people who are receiving benefits are entitled to receive them. We have 31 of those verification officers as you had referred to — 31.

Mr. Britton: — Thank you, Mr. Minister. Were they hired? How did you get these people?

Hon. Mr. Pringle: — Yes, they were hired in July 1993, and they are in place and they are . . . This is a response, since the last audit report came out that I was just talking about the other day, in terms of one of the measures that we've taken that would ensure

greater accountability.

Mr. Britton: — Well thank you, Mr. Chairman. Mr. Minister, I have received some information that came from your department on the investigators that you say you hired, and I would like to quote from the letter that I received, and I quote:

When the NDP came into power, they wished to give a caring and competent image and fired all of the investigators and auditors for the entire year. There was absolutely no balance in checks. The case-loads were frantically increasing due to word that it was particularly easy to be granted assistance in Saskatchewan. Not faulting the workers, as they did not have time to follow up or if they refuse an applicant there was no backing from government and management, but rather instructions were given to issue funds.

End of quote.

Did you hire or did you . . . Were these people brought in from another department? I have the information, Mr. Minister, that you got these out of clerical staff. Is that true?

Hon. Mr. Pringle: — Well let me say that what we did is we dismantled what you were calling the fraud squad, which cost the taxpayer about \$600,000 a year and saved about 300,000 or just a little bit less. And we replaced that fraud squad with other accountability measures that, by the way, we believe are in fact more effective.

These people are called case verifiers. And the verification occurs before the cheque goes out which is where the verification should occur, not once the cheque goes out trying to make sure that the situation was done correctly.

So there are case verifiers, and the follow-up is before the cheque goes out rather than after and we think that is an improvement.

Mr. Britton: — Thank you, Mr. Chair. Mr. Minister, you're talking about \$600,000 costs but if you look at the records, and it's authenticated by the auditor, under that so-called fraud squad they saved \$23 million. That's a pretty fair return on 600,000.

My question is to you, Mr. Minister. If you look at the numbers of people that are on welfare since you were elected, it indicates that this anonymous letter that I received, is right on the money. It came out of your department, Mr. Minister, and you talk about an investigations unit. Well do you have a full-scale investigative unit now?

Hon. Mr. Pringle: — Let me make it very clear to the hon. member that the increases in case-loads have nothing to do with the issue of fraud and abuse, and I would prefer that that not be perpetuated because that isn't the situation. The increases in case-loads are due to changes in the UIC (Unemployment Insurance

Commission) program. We've been over this many times. Yes, they are, in April of 1993. We can document this — changes in the treaty offload in July 1, 1993. Now you know that.

We support the FSIN to reverse that decision. And also the changes in the recent federal Liberal budget, which have taken another \$40 million in benefit reductions from UIC, will impact on our case-loads. People will come on social assistance earlier and that takes \$40 million out of our economy and it also will increase our case-loads. So if you take away those three major federal offloads, the case-load is actually stabilizing. And I'd be happy to go over those numbers for you again.

(2130)

Mr. Britton: — Thank you, Mr. Chair. I think, when you do that, maybe you should compare the UIC numbers at the same time with the case-load that you have here. You cannot continue to blame the offloading from the federal government for the amount of people that are on welfare in Saskatchewan today. You can't do that. You've only got, you told me one time, eight thousand, then you told me it was nine five. So you take nine five from 82,000 and you can't blame it all on the federal government. It just won't wash.

Now if you don't have abuse of the system, you're trying to tell me that there's 82,000 people in the province that need welfare? I can't believe that and there are many people who are phoning me, Mr. Minister, who don't believe it either. And I'd like to read some more from the letter I received. It says:

Possibly to appease some public outcry of welfare abuse but mainly to satisfy the Provincial Auditor, the department seconded 30 staff in April of 1993.

And that's the end of quote. You said you hired them. These people tell me you seconded them. Mr. Minister, is this true and if it is true, why didn't you report that to the information you provided to my office?

