

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
March 27, 1995

The Assembly met at 1:30 p.m.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Goohsen: — Thank you, Mr. Speaker. I'm happy today to present petitions on behalf of the people from Medicine Hat, Regina, Cabri, Saskatoon, Edmonton, Consul, Saskatchewan; Melville, and Tompkins and Swift Current areas, all through the south-west a lot of people interested in the prayer that I will read:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to allocate adequate funding dedicated towards the double-laning of Highway No. 1; and further, that the Government of Saskatchewan direct any monies available from the federal infrastructure program toward double-laning Highway No. 1, rather than allocating these funds towards capital construction projections in the province.

As in duty bound, your petitioners will every pray.

I'm happy to table these today, Mr. Speaker.

Mr. D'Autremont: — Thank you, Mr. Speaker. I also have petitions to present today:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to support Bill 31, An Act to amend The Saskatchewan Human Rights Code (Property Rights), which will benefit all property owners in Saskatchewan and specifically firearms owners, in order to halt the federal Liberal government from infringing upon the rights of Saskatchewan people.

And as in duty bound, your petitioners will ever pray.

This petition comes, Mr. Speaker, from Regina.

READING AND RECEIVING PETITIONS

Clerk: — According to order the following petitions have been reviewed, and pursuant to rule 11(7) they are hereby read and received.

Of citizens of the province petitioning the Assembly to oppose changes to federal legislation regarding firearm ownership.

And of citizens petitioning the Assembly to allocate funding dedicated toward the double-laning of Highway No. 1.

NOTICES OF MOTIONS AND QUESTIONS

Ms. Haverstock: — Thank you very much, Mr. Speaker. I have a notice of motion that I'd like to introduce respecting first reading for Bills. I give notice that I shall on Wednesday next move first reading of a Bill, An Act to amend the Members of the Legislative Assembly Superannuation Act, 1979.

INTRODUCTION OF GUESTS

Mr. Jess: — Thank you, Mr. Speaker. I would like to introduce to you and the other members of the legislature, 16 students, grade 11 and 12 students from Maymont, Saskatchewan, in the Speaker's gallery. They are accompanied by their teacher Doug Sevick; chaperons Darlene Melrose, and Bill Melrose, Diane Sevick; and the bus driver is Darrell Spence.

This group of students are soon going to be in a new school in Maymont, and I would like to ask the legislature to help me welcome them here. I will be meeting with them later in room 218. Thank you.

Hon. Members: Hear, hear!

STATEMENTS BY MEMBERS

Spring Snowstorm in South-west Saskatchewan

Mr. Goohsen: — Thank you, Mr. Speaker. This past weekend saw the arrival of the most significant snowstorm for the entire season in south-west Saskatchewan. An intense low pressure system built and intensified in the foothills of Montana and surged northward into the Cypress Hills, blanketing most of the area with about a foot or more of snow.

While ranchers with new calves were sent scurrying to have their herds protected and to take care of them, most were very happy to see the much needed moisture. Now while dry dugouts will probably now fill, the people in the deep south-west, living in the Battle Creek basin, are once again deeply frustrated at not having a dam in place to save and control the much needed water supply.

Irrigation, wildlife, and recreation all would have greatly benefited if this project had been completed two or three years ago when it was first promised.

The people of the Gull Lake area are to be complimented and commended for having taken the effort to billet a lot of people that were stranded in the storm, and I want to congratulate them, Mr. Speaker.

Some Hon. Members: Hear, hear!

First Medical Health Care Plan in Saskatchewan

Mrs. Bergman: — Thank you, Mr. Speaker. Mr. Speaker, with all the discussion generated around health care reform these days, I'd like to remind the Assembly today of one of the originators of medicare. If Tommy Douglas is called the father

of medicare, then Matt Anderson of Bulyea, reeve of the RM of McKillop No. 220, must have been its grandfather.

Matt Anderson, a Liberal, was dedicated to equality in health care. Mr. Anderson worked with the provincial Liberal Health minister, Dr. Uhrich, to get the Patterson Liberal government to pass legislation in 1938, allowing municipalities to set up their own health insurance plans. Premier Patterson felt the province could not afford a provincial medicare plan in the 1930s, so they passed legislation enabling RMs (rural municipality) to set up their own.

As reeve, Mr. Anderson introduced the first municipal health care plan in 1938. His plan provided unlimited access to a municipal doctor, 21 days annual hospital care, as well as prescription drugs. His plan, which became a model for Saskatchewan, charged members of the municipality a \$5 per capita or \$20 per family annual fee.

Mr. Speaker, Mr. Anderson's health care plan was the very first health care insurance plan in the province. A second plan was started in the RM of Longlakeon. The idea of health care insurance plan then spread rapidly throughout the province. These plans worked very successfully until the present provincial plan came into effect.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

4-H Speak-offs

Mr. Sonntag: — Thank you, Mr. Speaker. Usually when I attend a function in my riding, I'm the person who is asked to speak, sometimes even under circumstances under which I'm . . . which are not so desirable. But on March 17, I was one of the 12 judges at the district 36 4-H speak-offs in Rapid View.

District 36 consists of 4-H beef clubs from the Meadow Lake, Makwa, Pierceland, and Loon Lake areas. The Diamond 4-H Multiple Club and the Woodland 4-H Multiple Club are also in district 36.

The Woodland Multiple Club hosted this year's speak-offs. The first-place winners were: in the peewee division competition, Jason Sergent of the Meadow Lake club; in the junior competition, Nicole Peno of the Pierceland 4-H Club; Andrea Burgmaier from Makwa 4-H Beef Club won in the intermediate category; and in the senior competition first place was taken by Valerie LaBrash of the Meadow Lake 4-H Beef Club.

These first-place winners advanced to the regional competition which was held this past weekend in Shell Lake. The winners of that event will then advance to the provincials in Cut Knife, which is in the north-west region.

I am sure it will not be too many years before we see a number of these orators here in the legislature as elected representatives.

I would like to congratulate all of the participants for their contribution to 4-H. Thank you very much, Mr. Speaker.

Some Hon. Members: Hear, hear!

Induction of Buffy Sainte-Marie into the Juno Hall of Fame

Mr. Flavel: — Thank you, Mr. Speaker. Mr. Speaker, an entertainer, originally from the Piapot Reserve at Craven, Saskatchewan, received a great honour last night at the Juno Awards which were presented in Hamilton, Ontario. Singer Buffy Sainte-Marie was inducted into the Juno Hall of Fame.

Buffy has a long-established career in the music industry and always entertained audiences with her own person style of folk-singing. In the early 1960s *The New York Times* hailed Buffy as a promising new talent, and in 1964 her debut album, *It's My Way*, was released.

Many well-known artists, including Neil Diamond and Glen Campbell, have recorded her material. In 1982 Buffy won an Oscar as co-writer of *Up Where We Belong*, the theme for the film, *An Officer and a Gentleman*. She released her 14th album, *Coincidences and Likely Stories*, in 1992. And she has appeared as a regular on *Sesame Street*. Music fans across Saskatchewan and throughout North America can probably remember many of Buffy's big hits that were released over the last 25 years, including "He's an Indian Cowboy in the Rodeo" in 1972.

Mr. Speaker, I want to say congratulations on behalf of the Legislative Assembly to Buffy Sainte-Marie for her contribution to the music industry, which spans three decades. Thank you.

Some Hon. Members: Hear, hear!

Tribute to the Navy League of Canada

Mr. Serby: — Thank you very much, Mr. Speaker. This afternoon I want to pay tribute to the cross-country flag run of the Navy League of Canada.

Saskatchewan is about as far from all three of our nation's seas . . . The term landlocked is probably coined well to define us. Nevertheless it is an historic fact that many Saskatchewan citizens have served Canada with distinction on the world's seas. The reason of course is that the limitless horizons on the prairie is like that of the ocean.

In light of the close connection between the prairie and the sea, I want to mention and pay tribute to the Navy League of Canada which is celebrating its 100th anniversary this year.

The Navy League is a youth organization which trains Canadian youth in the way of the sea. In Saskatchewan there are six Navy League corps for children age 12 to 16, with six Sea Cadet corps for all of those to the age of 18.

To celebrate this anniversary, the Navy League is holding a

cross-country flag run. At 326 corps locations across the country, the flag will stop and have the individual crests sewn on them.

The flag has been in Swift Current, Prince Albert, in Yorkton, Saskatoon, and will end Saskatchewan's journey in Regina this Friday. With its completion of its journey, it will then be presented to the Governor General of Canada.

Mr. Speaker, the Navy League is a fine training organization for our youth and has many distinguished Canadians amongst its alumni. With that, Mr. Speaker, I wish to wish the Navy League of Canada another successful second century.

Thank you very much.

Some Hon. Members: Hear, hear!

Weyburn Folkorama

Ms. Bradley: — Thank you, Mr. Speaker. Saturday I attended the annual folkorama celebration in Weyburn held in the Weyburn Square mall. This event was organized by the Weyburn and District Multicultural Council and hosted by Greg Lee of radio station CFSL in Weyburn.

There were displays of African, Ukrainian, and Philippine art, and there was music and dancing. The Ukrainian dancers from Weyburn, from young to old, were excellent. Dance groups from Regina also performed, representing El Salvador, Germany, Poland, and Hungary. I tapped a toe myself, Mr. Speaker.

And there was food. And of course it was wonderful and varied.

Mr. Speaker, last Tuesday we observed the International Day for the Elimination of Racial Discrimination. The Weyburn council schedules this annual event during the week of this day for what I believe is good and compelling reason.

It is one thing to speak against discrimination — as we all should do, and we should do it for more than one day a year — but a more effective way to fight discrimination is for us to see firsthand the richness and vitality of our cultural variety, how many cultures have become one in Canada. We see in events like this that there is much to enjoy and nothing to dislike.

I congratulate the Weyburn and District Multicultural Council for another successful folkorama.

Some Hon. Members: Hear, hear!

Lumsden Resident Visits Ghana

Ms. Murray: — Thank you, Mr. Speaker. Mr. Speaker, Saskatchewan is renowned the world over for its expertise. Often our experts are called to other countries to teach and share information. This was the case with a constituent and good friend of mine, Ken Kelln of Lumsden, who shared his

knowledge of solar power with some eager students in Africa.

Ken recently spent two weeks in Ghana conducting photovoltaic training workshops. Six technicians from mechanical engineering, electrical engineering, and physics, were given instruction in the maintenance and construction of photovoltaic systems.

The Ghanaians had invited Ken because he could provide practical, hands-on experience from a businessman's perspective. The University of Regina was more than willing to send him because of the opportunity to establish renewable energy expertise in Ghana. Developing nations, Mr. Speaker, are very willing to embrace new and renewable energy sources.

Although Ken conducted his workshops in Kumasi; he also travelled to the University of Cape Coast, Akosombo, and Accra, where he delivered a seminar and public lecture to the Ghana Solar Energy Society.

Mr. Speaker, Ken recently wrote to inform me that his trip was very busy but extremely successful. Though his students had Ph.D. or engineering degrees, they had never even seen a maintenance manual for a solar battery.

For their part in sharing expertise with developing nations, I want to congratulate both the University of Regina and Ken Kelln. Thank you.

ORAL QUESTIONS

Crown Corporation Construction Agreement

Mr. Goohsen: — Mr. Speaker. The heckling during my member's statement tells me that we have a government here that doesn't recognize the good sense of spending federal government money to build a dam when it's been offered for them, so I'd like to ask another important question in another area of the minister responsible for CIC (Crown Investments Corporation of Saskatchewan).

Mr. Minister, time after time you have told us that your union-preference tendering policy is not going to increase costs. Then on Friday you said that the highway construction is not going to be subject to this agreement. Then when asked why, you said there are many exemptions and some of them are made on the basis of making sure that the costs would not increase.

Now, Mr. Minister, on Friday you admitted that your union preference policy will increase costs and that's why highways are exempted — your words. Now, Mr. Minister, now that you have admitted that your union preference policy will drive up costs, will you tell us by how much these costs will be driven up, and where is the cost analysis that you've done on this policy? Would you table that for us today, Mr. Minister?

Hon. Mr. Tchorzewski: — Thank you, Mr. Speaker. Indeed I would like to respond to the member's question. I indicated on several occasions in the House already that in places other than

Saskatchewan there are such agreements. There have been such agreements in Saskatchewan: the Shand project, the NewGrade upgrader, Cameco construction sites. This is not breaking new ground. There are no indications that it significantly increases construction costs.

As a matter of fact, if one looks at it from the long-term point of view, it may help construction costs because in such an agreement both sides in the agreement had to give up something, and one of the things that was given up by both employers and employees was to have in the agreement a no strike, no lockout provision so that, in the life of any particular work site which falls under this agreement, that kind of an occurrence will not take place. And everyone well knows, Mr. Speaker, sometimes when that happens it increases construction very significantly. We have now eliminated that, and I think that's one of the positive elements of this agreement.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. Well, Minister, the comparisons you make are not fair ones because they are comparing apples to oranges. The ones that you have referred to are open tenders that were given to the lowest bidders, union or not union. That hasn't got anything to do with what you're talking about.

Mr. Minister, the Saskatchewan Construction Association, the people who bid on these projects, are telling you that costs will go up. They say, and I quote:

If this policy is allowed to stand, costs of construction will rise substantially for all buyers of construction services in Saskatchewan. Now these costs can only be borne by taxpayers and consumers in one form or another. Now this policy will decrease competition for Crown work and substantially increase the costs of the Crowns and to the Crowns.

Mr. Minister, the people who do the construction work in this province are telling you that the costs are going to increase substantially. Will you put this policy on hold and commission an independent cost analysis of this policy?

Obviously you don't have anything to work with yourself; you haven't offered to table it, and you've beat about the bush for everything else. So will you commission an independent commission to investigate what this is going to cost the people of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Tchorzewski: — Mr. Speaker, I want to say to the members opposite and the members of the House that the construction labour relations council indicates that they do not anticipate a significant increase in costs. So I guess it's a matter of opinion. And that's a group of people who have done construction work for as long as I can remember in Saskatchewan and should know what the industry is all about.

I indicated one provision in the agreement, Mr. Speaker, which should help to make sure that there is stability on the work site and therefore prevent escalation in costs because of a lockout or a strike, but there are others. And I want the member opposite to know that one of the elements of this agreement is that the costs of overtime have been reduced to time and one-half from double time. That's a significant cost saving. Also, Mr. Speaker, that the wasteful practice that was created by the former administration to pay for living allowances — in Estevan, for example — has been eliminated; that's \$80 a day.

So, Mr. Speaker, all of the things that the member opposite refers to have been taken into consideration here and there are elements in this agreement which in fact will reduce some costs in these particular areas. And once again, that's also a benefit to the taxpayer and it's a benefit to the Crown corporations, which is the only sector of the public sector where this agreement will apply.

Some Hon. Members: Hear, hear!

Amendment to Transportation Partnerships Corporation Bill

Mr. Neudorf: — Thank you very much, Mr. Speaker. Mr. Minister, on Friday I asked you a question and on Friday you said that the new Highways Crown is not going to be part of your union preference policy — and quite frankly we're glad to hear that. Unfortunately, Mr. Speaker, NDP (New Democratic Party) words do not always match NDP actions.

For two years we listened to your government say that there was no union preference policy. As it turned out, there was such a policy. So really, Mr. Minister, we cannot take your words at face value.

