

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**April 20, 1995**

The Assembly met at 1:30 p.m.

Prayers

**ROUTINE PROCEEDINGS**

**PRESENTING PETITIONS**

**Mr. D'Autremont:** — Thank you, Mr. Speaker. I have petitions today to present from Foam Lake, Sheho, Bankend, Wishart, Redvers, Antler, Glen Ewen, Eston areas of the province, Mr. Speaker — actually from across the province. The prayer reads:

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.

I so present, Mr. Speaker.

**Mr. Goohsen:** — Thank you, Mr. Speaker. I'm happy today to present petitions that have been sent in from the Maple Creek Composite High School. And the prayer reads:

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 towards double-laning Highway No. 1, rather than allocating these funds towards capital construction projections in the province.

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

And as I said, Mr. Speaker, these are all from the Maple Creek area and were solicited and delivered by the students from the Maple Creek Composite High School. And I'm happy to table them today.

**Mr. Britton:** — Thank you, Mr. Speaker. Mr. Speaker, I too have a petition here and I'll just read the prayer:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to unequivocally oppose changes to the present legislation regarding firearm ownership, and instead urge the federal government to deal with the criminal use of firearms by imposing stiffer penalties on abusers, and urge the federal government to recognize that gun control and crime control are not synonymous.

As in duty bound, your petitioners will ever pray.

Mr. Speaker, these signatures are from the Fox Valley, Maple Creek, Swift Current, all through that area. I would like to lay them on the Table.

**Mr. Martens:** — Thank you, Mr. Speaker. I too have petitions here. The prayer says:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to allocate adequate funding dedicated toward 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 toward capital construction projects in the province.

As in duty bound, your petitioners will ever pray.

And they're here from Fox Valley, Richmond, and Maple Creek.

**READING AND RECEIVING PETITIONS**

**Clerk:** — According to order, the following petitions have been reviewed and pursuant to rule 12(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 adequate funding to the double-laning of Highway No. 1.

And of citizens of the province petitioning the Assembly to support the proposed Battle Creek dam project.

And of citizens petitioning the Assembly to urge SaskTel to expand the Sask Valley long-distance boundary.

**INTRODUCTION OF GUESTS**

**Mr. Sonntag:** — Thank you very much, Mr. Speaker. Last session I began by introducing some of my family. This year I'm going to start on the second half, and that's not . . . this won't be all of them by a long ways yet.

But first of all, one of my twin sisters — this is a bit confusing, because she's actually my sister who is a twin but not actually my twin sister — is here from Dawson Creek, B.C. (British Columbia). If she'd stand up, with her daughters, Andrea and Katrina. And my youngest brother, Ian Sonntag from Goodsoil . . . and I see his wife has just walked out with the baby,

Raquelle, and Jillian and also Paul and Johnathan are here as well, who are also outside I guess having a look at the legislature. And also with them is Virginia Wilkinson.

So if you could welcome all of them please here today.

**Hon. Members:** Hear, hear!

**Mr. Neudorf:** — Thank you very much, Mr. Speaker. It gives me a great deal of pleasure to introduce to you and to members of this House, a close friend of mine, a constituent of mine, in the east gallery. I direct . . . that's that Kenny Rogers-looking-fellow up there. His name is Ben Heppner.

And I've known Ben for a long time, Mr. Speaker. He's a teacher, having taught in Rosthern, Duck Lake, I believe in Hague, in Waldheim. He's the principal of Waldheim right now. He's a farmer. He is also part owner of the John Deere dealership in Rosthern. I guess nobody's perfect, Ben. But also he is the mayor of the town of Rosthern, Mr. Speaker, and after the next election I will feel very privileged to be able to be a constituent of his.

So, Mr. Speaker, I ask all of you members to please warmly welcome Ben Heppner.

**Hon. Members:** Hear, hear!

#### STATEMENTS BY MEMBERS

##### Prince Albert Co-operative Association Ltd.

**Mr. Kowalsky:** — Mr. Speaker, if there is a group in our province that defines us as a society, I would argue that it's our co-ops. Founded on the principle of cooperation, mutual self-help, and economic efficiency, our co-ops and credit unions have been the heart of both our cultural and economic development.

In particular, I would like to congratulate the Prince Albert Co-operative Association for its economic success and its active community involvement. In 1994 the P.A. (Prince Albert) Co-op and its six branches in the surrounding communities had sales of more than \$44 million and profits of \$3 million.

The P.A. Co-op paid cash dividends of \$1.3 million to members in Saskatchewan, not to outside investors.

As the member from Pelly said recently, if our smaller cities and towns are declining somebody forgot to tell the P.A. Co-op. Its membership grew by 894 members to over 17,000 members in total.

And already this year, Mr. Speaker, sales in 1995 are ahead of last year's so much that by mid-1996 the co-op expects to be completely debt free. As well they put money back in the community — \$57,000 last year for scholarships, hockey tournaments, and student education in the co-op movement.

I congratulate the members, the board, the management, and employees for this success. And I thank them for their continued involvement in the life of our community.

**Some Hon. Members:** Hear, hear!

**The Speaker:** — The member from Saskatoon Greystone.

**Ms. Haverstock:** — With leave, to introduce guests, Mr. Speaker.

Leave granted.

#### INTRODUCTION OF GUESTS

**Ms. Haverstock:** — Thank you very much, Mr. Speaker. I'd like to introduce to you and through you to members of the Assembly two guests in your gallery this afternoon, Bonnie Moncrief and Dorothy Kostyna, both of the Saskatchewan landlord association. And they're visiting us this afternoon from Saskatoon. If everyone would help me warmly welcome them, please.

**Hon. Members:** Hear, hear!

#### STATEMENTS BY MEMBERS

##### Organ Donor Awareness Week

**Mr. Jess:** — Thank you, Mr. Speaker. Easter is a time we reflect on the enduring message of our faiths — that out of death comes life.

It is appropriate then that this week be proclaimed Organ Donor Awareness Week. Thanks to modern health care, Mr. Speaker, the Easter miracle is re-enacted several times.

Currently there are 2,000 Canadians awaiting organ donations. They and their families pray constantly that many Canadians will consent to being organ donors. By focusing attention on this greatest act of charity, it is hoped that many people will realize a sudden death may somehow benefit others in a miraculous way.

Mr. Speaker, there are several organizations in Saskatchewan which do their best to promote organ donations. Among these are the Saskatchewan Coalition for Organ Donor Awareness and the Saskatchewan Transplant Advisory Committee. These people work hard for Saskatchewan citizens awaiting transplants, scanning North America's sources for possible donors.

At this time I wish to commend all those associated with organ donations. Because of their efforts, the Easter miracle lives in all of us.

Thank you, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Youth Science Foundation**

**Mr. Upshall:** — Thank you, Mr. Speaker. Today I am pleased to recognize a grade 12 student in my riding who has achieved excellence in the field of science.

Mr. Speaker, you may remember that yesterday I made a statement on the regional science fair in my area. Well this person was the winner of the regional science fair last year and participated in the Canadians. And Jason Leuschen of Bruno Central High School will be joining 31 other top high school science students from across Canada in representing our country at the 1995 International Science and Engineering Fair in Hamilton, Ontario in May.

This is a great honour for Jason who has won many awards for his project entitled: artificial intelligence. Jason has constructed a prototype mobile robot to facilitate the testing of artificial intelligence programming theories. He then implemented an adaptive learning program to test the robot's ability to function in an unstructured environment that hopefully one day may lead to a breakthrough in intelligence programming.

Mr. Speaker, these team Canada members will have an excellent opportunity to prove themselves internationally at this competition in Hamilton. This science fair will attract 1,000 high school students from 30 countries. The students will be competing for some 600 prizes valued at more than \$1 million. I would like to extend my best wishes to Jason and his team Canada colleagues at this international competition. His science and engineering skills are truly amazing. Thank you.

**Some Hon. Members:** Hear, hear!

**Charges Against MLAs**

**Mr. Neudorf:** — Thank you very much, Mr. Speaker. I want to make a few comments about the last couple of days. They have been, Mr. Speaker, quite frankly about the hardest days of my life. And it seems to me like I'm walking around in a shadow. Or it can't be happening to me; it must be happening to somebody else. But the reality of it is I am involved.

A person's reputation is built up over many, many years. And as I have found, it can come crashing to asunder in a few moments. And that has a tremendous impact on me, but because of the support of family, friends, we will prevail, Mr. Speaker.

Unfortunately, an incident like this casts a pall upon all politicians at a time when we desperately need the sense of integrity and trust in people. Unfortunately it also casts a pall upon this institution, an institution that I have over the years come to love and appreciate, and also casts a cloud over you, my colleagues. And whatever role I have been perceived to have played or have played, I just simply want to pass on my regrets, Mr. Speaker. Thank you.

**Some Hon. Members:** Hear, hear!

**Disabilities Directorate**

**Ms. Murray:** — Thank you, Mr. Speaker. Today I want to bring attention to a small yet worthy branch of government, the Disabilities Directorate. It is estimated that 19.1 per cent of Saskatchewan residents have some form of disability. The Disabilities Directorate was established to assist these people achieve full social and economic integration.

One of the important functions of the directorate is its employment referral services. Résumés are kept on file and used frequently by the Public Service Commission when looking to fill positions targeted under employment equity programs. Participants in this service receive information about public service careers, résumé preparation, and staffing processes.

The Disabilities Directorate works to raise awareness by providing workshops, collecting resources, and developing a speakers' bureau. It also acts as a contact point for groups representing people with disabilities.

Mr. Speaker, several issues face people with disabilities. These include access to education, employment, and better coordination of government programs. The Disabilities Directorate is helping our government to meet the challenge of ensuring that disabled persons can participate fully in all aspects of society.