Hon. Mr. Pringle: — Well first of all let me say that I'm not blaming anyone for why the case-loads are up. I'm telling you, I'm stating a fact, as to why the case-loads are up and I'm surprised that you're still not willing to see some relationship between those decisions to federal offload and increase in case-loads.

Now what I hear you doing though, what I hear you doing is you're not willing to blame the federal government, but you're positioning yourself to blame low income people for being on assistance. Yes you are; you're making the claim that the case-loads have gone up because of welfare fraud and abuse, ignoring the accountability measures that are in place, ignoring the fact that people are honest basically, that they're looking for opportunities. You're ignoring the broader situation, and so I would hope that your analysis doesn't lead you to continue blaming people who are

unemployed.

And that's maybe why the *Leader-Post* and Mr. Mandryk and the social justice groups are viewing you as somebody who . . . they use the term mean-spirited. I'm not saying that. But maybe that's why they've come to that conclusion because you continue to . . . the only issue you've raised with me in several hours of estimates is the issue of fraud and abuse. So you're feeding into that notion that that is responsible for the case-loads. And you've got the Prime Minister feeding into the notion that people are home drinking beer who are on assistance. Now that does nothing to deal with the situation in a constructive and helpful way.

I can assure you — absolutely assure you here — that the 31 verification positions are brand-new positions. Now that's not to say that some of them weren't filled by secondments, but there was no back-filling to those positions. So those are brand-new positions, despite what that letter you have might say.

Mr. Britton: — Mr. Minister, you keep on insisting that the numbers came out of the federal off-loading, and I will accept them. I accepted your 8,000 the first, and I accepted your 9,000, but we're talking 82,000. So you can't blame the whole thing on to the federal government, and I've got no problem making the federal government face up to their shortcomings either.

But what I'm trying to tell you is that I am getting letters, and I'm getting phone calls that tell me that there is abuse out there in the system. In the system when we were in government — and I pointed this out to you — we brought the . . . there's errors in your department. The auditor pointed that out to you. You were doing nothing until July 1993 — nothing — to try and cut down the abuse of the system.

That's what I'm trying to tell you, and you keep coming back at me and trying to beg off on the numbers. And I'm telling you, if you could cut the abuse out, you could give those people that need it more money. And I brought a case to you today where you were underfunding one person who needed it. That's what I'm trying to tell you.

And I will like to just go to another letter that you should have that was sent to your Premier, by another person who was willing to sign his name, about abuse. And he's saying you won't pay any attention. He says, part of the letter and I quote from this letter:

The abuse within the system is atrocious. The yet ruling body, according to Mr. Murray Gross, believes that this is airtight, is all right. He said, Mr. Gross, who is the man to talk to in Mr. Pringle's office, believes that only three to seven per cent of the people on social assistance are dishonest. And according to you, Mr. Britton, (talking to me, I'm reading from the letter) Mr. Pringle believes that all people are honest.

And that's what you told me and that's what I told him in a conversation. Well it says here:

Wake up, Mr. Pringle and Mr. Gross. Mr. Gross says these people should have the dignity to spend their money the way they want. The key word in the sentence is "their" money. I would like to ask Mr. Pringle, if he isn't too busy, exactly where does their money come from? I always assumed it was from the taxpayer. However, I've only lived here for 30 years, so maybe I could be wrong.

This is the kind of letters I'm getting. And phone calls. And you're telling me that I'm beating a dead horse because I suggest that there's abuse out there. Well, Mr. Pringle, according to him, Mr. Pringle, wake up, he says.

So it's not just my own personal vendetta against a few people, as you put it. Mr. Minister, according to what I am being told, and I have other people calling me, there is serious abuse out there and you had no control over it. You didn't even start on it until 1993 and that was because the auditor got after you.

Mr. Minister, I will ask you another question. In July of 1994 were you on budget?

Hon. Mr. Pringle: — Well let me say respectfully, we don't know. It's not July 1994 yet. When it comes July 1994 then I can respond to that.