Now, Mr. Minister, the opposition has prepared an amendment to ensure that the highways contracts are not subject to your union preference policy, as you say. So if you're serious about this commitment, will you support our amendment, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Tchorzewski: — Thank you, Mr. Speaker. Well of course, we are not in the business of considering amendments here. If the member opposite has an amendment he wants to make in due course when the Committee of the Whole considers the legislation, he can make the amendment and the House will consider the amendment and we'll see how the House disposes of it.

Mr. Neudorf: — Thank you, Mr. Minister. Mr. Speaker, Mr. Minister, in essence what you have been saying and what you are continuing to say is simply, trust us. But, Mr. Speaker, this government has broken that trust too many times in the past.

They said trust us, we don't have a union preference policy; and it turns out, Mr. Speaker, they did. They say trust us, we won't

implement all the provisions of The Labour Standards Act; but they leave them on the books to be stroked out with a stroke of the pen or brought back in with a stroke of the pen. And now they say trust us, highways won't be subject to union preference tendering; yet they're unwilling to put it in writing.

Well, Mr. Minister, we and the people of Saskatchewan simply don't trust you, because we think that is exactly your plan. We plan to debate this Bill, Mr. Minister, until we get that amendment, until you give this legislature a guarantee that you aren't going to change your mind a couple of months down the road.

Mr. Minister, instead of saying, trust us, will you put that amendment into this Act?

Hon. Mr. Tchorzewski: — Mr. Speaker, the member for Rosthern talks about trust, and I want to say to him: I said on Friday quite clearly that this agreement does not apply to road construction work. That's what it is.

The member opposite talks about trust. I want to say we said to the people of Saskatchewan and we said to this legislature, trust us because we will get this mess of the former administration, financial mess, straightened out. And we'll balance the budget, and we balanced the budget.

We said, Mr. Speaker, we would have job creation in Saskatchewan, and all the record and all the statistics show that there have been a tremendous increase in jobs in Saskatchewan. And it's moving along very well.

We said that when we balanced the budget, Mr. Speaker, there would be tax reduction for Saskatchewan people who have contributed to that balanced budget, and in this budget there is a tax reduction, Mr. Speaker. The word of this New Democratic Party government, Mr. Speaker, can be trusted, and the record proves it.

Some Hon. Members: Hear, hear!

Agricultural Leases Deadline

Mr. Swenson: — Thank you, Mr. Speaker. Mr. Speaker, the other day I attempted to ask the Minister of Agriculture some very specific questions about ACS (Agricultural Credit Corporation of Saskatchewan) and other land agencies in the province of Saskatchewan. Instead of an answer from the minister, I got a political soliloquy from the Premier.

This is an important issue, Mr. Minister, because farmers out there need some answers, so I'm going to try again, Mr. Minister of Agriculture.

I understand that the normal leasing deadlines associated with ACS, lands branch, and other provincial government agencies has been set back by two weeks, and this is because of your inability — and inaction — to come to some kind of a conclusion on the Crow buy-out that the Liberals in Ottawa

have shoved down upon us, Mr. Minister. Can you explain why you have done this and what the procedure is going to be for thousands of people in this province who normally would have those leases signed by the end of the month?

Some Hon. Members: Hear, hear!

Hon. Mr. Cunningham: — Well, Mr. Speaker, the answer is fairly simple, as I think I explained it to the member opposite last time he asked this question. We have a problem in that our bills go out . . . and they go out on a yearly basis, by the way. We had about 4 or 500 that should have gone out on March 10.

We've made the commitment to pass on some of the benefit that we get from the Crow, if we get it, on to our lessees. As are all landowners in this province, whether it's banks or individuals or whoever owns land, will have to make a decision as to what the lease is going to be like for this year. And Mr. Goodale tells us probably the money is going to be paid to the landowners. It doesn't say when it's going to be paid, it doesn't say how much is going to be paid, and it doesn't say for sure it's going to be paid to the landowners. It may even be paid to the renters. Right now he's off in South America on a trade mission; we don't have those answers.

And we will do . . . our only solution is going to be to mail out bills to these farmers on the basis that it's conditional on getting the money and maybe we'll have to send them another bill later. I don't know how other landowners in this province are going to deal with this situation, but we've been put in a great mess. We've had the whole pins knocked out from under the . . . under rural Saskatchewan in agriculture in this province with the great Crow change and we've got no answers. We don't know which rail lines are going to be abandoned or when they're going to be abandoned. We have no answers at this time.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Well, Mr. Minister, if you haven't noticed, spring is here and people are going to be seeding. Now what they expect out of you, what they expect out of you, Mr. Minister, is that regardless of how irresponsible Ralph Goodale and the Liberals are, that you're prepared to move ahead — that you're prepared to move ahead and sign agreements with people, making sure that the provincial government is prepared to pass on those benefits to those producers, sir. That's your responsibility. So rather than dithering around and not coming out with a stand that's unequivocal and saying, we'll stand behind you; we'll go to the wall for you, you dither and vacillate and won't move ahead.

Now, Mr. Minister, what I'm wanting from you today is a commitment that you're prepared to go out and back our producers, that you're willing to sign leases and if the benefit comes along, you'll pass it on to them instead of finding a way to claw it back. Would you do that, sir?

Some Hon. Members: Hear, hear!

Hon. Mr. Cunningham: — Mr. Speaker, we have backed our farmers. We've fought the Crow battle for many, many years. We fought very hard. It's the Liberals and Conservatives opposite who have sold out and not fought for the benefit. Now that disaster has struck, now that the federal Liberals are dithering with the money and not making a decision, you're pointing at us.

We're going to send some bills out based on the best information we have. I don't know if you're demanding that other landowners in this province do the same thing — to send out bills or make signed leases on some promise and good faith that there's going to be some money coming sometime from the Liberal government. That's a very tough situation for us. We're a very small part of agriculture in this province. There's a whole lot of other people who are more at risk from this than our lessees are.

Some Hon. Members: Hear, hear!

Provincial Taxes

Ms. Haverstock: — Thank you very much, Mr. Speaker. To quote a well-used phrase: any fool can balance a budget by increasing taxes. If there were an Academy Award performance for tax increases, this NDP government would win an Oscar, Mr. Speaker.

I table a government budget document that demonstrates the Saskatchewan government's terrible taxation record. This list compares provincial levies paid across the nation. It includes personal income tax, retail sales tax, gasoline tax, and, Mr. Speaker, health care premiums in those provinces where premiums are paid. These numbers show that Saskatchewan people pay the highest provincial levies in the country, except for Newfoundland.

My question is to the Minister of Finance. Madam Minister, interprovincial comparisons show Saskatchewan people pay outrageously high taxes relative to their neighbours. Can you please explain to the people of the province why?

Hon. Ms. MacKinnon: — Mr. Speaker, thank you very much for the question. I would suggest to the member opposite that we begin on a sound factual basis. With the budget documents, we included tables comparing the cost of living across Canada. And in fact what those documents showed was quite contrary to what the member opposite has said. They show that if you take the basic cost of living across Canada, Saskatchewan is among the least expensive places in which to live.

So I would say to the member opposite, the first thing that we have to do is to establish a consistent factual basis. This is a reasonably priced place to live. It's also a place with a very high standard of living. And I'm sure we're all proud of that.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Speaker,

selective attention that the government has paid to put in their documents has become a very common, common way of their trying to communicate what is far from truth to the people of Saskatchewan.

There are some taxes, Mr. Speaker, that are simply ludicrous. In 1991 when this government came to power, the gas tax was 10 cents per litre. It started to rise when this government took power and it is now 15 cents per litre. That is an increase of more than 50 per cent in four short years.

Today the Saskatchewan gas tax is higher than any province in Canada except Newfoundland, and the same amount as Quebec, despite the fact, Mr. Speaker, that we are the second-highest producer of oil in the country. Not only is this a hardship on Saskatchewan people, it discourages tourists from even coming here.

My question to the minister: Madam Minister, what have you done to determine the impact of gasoline taxes on our tourist industry, and what are you doing about it?

Some Hon. Members: Hear, hear!

Hon. Ms. MacKinnon: — Mr. Speaker, I find this line of questioning astonishing. The Liberal leader recently said she thought the federal budget was fair and regionally balanced. The one tax increase in the federal budget that affects people all across this province is the increase in the gas tax.

Now I have to ask the member opposite to try for some measure of consistency. She says she wants to balance the books. First session of the legislature, she shows us how she would do that by adding \$300 million more to the deficit. You didn't spend enough on infrastructure, not enough on agriculture. And we have the list, which I will also table if the member so desires.

Then she comes back in session two and she's the small-government, reform Liberal. We're spending too much. Then she looks at the federal budget, which does have tax increases in them, that being one, and she says it's a fair budget. Then she looks at our budget which has tax cuts and she says it's an unfair budget.

Mr. Speaker, what people expect from politicians is some measure of consistency and straightforwardness.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Mr. Speaker, this kind of performance is exactly why the people of Saskatchewan don't trust anything the government says. They can't blame the federal government for this one because the federal gas tax is equal all across the country, Mr. Speaker.

I table another government budget document that compares gas prices at the pumps in major centres across the country. It showed that prices in Regina are the highest amongst those surveyed in all of Canada. Mr. Speaker, farmers, small-business

people, transport and trucking industries, schools, everyone is affected by high gas prices. And Saskatchewan people are at a particular disadvantage.

My question to the minister once again, who simply likes to pretend that in fact something is different from what it really is. Can the minister explain why the people in our province pay the most in the country for gas at the pumps when we are the second-highest oil producers in Canada? Just answer the question.

Hon. Ms. MacKinnon: — Mr. Speaker, I would answer the question if the member opposite would show some integrity in asking it. She certainly has to know that one of many factors in the price of gas is the level of taxation. It has been an issue across this province that the federal government needs to do a better job ensuring that there is competition in the gas industry. The gas tax in this province is similar to Ontario's, yet the gas prices in this province, in particular cities especially, is higher.

But I come back to my main point. The standards we use in our budget to decide the cost of living here relative to elsewhere is not unique. In fact it was taken from the Manitoba budget. We have a standard base of facts. But the member opposite doesn't like to deal in facts; she likes to flip-flop all over the place. She likes to say balance the books, spend more money. And by the way, she has on the books as well, four cuts in taxes that she's promised. What's wrong with this picture? What people expect from their politicians is honesty and coherence, not flip-flop, day-by-day finance.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Speaker. This Minister of Finance is trying to ignore the fact that people in downtown Toronto pay 8.8 cents a litre less than the people in the province of Saskatchewan, Mr. Speaker. Nobody in Saskatchewan can explain why we pay more for gas than provinces that don't even produce gasoline. It's like the people in Nova Scotia having to pay more for fresh lobster than we do. It doesn't make any sense.

Madam Minister, whether people are filling up in Carlyle or Meadow Lake or on Albert Street and Victoria, they all think the same thing as the pump is clicking away at almost 60 cents a litre. You may find it a huge joke, but I'll tell you something. One of the most often-asked questions on coffee row is the one I'm going to present to you, Madam Minister. Why doesn't your government do something to get the price of gas in line with our neighbours?

Hon. Ms. MacKinnon: — Mr. Speaker, Mr. Speaker, I honestly have to say I'm astonished at this. There are two issues: the level of competition in the gas industry and the taxes on gas. And there is one government that has the power to deal with both: the federal government. It's the federal government that deals with competition.

We have consistently complained to them about the lack of

competition, as have MPs in Ottawa. It's the federal government that recently raised the gas tax even though — and I don't want to break confidences here — that the vast majority of Finance ministers said this is the last tax that we want to have raised.

Please, Mr. Speaker, what we have to have here is some measure of consistency. We came out with a plan to balance the books of the province. We delivered on that plan. We have another plan to pay down the debt.

Would the member opposite come out with just one plan that is coherent and consistent to deal with the province's finances? I doubt it.

Some Hon. Members: Hear, hear!

Firearms Legislation

Mr. Neudorf: — Thank you very much, Mr. Speaker. I rather enjoyed the last few moments, as I'm sure most people in Saskatchewan did, where we have the Leader of the Liberal Party and the minister opposite each vying for the Oscar of best actress. My question is, is it for the supporting role or is it for the lead role? I'm not quite sure.

But, Mr. Speaker, as the minister has also said, we see another example today of the Saskatchewan flip-flop amongst the Liberals on the gun issue. Saskatoon Liberal MP (Member of Parliament) Morris Bodnar has admitted to the Saskatchewan responsible firearms owners, that he will vote in favour of Bill C-68.

Now, Mr. Speaker, I spoke at a gun rally in Saskatoon and I warned the people that Liberals tend to say one thing to you and another while you are looking the other way. Mr. Bodnar has proven my point, to the detriment of the Saskatchewan people.

My question is to the Minister of Justice. Mr. Minister, it appears that Saskatchewan Liberals are caving in to the Liberal leader at an alarming rate. Mr. Minister, would you not agree that it is time that you, as a provincial leader, acted to protect the rights of Saskatchewan people first and foremost?

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — Yes, Mr. Speaker, I would agree and I think the hon. member, if he were fair-minded, would agree that we've been attempting to do just that. A resolution was passed in this House which provided for an all-party committee to make representations.

We really are waiting to see whether or not the Liberal Party is ever going to get its position straightened out. In May the Liberal leader was apparently in favour of gun control; then in the House she's opposed to the gun control; and I suspect before this matter is resolved, we'll see her flip and flop many more times yet.

MINISTERIAL STATEMENTS

Report on Former Justice Minister

If we were able to get a consistent treatment, consistent behaviour by all parties in the House, I think we could put a much more effective case to the federal government.

Some Hon. Members: Hear, hear!

Mr. D'Autremont: — Thank you, Mr. Speaker. As my colleague, the member from Rosthern, has pointed out, the Liberals are doing what they do best, Mr. Speaker, and that's try and play on both sides of the fence.

But unfortunately, today they're coming down on the wrong side of the fence as far as the interests of Saskatchewan people are concerned related to the Liberal gun registration.

Mr. Speaker, it's more and more important that we start to do something, that we act on this issue.

I've received a copy here of a warning being issued by the police that requires prospective handgun owners to sign. And this warning says that if you purchase a particular handgun after February 14 of 1995, that these firearms will be seized without compensation if the Liberal legislation passes. Mr. Speaker, it's legal to have these firearms today, but the police are going to take them.

The Minister talks about an all-party committee that was struck — nothing's happening on that issue.

My question is to the Minister of Justice. Mr. Minister, we have three Bills before the legislation which will protect the rights of Saskatchewan citizens over and above the political whims of the Liberals. Will you finally do something more than talk, something more than the previous minister of Justice did, which was only talk? Will you agree to support these Bills and help fight for Saskatchewan people's rights?

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — As I've pointed out to the member on previous occasions, while well intended, the Bills which have been put forward by the hon. member from Souris-Cannington are not very effective.

What we think would be effective is if we could bring to the attention of the federal government in an unequivocal way that this law is opposed by all the parties in this legislature. We think that would be effective.

It is very difficult to do when we have the Liberal leader on one side of the issue when Mr. Chrétien is in Saskatchewan and on another side of the issue when he's out of the province.

We say to members opposite, and I say to the Liberal Party opposite, make up your mind once and for all; quit the flipping and the flopping and join us.

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — Thank you very much, Mr. Speaker. I have a ministerial statement and I have provided actually about a half an hour ago copies to all . . . both opposition parties.