For their work on behalf of the disabled, and the government, I wish to commend them. Thank you, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Wolseley Trade Fair**

**Mr. Scott:** — Thank you, Mr. Speaker. The Wolseley Chamber of Commerce does an excellent job of promoting business in the local community and this Saturday the chamber will be hosting their annual trade fair. This trade fair will be held at the Wolseley sportsplex. I have had the pleasure of attending these trade fairs in the past and they offer many valuable services and information opportunities for the public.

There will be more than 50 displays at this year's trade fair and many communities will be represented including Wolseley, Indian Head, Grenfell, Regina, Fort Qu'Appelle, and Montmartre. The displays will include such things as commercial booths, items for your home, personal care items, environmentally friendly materials, and local businesses.

The Wolseley High School SRC (student representative council) will be providing entertainment for children throughout the day including a puppet show.

Mr. Speaker, this trade show will run from 10 in the morning until 6 in the evening and I'm sure many people from the local area will be attending this event on Saturday at the Wolseley sportsplex.

**Hon. Members:** Hear, hear!

## ORAL QUESTIONS

### Charges Against MLAs

**Mr. Swenson:** — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Minister of Justice. Mr. Minister, yesterday you released information regarding charges against eight former members of this Assembly. This is well before the RCMP (Royal Canadian Mounted Police) released their communiqué this morning.

You also indicated that you knew who the charges were against. Mr. Minister, can you tell us when you knew these charges, how you came about this information, and why you released it to the media before the RCMP?

**Hon. Mr. Mitchell:** — Thank you, Mr. Speaker, and thank you to the member for that question. I was briefed on this matter by my deputy minister late on Wednesday afternoon of last week, and I was briefed orally. And I believe it is correct that the charges were in fact . . . the informations were laid last week, although I haven't seen any of them. So I don't personally know that.

In the media scrum yesterday, I took it that the media already knew that there were 11 charges laid and so I said there were, although I refused to disclose the name of any of the members who were former members of this House. And I couldn't remember them all anyway and I didn't want to start blurting out names for fear of naming someone who in fact wasn't charged or naming some and not naming others. But I believe that the documents were out for service by the RCMP.

**Mr. Swenson:** — Mr. Minister, can you tell this Assembly if you were being briefed by Justice officials regarding this investigation during its four-year span, and can you tell us to what extent this information was?

**Hon. Mr. Mitchell:** — I believe that I was not briefed with respect to the progress in any of the investigations that are the subject of the member's question.

**Mr. Swenson:** — Mr. Minister, you claim that you had limited knowledge of this investigation, that your government did not participate directly or indirectly in the laying of the charges. But I'm wondering if you could explain to the Assembly today why a letter written by the NDP (New Democratic Party) member from Assiniboia-Gravelbourg on July 28, 1992 in *The Assiniboia Times* . . . and he talks about investigations.

And in his letter, the MLA (Member of the Legislative Assembly) says the investigation and the laying of charges was a hot topic amongst caucus members, and he says, and I quote:

The deeper we dig, the more corruption, the malfeasance we are finding. If more arrests and trials are indicated, we shall continue to lay charges.

Now, Mr. Minister, this member lately has had a penchant for telling the truth.

Mr. Minister, were you part of the caucus then? And I'm sure you were. Did you lead these discussions? Were you part of the digging that the member refers to? And if not, can you explain this very explicit statement by one of your NDP back-bench MLAs?

**Hon. Mr. Mitchell:** — Mr. Speaker, I cannot. I have not seen the letter, nor have I participated in nor have I heard any discussion among caucus members along the line that the member mentions in his question; so I'm at a loss to give any explanation at all as to the contents of that letter.

I might add that I have never had any discussion with the member from Assiniboia-Gravelbourg with respect to any of these matters.

**Mr. Swenson:** — Well, Mr. Minister, just a minute ago you told this Assembly that you have been briefed, not in regards to the individuals that you singled out yesterday, but to other parts of the investigation. Mr. Minister, obviously this back-bench MLA must have been informed about something.

Now you've always assured this Assembly that your government and you personally never had anything to do with this. It's apparent, Mr. Minister, that over the four years of this investigation, that you have known something. And I'm wondering if you could tell us why the charges are being laid at this particular time?

**Hon. Mr. Mitchell:** — With respect to the last line of the question, Mr. Speaker, I have no idea why the charges are being laid at this time. I was briefed on this matter, as I have already told the House, on Wednesday of last week in the latter part of the afternoon. And that was the first indication I had that any such charges were being laid. I had absolutely nothing to do with the timing, and I just can't provide any information to the member as to why charges were laid on one day as compared to another or one time as compared to another.

My office, nor any other office in the government system, has no knowledge of the conduct of investigations nor the decision to lay charges nor the timing of charges.

### Health Services Advertising

**Mr. Toth:** — Thank you, Mr. Speaker. Mr. Speaker, I have a question to the Minister of Health, or maybe I should put it more appropriately to the Premier of the province. And my question to the Premier, Mr. Speaker, is this. Mr. Premier, your government has spent its entire term attacking the health care system in this province, and now we see on the eve of an election you're trying to tell people what a great job you've been doing. And we also note you're using taxpayers' money to push that message.

Mr. Premier, why are you sending out brochures to

Saskatchewan households to try and sell your destruction of the health care system; why are you doing it now just before an election; and how much are taxpayers paying for this election propaganda?

**Some Hon. Members:** Hear, hear!

**Hon. Ms. Crofford:** — Thank you, Mr. Speaker. I actually wasn't anticipating being able to answer this question today but I see I have an opportunity. I was out visiting people in my constituency and several people brought to my attention the fact that they would like to have more information on the new kinds of services provided under health care. And I had in fact made a note to myself to come back and suggest to the Minister of Health that we really needed to do a little more in this area, because although there is many new kinds of services available, people weren't aware of them.

And of course the important part of any new system is that people know how to use it. It's very difficult to proceed with setting up a new range of services if you aren't able to access them.

I might add that contrary to your view of dismantling, in the *Nipawin Journal* of Wednesday, February 22, a Mr. Ted Azevedo, president of a national seniors' organization, mentioned that the government should be congratulated because for 25 years he fought to get home care and less hospitalization and institutions. But the government of the day wasn't interested because everybody wanted hospitals, and it took a long time for us to smarten up — his comment.

So I would just add that I think as health reform evolves, people need to know how to access the system. And the public have indicated that they feel that informational materials are a responsible and a necessary part of health reform.

**Some Hon. Members:** Hear, hear!

**Mr. Toth:** — Thank you, Mr. Speaker. Mr. Speaker, while I thank the minister for her comments in place of her colleague, it would be apparent that the Premier has ducked the question.

And, Madam Minister, it also would appear that while your constituents are asking for some information, I find it very convenient that all of a sudden we have a nice, glossy brochure floating out to the people of Saskatchewan, talking about a new era in health care services.

The unfortunate part, Madam Minister, and Mr. Premier, is you neglected to tell the whole story. You forgot to mention the number of people across this province that have been affected by your cuts. You forgot to mention the 52 hospitals you closed. You forgot to mention all the increases — fee increases. You forgot to mention all the services you've deinsured.

Madam Minister, or Mr. Premier, why doesn't your brochure tell the whole story? Aren't you simply using taxpayers' money to try and correct your dismal health record on the eve of a

provincial election?

**Some Hon. Members:** Hear, hear!

**Hon. Ms. Crofford:** — Well thank you, Mr. Speaker. It would just seem that you can't win with you fellows. You either don't want information, you do want information; you don't want change, you do want change.

You know darn well that hospitals weren't closed. There were some underutilized critical care beds that were closed. And aside from that, there was a number of conversions providing a much broader range of health services than were available before. So instead of paying \$300 a day for an empty bed, we now have some actual services in place that people need.

It's been our goal to develop a sustainable health care system. And the way that you sustained it was by overspending by a billion a year. Now we've made a commitment to people in Saskatchewan to live within our means. Health care spending was increasing at 8 per cent a year. And what we've tried to do is create a sustainable system that will provide people with a core of services that meet their needs and develop a healthy population.

I just would have to ask you, what is it that you want?

**Some Hon. Members:** Hear, hear!

**Mr. Toth:** — Well, Madam Minister, I guess it's unfortunate that you're unable to answer that question, that same question that most people are asking: what are you offering?

You tell us that you've got such a good record. Well I'm afraid the Speaker would cut me off if I tried to go through your record through the past number of years.

Talk to the people in Langenburg. Talk to the people in Beechy. Talk to the people in Vanguard, Macklin, Kincaid, many communities across this province, and ask them if they have a better health care system today.

Your brochure, which is political propaganda using taxpayers' money, really concentrates on home care. And while home care is a good program, it's not the answer for everyone. Your brochure doesn't mention all the patients who are being pushed onto the home care system even though they really need hospital care. Your brochure also mentions your gambling addiction services, and we know how those are escalating. You forgot to mention it was your government that created the problem in the first place.

Madam Minister, why are you only telling half the truth? I believe, Madam Minister, all you're doing is just telling the half-truth your followers want to hear, not the whole truth. And why are you using taxpayers' money to do it?

**Some Hon. Members:** Hear, hear!

**Hon. Ms. Crofford:** — Thank you, Mr. Speaker. I would suggest to the hon. member opposite that he occasionally look at newspapers from outside Saskatchewan and get some sense of what's happening in the rest of the country.

Who in this country, besides a government that has acted proactively as we had, is going to protect medicare against an American-style system that's high cost, low coverage? We've seen where Mr. Klein is talking about selling hospitals to private interests. This is exactly the kind of thing that we're trying to prevent here in Saskatchewan. And I suggest that you get on board before our system deteriorates to the level of our neighbours to the south.