Let me say that if anyone has names of people they believe are abusing the system then they should give them to me. And I'm not asking for names here tonight, but you should give that to me. We talked this afternoon. You're welcome to give that to me at any time and we look into those.

Obviously we're concerned to make sure that people who receive social assistance are entitled to it. Now we happen to believe that that means the vast, vast majority of people. And we are well aware that we've got an obligation to make the program efficient and accountable. And we're doing that.

Now you're generalizing tonight about welfare fraud and abuse being rampant. And you're using selected letters from here and there, but every time you come to me with a case — and you would admit, I'm sure, that this is true — your concern is that they're not getting enough to live on. Well how come it is that the cases that you bring to me are all legitimate, but then you generalize that everybody else's case is not legitimate. You can't have it both ways. And I take very seriously any case that you bring to me, and we try and respond as quickly as we can.

So what I would say just to refer you to . . . you've mentioned the auditor two or three times tonight. And I know you've read the report, but I'll just review here that the auditor believes . . . now this is the report ending in 1992-93 year — fiscal year. As you know that's over a year ago. The auditor notes that the Department of Social Services had adequate rules and

procedures to control social assistance payments except one in the area of random sampling of clients; and secondly in the area of a written and tested contingency plan to ensure that the computer could respond . . . if the computer went down, we'd be able to continue to run the program and be accountable.

Now I've indicated to you in many other occasions that since that report which is over a year old, that Social Services had complied with the recommendations made over a year ago by reintroducing the random verification process. We hired 31 staff as verification officers. We've entered into agreements with other western provinces in terms of assuring that people are not eligible . . . do not collect in different jurisdictions. And we've provided additional support to Legal Aid for family law to pursue maintenance. And I could go on and on.

I gave to you — the last time we were in this forum — two pages of accountability measures that are in place. And what I would say to you is that we take the position that we need to have adequate controls in place and that we have made adjustments to the recommendations made by the auditor. Now if you read that report again you'll have to admit, to be fair to us, that if you combine these things I've outlined to increase the accountability, that we will have a very favourable report, with the next auditor's report.

Now I don't know what else you want us to do. I really don't know what else you want us to do. But we're certainly not going to, in a punitive way, start dumping on welfare recipients and give them one-way tickets out of the province. We're not going to do that.

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, I agree that I did have the date out just a mere year, so it wasn't too bad I guess. But the question was: were you on budget then in July of 1993?

Hon. Mr. Pringle: — Well yes, we were until the federal government made a decision on July 1, 1993 to make us responsible immediately for the social assistance of all treaty families off the reserve. So we were but this is how the federal offloading has contributed in subsequent months to sending us off our budget so to speak.

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, we will talk about the net cost to the province from the federal offloading a little later on but I want to quote from this letter I got from your department. And the letter goes on to say:

considering what they offered to pay in comparison to work expected, they recruited mainly clerical staff who were looking for an opportunity to move beyond secretarial work. By most accounts and statistics these folks have done a fine job. In going into it, they were advised that the department was \$3 million over budget and needed to recoup this. Reports show that these staff have effected a saving of \$2 million.

That's the end of the quote. Can you comment on that?

Hon. Mr. Pringle: — Well these people are classified as assistant social workers. I'm not familiar with those figures that you're using, I'm sorry. That doesn't fit for us here.

Mr. Britton: — You're saying that you were not \$3 million over budget in July of 1993?

Hon. Mr. Pringle: — Well I think that the hon. member could appreciate that we don't do a forecast every single month, and what you do is you have to look at the whole year. I mean we attempt to live within our budget as best we can. We attempt to do a quarterly, I guess quarterly, projections, monthly budgets, but it changes from month to month and new features sort of add into it. In 1993, in April, there was the first federal offload by changes to the UIC program. Now that's well established; that's not blaming anybody. That's a well-established fact which ended up dumping additional UIC claimants that lost their benefits early on to social assistance provincially.