Mr. Speaker, I rise today to advise members of this Assembly regarding a matter that was raised in this House on February 17, 1995.

My deputy attorney general has now received and provided to me the report of Mr. William McIntyre. Mr. McIntyre is a special prosecutor who was appointed in relation to the investigation of an incident involving the alleged disclosure of the identity of a young offender by the former Justice minister and the current member for Saskatoon Fairview during a broadcast by a Regina radio station.

After receiving and reviewing an investigation report provided by the Regina Police Service, Mr. McIntyre has directed that no prosecution of the former minister of Justice be undertaken for a breach of the Young Offenders Act.

Mr. McIntyre provides the reasons for his decision in his report. I will provide a brief summary of Mr. McIntyre's report for the record.

Mr. McIntyre states that two principal questions must be considered in deciding whether to prosecute. The first question is: is the evidence sufficient to justify a prosecution? In other words, is it sufficient to raise a reasonable prospect of a conviction?

In answer to this question, Mr. McIntyre states that he accepts that an offence under section 38(1) of the Young Offenders Act was committed by the former Justice minister.

The second question is, assuming, as here, that the evidence does raise a reasonable prospect of conviction, does the public interest require a prosecution to proceed? In answer to the second question Mr. McIntyre states, and this is a direct quotation, Mr. Speaker:

It is clear in all the circumstances that no public interest will be served by a prosecution of Mr. Mitchell.

Mr. McIntyre then goes on to explain why it is not in the public interest to prosecute. Rather than attempt to paraphrase Mr. McIntyre's words, Mr. Speaker, I will let his explanation speak for itself, and I will now table a copy of his report.

Some Hon. Members: Hear, hear!

(1415)

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, I'd like to

first of all thank the minister for having taken the time to send over to us a copy of the report.

I'd just like to make a couple of comments, and certainly we accept the report as it's been presented to us by Mr. McIntyre. I find it interesting that public interest is another term that comes to mind.

But I would also ask the minister, if indeed everyone is treated equally in this province, will the minister now take the time to guarantee that the North Battleford paper that was basically fined for having inadvertently referred to a young offender, is treated on the same basis of the recommendation that is being brought forward by Mr. McIntyre today. Thank you.

Manufacturing Agreement with Pelorus Navigation Systems

Hon. Mr. Tchorzewski: — Mr. Speaker, this morning there was an announcement in Saskatoon about a project that's very exciting for that city and for the entire province. The Government of Saskatchewan has signed an agreement with Pelorus Navigation Systems of Calgary. The agreement will lead to the manufacture of innovative, ground-based aircraft navigation systems in the province.

Pelorus has developed a local area differential global positioning system. It's designed for installation on the ground of an airport, where it works in tandem with a receiver that's installed on board an aircraft. These components work together to improve the safety and the reliability of air navigation and landings.

Global positioning systems is believed to be the future of air navigation. They're expected to eventually replace existing navigation aids at airports around the world. They're not only an improvement over existing systems; they're also less expensive to buy and to maintain.

Mr. Speaker, we're very excited that we'll have the opportunity right here in Saskatchewan to manufacture this leading-edge technology developed by the Pelorus. Through the Canada-Saskatchewan infrastructure works program, the provincial and federal governments will provide up to \$1.5 million towards the purchase of five Pelorus systems.

The first system will be installed at the Regina airport and tested with a receiver, made by the Honeywell corporation, that's installed in an executive aircraft. After certification by Transport Canada, Pelorus will install and arrange for the certification of four more systems at airports in northern Saskatchewan.

Pelorus will also establish a manufacturing plant in Saskatoon in 1996. It will be the worldwide marketing distribution and installation centre for the Pelorus systems.

This project gives us a great opportunity to increase our exports, Mr. Speaker. That's one of our goals under our *Partnership for Renewal* long-term economic strategy.

Pelorus has a marketing agreement with Honeywell for the ground-based systems and on-board receivers made by the two companies. That should increase worldwide sales considerably. Pelorus is already predicting annual sales of \$25 million from the products made at the Saskatoon plant. We'll also be developing an expertise in Saskatchewan with this new technology, and we expect many prospective customers to come here to find out about it.

Besides increased exports, this project supports two other important goals under *Partnership for Renewal*: job creation and increased manufacturing. Pelorus expects to create six jobs immediately and up to 100 within three years of production. The jobs will be high tech, giving Saskatchewan people an opportunity to work with very advanced technology.

Our manufacturing industry will further diversify with this project. It will be yet another world first for Saskatchewan. It could also lead to spin-off business and jobs in electronics, printing, and metal fabrication. So as you can see, Mr. Speaker, there are numerous benefits that this project will bring to Saskatchewan and to the city of Saskatoon, and we congratulate Pelorus on this endeavour and wish it every success.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, Mr. Minister, we certainly welcome the addition of the high-tech jobs that this initiative, through Pelorus — I believe it's pronounced — will bring to Saskatchewan. The global positioning systems are indeed the wave of the future. Many, many applications, we understand, are being looked at from airports, aircraft. Agricultural applications as well are being considered.

I think this follows on the lead of the previous administration bringing high-tech jobs to Saskatchewan, things like Hitachi, SaskTel and the fibre optics network that were brought forward, ISM (Information Systems Management Corporation), the Co-op Data Services and the health services card, agri-business, biotechnology, were all initiatives begun by the previous administration. Our own leadership contest used the latest of technology in terms of telephone systems, Mr. Speaker, and we welcome these jobs and this opportunity for the people of Saskatchewan. And we certainly appreciate the government taking the initiative and helping out in any way they may have helped and as well following the lead that was set by the previous administration in bringing good, high-paying, high-tech jobs to Saskatchewan.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Speaker, I too would like to add some positive comments this afternoon. We are delighted that there is going to be further industry in the province of Saskatchewan, particularly the kind of focus that this initiative brings to Saskatoon and the province of Saskatchewan.

I do wish to take an opportunity to point out that this is through a Canada-Saskatchewan infrastructure works program, Mr. Speaker, and one of the things that the government often fails to do in this province is to give any acknowledgement whatsoever to the federal government in any positive way. They continue to choose to ignore the \$125 million that went to the NewGrade upgrader for example. They have chosen to ignore the millions upon millions of dollars that were added in further equalization payments that have gone completely unrecognized in the province of Saskatchewan by this provincial government.

They rarely come forward and acknowledge the other programs that are in place primarily because of infrastructure monies that were the initiative of the federal government. And in fact the only way in which there is any acknowledgement here is one or two comments with the focus on the Canada-Saskatchewan infrastructure works program.

As much as we are absolutely delighted with this initiative, Mr. Speaker, I think that it just really points out to us once again that there is a role for the federal government to receive some acknowledgement as far as their initiatives that they've taken, and it would be of the highest order of behaviour if perhaps every once in awhile this administration would acknowledge that. Thank you.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 51 — An Act to amend The Student Assistance and Student Financial Aid Fund Act, 1985

Hon. Ms. Atkinson: — Thank you very much, Mr. Speaker. Mr. Speaker, I'm pleased to explain the purpose of this amendment to The Student Assistance and Student Aid Fund Act.

The student aid program is administered by a branch of the Department of Education, Training and Employment, and under the existing legislation all costs associated with the administration of the program must be included in monies appropriated for the purpose by the legislature. In other words, these costs must be part of the annual administrative budget of the branch and the department.

Mr. Speaker, this arrangement works well except in two situations involving the collection of student loans. The first of these situations relates to collection agencies. The department turns loans which are seriously in default over to collection agencies, since the department itself does not have the resources to carry out this role. It goes without saying that these agencies charge a fee for their services in the form of a percentage of the loans which they recover.

Under the existing legislation, all of the loans collected by agencies must be deposited in the fund, while the agency's

charge must be paid out of the department's administrative budget. This arrangement is impractical because it is difficult to predict how much will be collected in any given year, and hence how much will have to be paid out in these fees.

The second situation where the current provisions cause difficulty involves bankruptcies. In some cases where the recipient of a loan claims bankruptcy as the basis for inability to repay, it is necessary for the department to retain legal counsel to challenge the claimed bankruptcy. Again it's difficult to budget for the costs of these legal services because the volume of services which will be needed in any given year cannot be accurately predicted.

Mr. Speaker, the proposed amendment to the Act will overcome the problems I've outlined. Under the new arrangements most administrative costs of the student aid program will continue to be budgeted for on an annual basis as they are now. However, monies which have to be paid to third parties, that is collection agencies and legal counsel, under agreements for service related to the collection of loans in default, these monies will now be a charge-on and paid from the fund itself. This arrangement will create greater flexibility. Further, it's appropriate that these costs associated with the collection of loans be taken from the fund from which the loans were originally made and into which the loans are repaid.

Mr. Speaker, the new arrangements do not transfer any costs from government to other parties, they simply establish a more flexible and appropriate method of handling some of the administrative details required under the program.

I'm pleased therefore that Bill No. 51, An Act to amend The Student Assistance and Student Aid Act, 1985, be now read a second time.

Mr. Martens: — Thank you very much, Mr. Speaker. The information that the minister relayed to us here today regarding this Bill is of some interest, I believe, because of the fact that students are a big concern and getting their education is a major concern not only of the Department of Education, but thousands and thousands of parents who send these young people to school. The student aid program has been, I believe, a success. Many times though, however, in recent years there have been concerns. And as the minister has pointed out, there are two of them that have raised and I think they both are of major significance.

One is the collection and how the department goes about collecting the ones that are difficult to get any money out of — the individuals who have serious financial difficulties or maybe do not want to pay.

The other area that I noticed and I asked questions about in the Public Accounts regarding the bankruptcies, the minister has indicated that legal fees and administrative costs will be paid from the fund. And it's probably a step in the right direction to have those people who are providing the source of income also have the cost of delivering that.

We will be asking quite a few questions on this, Mr. Speaker, therefore, the . . . as we look at the Bill and the minister's remarks, we'll be needing to research a few of these things, and therefore, Mr. Speaker, at this point, we will just move to adjourn debate.

Debate adjourned.

Bill No. 52 — An Act to amend The Teachers' Federation Act

Hon. Ms. Atkinson: — Thank you, Mr. Speaker. I'm pleased to explain the purpose of these amendments to The Teachers' Federation Act. Under the Act, the Saskatchewan Teachers' Federation or the STF has a wide range of responsibilities. It is responsible for maintaining high standards of professional competence and conduct among teachers. In this respect, the STF has a statutory authority and responsibility to deal with disciplinary matters.

As well, the STF deals with professional development for teachers with a variety of teacher welfare issues. Mr. Speaker, over the past few years, the federation has identified several problems with the current legislation which are hindering the federation's ability to conduct its business and carry out its responsibilities effectively.

The amendments in the Bill are designed to overcome these problems. I would like to outline the specific amendments involved, and they can be divided into four categories: (1) federation's internal matters; (2) definition of professional misconduct; (3) application of the federation's disciplinary authority; and (4) housekeeping and updating provisions.

First there's a series of amendments related to the federation's internal affairs, and more specifically, voting criteria on matters before the federation council, the composition of the executive, the procedures by which elections of the executive are conducted. Under one amendment, routine matters before council will now pass with a majority of votes cast rather than requiring a majority of all those present.

(1430)

The amendments will also make it possible for the executive to maintain a consistent number of members in years when the president is re-elected and there is no past president. Under the existing legislation, the executive ends up being one member short in these circumstances. The other amendments around election procedures result from an internal study by the federation of its elections and resulting recommendations for improvements.

The second group of amendments deal with the definition of professional misconduct in the Act, and there are two of these amendments. Addiction to alcohol or drugs will no longer be defined as professional misconduct. While addiction might lead to professional misconduct, the problem itself is viewed as being a medical matter which might affect a person's

professional competence rather than as a type of misconduct. The Act already contains provisions whereby a teacher can be removed from teaching because the teacher's competence is no longer adequate.

A new provision is being added which will make it clear that a conviction for a sexual offence under the Criminal Code does constitute professional misconduct. Given the role which teachers play and the trust that we place in them, by parents, society, legislators, it is appropriate to specify that in the legislation this type of behaviour constitutes professional misconduct. This doesn't mean that until now teachers could not be disciplined for sexual offences; it simply means that there is no longer any question about the matter.

Mr. Speaker, not all teachers with Saskatchewan teaching certificates belong to the federation. Only those teachers employed in publicly funded provincial school systems become full members and only they are subject to the disciplinary provisions of the Act.

A problem can arise therefore, if a teacher ceases to be a member of the federation before disciplinary action can be initiated or completed, even if the teacher was a member at the time of the incidents which gave rise to concern. This Bill includes an amendment to help overcome this problem.

The federation will be given additional authority under two situations to discipline a teacher: in the case where the teacher was a member at the time proceedings against the teacher began; and two, in the case where the teacher ceased to be a member less than two years before proceedings are initiated.

Mr. Speaker, the Act is being brought up to date in several ways. Gender neutral language is being incorporated throughout, such as by the replacement of chairman with chairperson. And while this is now standard drafting policies, members will appreciate that it is of particular significance in a profession such as teaching. Outdated references to other statutes and to the titles of ministers and government departments are also being revised.

As I've indicated, Mr. Speaker, these amendments have the full support of the STF. As well, other major stakeholder organizations such as the Saskatchewan trustees association have indicated that they have no objection to any revisions of this Bill.

The STF represents over 12,000 teachers in our province, and it's important that the federation continue to have the legislative authority which it needs to effectively serve its members, students, and the general public.

I'm pleased to move therefore, that Bill No. 52 — An Act to amend The Teachers' Federation Act be now read a second time.

Some Hon. Members: Hear, hear!

Mr. Martens: — Thank you, Mr. Speaker. I just want to respond in a few matters as it relates to what the minister has indicated are in the Bill, the matters that I thought of significant concern. She mentioned four of them in the Bill, internal matters dealing with how the teachers' federation would operate.

And I was taken into getting involved in this discussion because of the second point she made about the misconduct. And I agree with her observations about taking addiction, for example, of alcohol and other things as a part of treatment that's necessary and taking it out of a position where a misconduct has to be credited to that individual.

I want to point out to the minister though, that my wife and I dealt with a couple who were . . . had to go to court because of sexual misconduct on the part of the husband in a school situation. And he was found not guilty. And the case was actually dropped by the individuals who pressed the charges.

And I found to my surprise that the public did not treat them with the same common sense I believe that the justice system did. And so there is a very, very serious problem that occurs in these kinds of situations where the public do their own sense of justice and don't have all the facts.

And I think that in order to have this be done right, it really seriously needs to be tackled from a situation where this individual should have the privilege of being innocent until proven guilty, both by a court of law and by the public. And so often that doesn't happen under these circumstances because there are a whole lot of feelings involved in these cases.

Disciplinary actions, I can understand the concern that the minister had and I think that we agree with that. She mentioned some gender neutral things and housekeeping. I'm certain that we're not going to be defending our male position in relation to that.

So I would just say that there are some things that we're going to be specifically asking questions about, and I think I indicated enough concern about which ones they would be.

I know that there has to be very serious consideration made of these, but it's a very, very sensitive issue and it has to be dealt with in a sensitive way by the people who are not only administering it but who deal with it from the school board perspective, but also from the perspective of the parents and also the teacher.

And so it's going to be of some interest to all of us, Mr. Speaker, as we get the department here to talk about these issues as we raise questions. And the member responsible for the Department of Education is going to take a pretty serious look at some of these things. And I just want to, for that reason, Mr. Speaker, adjourn debate.