**Some Hon. Members:** Hear, hear!

### **SGEU Health Benefits**

**Ms. Haverstock:** — Thank you, Mr. Speaker. Yesterday we raised questions about the contract offered to SGEU (Saskatchewan Government Employees' Union) which includes a whole list of health care benefits no longer available to the public.

The government has wiped out the prescription drug plan, reduced coverage for diabetic supplies, chiropractic treatment, and even oxygen, Mr. Speaker. Ordinary people who now have less to live on have to pay for critical health services out of their own pockets. But, Mr. Speaker, all of these things and more will be reinstated for the government employees' union when this package is ratified.

Of course my question today is to the minister responsible for the Public Service Commission. Mr. Minister, please justify this offer to all of the people of Saskatchewan who do not and will not have this package.

**Hon. Mr. Mitchell:** — I would point out to the member what I believe she already knows, Mr. Speaker, and that's that the package provides a broad menu from which a joint board to be composed of equal number of representatives of the employer and the SGEU will select up to the limits of the money that is available.

So the member, by trying to create the impression that all of these benefits are available to all of the people, is creating quite the wrong impression, Mr. Speaker.

The fact is that we left it up, as we always do . . . leave it up to the unions to determine how they will take the amount that we're prepared to pay. We determine the kind of a package that we were prepared to offer. They could have taken it in wages. They could have taken it in part wages and part benefits. They could take it in all benefits. They elected in this case to take it all in benefits.

Now we work with them over the course of the next 18 months or so to try and work out what particular benefits from among this list will they choose to be incorporated into the package for

them. And I think that is a very reasonable solution to a very difficult negotiation.

**Some Hon. Members:** Hear, hear!

**Ms. Haverstock:** — Thank you very much, Mr. Speaker. Mr. Speaker, the minister may try to defend his government's offering in this agreement. He's responsible for the offer he made, so I understand that he feels obligated to defend it.

But let's look at how this lines up with health care benefits to public employees in other provinces across Canada. And in particular let's look to our next-door neighbours. Civil servants in both of those provinces participate in a Blue Cross program for which the employees pay a significant share.

SGEU employees are not the only ones who did not get a pay raise in this country and in other provinces. And in fact in those next-door neighbouring provinces, they actually had a roll-back of their incomes.

Now I would like the minister to explain please, explain to the taxpayers of this province, why the Saskatchewan government can afford to offer its employees a more costly health care benefits package than either Alberta or Manitoba.

**Hon. Mr. Mitchell:** — I would seriously doubt, Mr. Speaker, whether our package is that much more costly, or more costly at all. I would have to . . . I would not take the member's word for that; I would require some proof of that.

We have been able now to negotiate two collective agreements providing for a lot of zeros and a very, very modest wage increase in the third year of the first agreement, and in effect, no wage increase now. We calculated that very carefully, and we did a lot of comparisons between wage rates in Saskatchewan, wage rates in Alberta, wage rates in other jurisdictions, and devised a bargaining strategy that we felt would be fair to the people who worked for government and yet would be requiring them to make the same kind of contribution to the deficit problem that we faced when we took office. We think we've achieved that.

The cost of living has gone on increasing for years. Public servants in this province have lost ground to the cost of living. They're in a much worse position now than would apply in normal times when wage increases would protect employees from increases in the cost of living.

So we're not ashamed of the package. We think we did a good job. Furthermore, the collective bargaining system in this province worked. We didn't have to come here and legislate any roll-backs or legislate any agreement.

**Some Hon. Members:** Hear, hear!

**Ms. Haverstock:** — Mr. Speaker, this is simply about fairness. It's about fairness in the province of Saskatchewan for all of the people here. And it's not incumbent upon me to supply

information; it's incumbent upon the minister to provide to the taxpayers of this province and this House the costs to the taxpayer of what is being offered.

Now I'm sure that every MLA in this legislature has received the kinds of letters that I have. Letters from diabetics and others — people who are struggling to pay for their insulin and other supplies. And here's a quote from one of those letters, Mr. Minister. I quote:

My medical costs now cost me three to four shifts of what I work a month. Out of the 10 shifts I work a month (that he can get) I must feed my children. So what should I give up? We need to eat and I need to take insulin to survive.

Now there are almost 35,000 diabetics in Saskatchewan, Mr. Minister, and they all have the same story.

By offering this in this agreement, your government has chosen to provide SGEU workers with up to \$1,000 per year for insulin. And I'm asking you this: how can you possibly pass judgement that SGEU employees who are diabetic deserve help to pay for insulin more than anybody else in the province of Saskatchewan? In other words, why don't you treat people's needs . . .

**The Speaker:** — Order, order. I'll let the minister answer.

**Hon. Mr. Mitchell:** — Well, Mr. Speaker, there we go again. We're assuming that everything on that list is going to be provided. And I tried to explain to the member and I'll do it again slowly, slowly.

That is simply a list of benefits that will be considered by the joint committee. From that list will be selected those which will fit within the parameters of a very modest, a very modest amount of money — very, very modest indeed.

Now is the member suggesting that we ought not to have tried to get a collective agreement with our employees? Is she suggesting that collective bargaining, as between the government and the employees, is dead? Is she really criticizing us when she knows, Mr. Speaker, when she knows that we're delivering government services in this province at substantially less cost than our neighbours either to the west or to the east. And she knows that to be the fact, Mr. Speaker.

I think that's not a bad record. We're doing the best we can. We believe in the collective bargaining process. We believe in the integrity of the public service. There are a lot of men and women out there who are working hard, under very difficult circumstances, to provide services to the people of this province and we want to treat them fairly. Is the member suggesting we should not treat them fairly, should not try and reach agreements at the table, but instead use some other ham-handed approach to trying to resolve this problem?

**Some Hon. Members:** Hear, hear!

## Canadian Wheat Board Monopoly

**Mr. D'Autremont:** — Thank you, Mr. Speaker. My question is to the Minister of Agriculture. Mr. Minister, the province of Alberta has recently set up a steering committee to implement a plebiscite on changes to the Canadian Wheat Board monopoly.

We know where the NDP government stands on these issues, Mr. Speaker. They love the monopoly power and they don't like the public to have any input on these issues. So I think we all know what the minister's answer will be.

However, Mr. Minister, I'm wondering if you are contemplating a plebiscite question here in Saskatchewan on dual marketing and the role of the Canadian Wheat Board? Yes or no, Mr. Minister?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Cunningham:** — Mr. Speaker, I'd like to thank the member for that question. No, we are not contemplating a plebiscite in Saskatchewan. We might have a chance in this House to have a debate on that, and maybe the members opposite would care to put their position on the line as to where they stand on Canadian Wheat Board.

We believe that the Alberta government is opposed to the Canadian Wheat Board, and wants to do away with the Canadian Wheat Board, and is manipulating to put a phoney question on which will not be a fair question if they do have a plebiscite because they know very well who'll win the plebiscite if they do it with a fair question.

And we saw that with the advisory elections and other issues, that certainly farmers in the province of Saskatchewan support the Canadian Wheat Board. We know that and we support our farmers here. Thank you.

**Some Hon. Members:** Hear, hear!

**Mr. D'Autremont:** — Thank you, Mr. Minister. You're quoted in today's paper as saying you fear the wording in an Alberta vote when they offer the option of dual marketing. Mr. Minister, if you're so confident that you have the right position, why do you fear putting a question to the public in Saskatchewan?

To put it your way, if producers want dual marketing, then neither you nor any other government should stand in the way. That's what you said in the paper. Why not get out of the way, Mr. Minister, and let Saskatchewan farmers have that plebiscite?

**Hon. Mr. Cunningham:** — Mr. Speaker, what the government in Alberta is trying to have the producers there believe is that they can have their cake and eat it too. They believe that you can have dual marketing and that they can allow producers to cherry-pick the market in the United States when that's higher, and then be back in the pool when that's not higher. That won't

work; it's not a workable system. They know it won't work; they just see it as one more step to demolishing the Canadian Wheat Board.

If we want to have a plebiscite on the Canadian Wheat Board, the question would be very simple — do you want a Canadian Wheat Board or don't you want a Canadian Wheat Board?

The answer to that is also very clear — Saskatchewan farmers want a Canadian Wheat Board. And if the members opposite don't believe that, there's a plebiscite coming up sometime within the next year. Put that policy on the line and see how many seats you win in rural Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Mr. D'Autremont:** — Mr. Speaker, Mr. Minister, I find it very disturbing that you believe you and your government colleagues have all the answers, and farmers out there are such dummies that they might indeed vote for a dual marketing system.

Mr. Minister, what are you so afraid of? You're quoted in the paper as saying that any changes to the board should be approved by all producers, not just Albertans. Well, Mr. Minister, put your money where your mouth is and why not find out whether Saskatchewan producers approve of changes to the Wheat Board. What are you really so afraid of?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Cunningham:** — Mr. Speaker, again we are not afraid of anything and we do not believe Saskatchewan producers are dummies. They developed the Canadian Wheat Board; they supported it for years; and it's been a marketing system that's worked very well, and they certainly like to have it change and keep up to date.

Mr. Speaker, I would say the same thing to the members opposite that I said to Charlie Mayer when he said to have a plebiscite. I said, you have an election; let's have it out there. I think the answer was fairly clear on that plebiscite. I think the answer will be very clear on the plebiscite that's coming up in rural Saskatchewan sometime in the next year or so.

**Some Hon. Members:** Hear, hear!

#### Negative Option Sales Strategies

**Mr. Goohsen:** — Thank you, Mr. Speaker. My question is to the minister responsible for Justice. Mr. Minister, today I will be moving first reading of a Bill to amend The Unsolicited Goods and Credit Cards Act (Negative-option strategies.)

The purpose of this Bill is to expand the protection of consumers under the existing legislation. To be more specific, Mr. Minister, this Bill will prohibit negative-option sales strategies within Saskatchewan, and in turn will protect the consumers from civil action suits derived from non-payment.