Now that probably about July would have been building a little bit. Three months later, July 1, another federal offload, and we've documented the numbers of those two offloads into 1993-94, and lo and behold with the federal budget another offload. So these things obviously will put pressure on the provincial budget, on the social assistance budget. But as for where we were in that one month of July of 1993, I think a more relevant number is to where we were at the end of the year and why.

(2145)

Mr. Britton: — Thank you, Mr. Chairman. Well, Mr. Minister, the letter went on to say that you were able to effect a saving of \$2 million by bringing these people on staff which is exactly the point I'm trying to make with you. You did, by bringing on these 31 — call them what you like — you were able to get a saving of \$2 million, and this comes right out of your own department.

So far as I'm concerned they make my point. When you disbanded what you called was the fraud squad you allowed things to get out of hand to the point where there was abuse. There was errors that you didn't have control over; the auditor brought it to your attention. And in fairness to you, you went out and you got 31 people and they saved you 2 million bucks already and I compliment you and them for doing that. And that's exactly what I'm trying to say. You need some controls and the auditor told you that.

Now, Mr. Minister, you and I are not going to agree, I'm sure, but I'm going to leave this for a little while. And I want you to comment on this: you told me that your staff . . . you have an investigating unit of 31 people. Would you provide me with a list of those employed within the department investigating unit, and please include when the individual was hired and

their salary, will you please?

Hon. Mr. Pringle: — We don't have that with us, but we'd be happy to send it over to you as soon as we get it in the next day or so, if that's okay.

Mr. Britton: — Thank you, Mr. Minister, we'll accept that.

Now these 30 individuals, if they were not seconded, were the positions advertised? And if so, in what papers? Could you tell me that?

Hon. Mr. Pringle: — Initially those positions, because we wanted to fill them quickly, they were by and large through secondments, and we back-filled behind those people on a temporary basis. But subsequent to July 1993 there were competitions along the way and they were filled one or two positions at a time. We'll summarize all of those for you, including how we advertised those positions and who filled them when we get the information over to you in the next day or so, if that's okay.

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, that will be fine.

And I understand from what you said that these individuals are referred to as verifiers; I think that's what you call them. And do verifiers have a job description within the department?

Hon. Mr. Pringle: — Yes, they're case verifiers, and we will send a job description to you as well with that information.

Mr. Britton: — Thank you, Mr. Minister. If the information I received from your department is accurate, these verifiers are conducting house calls on clients, calls which are extremely risky being that some of the clients they call on actually have criminal records. It is also my understanding that these investigator-verifiers work with the police on some of these calls. What I would like to ask you, Mr. Minister, what kind of training and experience do these 30 new verifiers have? Are these individuals in any sort of danger while conducting their work?

Hon. Mr. Pringle: — Well in terms of the training, basically these people are trained in the program and service requirements to ensure that people meet eligibility. I can assure you that we would not support sending people into dangerous situations. If there were such an occasion where a verifier wanted someone else to go along, that could be accommodated. That would be very, very, very, very rare because I don't want to create a perception that by and large people are dangerous. That would not be an accurate reflection of the situation.

But I want to stress again that the verification, unlike the glory days you're talking about earlier, occurs now before the cheque goes out — that's the key — not after the cheque goes out. And we are confident that these people have the proper training to ensure that we're picking up errors, and many of these

inaccuracies are errors, and we should keep that in mind. I mean there are high workloads, and there's a lot of work to do, and we try and do that extra check before the cheque goes out, and we believe that we catch most of the errors.

Mr. Britton: — Thank you, Mr. Chairman. Mr. Minister, again I refer back to the information I got from your department, and I asked you if there was a job description. Now in the information I got from your . . . leaked information I guess is what you call it — they're saying to me that . . . part of it, and I'll just quote part of it "and yet the department refuses to recognize their job description and continues to pay most of the verifiers clerical wages." Have you a comment on that?