Debate adjourned.

Bill No. 53 — An Act respecting Agricultural Operations

Hon. Mr. Cunningham: — Thank you, Mr. Speaker. Mr. Speaker, at the end of my remarks I'll move second reading of The Agricultural Operations Act, 1995.

Mr. Speaker, Saskatchewan Agriculture and Food works closely with producer groups, industries, and other stakeholders. Our consultations with producers and industry resulted in the development of a strategic direction, for government to assist the agricultural industry to move in the direction it has chosen.

The strategic direction as put forward in *Agriculture 2000* calls for the government to provide opportunity for farm families to manage their land better, control their future, and be economically successful; to assist the industry to diversify and add value to agricultural products, and to develop institutions and relationships which enable producers to compete in the world economy.

Agriculture 2000 directs the provincial government to work with the industry to create a favourable environment for diversification and development. This legislation will help to create a responsible and favourable climate for the expansion of intensive livestock operations.

Mr. Speaker, Saskatchewan producers have been diversifying their operations. Cattle, hog, and sheep numbers continue to show steady growth on Saskatchewan farms. The number of pigs is up 2 per cent from a year ago, to 906,000, the largest inventory since 1973. The number of beef cows and replacement heifers is up 6 per cent from a year ago to 1.275 million head, the largest inventory since 1977.

Saskatchewan's intensive livestock sector is growing. As well there are many opportunities to further diversify the agricultural community. In 1994 there were 68 permits issued to new or expanding intensive livestock operation under The Pollution (by Livestock) Control Act, 1984. Since 1990, a total of 199 permits have been issued.

There is, however, a need to ensure that development and diversification can proceed while being sensitive to the environment. Concerns about nuisance hamper development of new or expanding intensive livestock operations.

The Agricultural Operations Act provides a mechanism which recognizes the realities and importance of agricultural production to Saskatchewan, but also the need to consider impacts on those affected by development. The legislation will protect farmers from unwarranted nuisance lawsuits and ensure proper manure storage and utilization to protect ground and surface water.

This legislation provides a mechanism for resolving disputes related to agricultural nuisance such as odour, noise, and dust. The legislation will provide a flexible, more effective, and less expensive method than lawsuits to resolve complaints about

farming practices.

This legislation also provides the opportunity for the industry to develop guidelines for the start-up and operation of intensive operations. The legislation provides for the establishment of the Agricultural Operations Review Board. The board will have the ability to determine what is normally accepted agricultural practice. The board will have the ability to look at each situation individually.

The Agricultural Operations Act supports expansion of the livestock industry and provides new procedures to resolve nuisance concerns arising from any farm operation, while not overburdening agricultural operations with extensive regulations.

The Agricultural Operations Act also incorporates provisions of The Pollution (by Livestock) Control Act, 1984. These provisions will require certain classes of new or expanding intensive livestock operations to obtain approval for manure management plans before development can take place. These provisions will ensure surface and groundwater are protected from pollution.

The Government of Saskatchewan is responding to the needs of the agricultural community and the people of the province. The balanced approach of this legislation will ensure the continued development of our agricultural sector while protecting the quality of our Saskatchewan way of life.

The proposed Agricultural Operations Act is based on extensive consultations with the industry and the public in response to concerns and a desire for legislation.

I ask the members of the Legislative Assembly to support this Act, and I therefore move second reading of Bill 53, The Agricultural Operations Act, 1995.

Mr. Martens: — Thank you very much, Mr. Speaker. I just want to make a few remarks about this. I think that this is the kind of Bill that just touches the surface on most of the major issues because what we're dealing with is beneath the surface most of the time and it will be dealing with how we deal with the regulations, as each one of these various intensive livestock operations is likely going to be different.

The concern that we would have, Mr. Speaker, as we move around and discuss this, would the individual municipality still have some right to maintain some control about how they, with their by-laws, divide their municipality and zone it and put certain areas for intensive livestock operations, or whether they would move them out, and how they would respond to that.

There have been a lot of people who have begun intensive livestock operations who've had to move them. And that, Mr. Speaker, is borne out by some of the people who have lived in the Outlook area, for example, where they had to move a hog barn — or they moved it before they built it — with the fact that the people in the community thought that their groundwater

was going to be polluted and that's the reason why they moved it. There are a lot of things, Mr. Speaker, that are going to be impacted here and we cannot always see what they're going to be.

One of my family members is a construction contractor in British Columbia in the delta where they have the residences below sea level. What they have to do is they have to put ballast into the ground in order to have the facilities stabilize, and when they do this they ask an engineer to come along and put this all together.

They tell him that they have to have X amount of solid ballast to stabilize the soil underneath and they put that in. And what that does, Mr. Speaker, is it increases the weight, pushes the water out, stabilizes the part underneath the facility that they're going to build, and consequently, what happens is it squirts the water underneath the ground, pushes the water out to where all these other residences are, and that erodes the stabilizing material underneath those houses.

And so the engineers have to be fairly careful in how they put this stabilizing compound — whether it's dirt or rock or whatever — how they put it into this . . . underneath facilities they want to build. Because if it impacts negatively on the other one, then everybody is going to have a problem.

And that's exactly what we have with how these intensive livestock operators are going to be dealt with in the future. If you put intensive livestock into one location and it pushes out something else that is not compatible with the general public, you have serious problems developing.

(1445)

And so as we look at this, we're going to have to take serious consideration about a number of things. And the minister pointed out the waste control in intensive livestock operations is a very serious problem and concern to the people who live in those areas where there is an intensive livestock operation.

There are some, as I have found out, having driven by certain ones, there are certain intensive livestock operations that have more waste management requirements necessary than others. I'll just go . . . Hog operations have a very serious odour problem, Mr. Speaker. And I've had to deal with that in our communities in my constituency.

Feedlot operations have an odour. Whereas you could have a major cow-calf operation and you don't have that odour problem, not nearly to the same extent that you do when you deal with intensive feedlot operations, whether it's pork or whether it's beef.

And so you're going to have variable kinds of regulations that are going to have to be put together to deal with the kinds of intensive livestock operations that we have in the province. And dairies are going to be wanting to have certain specifications in a differential in relation to hog operations, and I'm sure that

feedlot operators will be concerned about how they have their operations challenged by this Bill.

And so, Mr. Speaker, because of all of those implications, our Agriculture critic is going to take a pretty serious look at all of these things and take the time to study it.

And I would suggest to the minister that one of the things that would be really helpful is if he had some idea about how these regulations would be set up, how to manage each one of these intensive livestock operations, would seriously help the discussion on how to bring these into a better working relationship in the communities.

And so if he would take the time to do that, I'm sure our critic would be appreciative of that.

So with that, Mr. Speaker, we just want to move to adjourn debate.

Debate adjourned.

Bill No. 54 — An Act to establish an Aboriginal Courtworkers Commission

Hon. Mr. Shillington: — Thank you very much, Mr. Speaker. I'm pleased today to move second reading of The Aboriginal Courtworkers Commission Act.

One of the greatest challenges facing the judicial system today is the effective delivery of justice services to aboriginal peoples. An important aspect of delivering these services is taking steps to ensure that aboriginal people, particularly the accused, have the appropriate access to the justice system. This includes having sufficient information on their rights and responsibilities.

To be effective, information must be provided in a culturally sensitive manner that utilizes the expertise and input of the aboriginal community itself. Establishing a co-managed Aboriginal Courtworkers Commission to administer and deliver the aboriginal courtworkers program will constitute a small but significant step in the direction of a more sensitive justice system.

Mr. Speaker, this Bill establishes the Aboriginal Courtworkers Commission. It will be an independent corporation, to be appointed by the Lieutenant Governor in Council, following consultation by the minister with Indian and Metis organizations. Membership in the commission is intended to be comprised primarily of representatives from the FSIN (Federation of Saskatchewan Indian Nations), the Metis Nation of Saskatchewan, and the provincial government. Once established, the commission will appoint a chairperson from among its members and appoint an executive director to the commission.

The commission will administer the delivery of courtworker services to persons of aboriginal descent who are charged with

an offence, or in the case of young offenders, who are charged with or who are alleged to have committed an offence.

Mr. Speaker, the commission will have the following powers: to design, allocate, and coordinate courtworker services; to establish procedures to determine the eligibility of individuals to receive courtworker services; to establish procedures for requesting courtworker services; to establish procedures for the selection of courtworker service carriers and agencies; and to establish accountability mechanisms for contracts entered into by the commission as well as program-related audits and review of the organizations delivering courtworker services.

Under this Act, courtworker services are defined to include: providing counselling information and referral services to an individual; assisting an individual to understand his or her rights, options, and responsibilities; assisting an individual to understand the procedures of the court; assisting an individual to obtain legal counsel and advice; working to reduce the cultural and linguistic barriers between that individual and those involved in the administration of justice; and enhancing the justice system's awareness and appreciation of the cultural traditions, values and customs, languages and socio-economic conditions, of a specific aboriginal person and of Indian and Metis people in general.

These courtworker services are to be delivered by local carrier agencies contracted by the commission. The carriers will be required to provide program delivery that is aboriginal-inclusive, community based, and accountable to both the community and funding authorities on a financial and program basis.

Finally, programs will be required to be cost-effective. Mr. Speaker, this program will initially establish the equivalent of 21 full-time courtworkers in targeted areas throughout the province. Funding for this program will proceed on a 50/50 cost-share basis with the federal government.

The Bill also provides conflict of interest provisions regarding the members of the commission and requires an annual independent audit of the commission and requires the commission to comply with The Tabling of Documents Act, 1991.

Mr. Speaker, this Bill establishes an Aboriginal Courtworkers Commission that is independent, co-managed, and yet accountable. It will provide courtworker services to a community that undeniably requires these services. This government has heard clearly from aboriginal people and justice professionals that there's a real need to reinstate this program and to reinstate it in partnership with aboriginal people.

There are difficult challenges in the area of the reform of justice services for aboriginal people. However, models such as this program, which allow for the delivery of services in partnership with all concerned parties in a cost-effective and culturally sensitive manner, are a positive development in this area.

Mr. Speaker, I move second reading of An Act to establish an Aboriginal Courtworkers Commission.

Some Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. It's interesting to listen to the statements by the minister on this new, proposed venture in legislation. And of course, like so many other things, on the surface it sounds kind of nice, and it sounds sort of flowery and acceptable. But as I listened I realized that here we have a Bill that is going to very greatly affect our justice system. It's going to affect it in terms of access to justice, which seems like a reasonably good thing.

But I would ponder in my mind, if it's good for aboriginal people to have access to the justice system or better access, why wouldn't it be better for everybody?

Input, the minister says, is going to be improved. And input is good, nice to have lots of input, sounds great. But why would we just limit ourselves to having input to the justice system for one group of society? I guess what I'm thinking in my mind is the old phrase, what's good for the goose is good for the gander. So if all of these things are so great and wonderful for one cultural group in our society, why wouldn't it be equally good for everybody?

Now does this proposal, as has been suggested, build the justice system, or might it just be doing a lot of unforeseen things that we haven't considered? Might it in fact be tearing the justice system down by segregating different cultural groups in our society?

Is it wise for us to deliberately legislate a justice system that segregates one cultural group away from the rest of society in our justice system? Equal justice for all comes to mind. Why then would we be pursuing a piece of legislation that would discriminate against all of the other groups and not provide them with the same opportunities?

Now it's true of course that we have heard arguments that the aboriginal people need special consideration. Those arguments are always well-made, but it seems to me that immediately that someone else from another cultural group gets into some trouble in our justice system, they can equally make a good argument that they need special consideration, special education, special tools to work with.

And it sounds good when you say we're going to have a courtworker's services provided to the aboriginal people so that they can have counselling service, and that's . . . you know, seems kind of like a good idea. When you hear those words and explained that way, counselling services for people who are getting into trouble is a good idea. But why would we be saying here that we have to have a special Bill that only caters to one group in that sense?

If I were in trouble with the law, I'm sure that I would like somebody to have some counselling time for me. I don't think

that anybody in society deliberately goes around expecting to get into trouble and needing these kind of services. But once you are into some kind of trouble with the law, certainly if this applies to our aboriginal people, it must also apply to every other cultural group or individual from any other cultural group that finds themselves in some kind of society glue, as we might put it.

So I'm saying that we may in fact with this Bill be creating as many problems as we are solving. Not in terms of the aboriginal people maybe needing these services and wanting them — and certainly they will — but we might be setting up a perception in the minds of the people that once again we are giving special status to one group at the expense of all other people in our society.

Is that fair, is the question we have to ask. Is it wise, I guess has to be the other question you would ask. Would we deliberately put in a law that might pit people against one another? I thought we were working to try to solve the problems of discrimination in the minds of people, not deliberately wedging some more things between our different classes of folks in our society.

I think we have to learn to work towards pulling people together rather than to segregating them and driving them apart. And that might be what's happening here and I really think we have to research this somewhat to find out for sure if we are doing more good than bad. And perception is very important. You know it's not necessarily truth or fact, but it's what minds get developed within themselves, within society. And so perception is very important, especially in terms of the law and of justice and what people perceive to be right or good.

Now we say that under this Act we're going to talk about court procedures with the folks that get into trouble and explain those court procedures, and that's really a good idea. I mean you couldn't hardly say anything against that when you first hear it. But again I ask the question: why wouldn't we do that for everybody that gets into trouble? Why should aboriginal people be singled out as the only ones that might need this kind of assistance and this kind of help?

They want to have their rights explained. Why wouldn't I want my rights explained if I'm in trouble with the law and having to face the justice system? Why would we provide these services just for one group of people? Why wouldn't we treat everyone equally well in this circumstance?

Cost-effective, they say. Well that's good. Right away though they tell us that, ah, the federal government is going to maybe pick up 50 per cent of the cost of this. Well I'm not so sure that they are. I kind of ponder through my mind things like 3 to \$4 million that the federal government had offered to this province to build a dam at Battle Creek in south-west Saskatchewan.

This provincial government threw that money away. Refuses to take it. Refuses to accept the federal money to do the program. It's just a waste, the way they approach things, something that's as good and as necessary as water in the desert and these people

have rejected it out of hand and not taken the money. Now today they say we're willing to take 50 per cent of the money to support an aboriginal court system and legislation and to bring it into effect.

Who would trust them to take the money or to have enough sense to know how to get it? I surely wouldn't because I've seen them throw away \$300 million worth of federal money in the GRIP (gross revenue insurance program) program — threw it away, gave it back, and then said to the federal government we'll take it back in another plan some place else, through the back door, and call it a new program that we thought of.

(1500)

Now thank you. I'm not going to accept this, Mr. Speaker, because I just don't believe that these people have enough sense to know how to get 50 per cent of the costs of this plan out of the federal government. And I haven't seen any guarantees in writing from anybody saying that they are in fact offering it, let alone ready to pay it up, or that this government would have enough sense to take it if it was offered or even put into writing because they've thrown away so many other things that have gone by us in last few months.

So why would we trust this government? I can't see that we can. And why would we support a law that is going to give special consideration to one cultural group in our society at the expense of all others and create a perception that in itself might cause a deepening of the racial discriminatory problems that we have in our society and have been working hard to try to get over.

So I think we have to research this very, very carefully, Mr. Speaker. In this Bill we have legislation that is fraught with many, many dangers in our society. And I think we really have to look at this very closely to make sure that we are actually helping people and maybe not causing them more trouble than they already have.