Now we are all aware of the heavy-handed methods employed by Rogers Cablesystems that aroused consumer outrage and drew media attention to the problem associated with this marketing method. Closer to home, cable customers in Lumsden were forced to gather names on a petition to prevent their cable company from engaging in similar tactics.

Mr. Minister, do you agree that Saskatchewan residents should be protected from negative-option marketing?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Mitchell:** — Mr. Speaker, I thank the member for that excellent question.

My understanding is that . . . as he has said, they will be introducing . . . he will be introducing his legislation into the House today. We'll take a long, careful look at that legislation. It's a very interesting and very topical question, and we're prepared to give it serious consideration.

**Some Hon. Members:** Hear, hear!

**The Speaker:** — Why is the member on his feet?

**Mr. Sonntag:** — With leave, to introduce more guests, Mr. Speaker.

Leave granted.

#### INTRODUCTION OF GUESTS

**Mr. Sonntag:** — Mr. Speaker, this time my real twin sister has just walked in. My sister, Maureen Sonntag, from just out of town here, from Kronau, and she also came in with my two nephews, Ian's two sons, Johnathan and Paul. And they were out looking at the legislature while we were . . . during question period, so I'd advise all of you to check your offices because there will be fingerprints and things all over the place.

So anyway, if you just stand up, and I would like all of you to join in welcoming them as well.

**Hon. Members:** Hear, hear!

#### INTRODUCTION OF BILLS

##### Bill No. 59 — An Act to amend The Unsolicited Goods and Credit Cards Act (Negative-option strategies)

**Mr. Goohsen:** — Thank you, Mr. Speaker. Mr. Speaker, I move first reading of An Act to amend The Unsolicited Goods and Credit Cards Act (Negative-option strategies).

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Some Hon. Members:** Hear, hear!



(1415)

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

#### SECOND READINGS

##### Bill No. 58 — An Act to amend The Income Tax Act

**Hon. Mr. Shillington:** — Thank you very much, Mr. Speaker. I'm pleased to rise today to move second reading of a Bill to amend The Income Tax Act. This Bill introduces policy changes announced in the budget. They are changes which provide tax relief to Saskatchewan taxpayers, improve the competitiveness of the corporate tax structure for Saskatchewan's manufacture and processing sector. Changes which I want to say, Mr. Speaker, are producing dramatic results, as we witnessed yesterday in Saskatoon with the announcement of an expansion in Flexi-Coil which will provide 100-or-so new jobs, high-paying jobs. These are good jobs — 100-or-so new jobs each year for the next several years.

The Bill also introduces technical amendments required by the federal government in its administration of the provincial income tax system.

As announced in the budget, the province has entered a new era of balanced budgets. This has been accomplished through the efforts and hard work of the Saskatchewan people. Everyone contributed to eliminating the deficit. In return our government gave two commitments.

Our commitment was that we would work to eliminate the waste and the reduction . . . and reduce the cost of operating government. This is being achieved as evidenced by the reduction in the cost of running government by over 75 million since 1991. That is a record, Mr. Speaker, which is unparalleled and unique in the annals of recent Canadian history. This year we further reduced these costs by an additional 5 million. It is an achievement which is unique, unparalleled, and one which the Saskatchewan public should be very proud of.

As so often has been the case, Mr. Speaker, it is left to one of Canada's smaller provinces — Saskatchewan — to give leadership to Canadians in showing how to deal with general difficult problems.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Shillington:** — Our second commitment was that as our fiscal circumstances improved, the tax burden would be reduced. I'm therefore pleased to announce that as part of this Bill, and as was announced in the budget speech, I'm pleased to introduce as part of this Bill an annual reduction in the deficit surtax of up to \$150 per taxpayer commencing July 1 of this year.

This reduction will have the effect of eliminating the surtax for approximately 6,000 lower income earners and significantly

reducing the surtax for middle income earners.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Shillington:** — Saskatchewan people are beginning to reap the benefits of the courage, the steadfastness, which they have shown over the last four years in seeing the balanced budget plan through to a successful conclusion.

As announced in the budget, with the elimination of the annual budget deficits, the government is converting the deficit surtax into a debt reduction surtax. The remaining proceeds from the debt reduction surtax will be a key element in this government's strategy to pay down the province's debt.

Saskatchewan has many competitive advantages which help to provide a favourable business investment climate. Since 1991 the government has expanded Saskatchewan's competitive advantages through a series of targeted tax initiatives. These initiatives have been designed to encourage investment and job creation in selected sectors of the provincial economy.

Mr. Speaker, the recent announcements of projects which are creating good jobs, high paying jobs, is not a coincidence. This is the blooming of a program which began some four years ago, in part through the balanced budget program and the reduction of taxes; in part through a program published by the Department of Economic Development in the government, *Partnership for Progress*.

The two of these programs coming together have produced in the last few months some spectacular results. As a for instance, one of the specific initiatives included the exemption of 1-800 telephone services from education and health tax. And some months ago we witnessed the announcement by CIBC (Canadian Imperial Bank of Commerce) of an important call centre in Saskatchewan, producing — again — good, high-paying jobs.

One of the specific initiatives include enhanced price- and profit-sensitive royalty structures for oil and natural gas. The result, Mr. Speaker, has been a continuation this year of record years of production in the natural gas and oil industries. We've eliminated the E&H (education and health) tax on direct agents consumed in manufacturing and processing. We have reduced the small business corporate income tax rate from 10 per cent to 8 per cent.

As stated in the budget, Mr. Speaker, we're committed to an expansion in value added processing to our resources, rather than simply exporting processing jobs.

Underlying the concept, underlying the program, partners for progress, and underlying these tax reductions, Mr. Speaker, is a goal of producing not low productivity, low-wage jobs, what we are intent on producing in Saskatchewan is high productivity, high-wage jobs. And we're well on the road to accomplishing that goal.

As I said earlier, Mr. Speaker, the accomplishment of that goal is not by chance; it's the result of a program, *Partnership For Progress*, coupled with progressive, far-seeing tax changes.

A couple of examples, Mr. Speaker. An example of the benefits of value added processing is Canamino. Using biotechnology research, this company processes oats into a fine powder which is used in cosmetics. The export value of a tonne of raw oats is a little over \$80, while the value of a tonne of processed powder is \$9,000. That \$9,000, Mr. Speaker, translates into good jobs in Saskatchewan — good, high-paying jobs.

Our government is introducing two new initiatives to strengthen Saskatchewan's value added industries. First, we're introducing a 9 per cent investment tax credit for manufacturing and processing. This credit is intended to encourage plant and equipment acquisitions for first-time use in manufacturing and processing activities in Saskatchewan. The tax credit is available to all corporations making manufacturing- and processing-related capital investments, and it will reduce Saskatchewan's corporate income taxes payable.

Secondly, we're introducing a manufacturing and processing profits tax reduction for Saskatchewan-based corporations. This measure will allow eligible corporations to reduce Saskatchewan's corporate income tax rate on manufacturing and processing profits from 17 per cent to as low as 10 per cent. This represents the second lowest corporate income tax rate of all provinces west of Quebec. And that's one of the reasons, Mr. Speaker, why we've been able to witness the announcements of recent weeks.

These two corporate tax measures, along with the previously introduced initiatives, will provide Saskatchewan manufacturing and processing companies with one of the lowest effective tax rates in this country.

In relation to other provinces, Saskatchewan's business climate for manufacturing and processing companies will compare very positively when considering investment criteria such as after-tax net income and internal rate of return on manufacturing and processing capital investments.

I'm confident these corporate tax measures will strengthen Saskatchewan's investment climate and will speed us along the way to the creation of an economy which is characterized by high productivity and high-paying jobs.

In addition to these policy initiatives, this Bill implements several technical amendments to The Income Tax Act. These amendments represent clarifications of Revenue Canada's current administrative practices with respect to The Income Tax Act of Saskatchewan.

Mr. Speaker, for the foregoing reasons, it gives me great pleasure to move second reading of An Act to amend The Income Tax Act.

**Some Hon. Members:** Hear, hear!

**Mr. Toth:** — Thank you, Mr. Speaker. Mr. Speaker, I never thought I'd hear the day when we'd hear a member of an NDP government stand up and admonish some of the principles of good, solid, sound business. In fact, the member came very close to suggesting it was a good, progressive, but he left the word conservative, policy out. He came close to it, but he just about got there.

The interesting thing I find about this Bill, Mr. Speaker, is the fact that while this Bill sets a different corporate tax rate, as the Premier said last night and as it was brought forward via the media, we now have tax islands in the province of Saskatchewan.

We have certain corporations that are going to be given an opportunity to find a bit of a tax break and a tax advantage over other corporations. This Bill does nothing to address the tax load that the average household and the average person in the province of Saskatchewan has to carry, and the tax load that has risen since this government took power.

In fact, Mr. Speaker, we note that people in Saskatchewan, a family of four, are now paying on average \$4,200 more in taxes in this province this year than they were in the year 1991.

The minister talked about the reduction in spending and yet the public accounts shows \$110 million more in spending this year, estimated spending, over the '94-95 fiscal year. And, Mr. Speaker, while we applaud the minister for some of the initiatives taken, it would have been appropriate for the government to expand this and to include all people across this province, to include all businesses across this province.

And, Mr. Speaker, it's interesting to note, the Finance minister when in Swift Current said no, we can't change the taxation system, we cannot address the E&H tax, which is a crippling burden to businesses in small communities along the western side of this province and also along the eastern border in many of the communities on my side of the province.

In fact, Mr. Speaker, we have seen in many communities small businesses have shut the doors simply because they have become uncompetitive with the fact that the tax in Saskatchewan is 2 per cent higher than it is just 15 miles to the east in Manitoba. And it's much easier for people to go to Manitoba, purchase their goods, and come across to the province of Saskatchewan.