Hon. Mr. Pringle: — As I indicated earlier the jobs are assistant social worker positions. These positions in terms of the salary and benefits are part of the classification system of the Public Service Commission. So that's the way that these are determined. And you know if you're operating from a letter there, an anonymous letter apparently that I haven't seen, so I mean, I don't know what else it says.

If you want to send me over a letter I can try and respond to . . . if you want to send me a copy of that I can try and respond to other questions that might be on there, either tonight or in the summary that we're going to send over to you. And I'll be happy to try and do that.

Mr. Britton: — I may just do that, Mr. Minister, because it seems to me that you don't agree with what has been given to me as being authentic. And I would suggest that it is. I didn't solicit this information, it was sent to me. And it was sent to me as the saying goes, leaked. Anyway, maybe we would go on.

And can I ask you, how effective is the unit that you now have? I think we looked at it here a while ago. You've managed to get 2 million bucks in, so I guess it's fairly effective. So can I ask you this: how much money was collected by your verifier unit in the years of '91, '92, '93 and '94 to date.

Hon. Mr. Pringle: — Well first of all, let me say that it's not a matter of collecting money; it's a matter of making sure that money that goes out is going out in the intended amounts to the intended people. So it's prior to sending the cheque out that we verify the information.

Now we don't have here with us tonight the information you're requesting, back to '90 or '91. Now again, we'd be happy to provide that information to you. But I just want to clarify again, the glory days — as you refer to them — in terms of saving the taxpayer money, I'm telling you that it cost, in the last year of your administration, the fraud squad cost \$600,000 to operate. And it's estimated that that saved something just under \$300,000. In other words, it was cost-inefficient.

Well you're shaking your head; you don't agree with

that. Well I don't know why you don't trust that information. I'm getting the information based on some analysis. And I mean you're giving no legitimacy to the additional control measures that we've brought in, but somehow you're not prepared to accept that, just because you had a system in place, that it ended up costing more than it saved the taxpayer. I'm telling you that that's the reality.

You're basing your entire facts tonight on this anonymous letter that you received from somebody. I don't know who you received it from. It's not a matter of ... it's not leaked information. That unit is public information. It's not a secret fraud squad.

Mr. Britton: — Thank you. Well I gave you the figures, Mr. Minister, in our last session, that showed you over the years that that so-called fraud squad you're talking about brought the error, the error factor, from 14 per cent down to less than 2, from \$27 million of abuse down to, I believe it was 2 million. It was 4 million, 27, 23 — \$4 million. That was \$23 million savings just by having somebody out there looking. And your own figures show that it does work.

But you're flopping around over there trying not to admit that you've got yourself in a bind by discharging all those investigators. And the auditor brought it to your attention and told you to get your act together, is what happened. And in 1993, July, you did. So you don't have those figures. Well in 1991, '92, '93, and '94, you should have some figures. Why don't you have them? You should have had those kind of figures and that's what he's telling you.

Can I ask you another question? How many individuals have been charged with defrauding the department and how has this number changed from 1991 to 1993?

Hon. Mr. Pringle: — Well I mean, when we started tonight you were feeling hurt, your feelings were feeling hurt and you were wondering why somehow you were perceived as beating up on low income people. Well for the last half-hour it's become clear to everybody in here and anybody listening at home why, because you continue to equate everything to welfare fraud and abuse, which reflects on people who require assistance. Well that's what you've done.

You're confusing error rates when you talk about what was done, the 27 million. You're confusing error rates with the issue of abuse. Yes, and you're saying abuse because that's what you're hanging your hat on because you don't trust people. You don't trust people except your rich friends.

Now the reason that the error rate is increased has nothing to do with the fraud squad. I'm telling you that the fraud squad cost \$600,000 a year and it saved about \$280,000 a year. So don't attribute a whole bunch of things to that that aren't valid.