And having said that, I guess what we're going to have to do is to throw this piece of legislation out into the hands of the public and have our justice system and judges and our lawyers, our aboriginal people — not just their top organizations again, but the average men and women, and folks that live in the city of Regina and out on reserves . . . we want them to take a really careful look at this to see if the benefits are going to outweigh the pressures that might come as a result of those things that are not really mentioned.

And so I think we will simply have to buy some time for people to be able to get some input into this, Mr. Speaker, and with that, I'm going to move that we adjourn debate.

Debate adjourned.

COMMITTEE OF FINANCE

Motions for Interim Supply

The Chair: — Order. Before we proceed to any motions, we would ask the Minister of Finance to introduce the officials who have joined us here this afternoon.

Hon. Ms. MacKinnon: — Thank you very much. On my left is the deputy minister of Finance, John Wright. Behind John Wright is Larry Spannier, executive director of the Treasury Board branch. Next to Larry Spannier is Craig Dotson, associate deputy minister, budget analysis division.

Mr. Chairman, I move:

That a sum not exceeding \$350,737,000 be granted to Her Majesty on account for the 12 months ending March 31, 1996.

Mr. Martens: — Thank you, Mr. Chairman. As we take a look at the motion for this sum of money, would the minister indicate to the legislature if this is exactly one-twelfth for each of the budgets of the volume of dollars that are going to meet the one-twelfth requirement. I just raise that as the first question.

Hon. Ms. MacKinnon: — Yes, to the member opposite. This is a straight one-twelfth and it might be appropriate to just take one minute to explain the process.

One of the keys to our democracy is the idea that all monies have to be supported by a vote of the legislature. So that means that the budget monies cannot be spent until the legislature has passed the budget. But the budget has not yet been passed and we're nearing the year end of March 31; and so therefore in order to ensure that schools, health districts, and other key government agencies have enough money to get them through until the budget is passed, we are requesting support for interim supply. But you're right — it is one-twelfth.

Mr. Martens: — Is it one-twelfth for each of the areas? I notice that there's some zeros, so they wouldn't be one-twelfth, but there is also a necessary requirement for you to tell me whether they are exactly one-twelfth for all the rest.

Hon. Ms. MacKinnon: — Yes. To the member opposite, I passed a sheet across to him. The first column tells you what the appropriation is for that department. The second column says what's statutory, what amounts of money are going to be paid by statute; and then the rest of it is one-twelfths.

Mr. Martens: — There's Executive Council electoral expenses. It's anticipated that you're not going to be voting any for this month. And I would assume that that's not going to be done before the budget is passed.

Now there's one that is of interest to me, and that is servicing the public debt. Is that all by statute, that \$872 million — that's all by statute?

Hon. Ms. MacKinnon: — Yes, to the member opposite. He's correct. Both of the ones that he identifies. That is, Executive

Council electoral expenses is just totally statutory so there's no discretion there. And servicing the public debt is statutory as well.

Mr. Martens: — The 872 million, is that going to come before the House in a Bill that we're going to be talking about, or is that going to come through here some other method?

Hon. Ms. MacKinnon: — To the member opposite, no. Anything that is statutory has already been approved by an umbrella law and it does not have to come to the House each and every year as the budget does. So there's an umbrella law which provides this statutory authority to spend that money.

Mr. Martens: — It's interesting that that would be identified as . . . that volume of money would require one law and then it would be for ever. Is there a sunset on either one of those two?

Hon. Ms. MacKinnon: — To the member opposite, no there is not.

Mr. Martens: — In dealing with the various areas, the requirements are going to be different for each department. Have you asked them for consideration of what they need or are you just automatically giving them one-twelfth to provide the money that they may or may not need or that they might need some more of. Obviously if they would have needed more, they would have asked for it, I guess.

But we're taking a look at this and saying, are there some surpluses here that aren't required and does the department have the authority not to pay out that volume if it isn't required?

Hon. Ms. MacKinnon: — To the member opposite, yes, you're correct. The department does not, obviously, have to pay out the money if it's not required. But if you go back many, many years through all governments, governments of all political stripes, what has always happened is you have traditionally given one-twelfth across the board. But obviously departments should never be spending money unless there is a requirement that they spend it today. If they can wait, of course they would wait.

Mr. Martens: — There is a question that I have regarding two Bills that are before the House. One is The Agri-Food Innovation Act and the other is the transportation. There is no money in this budget for either one of them, is there?

Hon. Ms. MacKinnon: — To the member opposite, no, there isn't.

Mr. Martens: — The agri-food innovation has \$9 million that are money that is available through the budget to The Agri-Food Innovation Act. And is that not going to be paid out of the budget, or is that not of the . . . is that a different kind of method that you're going to use to put that money into the Department of Agriculture?

Hon. Ms. MacKinnon: — To the member opposite, funding

for that is provided for in the Bill and it will come out of this year's budget, the current year.

Mr. Martens: — Right, but in the budget estimates for 1994, '95, '96, there's a \$9 million budget item that deals with agri-food innovation. And is that included in this volume of dollars in the agri-food estimate here?

Hon. Ms. MacKinnon: — What I'd like to clarify to the member opposite is that this is a program, first of all, or a fund established by the federal and provincial governments. There's two parts. The share for this current year is \$18 million. That's separate and apart from anything in this year's estimates and separate and apart from the interim supply money that we're asking for today.

Mr. Martens: — Right, but there's a \$9 million line in the Department of Agriculture estimates. Is that included, or do you just get a volume dollars . . . one-twelfth from the Department of Agriculture without getting assignment of what is needed within that department? There might be some areas of that department that need the money and other areas that don't need the money. Could you explain that to me, please?

Hon. Ms. MacKinnon: — Yes, the member opposite is correct. What happens is you just give them the one-twelfth. And pursuant to your earlier question, they determine which needs are the most pressing from that one-twelfth. But it doesn't mean that you just spread it right across the total estimates. The department will make that decision.

Mr. Martens: — There are some general questions that I think that we should maybe look at. One of those things is a concern that I have. I was going through the estimates . . . or your budget address in dealing with the debt and the deficit and things related to that. Would you be able to provide me a value of the total debt for the province of Saskatchewan — not the net debt, the gross debt — and from that explain the various components of that gross debt?

(1515)

Hon. Ms. MacKinnon: — I would refer the member opposite to page 95 on the budget where it outlines the gross debt of the province to be \$14 billion — 14,159.878 million. And then it breaks that down with the total Crown corporation debt being 5,655.958 million; and the general government purposes debt 8,503.920 million.

Mr. Martens: — When you're dealing with the debt and its relationship to the government and paying interest on all this volume of dollars, how do the CIC Crowns fit into this? And do those Crown corporations do their financing all through the Department of Finance if they need to have financing? Or does SaskPower go get their own? And we'll start with that for general answers.

Hon. Ms. MacKinnon: — The member opposite is correct in his first assumption, that is the Department of Finance does all

borrowing for the Crowns. So the Crowns would essentially come to the Department of Finance with their schedule of borrowing. We would go out and borrow the money on behalf of the Crowns as well as the requirements of the General Revenue Fund.

Mr. Martens: — On the other side of that, on the monies that are related to assets in the Crowns, do those Crown corporations have their deposits in their surpluses deposited with the Department of Finance, and do they use those monies to offset their borrowing cost?

Hon. Ms. MacKinnon: — To the member opposite, the Crowns have their own accounts which they manage themselves, so it's just the overall borrowing requirements that are a responsibility of the Department of Finance. The rest of their finances they deal with individually.

Mr. Martens: — So if the SaskPower Corporation needed to have \$10 million in the first month of doing business in a given year, they would say to you, I need \$10,000 but I'm going to need . . . or \$10 million. I'm going to need another \$30 million in the next quarter. You go looking for the money to borrow it, and then you transfer, when those monies come in, you transfer them to that Crown corporation that has requested that. Is that correct?

Hon. Ms. MacKinnon: — To the member opposite, what happens is that the Crowns will come forward and say, these are our borrowing requirements, usually annually. That is more likely, that they're going to say, this is the money we require for the whole year. Unusual for there to be a change in mid-year or for them to do it every three or four months.

So they'll come and say annually, this is what we require. Then the Department of Finance goes out and arranges to borrow the money.

Mr. Martens: — When the Department of Finance gets the money and then it transfers that to the Crown corporation, is the Crown required to pay the interest on that, or are you giving interest to the Crown corporations in relation to that so that they will have a vested benefit from the Department of Finance carrying that, or is that all allocated to that Crown corporation that is asking for the borrowing?

Hon. Ms. MacKinnon: — To the member opposite, the *Estimates*, page 137, the Crowns pay interest on the money that they borrow, so that the government does not cover the interest for them; they pay the interest themselves.

Mr. Martens: — Okay, there's . . . I think the number is \$636 million or is it 536 million — \$536 million. That number is the interest paid. When the money is borrowed, is the Department of Finance responsible for any of the borrowing costs? Now there's interest accruing. There's the function of the business to get the money and all of those requirements. Do the agencies that are borrowing the money, do they pay you for that service?

Hon. Ms. MacKinnon: — To the member opposite, the Crown will be responsible for any of the fees associated with borrowing the money. So we would pass that on to them as well.

Mr. Martens: — When there's a specific currency that is not a Canadian dollar currency, are those values translated to the requirement that the Crown corporation has to pay? For example, the U.S. (United States) dollar, if there's a U.S. dollar that fluctuates . . . and we all see that every day on our television. You go out and buy the dollar at what you consider a good price, and then you have . . . of the information that you can gather about that U.S. dollar. You say that on May 31, I calculate a good day to go buy the U.S. dollar.

And I will bring that in here on a borrowed level, and then I'll pay a certain amount of interest. Now let's say that best guess is a margin of a percentage point out. Do you pay that or does the Crown corporation pay that?

Hon. Ms. MacKinnon: — In that particular situation or that scenario, the Crown corporation would pay that. So they pay all things associated with the cost of borrowing, whether it's the interest, whether it's any exchange rate issue, or whether it's any fees.

Mr. Martens: — That leads me to the written question that I asked you. In '94-95 we borrowed \$1.2279 millions . . . or a billion and a quarter dollars we borrowed. Some of them were from The Industrial Bank of Japan, some of the U.S. public market, and some of the Canadian. The volume of dollars that's outlined there, for example, in the yen — it's calculated the rate of interest is at 4.48 per cent. But when you add in the hedge against . . . hedge it into Canadian dollars, it turns out to be 8.82 per cent. Is that the way that these Crown corporations pay the Department of Finance based on that value — they'll pay in wherever that dollar was borrowed?

And then my question to you is also who chooses which one? Now if SaskTel was going to get it at 8.82 per cent and SaskPower had to pay at 9.4, who chooses? Do you choose who gets which money in relation to the interest payment by these Crown corporations?

Hon. Ms. MacKinnon: — The member opposite has asked two questions. In response to the first one, on page 53 the Crown would pay the 8.82 per cent rather than the 4.4 so they take into account the currency issue as well, or the hedge.

What will happen is that if we feel, in the Department of Finance, if we think that it's a good time to borrow, there's a possibility of a reasonable deal out there, we will get some sense of the terms and conditions. We will go to SaskPower or SaskTel or whatever Crown and say this is what the deal looks like. This is what would be available to you right now. Is this acceptable to you? If it's acceptable, that we proceed; if not, we say well we have to go and keep trying for an alternative arrangement. But they get . . . they have an opportunity to decide whether or not what is available at that time is

something they would like to agree to.

Mr. Martens: — Now let's take and put that . . . we talked a little about the debt side. When a Crown corporation has a surplus in a given year, or profit we'll call it, do they pay you only on the basis of what is required on due loans or payments in instalments on loans? Do they pay you only that, and when they do that how do they control and manage their surplus? Do you require certain interest requirements from them to charge back to their . . . or is it only calculated on the basis of the cost of borrowings?

Hon. Ms. MacKinnon: — Interest to the Crown is an expense. They pay it to us, we flow it through to the appropriate parties. If they have surplus cash, they treat it the same as you or I would treat any surplus cash we have. I don't have a lot. I don't know if the member opposite has a lot. But you put in the Credit Union or the bank or you invest it in some appropriate way.

Mr. Martens: — Okay then, they get a return on their personal portfolio on investment. You don't manage that for the Crown corporation?

Hon. Ms. MacKinnon: — The member is correct; we do not.

Mr. Martens: — The Crowns have a significant, under CIC, have a significant amount of surplus funds. I think their profit . . . or their profit, I believe, or their . . . no, their gross revenue was about, before interest was taken off, was about \$1.2 billion. And their interest cost was about \$536 million so that the Crown corporations really have about \$600 million, six hundred and sixty, fifty million dollars worth of surplus that they have in investments that they manage. Is that pretty close to being accurate?

Hon. Ms. MacKinnon: — As the member opposite would know, CIC's annual report for this report isn't out yet. And I quite frankly do not have their annual report from last year here so that particular detail will have to wait until the CIC officials are here. But what you're talking about — and I'm not saying that I'm agreeing with your numbers — what you're saying about the process is correct, though.

Mr. Martens: — The individual Crown corporations then can take, in terms of their own investment . . . they invest the money, and they will have earnings from that in each of theirs.

Do you require any from the Department of Finance? And I was in the treasury benches, so I understand that they want to get everything so that they can manage it — I was going to use the word control, but Mr. Wright wouldn't let me use those words — but manage it. You don't have any restrictions on how they manage that surplus account, do you? Do you measure out how they do it into certain investments?

Hon. Ms. MacKinnon: — Well I would say to the member opposite if he was on Treasury Board, he will remember that the commercial Crowns report to the Crowns Investments

Corporation, not to the Treasury Board and that the processes are quite separate. So the deputy minister of Finance really has no direct control over how they handle their monies beyond what we've talked about in terms of their borrowings.

Mr. Martens: — Right. I understand that. The thing that I was going to point out was that the requirements for debt are managed by the Department of Finance; the others are made by investments made by the Crown corporations. And that's the point I wanted to make.

Is there, when you're dealing with this sort of a thing, is there a difference between the Crown corporations like SaskPower, SaskEnergy, and STC (Saskatchewan Transportation Company), is there a difference between them and the Crop Insurance Corporation and Agricultural Credit Corporation?

Hon. Ms. MacKinnon: — Yes. The difference that you've highlighted there is the difference between Treasury Board Crown, in which the Department of Finance and the Treasury Board is much more involved in the actual management of the funds, and Crown corporation CIC Crowns which, except for the borrowing, are separate and apart from the Department of Finance and report only to the CIC board, not to the Treasury Board.

But the Treasury Board Crowns — and you've used an example of one — have many more aspects of their financial affairs managed by the Department of Finance through the Treasury Board.

(1530)

Mr. Martens: — Do those include ACS? Do they include Saskatchewan Crop Insurance? Do they include the Liquor Board? Do they include . . . Could you give me a list of them, if you've got them handy there?

Hon. Ms. MacKinnon: — I refer the member opposite to the *Estimates*, page 10. And there they have the Treasury Board Crowns and there's a list of the ones . . . and you've mentioned them. There's two others, and I'm not sure if you mentioned SPMC (Saskatchewan Property Management Corporation) and SCN (Saskatchewan Communications Network Corporation).

Mr. Martens: — Is the Liquor Board in the . . . liquor and gaming commission in the Treasury Board?