So while the government can applaud the changes, on the other hand, people themselves are asking, whoop-de-do, what has it really done for me? The minister says, well we'll make some changes after the next election. Well maybe it's time they started letting people know today what kind of changes — not just telling us about some changes but actually implementing changes, Mr. Speaker.

Maybe it's time they let the electorate know that yes, it is possible to reduce the tax revenue in this province, the E&H tax, some of the burdensome taxes. Maybe it is possible. But

don't just talk about it, do something about it. Give everybody else the same break that a few corporations are getting in this province.

And I find it also very interesting that this same NDP government that complained about the rich corporations getting away from paying taxes now find it very convenient to offer tax incentives to large corporations. And I don't think corporations were looking for means of getting away from tax; all they're looking for is fairness. And in some ways there is some fairness in this piece of legislation. In other ways, in other portions, there isn't a fairness that people are looking for across this province.

Mr. Speaker, I think there are many interesting things that are going to be generated as we get into further debate on this piece of legislation. We will find that there are many interesting comments and certainly questions that will arise as we begin to look through Bill No. 58, An Act to amend The Income Tax Act.

And so to allow for the process, the review, and an extended review of this Bill, this piece of legislation, Mr. Speaker, I find it imperative that at this time we move adjournment of debate. And we'll get into a very significant and lengthy debate on this Bill as we review it in the future. Thank you.

Debate adjourned.

(1430)

## ADJOURNED DEBATES

### SECOND READINGS

#### Bill No. 51

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. Atkinson that **Bill No. 51 — An Act to amend The Student Assistance and Student Aid Fund Act, 1985** be now read a second time.

**Mr. D'Autremont:** — Thank you, Mr. Speaker. Mr. Speaker, the purpose of Bill 51 is to change the way in which certain costs in collecting student loans are paid. Presently the student aid program is administered by a branch of the Department of Education and all costs associated with the administration of the program is included in monies appropriated for the purpose by the legislature.

Basically all costs fall under the administrative budget of the Department of Education. The Education minister stated that this arrangement has worked well in the past except for two situations — the first being when a student loan is sent to a collection agency, and the second regarding bankruptcies.

The minister stated the department turns loans which are seriously in default over to collection agencies since the Department of Education does not have the resources to deal with these situations. From that point, collection agencies

charge a fee for their services based upon a percentage of loan recovered. For some time all the loans collected by the agencies must be deposited in a fund while the agencies' charges must be paid out of the department's administrative budget.

She stated that this is impractical because it is difficult to predict how much will be collected in any given year and how much will have to be paid out in fees to collection agencies.

I mentioned earlier that I'm not sure why this figure is so difficult to estimate since it has been that way for several years and I'm sure there is an average percentage recovered. But I will ask more about this during the Committee of the Whole.

As well in committee, I would like to know exactly how much on average is spent on fees to collection agencies; how many of the students end up declaring bankruptcy; and how much in the end the province has paid to recoup sometimes very small loans.

The minister also mentioned that current provisions cause difficulty in the case of bankruptcies. Apparently in some, many students file bankruptcy on a basis for inability to repay their student loans. At this point, the province must retain legal counsel to challenge the claimed bankruptcy.

It seems to me that there should be an easier solution to this situation. An exemption could be added to the bankruptcy Act which would halt claimants from including student loans in their liabilities, and in the long run, save all of us time and money.

I realize that there are exceptions to this, yet those few exceptions are certainly not the rule. It's time that straightforward solutions need to be found for these kinds of situations. The amendments in Bill 51, according to the minister, will alleviate some of the administrative problems. Under the new provisions, 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 has to be collected to third . . . has to be paid to third parties, like collection agencies and legal counsel under agreements for service related to the collection of loans in default, will now be charged on and paid from the fund itself.

In other words, the costs associated to the collection of loans will be taken from the fund from which the loans were originally made and into which the loans are repaid.

The minister has assured the Assembly that the new provisions do not transfer any costs from government to other parties, but instead just establish a more flexible method of handling some of the administrative details required under the program.

I have several questions I would like to pose to the minister, and I would move that the Bill 51 go to Committee of the Whole. Thank you.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

### Bill No. 52

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. Atkinson that **Bill No 52 — An Act to amend The Teachers' Federation Act** be now read a second time.

**Mr. D'Autremont:** — Thank you, Mr. Speaker. Mr. Speaker, Bill 52 seems to be for the most part a housekeeping Bill. The Minister of Education and I attended a Saskatchewan Teachers' Federation panel on Tuesday evening. Unfortunately none of the Liberal caucus members were in attendance to discuss these issues.

One thing was clear at the meeting — the STF (Saskatchewan Teachers' Federation) has a very wide range of responsibilities and obligations. They help set and maintain high standards of professional competence and conduct among all teachers in Saskatchewan. In some cases, they must administer disciplinary action against teachers who violate these standards.

As well, the STF deals with professional development and teacher welfare as well as negotiate on behalf of teachers for benefits, pensions, and teachers' contracts.

At the meeting, we discussed how the role of teachers has expanded over the years. Many must administer medication, deal with student violence and young offenders in their classrooms, as well as ensure the well-being of those students who are malnourished and abused.

Teachers don't have it easy, Mr. Speaker, and no organization knows this more than the STF. Bill 52 is designed to overcome a few of the internal and professional situations that have come up in the past as well. The amendments regarding the internal issues have to do with the voting criteria on matters before the federation council, the composition of the executive, and procedures by which elections of the executive are conducted.

Routine matters before council will now pass with a majority of votes cast rather than requiring a majority of those present. Teachers who are prepared to step forward and express their opinions by voting should be the ones heard by the STF.

It also makes 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.

These amendments are some of those I previously referred to as housekeeping provisions.

The second group of amendments deals with more of the definition of professional misconduct. One changes a teacher's addiction to alcohol or drugs from being defined as professional misconduct, to a medical problem. That's not to say that there will be no matters for consideration of discipline or

competence. They just won't be automatic bases for findings of guilty of professional misconduct.

As well, a new provision is being added which will make it clear that a conviction for a sexual offence under the Criminal Code constitutes professional misconduct. It allows the STF to adopt a zero tolerance policy in which criminal convictions related to sexual assault . . . which will automatically result in guilty findings.

In other words, a sexual offence conviction will be defined as professional misconduct and automatically be grounds for immediate dismissal of a teacher. This is a provision which I believe should have been adopted some time ago and I am pleased to see it in this particular piece of legislation.

Anyone in the position of authority who uses that position to gain the trust of children, and in turn abuse them, should be automatically removed from teaching other children. They should also be unable to move to another province and begin teaching again.

Bill 52 does not address situations where a teacher is found guilty of sexual offence in one province, moves to another, and is allowed to teach again. We need some sort of interprovincial agreement which will protect students against situations such as these.

However, Mr. Speaker, that jurisdiction doesn't fall under the teachers' federation and so must be addressed by the provincial government in another area. I will be asking a little more about how these situations are dealt with during Committee of the Whole.

Further, Mr. Speaker, the Bill provides for a situation where teachers avoid disciplinary action by simply resigning as teachers and giving up their membership in the federation. The federation will now be granted the additional authority to discipline a teacher if the teacher was a member at the time proceedings against the teacher began, and in the case where the teacher ceased to be a member less than two years before the proceedings were initiated.

I would like a bit of clarification about the federation's disciplining, and if this involves those educators who choose to teach during a teachers' strike. Again I will be posing these types of questions during Committee of the Whole.

Lastly, Bill 52 deals with updating gender-neutral language. Instead of chairman, the Bill reads chairperson, and so forth. These are standard changes which should be updated in all previous legislation as it comes into the legislature.

In addition to attending the meeting on Tuesday evening, I have met with Mr. Fred Herron and Mr. Dwain Drew, the president of the STF, to discuss the ramifications of Bill 52. I'm confident that these changes are needed in order to make it easier for the federation to fulfil its mandate.

While I have some questions to ask, Mr. Speaker, I believe that can be done in Committee of the Whole. Thank you.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

### COMMITTEE OF THE WHOLE

#### **Bill No. 34 — An Act to repeal The Economic Development and Tourism Act**

**The Chair:** — I will ask the minister, if there are any officials here who weren't in the House when we last considered this on Friday, to introduce them. And in addition to that, if he has any comments he'd like to make.

**Hon. Mr. Lingenfelter:** — Mr. Perrin is with us again today, as our one staff person. But I do have some information I want to table that was requested by the opposition, so I'll do that at this point.

#### **Clause 1**

**Mr. D'Autremont:** — Thank you, Mr. Chairman. I believe, Mr. Minister, we discussed Bill 35 last week, which deals with a similar circumstance to Bill 34 in that it deals with the economic development and northern development revolving fund.

Mr. Minister, I believe I asked you last week on the other Bill why it hadn't been repealed at that time. And I'm still trying to get my ducks all in order here between these two particular Bills. Mr. Minister, I wonder if you could reiterate the reasons why this particular Bill was not dealt with last year when the previous Bill had gone through the House which repealed the northern economic development fund.

(1445)

**Hon. Mr. Lingenfelter:** — Well it has to do with, as I mentioned, the northern revolving fund, and that is the only portion left and that we're dealing with at the present time, the repeal of that portion of the Bill.

**Mr. D'Autremont:** — Thank you, Mr. Minister. This fund has always been under the administration of the Department of Economic Development and Tourism. I wonder if you could give us a bit of an outline on that. I haven't had a chance to look over the information you just passed us as to whether or not it covers this area, but when the revolving fund started and its history.

**Hon. Mr. Lingenfelter:** — Mr. Speaker, as I mentioned last week, the period from 1973 until December of 1983, the program was administered as an advance account by the former Department of Northern Saskatchewan. And then following that, under your administration, it became part of the Department of Economic Development.