(2200)

The reason the error rate was reduced had to do with

many things — enhanced procedures, an automated system, better training, better procedures. And we've enhanced the accountability measures. We've built on — in a more humane, sensitive way, but more effective — we've built on to the control measures. We know that we've got to be accountable. We are accountable.

Now you asked in terms of the fraud referrals. As of May 1, 1994, there were 124 active fraud referrals to police forces, involving about \$650,000 in overpayment benefits. So let's put that into perspective.

Mr. Britton: — Mr. Chairman, Mr. Minister, you don't tell us the year that this \$300,000 return was. You don't tell us that the fact that the fraud squad was there, as you call it, cut down on the fraud. It cut down on it. The error and abuse factor was 14 per cent. I told you that last time we were together and I showed you what had happened, and the fact that the fraud had gone down indicates that the fraud squad was doing their job. Now you ... you're talking here ... you had 124 fraud cases that involve \$600,000 — \$600,000.

You also — and I'll go by this question because we talked a little bit about this one — you brought back the verification of the landlords' cheques which was getting out of hand where they have to have two signatures now. That was a check that was in there when you took office which you got done away with and you found out you had to bring it back because we found that there was landlords that were abusing the system as well as other people.

So all I'm trying to say is that there is a need for a watchdog out there and I don't care what you call him. You tell me you trust everybody. Well you better grow up because I've been around a few years longer than you have and I found you can't do that. There are those that will take advantage of you; they'll take advantage of me and anyone else they can. And you better believe that because they'll do it, and that's why you need a system out there to check those folks.

And I've got another couple of questions I'd like to ask on behalf of the person that sent me this letter, and they're wondering, if the Department of Social Services did away with the investigating unit, why did they keep two men on staff, management, who were paid approximately \$77,000 a year to head the unit. The names provided to me were William Robert Duncan and Neil McDonald, and according to the letter I received, these men have no staff and they have no work. And I'm not pointing any fingers at these people; I'm simply asking you the question, why were they kept on when there was no work for them to do and they didn't do anything?

Hon. Mr. Pringle: — Well first of all, let me say that there were several things there. Let me say first of all, that Mr. McDonald was hired by your administration to head policy procedures, and he is working with these cases that I talked to you about that are over for referral.

Now Mr. Terry Duncan works for us, not Mr. Bill Duncan. He was also hired by your administration and works with the audit and verification staff in terms of these cases as well, and around the province works with the eleven regions. So that's what they do. Now let me say that, on a personal note, I mean I'm a little bit offended for you to tell me to grow up. I say that with respect.

I think that the people of Saskatchewan would not be pleased to hear that they're not trusted which is basically what you said tonight. And I think you're getting your facts mixed up, hon. member . . . (inaudible interjection) . . . no, you are. You're getting your facts mixed up. You're talking about that your administration had shelter cheques in joint names. That simply is not true. I say, with respect, that is not true. I'm telling you that it cost you \$600,000 — \$600,000 and the former premier is chirping from his seat. It cost you, sir, \$600,000 to collect back 280,000. That's why this province is in a mess because that's the way you did business.

But not only wasn't it sound economically and financially but you had trucks and cameras and electronic equipment in back alleys and so on. That's what your fraud squad was all about. Yes, we dismantled that. We dismantled that. Well we can verify that. We dismantled that because that's not the way to ensure that there's enhanced accountability in a way that allows people to have dignity and not to be attacking low income people. Why won't you accept . . . Why won't you accept that by and large the Provincial Auditor was satisfied with our accounting, was satisfied with our accounting, and we have made adjustments and improvements to that accounting since his report came out. So why can't you accept that?

You grab a letter from here and you grab a letter from somewhere else and you quote selectively to it. And you continue to reinforce that low income people on assistance are dishonest. And you did that tonight. You tell me to grow up because I don't accept the fact that you can't trust people.

An Hon. Member: — You always read the whole letter.

Hon. Mr. Pringle: — So read the whole letter in the future.

The committee reported progress.

The Assembly adjourned at 10:10 p.m.