Hon. Ms. MacKinnon: — What I would I refer the member opposite to is page 153 of the *Estimates*, and it talks about the Saskatchewan Liquor and Gaming Authority there. And it talks about the fact that there is a piece of legislation, The Alcohol and Gaming Regulation Act, which mandates the . . . which places some restrictions on what occurs with that particular agency.

Mr. Martens: — We were dealing before with the CIC Crowns. I understand their management. Will you explain to me the borrowing and the paying and investing of debts? As I

just went through the CIC Crowns, will you explain that to us in the Assembly, on the Treasury Board corporations?

Hon. Ms. MacKinnon: — The process is pretty well identical. That is we borrow on their behalf, they pay us the interest costs, and we pass that through to the agency from which we have borrowed the money. So the process is pretty well similar to the other one that you described.

Mr. Martens: — Okay, that deals with the borrowing. What about the surplus? Liquor and gaming commission have significant surpluses. Would you require a certain format for investment in relation to that?

Hon. Ms. MacKinnon: — With respect to the Treasury Board Crowns, one of two processes can occur. One is we can take the money in. We can invest it on their behalf and provide them with the appropriate return. Or in some cases, they may act as a CIC Crown would and do that which I just described themselves.

Mr. Martens: — So in essence the General Revenue Fund could borrow from the liquor commission. It could borrow from some of these funds and use that money instead of having to go to the general markets.

Hon. Ms. MacKinnon: — The member opposite is correct.

Mr. Martens: — How many dollars, on an annualized basis, do you have? And you don't have to be to the last penny, but if you give me in the \$10 million area, how many dollars in the Treasury Board Crowns would you have available for doing things like we just suggested, using that money for . . . instead of going to borrow from someone else?

Hon. Ms. MacKinnon: — That particular number can vary quite significantly from day to day, depending on what the particular cash flow is at that time. And the kinds of ranges that we're talking about are several hundreds of millions of dollars.

Mr. Martens: — Well as some point, Madam Minister, you have to have a cut-off. Let's take one in the last year, like '93-94 just for a figure that will have to have a cut-off some place, and that will be set some place. I won't ask you for the '94-95, but '93-94 should be some place, and we should have that number, I believe.

Hon. Ms. MacKinnon: — To the member opposite, he's correct; there will be a cut-off on March 31, and we can certainly provide that information. We have information here about '95-96, but there's no problem ensuring that you get that.

Mr. Martens: — I knew you wouldn't have '94-95 because that cut-off comes in a couple of days, but your '93-94 will give me some ballpark figure about how many dollars you're talking about.

The reason I'm asking the question, I want to know from you how much interest you're paying on these forms of money that

come from in house, and whether there's interest returned on this investment to these different players, and what kind of rates you use when you're using this kind of to have a fluid, positive current account. I'd like to know what kind of interest you're paying to these entities or these Treasury Board Crowns.

Hon. Ms. MacKinnon: — There's a standard, traditionally accepted rate which we pay them, which is a 30-day rate, so that there is a kind of a fairness across the piece, and there is a predictability and certainty to it.

Mr. Martens: — You're referring to the treasury bills — a 30-day treasury bill, I take it.

Hon. Ms. MacKinnon: — The member opposite is correct.

Mr. Martens: — Mr. Chairman, and, Mr. Minister, I appreciate the fact that the minister has been generous in answering general questions about the Department of Finance, and if you would like to go through the interim supply and we have your assurance you're going to be here until 5 o'clock, we will continue to talk in a general way about estimates in a general way and in a particular way. And if you want to do that, Mr. Chairman, you feel free to do that.

Hon. Ms. MacKinnon: — The member has my assurance that I will certainly be here until 5 o'clock.

Motion agreed to.

Hon. Ms. MacKinnon: — I hereby move:

That towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1996, the sum of \$350,737,000 be granted out of the General Revenue Fund.

Motion agreed to.

The committee reported progress.

FIRST AND SECOND READING OF RESOLUTIONS

Hon. Ms. MacKinnon: — I move that the resolutions be now read the first and second time.

Motion agreed to and the resolutions read a first and second time.

APPROPRIATION BILL

Hon. Ms. MacKinnon: — Mr. Speaker, I move:

That Bill No. 55, An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year ending on March 31, 1996, be now introduced and read the first time.

Motion agreed to and the Bill read a first time.

Hon. Ms. MacKinnon: — By leave of the Assembly and under rule 51(2), I move that the Bill be now read a second and third time.

Motion agreed to and, by leave of the Assembly, the Bill read a second and third time and passed under its title.

(1545)

COMMITTEE OF FINANCE

General Revenue Fund

Finance

Vote 18

The Chair: — Before we proceed to consideration of the estimates, I would ask the minister to introduce the officials who have joined us here today.

Hon. Ms. MacKinnon: — Thank you, Mr. Chairman. Seated on my left is the deputy minister of Finance, John Wright. Seated next to John is Gerry Kraus, the Provincial Comptroller. Seated behind John Wright is Bill Van Sickle, the executive director of administration. Seated next to Bill is Craig Dotson, the associate deputy minister, budget analysis division. Seated next to me is Mr. Rae Haverstock, executive director, treasury and debt management division. And seated behind Rae is Len Rog, the assistant deputy minister of the revenue division.

And just to be sure that we can answer all of the questions for the member opposite, we have seated at the back Kirk McGregor, who is the executive director, taxation and intergovernmental affairs; Jim Marshall, the executive director, economic and fiscal policy; Brian Smith, the executive director, Public Employees Benefits Agency.

Item 1

Mr. Martens: — Thank you very much, and welcome to Mr. Wright and your department. I appreciate your being here.

There is a concern that we have on the west side of the province and it relates to higher taxes and taxes that are of a significant difference between Saskatchewan and Alberta. And it has raised a serious concern among businessmen.

I noted even that the national news covered the town of Maple Creek and it showed a number of businesses. I think there were three or four businesses that had a serious problem. They closed the door. And they went to speak to the manager of the co-op in Maple Creek and they said to him, what's the problem? And he said, if we carry anything that can be duplicated or has a competitor in Medicine Hat, we can't compete on the basis that our rates are . . . our tax rates are so high and so that's the reason why we have a serious problem. The mayor was also on television saying the same thing.

We have established islands in this province, and that's a

concern to us on this side of the House. We have established an island in tax at Lloydminster. We have exactly the opposite effect to Lloydminster in St. Walburg. We have an opposite effect to Lloydminster in Swift Current. We have an opposite effect to a large extent all the way along the west side that is a serious problem to small business.

That's a concern to me in dealing with it because I live in that same community that has an opportunity to go into those areas to buy. I have made it a personal commitment that I will . . . as the member of the legislature for the rural area around those major centres, I'm not going to go and shop in Medicine Hat.

But that's a personal decision. And it's a personal decision that's probably cost me a few dollars. But it's still a personal decision because I want to have those businesses in Swift Current and in the communities that I have in my constituency also benefit from my involvement there, and our family does a significant business in those communities.

We do that for a specific reason. Because it's not fair for these businesses. They can't transfer the tax anywhere. What we have . . . We have other islands in this province — islands in gaming. There's going to be islands on reserves. We're going to have islands that say gaming can be carried out in this community; gaming will be done in Regina, for example. The services provided will have one tax structure. You go into an Indian reserve and you're going to have a whole different tax structure, and perhaps none. And that's another island that we have in Saskatchewan's taxation policy.

We have, as you pointed out in the budget address, on the 9 per cent on rebate to those individuals who buy manufacturing and processing equipment, they will be allowed to have a rebate of the 9 per cent. That's significant. I have people in my community that are probably going to take advantage of that.

But you know what happens, Madam Minister, is you have this island where there's no tax paid. And the people who are in competition around it will have to pay tax, or have had to pay tax on the same product, and now are paying interest. They're paying the whole cost of doing business at the cost that was incurred when they decided to increase their business size by . . . in processing and manufacturing and all the things that now get a 9 per cent sales tax cut.

That's exactly the same — as I'm going to point out — situation. There are families in the south-west who have decided that they were going to go into the livestock business. They're in the livestock business and they decided to seed their land to grass. And in this decision they seeded all this land to grass, and now Mr. Goodale is coming out and he's saying, oh, we won't pay on seeded grasses; that's cultivated land, we won't pay on seeded grasses.

So what you have in fact is the person who has decided to go out on his own, decided to buy this change in how he does business, he's decided to buy that change himself. Now Mr. Goodale is going to come along and say, I'm going to pay on

cultivated land and I'm going to pay those people who only have cultivated land, and not the person who has already seeded grass. The person who has the cultivated land is now going to decide to seed grass and then he comes in competition with that individual who's already done it.

And that's the islands that are set up that do not make a level playing-field with competitive businesses doing business in the same area, doing the same things. And they don't have to be in the same centre, but if you've got a manufacturing component in Swift Current that does not get the same benefit as one would in Saskatoon and he manufactures products that are similar, then what have you got? You've got an island of protection that isolates this individual from the same competition and the same competitive systems that the other person had to deal with.

Those are islands that you build up. And I think that if you do it too many times, you cause a problem. You cause a bigger problem than what you have people to fight off the fires that start up. Because I know people who have put off buying because they wanted to have a 9 per cent cut. And that is a very, very significant cut.

And the operations on a family farm, that could range between . . . on an ordinary sized farm, a thousand acres, that one little item could be between 2,500 and \$3,000 a year on taxes that that individual pays at 9 per cent.

Now let's take that individual and compare him to the individual in Alberta who doesn't have to pay those taxes. And then you have another isolated variable, that neighbours have to compete against neighbours doing the same business and always having to pay that additional cost in relation to the government. And people in the province of Saskatchewan have significant difficulty with that.

And if you think I'm speaking by myself, just come to the chamber of commerce meetings in Swift Current some time and they will tell you in exactly the same tone as I have — not angry, belligerent, or anything — just telling you very carefully that they have a very serious problem.

A case where this occurs consistently is in the furniture business. It's consistently happening in the appliance business. And there's no way that these problems can be dealt with, I don't believe, without a policing system that is so huge you wouldn't even want to be driving through the west side of the province.

A place where this doesn't happen is on the automobile side. In the automobile side you don't have these problems existing, because in order for you to get a licence in the province of Saskatchewan you have to pay the E&H (education and health) tax. So it doesn't matter where you buy it. If you can get it cheaper some place else, buy it, but when you come here you have to pay the tax anyway.

So when we talk about this, I'd like to have you give your perspective of how you can avoid these islands, and maybe

instead of giving one guy a break here and another guy a break there, why not just average it out by a point, 1 per cent? Why don't you just average it out by one point, and then let everybody sink and swim on the basis of his own competitive advantage?

Because I'll tell you this: you know what happens in Medicine Hat? Their chamber there estimates that their volume of business is \$550 million. And they calculate 10 per cent of that comes from Saskatchewan. That high volume of dollars gives that a heated market-place. So people will be able to say, I can charge the cost of doing business plus a certain rate. And let's say it's a 100 per cent mark-up on the furniture goods or appliances or that sort of thing. They can say, I'll charge 100 per cent of wholesale value, I'll charge that to the customer. He can offset his costs, but he never, ever has to have a sale. He doesn't have to have a sale because the people in Swift Current or Maple Creek or Leader, they have to have the sale plus they give the 9 per cent on the sale price, and then you have competition on that basis.

But in Medicine Hat, they don't have to do that. They just maintain that high price all the time. So people get this in their minds, that they can get it cheaper in Medicine Hat. They go and buy it in Medicine Hat and never even shop in communities inside of Saskatchewan. And I have had retailers tell me that they have, with the sales tax, lower prices in these other communities, but the mind-set isn't that.

So how do you change the mind-set so that it starts to have the people purchase in Saskatchewan? And this is a consistent happening, and I would say it goes 150 miles off the Alberta border. If you go 150 miles in and go straight north and south, you have a line there that people will take the opportunity to go to Alberta to buy. And that creates a very serious problem. And what it also does is it makes higher cost to those people in Saskatchewan doing business. And that causes all the rest of us who carry the tax load to have to pay more. And that causes a very serious concern.

I wonder if the minister would respond to that?

(1600)

Hon. Ms. MacKinnon: — Well the member opposite has raised a number of questions, and I'll begin to try to deal with them.

I think he's highlighted one of the key issues in any government decision making, that is cliffs, whether it's in taxation and you say well, you know, Lloydminster has a special situation but another community 10 miles down the road doesn't, or whether it's in subsidization, you know, up to a level of \$5,000 you get this subsidization; at \$5,001, you don't. So he has raised a very good point about cliffs.

As the member will know, in terms of Lloydminster this is a pattern that goes back to 1937. It's historical; it's traditional. And it's quite simply there because the main street is the border

between the two provinces.

I would also point out though that there is a glaring example of creating tax islands that the member did not mention that was avoidable. And that's the actions of the federal government with respect to the tobacco tax. And I would also point out I appreciate the support of the members opposite on that particular issue because here we had a situation in which we had a problem of smuggling. And there was a solution. That is there could have been different measures taken to enforce the law. We also knew that there was a very great downside to lowering the tobacco tax and we now have more information confirming the downside which is the health risks to young people who purchase more cigarettes if the price is low. So these tax cliffs are problems and we try as hard as we can to avoid them.

But what I would say to the member opposite is the most glaring recent example of a government decision taken that created islands when the islands did not have to be taken . . . did not have to be created, was the actions taken by the federal government on the tobacco tax.

And I would again reiterate my thanks to the members opposite for their support in that measure because I think both sides of the House agreed that islands are a problem, but they're especially a problem when they didn't have to be created.

Mr. Martens: — What are the answers you give to those people in Swift Current and in Leader and in Maple Creek about how those problems exist? Ignoring them doesn't make them go away. And that's what I think you need to tell them and us. Why you couldn't have just said, instead of making these islands exist, why not just lower it a point to deliver it. And I'm not sure that you . . . with increased shopping and with an increase of people saying stay at home, that you wouldn't have reached the same conclusion and had a whole lot more benefit accrue to the people of Saskatchewan.

Hon. Ms. MacKinnon: — To the member opposite, there are always these discussions along the border — you've raised one part of the discussion — where people say in some parts of Saskatchewan: boy, we would rather have the Alberta sales tax level. But I'll tell you. I was in Lloydminster the night that Premier Klein came on television and outlined his plan for the Alberta side of Lloydminster. And the people in that community told me that when his plan was fully in effect, they would be getting \$350,000 a year in grants to their municipality for services and improvements in their municipality from the Government of Saskatchewan, and they would be getting zero from the Government of Alberta. So on that particular day those people living in that community said we would rather be living in Saskatchewan than in Alberta.

So you have this going back and forth. And one of the things that we're trying to teach the Liberal Party in this legislature — with some difficulty I would say — is you have to take the whole picture. That is, you can't say, well what we'd really like is we'd like to have Alberta tax levels and Saskatchewan service

levels. We say well that's very nice, but the people of this province are too sophisticated to believe that this is what you can have. You have to make your choices. So you make your choices on the whole piece. And so you say yes; we will have to have a sales tax in Saskatchewan, but on the other hand, we will be having a certain level of services as a result of that.

My final comment would be . . . because you are talking a lot about the community of Swift Current. They obviously are quite a generous group of people down there because, although you've raised the sales tax issue, I note in the Swift Current *Sun*, February 22, their response to the budget. And I won't read the whole response, but they say:

First and foremost it's balanced, something that hasn't been seen in the Saskatchewan legislature for a decade. This budget even forecasts a modest surplus of 24.4 million for 1995-96. Provincial taxes will not rise. That alone should be reason to praise this budget, ignoring for the moment grievances about how high the NDP jacked up taxes in past. Taxes in fact will come down.