**Mr. D'Autremont:** — Thank you, Mr. Minister. I wonder if you could give us a bit of a run-down on what the assets and liabilities of the fund currently are.

**Hon. Mr. Lingenfelter:** — Well the amount that we have outstanding on loan is 11 million.

**Mr. D'Autremont:** — And what types of assets or structures are those being lent out for? What is involved? What are you holding for security?

**Hon. Mr. Lingenfelter:** — This would include buildings, some buildings; equipment, equipment as it would relate to economic development in northern Saskatchewan — not huge structures but buildings and equipment related to economic development in the northern part of the province.

**Mr. D'Autremont:** — To what degree is the revolving fund a model for your new northern development fund, Mr. Minister? And to what degree is the new fund an improvement on that revolving fund?

**Hon. Mr. Lingenfelter:** — As I mentioned the other day, there are sort of three or four main areas. First of all, there's a limit on the amount of the loan from what was in place — of a million dollars; that's now 250,000.

The process of due diligence is much more stringent, that is, doing the review on whether or not the applicant is eligible; more need for market study in order to ensure that there in fact is proper market for the product being produced.

And much less into retail — as I mentioned, under the old program, as under our former SEDCO (Saskatchewan Economic Development Corporation), Main Street businesses were eligible. We have backed away in large part from putting money into competing businesses on Main Street in northern Saskatchewan.

**Mr. D'Autremont:** — Okay, thank you, Mr. Minister. Your comment on due diligence sparked my recall of our debate last week. And I wonder if you could outline perhaps the ministerial involvement in the due diligence process.

**Hon. Mr. Lingenfelter:** — There's no ministerial involvement. There's professional staff in the department that do the due diligence, and so this is done at the staff level as opposed to any involvement at the ministerial level.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Do any part of the decision-making process come to the minister at all, or is it all cut off before it reaches the minister?

**Hon. Mr. Lingenfelter:** — No, I have had no role. I mean no issues or applications have ever come before my office, and nor is there any allowance for that to take place.

**Mr. D'Autremont:** — Okay. Thank you, Mr. Minister. How will you be using the lessons that you have learned from the

revolving fund in dealing with the implementation of the new fund?

**Hon. Mr. Lingenfelter:** — Well again I think the four points I covered off would basically show you where we have learned, if you want to call it that. By limiting the amount to 250,000 — that's a quarter of what it was when it was \$1 million: very much restricting retail end of the loan program, more market analysis, and more due diligence.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Will there be any carry-over of staff or resources from the old revolving fund to the new one?

**Hon. Mr. Lingenfelter:** — Well under the old program, the staff varied significantly. But at one point, there were 15 staff, sort of at the upper limit. I believe under the new program, we will have seven or eight, and they will basically be a continuation of the staff who had been involved. But there may be some changes as we move through the next year or two.

**Mr. D'Autremont:** — Thank you, Mr. Minister. When you say there may be some changes, do you mean there may be some changes in the personnel, in that seven or eight that are transferring over, or there may be some change in the number of personnel involved?

**Hon. Mr. Lingenfelter:** — What I'm referring to, there are existing vacant positions that we may or may not fill, depending on how the program evolves and the uptake on it. But as I mentioned, there were at one point 15 staff in this program. This means there are some vacant positions and it's just not clear whether or not we will have to staff up; it will depend very much on the uptake within that program.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Are all of the staff personnel that are currently involved with the revolving fund then moving over to the new fund?

**Hon. Mr. Lingenfelter:** — Yes, there are . . . it's not the same seven or eight. There would be some change but the majority are the same staff. But there is some new management personnel in the program.

**Mr. D'Autremont:** — Thank you, Mr. Minister. What will be happening then with the staff that are currently involved with the revolving fund that might not be moving into the new program? If you're talking about new management staff, is there old management staff that will not be moving?

**Hon. Mr. Lingenfelter:** — The way the process works, the staff component in that program by the time the change came was as low as three because of downsizing. As the program was completed — because there was a period where it was relatively inactive — at that point the staff component went as low as three. And so that need to downsize took place some time ago, and in fact now they're . . . a couple of new staff have come in.

**Mr. D'Autremont:** — Thank you, Mr. Minister. How will staff

be replaced into the new program? Will you have an open tendering? Will it be done through the Public Service Commission? What's the process?

**Hon. Mr. Lingenfelter:** — Yes, the way the process works is through the Public Service Commission competition process.

**Mr. D'Autremont:** — Okay, thank you, Mr. Minister. I think, if I recall correctly, last week on the due diligence process we hadn't determined at that time exactly how the due diligence process was going to work. There was still some grey areas involved in that before we went off on another tangent. I wonder if, Mr. Minister, if you could run through the due diligence process that the new fund will be dealing with.

**Hon. Mr. Lingenfelter:** — Yes, there's a number of steps, but of course the individual would come in and submit an application. There would be a needed requirement for a certain percentage of equity. That would obviously have to be met. Credit reliability — there would be a review of the credit of the individual. A marketing analysis and market study program would have to be in place. And then based on those items, the loan would either be granted or refused.

**Mr. D'Autremont:** — Thank you, Mr. Minister. On the market analysis question, there is a need at times to have a fixed contract in place to provide comfort level to the lending institution, in this case the northern fund, to determine whether or not a contract is in place. We talked last week about wild rice. That's a developed market out already in place; nevertheless, someone new coming into the system may not necessarily be able to access that kind of a market because it's already filled with people, manufacturers who are supplying the product.

If you're going to build the new mousetrap and you don't know whether or not that new mousetrap has a market viability, then you need to have some market research and some firm contracts. So how do you make that evaluation, Mr. Minister, whether or not someone is going into a mature market and therefore doesn't need a firm and fixed contract in hand as compared to someone who may be going into a new marketing niche market and that they would need a firm contract in hand?

**Hon. Mr. Lingenfelter:** — It's an interesting question because it varies so much, not unlike in southern Saskatchewan. But let's say an individual was starting to fish in a certain area and needed some money to get involved in that process. Obviously you would need a permit with the fish marketing board. And if you didn't have a marketing board permit to market the fish, it would be very difficult for you then to come into the northern revolving fund . . . or to the new fund, pardon me, and receive a loan.

On the other hand if you were doing a tourism project, you wouldn't need a signed contract with anyone, but you would have to be able to give a pretty good guarantee that you had done some marketing, in fact that you had people ready to come to your lodge or camp. And so this would be . . . it varies very

much depending on what area the individual wants to get into.

Clauses 2 to 4 inclusive agreed to.

But our expectation is the loan loss will be much better than it was under the old program for the reasons of extra market study, extra due diligence, and better security on the loans.

The committee agreed to report the Bill.

**Bill No. 35 — An Act to amend The Department of Economic Development Act, 1993**

**Mr. D'Autremont:** — Thank you, Mr. Minister. In the case of someone who's going into the tourism industry, what kind of a business plan would they need in place to secure a loan or a business projection, that type of thing? How in-depth would they need to have this type of documentation?

**Clause 1**

(1500)

**Mr. D'Autremont:** — Mr. Minister, I believe that in this particular Act it gives you the opportunity to set interest rates and otherwise regulate loans. I wonder if you could explain that process.

**Hon. Mr. Lingenfelter:** — Yes, my staff tell me it would be a minimum of 10 per cent equity in the tourism facility. If it was thought to be a greater risk, then that could be increased depending on the location and market analysis. But they would have to put in at least a minimum of 10 per cent, and that could be more. So I don't want to be emphatic about the 10 per cent because it could vary, I suppose, between 10 and 50 per cent down payment or equity in the project.

**Hon. Mr. Lingenfelter:** — Yes, this will give us the authority to set the interest rates. And what we are proposing at the present time would be a commercial rate on these loans. And while that isn't etched in stone at this point, if you think of a commercial rate of about prime plus one, you would be in the ballpark.

And the next step, of course, would be to use the structure or the equipment as security on the balance of the loan that would be going out, and again the need for some evidence and proof that you had sale for the product. For example, if you were building 10 wilderness cottages — I just use this by way of an example — you would have to have some evidence that you had marketed or had the ability to market or could lay out for the staff a marketing plan and have to convince the staff that that marketing plan was going to arrive at a certain revenue stream that would be able to service the loan as well as return a living or an income to the individual or individuals involved in the project.

**Mr. D'Autremont:** — Mr. Minister, will these interest rates be flat across the board for everyone at prime plus one or so? Or will they vary depending on the risk that would be brought forward by the due diligence process to determine whether or not this is a lower risk or a higher risk venture?

**Mr. D'Autremont:** — Well thank you, Mr. Minister. What other kinds of levels for different areas, different economic development projects, do you have in place? You have 10 per cent for tourism as a minimum equity involvement. What would you have, say, in the case of crafts in northern Saskatchewan, willow weaving or something like that? Or what kind of an equity level would be necessary, say, for some form of harvesting of blueberries or high bush cranberries or something along that line?

**Hon. Mr. Lingenfelter:** — I mentioned the other day about the potential of encouraging the other lending institutions to be more involved in northern Saskatchewan. And we're actually working now on a program of syndicating loans with credit unions in northern Saskatchewan, and also the banks; at this point, CIBC (Canadian Imperial Bank of Commerce) probably the most active northern bank, although other banks are involved too, so I don't want to put too big of a point on that.

**Hon. Mr. Lingenfelter:** — In all cases, the range would be somewhere between a minimum of 10 and 50 per cent. In the case of a craft of course you would want to have a contract and security on the goods that were produced, the inventory, which would be somewhat different than a tourism camp facility.

But where there is syndicating of the loan, the interest rate may be able to be adjusted marginally downward because the risk is being shared over a broader basis.