And they go through some of the tax reductions:

The corporate income tax rate will be reduced; the aviation fuel tax . . . and that there's actually a cut to personal income tax. The New Democrats showed remarkable restraint in not doing more to please voters when they're so close to an election. They showed prudence in using surplus money to pay down accumulated debt. And they showed a keen sense of timing by producing a budget that lays a tight hand on the economy when it's best to leave well enough alone.

Their concluding line is this:

This is a good budget. There, somebody had to say it.

So I mean, I think what they're saying and what I hear people across the province saying is what's most important to them is that we got the fiscal problem under control and that we did it within the context of a holistic plan. We didn't just say gee, you know, let's hope that maybe we could have Alberta tax right in Saskatchewan services. We said realistically here's the plan. The plan has worked, and now we are in a position to look forward to the possibility of tax reductions in the future.

Mr. Martens: — Well, Madam Minister, that's fine to say that. You knew, the deputy minister of Finance knew, the Premier knew how much debt there was in the province. He said, we can do this for less. We can do all of the above for less. I didn't say that. The Premier said he could do all of this for less. I didn't say that; he did.

Now if I take all the waste and mismanagement out and discard all of that, I can balance the budget on the same tax level. And that's what I'm talking about, Madam Minister. The volume of dollars that you took in have not reflected what the Premier promised the province of Saskatchewan. It doesn't reflect that.

He said he could do all of these services and not have to tax you any more.

And so I'm saying to you, Madam Minister, that he made a mistake. Either he did it for political reasons or he decided not to do the things that had to be done about service reduction in various places.

You said, okay, we'll cut back in health care. You rearranged the whole thing. You took the bag in health care, and you shook it, and you shook it, and you threw it out, and it cost you more when you're done than it did before. In your budget book it talks about increasing the health care budget 4.3 per cent, I believe. You didn't reduce the costs. That 4.3 per cent probably just paid for administration.

But the Premier said he could do all of the things that were being done for less money because he knew where the waste and mismanagement were. And I'm just saying to you, with all the taxes that you've raised . . . If you take the total volume of corporate tax that you have raised, the volume of dollars that you have raised money with since 1991 in corporate tax increases, in fuel tax increases, in personal income tax increases, in E&H tax increases — all of these things; you put them all into a pile — the business community in Saskatchewan has paid and paid and paid and paid . . .

And that's what they're complaining about. That's what these people are saying to you and to me. They're saying we're tired of paying when we can't be competitive with other people because the majority of the stuff we do is export component.

So you have to have a better reason that what you described to me about why you didn't — say — cut a point or two off of the E&H tax to give us a balance so that the people do stay home.

And the chamber of commerce in Swift Current has told you, and he's told the Premier, and he's told the member from Swift Current over and over and over again — chamber meetings, club meetings that have been held there — they tell him consistently the same thing over and over again.

And, Madam Minister, I think it's time to do that. Not set up islands where specific individuals can benefit from that tax rebate and be competitive in an international market. And you are the one that can do that. You're the one that can say, I'll give a balance.

And my question to you is, why the two things, one, where your Premier said you could do it for less and you say no, we've got to raise it over and over and over again.

Hon. Ms. MacKinnon: — Well the member opposite has raised a number of issues, and I'm not sure that we want to go back into the '80s, but he's ventured back there, so I guess we're back there.

The member said in 1991 when we became government we knew exactly the situation. My deputy minister says the only

thing that he would say is that we didn't know the situation. What he would say is that we did not know what was going on on the Crown side. What I would refer you to are comments made consistently by the Provincial Auditor saying look, we just can't tell you what the books of the province say. I would refer you to comments from the Gass Commission saying that Saskatchewan has amongst the weakest financial statements in all of Canada, saying look, you simply cannot look at these statements and figure out the true finances of the province.

And I would also point out — with, you know, as you say, I'm not interested in history here, but if we're into it, we're into it — the letter from the minister of Finance, Lorne Hepworth, during the election campaign, assuring the people of Saskatchewan that the deficit would be \$200 million for that year. And of course when the books were opened it was well over 800 million, was brought down to 842 million.

So the first thing is . . . I think the public record is going to show when the history is written that nobody could have known exactly what the finances of the province were, not even the deputy minister of Finance.

The second point I would make is that the Premier said we can live on less than 4.5 billion, and we are. We are spending less today than the government spent in 1990-91 if you take out interest on the debt. If you take out what is being spent paying for the debt, then we are spending fewer dollars now — \$275 million less than in 1990-91. And what's truly amazing, if you look at all the spending right out to 1999 at the end of our second plan, we'll still be spending less than in 1990-91.

And I'll guess I'll make one final comment here. When you look at indicators of whether or not a government is tightly run, there are several: number of civil servants per capita, the cost of delivering a basic basket of programs and services to the people of Saskatchewan. And I would say to the member opposite that if you want to look at Alberta, or if the Liberals would like to look at all of the Liberal provinces, the cost of doing that in Saskatchewan is less.

Now to come to your main point, are we interested in reducing taxes? Of course we are. And I can assure the member opposite that as soon as it is affordable to bring in further tax reductions, this government will do it.

I will also say to the member opposite, we have consistently said to the Liberal government in Ottawa, why won't you overhaul the tax system? Why keep fiddling around with this little part of it and that little part of it? And this one doesn't work, and that one doesn't work, and we're going to raise this one, take away some exemptions there — overhaul the tax system — and we'll do it. We've offered to do it cooperatively with them. You do yours; we'll do ours at the same time.

I can say to the member opposite that if the federal government were prepared to get involved in that kind of effort, we would be prepared to lay everything on the table and see if there is a better way to structure the tax system. But until we get some

kind of answer from Ottawa in terms of what their plan is vis-a-vis taxes — particularly GST (goods and services tax) — it would be counter-productive for us to start down that road ourselves.

The bottom line — are we interested in tax cuts? Of course we are, but affordable ones, and we will do it when the province of Saskatchewan can afford them.

(1615)

Mr. McPherson: — Thank you, Mr. Chair. Madam Minister, and officials, I have several questions here today, but I think for a while we're going to have to stay on the theme that the member from Morse started in regards to sales tax, especially the tax imposed and increased by you and your administration along the west side and the south-west part of the province; the effect it's having.

And when I take a look at the communities from Swift Current, Shaunavon, Maple Creek, Leader, and the letters that I've received from those communities, I don't think, Madam Minister, that you have ever alleviated any of their fears and concerns of what they're having. In fact I look at the Leader-Star services in December 16, '94, some few months ago, Madam Minister, when you're talking about the reason for not reducing any level of tax and it's because . . . and I'll quote right from here:

The provincial government can't afford the economic development and jobs that would result from a sales tax cut because such a move would mean less in federal transfers, says Finance Minister Janice MacKinnon.

So the questions that come up then, Madam Minister, are ones . . . How much money would the province be forgoing say if you're to drop the PST (provincial sales tax) by 1 per cent?

Hon. Ms. MacKinnon: — The member opposite, as I mentioned in dealing with the Liberal caucus, we're trying very hard on this side of the House to enforce some sense of consistency there.

Now I do find it interesting that the member from Shaunavon would be standing up in this House talking about why this side of the House increased the sales tax, when he voted for it. What particularly were you thinking that day when you voted for the sales tax increase? What was it that made you decide, in that particular budget, that increasing the sales tax was a good idea for the province of Saskatchewan?

Could you elucidate the thinking then that made you say, in 1992 and 1993, that the sales tax increase was a good idea? I'll check whether you voted for just one sales tax increase or two sales tax increases. You may want to clarify that when you stand up.

Was it one sales tax increase you had voted for or two sales tax increases? Was it moving it from seven to eight, or from eight

to nine? But you voted at least for one sales tax increase. And you had a reason for doing that consistent with your values and your principles. And now you stand up in the House and you say how devastating it is that we increased the sales tax.

Well, Mr. Member, what people expect from politicians is some measure of principled consistency. This flipping and flopping all over the map is being noticed around the province. The cost of reducing the sales tax one point is \$81.6 million, Mr. Member.

Mr. McPherson: — I missed the figure, Madam Minister, because I wasn't listening to your rhetoric, but I would like to have the figure.

Hon. Ms. MacKinnon: — Mr. Member, perhaps you were thinking of your answer to my questions. The number was \$81.6 million.

Mr. McPherson: — So that's \$81.6 million. That's for every percentage point increase in the PST, that's how much the province raises. I think the question is, if I'm not wrong, I asked how much does the province have to forgo if you reduced the sales tax by 1 per cent, because . . . and I'll bring you back to this article, Madam Minister. You're saying that in the event that sales tax is cut, that you're also forgoing revenues from the federal government.

So what I want to find out from you . . . and I guess if you want to answer in a rhetorical way, it's just going to take a lot of days, but we're going to stay at this. What I'm asking you is over and above the 81.6, if I'm right in saying that that is what you would raise in revenue from a 1 per cent cut, on the other side of the ledger you're saying you're losing money from the federal government. And I'm trying to find out how much.

Hon. Ms. MacKinnon: — Mr. Member, a short and simple answer to your question, you lose nothing.

But, Mr. Member, it is not a simple point to say, now please gloss over the fact that I'm prepared to stand in the legislature of the province of Saskatchewan as an elected member of this province — and stand, because these were standing votes — and say I support an increase in the sales tax; those are my principles, people of Saskatchewan.

Now in this era of new politics, people judge politicians by their record. They look at your record; they say, he supported a sales tax increase. Now what has happened to the gentleman's principles to make him change his mind? That is a fair and reasonable question to be asking of the member opposite, and I'm asking it.

Mr. McPherson: — Madam Minister, obviously we're going to take some time at getting the answers from you. But just to cut to the chase, because I know you think you're being very comical here on the voting, but just for the people that are viewing the proceedings here today, no one on the government side of the House is allowed to vote against the budget. And

you know that; I know that.

So now let's get down to the facts and figures that I'm asking for. And that is, Madam Minister, how much money are you forgoing from the federal government? I know it's somewhat embarrassing for you, having been caught making such ridiculous statements throughout the province that you want to remain a welfare state. The people of the province could not believe what they were hearing from you. You recall you were on all the front pages of the newspapers with that ridiculous statement, one of many you've made.

But just to get down to the facts and figures, Madam Minister, can you tell us how much money you are going to forgo from the federal government? Because you're the one making the statements that you would lose federal transfer money. So I want to know how much federal transfer money you're losing for every 1 per cent drop in the PST.

It's a simple enough question. And if you want to play games, so be it; we'll do this another day.

Hon. Ms. MacKinnon: — I would say to the member opposite I am prepared to stay here as long as he wants to stay. Integrity is at the heart of politics — integrity, integrity. Okay.

The member opposite knows precisely what the answer to that question is because I wrote him a letter giving him the answer. The answer is simple: we lose nothing because the two issues are not related. Now the member opposite knows that that is the answer because he has it in a written letter from me.

An Hon. Member: — No, I don't have it.

Hon. Ms. MacKinnon: — Well we will get you a copy of the letter so we can refresh your memory. I certainly recall signing it off.

So you've got the answer. There is no relationship between the two.

Mr. McPherson: — Well, Madam Minister, you stated in the front pages of the newspapers around the province that there was a direct relationship, and I'm asking you — surely with all those Finance officials sitting all around you, that you could for a moment quit being comical and tell us what the answer is.

Now you have said many times that you can't reduce the sales tax because it's going to cost you money in federal transfers. That's a simple enough question. Can't you answer that?

Hon. Ms. MacKinnon: — The member knows the story here. The member knows that that particular quote was taken out of context. The member knows that that was sent to him in a letter.

If the member wants to sit here and go back and forth like this, that's fine. But I will say to the member opposite, people sense whether politicians have integrity or not . . .

An Hon. Member: — I'll be back, but I don't know if you will be.

Hon. Ms. MacKinnon: — Yes. You have to have a sense of humour in this job, don't you?

The member knows the answer to that question. If he wants to stand up here and ask the question again, I can read him back the answer.

But I do think that the people of Saskatchewan will have some questions to ask to the member opposite. They will ask why he voted for a sales tax increase; why he now opposes a sales tax increase; why when he asks me a question and he gets a written answer and he still stands up and asks the same question again, gets the same answer, he feels obliged to stand up and ask the same question. I'm prepared to answer any questions that will enlighten the people of Saskatchewan. And if you think this particular exchange is doing that, we can continue. I just think the people of Saskatchewan might prefer a more enlightening exchange.

Mr. McPherson: — Well, Madam Minister, the people of Saskatchewan aren't sure if now the comments that you're making are being taken out of context too, because really you're making not a lot of sense for a Finance minister who is asked a financial question — and it's a simple enough question — and you can't seem to get an answer for it. So maybe we'll just have to come at it from another angle.

You told me that it's \$81.6 million that the province raises for each per cent of PST that you have tacked on to the folks of Saskatchewan. But can you tell me then how much increased economic growth would you expect for each 1 per cent decrease? Because you're the one that said, Madam Minister, that there would be enough increased economic growth by lowering the sales tax that you're going to be cut out of federal transfers. So for every 1 per cent of decrease, how much growth? Can you give me that answer?

Hon. Ms. MacKinnon: — Mr. Member opposite, to go over the facts again. The loss to the treasury of Saskatchewan would be \$81.6 million. No effect on any money coming from Ottawa.

Now, the logic of . . . I want to take the member through some logic here because I think that the Liberal caucus also needs some lessons in logic. Okay. So they're saying we reduce the sales tax by one point, and therefore the economy grows by whatever, and that there be a logic to that.

Now when the member opposite was on this side of the House and voted for the 1993 budget which had the sales tax increase in it, if his logic is right, if there's some reasoning to what he's saying here, there would have obviously been a significant decline in sales and growth in the economy. Because if the taxes are going up, then the sales decline. If you're arguing the opposite, when taxes go down, sales and the economy increases.

So when the member opposite was on this side of the House and voted for the increase in the sales tax in 1993, in fact the opposite happened. The economy had one of its best years in a long time and grew second best of all the economies of the provincial economies in Canada.

So what I'm saying to the member opposite is if that logic is used, what the logic says is that a movement of one point in the sales tax has very little effect on the economy. And I think the average person can identify with that. If I go buy something for a hundred bucks and I pay a dollar less in sales tax, does that mean I'm going to go on a spending spree? No, I'm probably not going to dramatically increase my spending habits.

Mr. McPherson: — Madam Minister, when we're talking about whose logic we're using, it's yours. And I'll keep quoting from the newspaper articles, as these are your own words, Madam Minister:

New economic activity would mean the province has increased capacity to raise revenue and would therefore require less federal financial support under the equalization program, which helps so-called "have-not" provinces . . .

MacKinnon conceded (it's a quote) a sales tax cut would mean increased investment, job creation and, finally, more income tax revenue.

So, I mean, it's your logic.

That could offset the loss in sales tax revenue but it would also mean reduced equalization payments, "leaving the province worse off fiscally . . ."

So I mean, for you to make these statements — and it's your logic, Madam Minister — you must have supported these statements with some facts and figures from your officials. And what I'm trying to get out of you, either you feel terribly embarrassed for ever making these comments -- you now realize that you were completely off base; and that's possible — or in fact you're holding back the facts and figures.