So the agreement would be somewhat different in the sense that you would have security on inventory, and that would be about the only difference. But in terms of the minimum down payment or equity, 10 per cent would be the minimum and it could vary somewhere between there and 50 per cent.

But at this point, if you keep in mind prime plus one in a general application across the piece, you'll be very close to where we will end up at. We're just at this point fixing it. That's why I can't give you a definitive answer, but it will be about prime plus one. Then if you think of it, when we get the syndicating part of the program up and running, we may be able to marginally lower that as we spread the risk with a commercial lending agency like a credit union or a bank.

Clause 1 agreed to.

**Mr. D'Autremont:** — Thank you, Mr. Minister. When you're dealing with prime, which prime are you talking about? Are you talking about Bank of Canada prime? Are you talking about prime from one of the major lending institutions? Or just where does this prime figure come from?

**Hon. Mr. Lingenfelter:** — When we say prime, we're referring to commercial bank prime.

**Mr. D'Autremont:** — Thank you very much. I know that

within some of the . . . particularly the credit union system, their prime can fluctuate from different credit unions. Credit union A can have a prime at a certain level and credit union B can be at a different level.

So when you're dealing with a syndication circumstance, how are you going to work with them in determining that prime? Because their prime rate at that particular credit union may be somewhat different than the commercial bank rate prime. So how are you going to work that out with the credit unions?

**Hon. Mr. Lingenfelter:** — Well this is where the minor fluctuations in fact would come in. And what I was saying, that in a general way it will be prime plus 1 where we do the direct lending; that will be a general application.

Then you will have nuances of that where there is syndicating. And in a general way, we would assume that that would be just a very small notch lower because of the syndicating aspect and the spread of the risk, but I suppose in some cases it could actually be very marginally higher. So there'll be some small variance in that program where we're doing syndicating.

**Mr. D'Autremont:** — When you're doing the syndications, Mr. Minister, are you going to be going out to the lending institutions to say: come on board with us on this and provide us with your best or lowest interest rate? Or are you simply going to be trying to find someone who is prepared to come on board and then working with them beyond that point to see what you can come up with, and it may not necessarily end up with the circumstance where it is the lowest possible interest rate being charged?

**Hon. Mr. Lingenfelter:** — Well we've done this at a number of levels, but one of the more successful areas that we have been able to achieve this kind of cooperation is by meeting directly with the Saskatchewan bankers' association, the Canadian Bankers' Association, and not only talking about northern Saskatchewan, but Saskatchewan in general, about making sure that we have a broad range of readily available services for investors in the province.

For example, one of the major banks is now moving into the oil and gas in a fairly big way in a number of centres in Saskatchewan that up to this point, if you wanted to invest in oil and gas, you basically had to go to the bank in Calgary or Edmonton or Alberta. This will change very quickly.

And the same is true in northern Saskatchewan. We meet with them; we have been quite successful and encourage them to be more involved in direct investment and lending in northern Saskatchewan.

But when it comes right down to it, to individual loans, then you're talking about something different where there will actually be arrangements made with individual credit unions or individual banks in the communities in northern Saskatchewan.

So we're really, if I'm hearing your question accurately, we

really have dealt with this at two levels. One with the provincial and Canadian management of the banking system to talk about responsibility in the communities and in the province. But then when it comes down to actually syndicating, negotiating loans, and here — whether that's with Sask. Opportunities Corporation because there are parallels because we're doing syndicating of loans there as well — each one will be done on an individual basis.

**Mr. D'Autremont:** — So, Mr. Minister, what you're going to do is you're going out and . . . Somebody is going to come to the fund and say, I would like to borrow some money. You'll then take that application and shop it around to see who was prepared to come on board in a syndication with you. Is that the process or are you going to have someone already on board that says we're prepared to take a lump sum of loans, a lump sum number of dollars and be in partnership with you?

**Hon. Mr. Lingenfelter:** — You're right, but it might also work the other way.

And again, not to confuse this issue by including Sask. Opportunities Corporation, but where we have that program up and running there have been several cases now where the banks have approached us and said look, we have company X that wants to borrow \$500,000; we're interested in picking up 300,000. Would you be interested in doing the other 200,000? Because they're also interested in sharing risk. I mean it's a logical way of lending money.

In northern Saskatchewan the same will be true. There will be some that we will just do directly because it makes sense to do them directly. There'll be others that we want to share the risk. We'll shop to the banks and credit unions.

And on the other hand there will be applicants who go to the credit union and banks that will come back to us to be cross-pollinated or shared and syndicated between the two organizations; but it will be at the request of the bank or the lending institution. So it will flow both ways.

**Mr. D'Autremont:** — Okay, thank you, Mr. Minister. You mentioned that the total volume of loan available is \$250,000 to any one particular enterprise or individual. Is there a limit to the number of loans that that particular enterprise or individual could receive from the development fund?

**Hon. Mr. Lingenfelter:** — Yes. If you take an individual as having a ledger with the fund, the maximum it could be, regardless of how many individual projects you had, would be \$250,000.

**Mr. D'Autremont:** — Okay, what if an individual though had a number of corporate identities? Would you take into account then the principal owner of the corporation and therefore limit him to the 250,000? Or how would that work, Mr. Minister? Would you simply be looking at each corporate identity as being separate?



(1515)

**Hon. Mr. Lingenfelter:** — This is something we're going to have to be cognizant of as we go through this process. Where there's one individual who had two or three or four companies, they would be limited to 250,000. But where it gets difficult and where we'll have to be aware is if an individual has 20 per cent of one company and 30 per cent of another; as close as we can, we'll have to try to predict and keep the maximum at 250,000.

But this hasn't been a big problem at this point. But your question is important because what we don't want either is somebody who is skipping the rule by setting up a number of companies and avoiding the cap in that way.

So to review that, we're trying to keep it as much as possible at a maximum of 250,000, and where there are the same individual or the same company involved in a number of companies, we would take their percentage of control in that company into consideration in reaching that maximum.

**Mr. D'Autremont:** — Thank you, Mr. Minister. When a company comes forward in seeking some assistance, do you ask them for a list of major shareholders, or what kind of questions do you ask along that line to determine exactly who are the shareholders, who is the major shareholder, and who controls the operation? You may end up with a number of different corporate identities with perhaps the same managers in place; that's another possibility. So do you find out that information as you do your due diligence?

**Hon. Mr. Lingenfelter:** — What the loans manager or the loans person would do is get a complete asset list from the individual much the same as a credit union or bank would do, where the company or the individual would have to list out all of their assets and liabilities. In that way you can probe and find out who controls the company, what percentage that particular individual or company controls.

And so this is not very difficult because these are sworn statements or signed statements of assets and liabilities. So you do check, or the staff do check, very closely to get that information.

**Mr. D'Autremont:** — Thank you, Mr. Minister. One of the areas that I do have some serious concerns about in this Bill is the shift away from cabinet being the authority in it to the minister. And it deals with:

The minister, for any purpose relating to any matter under the minister's administration or for which the minister is responsible

rather than having through cabinet supervision as was previously done. Mr. Minister, why was this change put into place and why is it necessary?

**Hon. Mr. Lingenfelter:** — Well the member raises an

interesting point. But if you were to look at section 2, even though it says "The minister, for any purpose relating to any matter under the minister's administration . . .", referring to the minister here, you have to keep in mind that if there's any spending in the program over \$10,000, it requires regulation, which is authorized by cabinet, and so you still have the checks and balances there that I think you're looking for.

**Mr. D'Autremont:** — Thank you, Mr. Minister. The spending of over \$10,000 with cabinet approval, is that in the legislation?

**Hon. Mr. Lingenfelter:** — Yes, it's in the department legislation so that if you were to refer . . . I can get the section for you, but it's in the actual department legislation.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Under clause 16 of the legislation, with the department, it talks about the requirement that interest rates and the like be published through OCs (order in council). The present changes to the Act don't include that. Will those be published, Mr. Minister?

**Hon. Mr. Lingenfelter:** — Yes. The interest rates, when set, will be published and gazetted.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Will those be the actual interest rates charged to the various loans or will they be the prime rate only? Because you've talked . . . there may be some fluctuations for individual risk, etc.

**Hon. Mr. Lingenfelter:** — Likely what will be published or in fact what will be published is the formula, and so it won't be an exact number if you know what I mean. It will be . . . use the example again going back to my earlier comment, prime plus 1 so you won't have the . . . it won't be 9 per cent or 10 per cent or eight and three-quarters. It will be the formula as opposed to an exact number.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Perhaps we should have an explanation or an outline of this formula, what the breakdown is, and how you end up then with that number that is going to be charged against the company or individual that's seeking the loan.

**Hon. Mr. Lingenfelter:** — Well what has to happen here, or what will happen is, a particular bank will be chosen as the rate set for commercial — if you just think about that for a moment — and then the rate will be set on a weekly basis. And so if you say that at such and such a location this is our prime rate, it will be the weekly setting plus 1 per cent. So in fact that will be the definition of the formula.

**Mr. D'Autremont:** — Well thank you, Mr. Minister. That doesn't allow for any fluctuations though. If you're setting it at the formula being the weekly prime rate of one of the commercial banks, let's say the CIBC in this particular case, plus 1 per cent, then that doesn't allow you any fluctuations in there that we were talking about earlier when you get into a syndication say with a credit union that want . . . that can offer you something different. So how do you account for those

fluctuations that we talked about earlier such as when you go into a syndication process?

**Hon. Mr. Lingenfelter:** — I just want to be real clear here because you have to sort of get into your mind that there'll be two different rate sets. There'll be the general rate set where we're doing the loans on our own without syndicating. That will be one particular bank used as the rate-setting agency. And pick your bank, and it doesn't . . . for our purposes of discussion it won't matter very much which bank or credit union, and then say plus 1. Then on the syndicating side, you will have the individual bank in northern Saskatchewan that will be involved in setting the rate.