So if maybe you could just answer some of those other questions instead of all the rhetoric, we could move on a lot quicker onto another topic. But what I need to know from you, Madam Minister, is just how much increased economic activity your officials — if not you — thought would come to the province for every 1 per cent decrease.

(1630)

Hon. Ms. MacKinnon: — The member opposite, I really, I really honestly don't understand whether it's a lack of understanding or a desire to go back and forth here for ever. What we're saying is, all of what we know tells us there will not be any significant increase in economic activity. And I've told you the evidence that we're using, the key piece of evidence, which is, in 1993 when the sales tax, which you supported, the

increase in the sales tax occurred, the economy grew by — let me get you the exact number — 6.7 per cent.

If you'd like another piece of evidence leaning in exactly the same direction, Alberta has no sales tax. We do. Our retail sales in 1994, the growth in our retail sales, was higher than Alberta. So what I'm asking the member to try to do is to expand his horizons. When you look at what people . . . When somebody's sitting down . . . all you have to do is think about the average person. I'm sitting down and I'm thinking about, well, am I going to go out and buy something.

Well what I say is I ask a first question — do I have a job? Do I have a job? And if I have a job, I'm much more likely to go out and spend money than to consider the level of the sales tax. So the factors that determine whether or not people are going to spend money are things like economic security — do I have a job? — interest rates, which your friends in Ottawa could certainly give us some help in ensuring that interest rates remain moderate. All of these factors, all of these . . .

An Hon. Member: — . . . friends.

Hon. Ms. MacKinnon: — Well I'm not sure whether they're friends today or not, but I think they were friends today.

All of these factors are very important factors in determining whether or not somebody spends money.

Now I think that I've answered the question as logically as I can.

Mr. McPherson: — Well, Madam Minister — I mean you talk about logic — using your logic, what you're then saying is that the higher you're going to push the PST, the better off the people in the province are going to be.

Well that's quite a change from December when your statement is: MacKinnon conceded a sales tax cut would mean increased investment — were you guessing at that? — job creation, and finally, more income tax revenue. And that's why you couldn't give any breaks to the people of Saskatchewan. Because of the money that you thought you were going to lose from the federal government.

Now today you're saying, well that amount is insignificant or very little. Well if it's insignificant or very little, then why are you now . . . Yes, are you considering lowering the PST?

Hon. Ms. MacKinnon: — Mr. Member, I'm prepared to stay here as long as you want to be on this issue, and I'm prepared to keep taking you back to one central point because it's a central point that I think you're going to have to wrestle with. And it's the issue of integrity. You know very well what that letter was about, and you know very well the letter I wrote to you and the letter that I wrote to the editor explaining that quote. But if you want to keep coming back and using it, we will stay here for a long period of time.

Now what I said to the member from the Conservative caucus was quite straightforward. Because we balanced the books of the province, this government is in a position to look forward to a future of declining taxes rather than increasing taxes. And we've already done that in our most recent budget where we decreased income taxes \$150 per taxpayer, \$300 per dual income family. And of course we're committed to looking at tax reductions in the future.

But I will also say this: we will only reduce those taxes when they're affordable. And so we will, in future budgets, be going around the province and discussing these issues with the people of the province.

Mr. McPherson: — Madam Minister, the only letter that I have that has your name on it is one that was written to you from a Miss Irene Houston at Shaunavon. Let me just read a quote from it:

Dear Madam, I am thoroughly ashamed to be a citizen of Saskatchewan since I hear that the Minister of Finance choose to be a welfare state rather than striking out on building up its revenue by reducing the PST and allowing the province to become more self-supporting and reducing the equalization payments from the federal government which is paid for by our own taxes which will have to be raised to support this welfare province.

So what she's saying is that you're going in a circle here, Madam Minister. And the last two paragraphs:

This is a very bad example to people on welfare, stating it is better to stay on welfare than try to support oneself. Saskatchewan will never be a rich province, even with all the diamonds and diversification, as long as we are governed by welfare mentality.

Now you can talk about voting records or you can talk about logic all you want, but — see — this is what the people of Saskatchewan view you as being: somebody who has made a lot of ridiculous statements. And now, instead of owning up to them and in fact admitting that you've made some serious blunders . . . either you've made the blunders then or you're making them now by saying, well we have to keep the high tax even though there wouldn't be a drop in federal transfers. I mean I could actually get that from your comments today.

So which is it, Madam Minister?

Hon. Ms. MacKinnon: — Mr. Member, I could read here the letter to the editor that I wrote, explaining this issue. But, you know, you have to ask yourself a question. You have constituents out there that you have undertaken the responsibility to represent. I think you've already probably let them down in one sense, that is being elected as a member of one party and then shifting to another party and not giving them the right to decide whether that's appropriate.

But you now have some time to stand here and to talk about the

way the Department of Finance is proposing to spend its money. And what you've decided to focus on is a dispute about words in which I say to you, sir, if we reduce the sales tax it's going to cost the treasury of Saskatchewan \$80 million. It will have no effect on what money we get from Ottawa; that that letter was taken out of context, and that has been fully explained; that because people decide to make decisions when they're spending money on all kinds of bases, tax levels are one small part of that decision making. And our commitment is, as our finances improve, to lower taxes.

Now if you really feel that your constituents will be proud to see you stand here and go through this scenario again and again, we can do it. But there are the answers to that, and I would wonder if the member has any other issues that his constituents would feel proud to have him raise today in the legislature.

Mr. McPherson: — Well, Madam Minister, they have many problems with you and your government, and in fact the way that you've attacked rural Saskatchewan. And this is just one other way that you have done it, by increasing the sales tax the way in which you have and forcing people to shop not only out of their towns, but in Montana and Alberta.

And in fact, can you give us some idea what sort of revenues that the province . . . guesstimate how much revenue we're losing in the province by those people shopping outside of the provincial boundaries.

Hon. Ms. MacKinnon: — Mr. Member, what I would point out to the member opposite is that the retail sales in Saskatchewan are higher than they are in Alberta. And if he would like me to read it again, I could read, as I did to the member from the Conservative caucus, the commentary by Swift Current on our budget. They said well done; good budget.

So I think the problem that the member is going to have is when he looks at it and he says, well if in fact our retail sales are significantly higher than Alberta, when we talk about what people decide to do with their money, sales tax is but a small part of it.

And probably many people in Saskatchewan are like the member from Morse. They have a strong sense of commitment to their local communities, and that's usually where they do most of their purchases.

Mr. McPherson: — But, Madam Minister, your former associate minister of Finance, the member from Swift Current, stated just the opposite. In fact he talked about how great it was and how many people do shop in the community of Medicine Hat, I believe, was the example he gave at one point.

And what I'm trying to find out from you, because your Department of Finance must do some . . . work some calculations in this area, how much revenue do you think the province actually loses in retail sales when you increase the PST by 1 per cent?

Hon. Ms. MacKinnon: — The member opposite would know that we have no capacity to estimate that.

But I would ask the member to think about what his constituents are going to believe about him as they listen to this line of questioning. When we're talking about the budget of the province and how tax dollars are raised and how they're spent and the theoretical framework and the overall plan and the overall philosophy, surely we shouldn't be down to talking about what the member from Swift Current said about shopping in Medicine Hat.

We can — I mean it's your choice. But surely your constituents are going to, I would hope, expect a slightly more elevated discussion to occur.

Mr. McPherson: — Well, Madam Minister, they are expecting a more elevated discussion to occur, but I'm afraid it's your end that's going to have to be picked up on a little bit.

I guess we're going to have to change the topic here because you haven't given one answer, other than the one on \$81.6 million; other than that, it's been rhetoric and we're just going to revisit this and revisit this again.

Madam Minister, do you have a phone line . . . or there was sort of a squeal-on-your-neighbour line that you set up for people shopping out of province. Or did you ever put that into being, or did you just discuss it with your department officials?

Hon. Ms. MacKinnon: — I would say to the member opposite that it was the Liberal government of New Brunswick which was discussing that particular proposal and as I recall, put it into effect. This government has not.

Mr. McPherson: — Well, Madam Minister, I remember you talking about that also. And I'm asking you, did you ever put one into effect?

Hon. Ms. MacKinnon: — Mr. Member, I don't know where this member is coming from here. We have never had any discussions with anybody about putting into effect such a line.

If any discussions occurred — and I will certainly be sure to check the record for the member opposite — my recollection is it was the Liberals in New Brunswick who talked about such a line and put it into effect. If it wasn't New Brunswick, it was one of those other Maritime Liberal provinces. It has never been a policy discussion in this government. It has never been considered.

Mr. McPherson: — Madam Minister, we're going to change the topic here because you're just not answering any of the questions. But it's not that you're not going to have to eventually.

In the area of the gas, the rebate on farm fuels, now I know that there's been some of my constituents that have wrote you letters, Madam Minister, in regards to the cap on the rebate of

some \$900. And I want to know if the Department of Finance is considering perhaps raising that cap to a higher level?

Hon. Ms. MacKinnon: — To the member opposite, no, we're not. But I want to ask the member opposite, is he suggesting we should? Because we could add that on to your previous session's additions to the deficit. I know that you added \$300 million to the deficit in the last session. We didn't have that particular item on it. So if you would like to tell us how much you would like to raise it by, we could add it to your deficit figure for the last session.

Mr. McPherson: — Madam Minister, can you tell us how much revenue that the province would have from fuel tax on farm fuels that isn't rebated back? I'm trying to get . . . what I'd like to know is a total revenue picture on farm fuels and then what the total rebate coming back to the farmers would amount to.

Hon. Ms. MacKinnon: — Yes, I can certainly tell the member opposite. We had 49,000 applicants — 49,387. And 21,659 were over the cap. That's 43.9 per cent. The entitlement without the cap would have been 46,265,782. Without the cap, it's 36,201,571. If you would like me to do the subtraction, the difference is 10,051,343.

Mr. McPherson: — Madam Minister, are you able to table that sheet that you're quoting from?

Hon. Ms. MacKinnon: — No, but we have provided the information that's requested to you.

Mr. McPherson: — Well, Madam Minister, then if I had your figures correct, 43.9 per cent were over the \$900 cap. Is that right? Just nod your head.

Hon. Ms. MacKinnon: — To the member opposite, that is correct.

(1645)

Mr. McPherson: — Well then, Madam Minister, if we're only talking . . . say we're talking about 44 per cent of the farmers over the cap. Then see where the problem comes is in the part of the province that I'm from where your government has actually taken away so many of the services that people are now having to drive an extra hour or two to get some of these services.

And in fact if you take a look at some of the farm operators, if you lived in the community of Consul for an example, and you try and think of what that \$900 cap would mean if you farmed in the area of Consul versus if you farmed say one or two miles outside of Maple Creek or Shaunavon. Now do you then think that this is a fair way to distribute back this money to the farmers, given that distance alone is such a disadvantage for some?

Hon. Ms. MacKinnon: — Well I would say to the member

opposite that if you take the exemptions or the fact that you don't pay any tax on diesel, you take the rebate program, taxpayers in Saskatchewan are providing to farmers \$122 million in benefits that don't go to other people in the province.

Now what I would wonder, the member opposite talks about living in that part of the province, and I can sympathize with the problems there, with the distances and the need to drive. I'm very sympathetic to that concern, extremely sympathetic.

But the member opposite may have wanted to raise that concern when the recent federal budget came out and there was a one and a half cent per litre increase in the gas tax because I'm sure that your constituents would have been more concerned about that increase than probably other people in the province. And I was wondering what your response was when that tax increase came into effect.

Mr. McPherson: — Madam Minister, you may say you're concerned, but I'm not even sure that you understand some of these problems, let alone concerned about them.

Getting back to this 44 per cent of the people that are over the \$900 cap then, have you done calculations or have the department staff, the people that actually could do that work . . . has there been calculations done, say, what the real cost to the provincial treasury would be if, say, the cap were doubled?

Use 1,800 as an example because we're not talking about all the farmers. As you've said yourself, we're talking about 44 per cent. And the higher . . . of course then the higher that the amount of rebate be, the less farmers you would have involved.

So then has your department officials done for, say, every \$100 increase in rebate on farm fuel . . . have you done some calculations to see exactly what that cost would be because this, Madam Minister, would mean so much to, say, someone raising hogs, for an example, near the community of Consul or Val Marie or Mankota versus, you know, being up around Assiniboia, Shaunavon, Maple Creek, because their fuel bill would be so much more to deliver the product.

But not only that, but just the cost of repairs and the cost of services due, as I said earlier, to the fact that your government has decimated rural Saskatchewan in some of these areas. Have you calculated this out, say, for every \$100 increase?

Hon. Ms. MacKinnon: — I do find it passing strange that within weeks of the federal government taking 100 per cent — 100 per cent — of the transportation subsidy from this province that you are standing up talking about what this government has done to rural Saskatchewan. I think if we are focusing our attention on anything in this province right now, it's what the decisions of the federal government have done to rural Saskatchewan.

And again, when I talk about consistency and integrity . . . if we could only get a consistent answer from the members opposite on that because one day the federal budget is fair to the

province — and if you want quotes, we have quotes — the next day it isn't.

So when we talk about concerns about rural Saskatchewan, what are we concerned about? We're concerned about what the elimination of the Crow benefit will mean to rural Saskatchewan and the fact that the federal government has no plan, no plan for transportation in this province . . . what that will mean to farm families.

Mr. Martens: — Thank you, Mr. Chairman. Madam Minister, I've been sitting and listening, and I wanted to know what your reflection was at where the limit is on raising taxes and having the economic growth increase at the same rate that it has done, like you mentioned earlier that there really wouldn't be much negative implication.

If you cut the taxes there would be . . . well things would consider as they were if you cut taxes. And my contention is that if you'd cut taxes, you'd have more economic growth. And more economic growth to stimulate the economy, you wouldn't have to do the things that create islands here and islands there and islands in different places.

At what point do we have diminishing returns on raising taxes for having economic growth?

Hon. Ms. MacKinnon: — Well I think the member opposite raises a good question. And I think it's one worthy discussing because I think you have a point in one sense because once you get away from specific taxes . . . we were talking before about the sales tax, and I'm saying whether you raise that a point or not isn't going to affect the economy dramatically. But there are taxes that you can cut, and we know they are very likely to create jobs and promote economic activity. For example, in the 1993 budget we reduced the E&H tax on direct agents and manufacturing and processing. And we saw an increase in jobs. We have further tax cuts in the area of manufacturing and processing.

And I'll tell you quite frankly, when we decided on which tax cuts to put into place, what we did was we sat down at the table with various business groups, and we said okay, now we still have some fiscal problems here, but what tax cuts could we make that would really affect the economy and would really create some jobs and are affordable to the province? And so we implemented some of those suggestions that came from the business community.

To give you one final example, it's exactly what we did as well with gas and oil royalties. We still need some money from gas and oil royalties for financing the programs of the province, but we sat with the industry around the table, and we said, how can we restructure these so we still get some money but there's more growth and activity?

The member opposite has asked the right question. Don't just focus on the sales tax because that doesn't affect a lot in terms of what people do and jobs created, but there are taxes that you

March 27, 1995

can cut that do make a difference. And the member is heading in the right direction when he suggests that.

The committee reported progress.

COMMITTEE OF THE WHOLE

The Chair: — The Committee of the Whole is called to order, and it being near 5 o'clock the committee will recess until 7 p.m.

The Assembly recessed until 7 p.m.