So you've got two systems. You've got one where there's syndicating taking place where you may have a number of different rates within a small range, and you'll have the single rate that will apply to all of those loans that are done with the agency on its own.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Will the syndicated interest rates for each particular loan be published and gazetted also?

**Hon. Mr. Lingenfelter:** — Yes, ours will be, the formula gazetted. So you'll be able to go to that individual bank, and you would be able to check on a weekly basis what it would be. And the same would be true of the syndicating bank, if it were located in northern Saskatchewan, that their rate sets are a matter of public knowledge.

So in fact we probably wouldn't publish all of those northern rates, but it certainly would be open to the public to check to see what prime rate would be at any one of those institutions.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Everyone knows that the bank rate fluctuates up and down on a weekly basis. But when someone gets a syndicated loan through the northern development fund, how will the public have the opportunity to check which financial institution that the northern development fund was syndicated with? Will that be included in an OC or in the *Gazette*? How will the public be able to determine who is the syndicated financial institution?

**Hon. Mr. Lingenfelter:** — Just so we know how this works, we have a policy in government that under our information, that we are able to release on loans that individuals or companies get. This has been true of SEDCO in the past couple of years, SOCO (Saskatchewan Opportunities Corporation), and now this program — that we would release the total amount of the loan principal and the name of the individual or company who received the loan, and not details of the structure of the loan.

And this is compatible with what is required by our freedom of information law, and also protects the individual or the company. Trying to meet the needs of the public, who are the taxpayers, who put the money in, but also trying to meet the needs of the individual who receives the loan.

And I think this is not unusual, and probably more information than you would be able to get from your local credit union or Royal Bank if you went in and knocked on the door and asked for a list of who has your money out on loan. And so it's trying to achieve both of those. But in consulting with business people and consulting with communities, this is the line that has been drawn.

**Mr. D'Autremont:** — Well, Mr. Minister, it's not just the bank's money though that we're talking about. We're talking about taxpayers' money. The information is available to what the formula is, as prime plus 1. The information is available, who is borrowing the money. The corporate name of the borrower is available to the public.

I think also in this case the name of the financial institution with which the northern development fund has been coordinated should also be available. It doesn't say what their corporate structure is. It doesn't say how their lending policy works or any of the internal mechanisms of the financial institution. It simply says who else is in partnership here with the department, with the northern development fund. It gives no secret information in that sense as to who is involved here.

In fact it may be very well beneficial for some corporate entity, a bank or a credit union, to have it known that they are prepared to go into partnerships with the northern development fund to provide loans into northern Saskatchewan. They might find it in fact beneficial to have that information available.

So, Mr. Minister, I would think that it could be and should be beneficial both to the public and to the institution involved that the public know that they are prepared to participate.

(1530)

**Hon. Mr. Lingenfelter:** — Yes, the issue you raise of having a public record of who is syndicating with the program is in place. This would be part of the release. Let's use the Royal Bank. If they were syndicating with us in one of our northern communities, when we released the amount of our involvement, the principal, and the name of the individual or the company, if there was a syndicating portion, that would be released as well.

On the other hand, if it was a project where it wasn't syndicating but the individual just had a direct loan from the Royal Bank, that we would not release.

**Mr. D'Autremont:** — Well, Mr. Minister, I have absolutely no problem if the individual went and got a loan from the Royal Bank as an individual, with nothing to do with the northern development fund; then indeed why should the public be aware of it? I mean it's got nothing to do with us.

But when somebody like the Royal Bank is in syndication with the northern development fund, then I think their name should be included as part of that syndication so that when they look down at the formula for the interest rate, they can determine for themselves what kind of an interest rate is involved.

And I would hope that you would confirm that that is how it will work, Mr. Minister.

**Hon. Mr. Lingenfelter:** — Yes, that's right.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Will all of the loans that go to cabinet for approval, which is \$10,000 and above, will they be OC'd?

**Hon. Mr. Lingenfelter:** — No, they will not be order in council; they'll be granted under specific regulation. The regulation will go to cabinet. Cabinet will approve a regulation and then the granting of the loans will happen under the regulation as opposed to individual order in councils.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Under the current system, do not all loans through the northern revolving fund, or through SEDCO and SOCO, go for OCs, over a certain level?

**Hon. Mr. Lingenfelter:** — Yes. No, they never have gone to cabinet as order in council; they've always been done under order in council . . . or under regulation. And the difference is of course, that under the old program, they were a maximum of a million dollars and they all went through under regulation without appearing in cabinet. The difference now is, is that they will be limited and capped at 250,000 and be done under regulation.

**Mr. D'Autremont:** — What mechanism is then in place for an individual to come and request, who has the northern development fund made loans to? How does someone — the media perhaps — find out who has applied for and received loans?

**Hon. Mr. Lingenfelter:** — It would be very simple to get that, either by just asking the department under freedom of information to receive the list of who has received . . . I mean for Saskatchewan Opportunities Corporation or for the former SEDCO, I mean these numbers are just available all over the place. All you have to do is pick up the taxpayers' report and they're all listed there with the outstanding principal.

So there is no assumption that this is going to be the least bit difficult to get under this administration, because in that sense, we very much agree that if people are borrowing money from the taxpayers, they should be willing to put their name on it.

Now when it comes to the detail of the loan, what they're doing with it, how the repayment schedules are going, I think that's where the line is in fact drawn, unless at some point of course there is a delinquent process. And then that has a way of becoming an issue as well. So the point of where you'll be able to get this information — it will not be difficult at all, as it isn't difficult now with Sask Opportunities Corporation or with the former SEDCO.

**Mr. D'Autremont:** — Well thank you, Mr. Minister. Can you give your assurance then that if an individual is to come

forward and request a list of the loans that have been made through the northern development fund, that all those loans would be made available to whomever might be asking?

**Hon. Mr. Lingenfelter:** — Yes. You have to remember that what will be made available is the name of the individual or the company plus the total amount of the principal, not the details of the loan.

**Mr. D'Autremont:** — That's fine, Mr. Minister. I agree that, you know, whether I've got a monthly repayment schedule or a weekly, that's immaterial. The individuals who would be requesting information, though, need to know indeed what the name . . . who borrowed the money, what the total amount was, and whether or not it was syndicated then, because then if it's syndicated, the name of the syndicating partner should also be included in that.

Would all that information be available, without hindrance, without having to go through the freedom of information Act which can be delayed for 90 days, and there could be a charge placed on that access to information, a charge that could be applied against every loan made . . . or information supplied for each loan, rather than just a simply blanket coverage?

**Hon. Mr. Lingenfelter:** — Yes, we've had a policy for some number of years now of making that information available upon request. Obviously it would take some days to compile the information; it wouldn't be that you'd walk in, and somebody would rush to the file and get it out for you. But under the normal office procedures, as requests came in, they would be appropriately dealt with.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Are there any other areas within your department that are being affected by this change, other than simply the northern development fund. What else, within your department, might be affected by these changes?

**Hon. Mr. Lingenfelter:** — No, that's the limit of the program change.

**Mr. D'Autremont:** — Thank you, Mr. Minister. What impact might Treasury Board have on these changes? Would these loans be subject to any terms and conditions that Treasury Board might impose? How is that going to affect the situation?

**Hon. Mr. Lingenfelter:** — Well I think if you look under the financial assistance section, clause (c), it says:

(c) subject to any terms and conditions that Treasury Board may impose, sell, rent, lease or otherwise dispose of property and assets acquired by the minister as a result of any loan provided pursuant to clause (a)".

So that would basically be the explanation.

Clause 1 agreed to.

Clause 2 and 3 agreed to.

The committee agreed to report the Bill.

**Bill No. 6 — An Act to amend The Crop Insurance Act**

**The Chair:** — I'll ask the Minister of Agriculture and Food to introduce his officials to the members of the committee.

**Hon. Mr. Cunningham:** — Thank you, Mr. Chairman. With me today I have Terry Scott, the assistant deputy minister of Agriculture; and Keith Hayward, who is the CEO (chief executive officer) of Crop Insurance.

**Clause 1**

**Mr. Swenson:** — Thank you, Mr. Chairman, Mr. Minister, officials. Mr. Minister, the Bill in question transfers the allocation of funds for Saskatchewan Crop Insurance from the Minister of Finance to the Minister of Agriculture. Would you please summarize the reasons for the change.

**Hon. Mr. Cunningham:** — Quite simply, the reasons for the changes that we made in this Bill are because of the change that we've made to Crop Insurance and the way Crop Insurance is administered. Crop Insurance is very much part of the department. We've pulled Crop Insurance into the department budget now and therefore it's in part of our department budget. It makes more administrative sense to have that money flow through the department rather than having it by OC each time, as it previously was.

So this just streamlines the procedure and makes it simpler to transfer money. The money is still accounted for because it's part of our budget and is approved in budget. It's simply an administrative fix to the way we've changed the operation of Crop Insurance.

**Mr. D'Autremont:** — Thank you, Mr. Chairman, Mr. Minister, and officials. Don't these changes effectively remove Saskatchewan Crop Insurance control over its own budget, which would have been in place previously? The budgetary process, money was supplied from the general funds of the province to Crop Insurance who then administered those funds. Under these changes, now your office will be administering those funds, will be making the determinations on budgets rather than Crop Insurance itself.

I guess when you do that, my question has to be, what's the point of having Crop Insurance as a Crown corporation? Why don't you just bring it in, lumped holus-bolus into the Department of Agriculture, and simply do away with Saskatchewan Crop Insurance as a Crown corporation?

**Hon. Mr. Cunningham:** — That certainly is not an option that would be excluded from doing something that we looked at doing. But there are some advantages to having this as a Crown corporation. We have a board, a panel of producers, that hears complaints. So we've kept it a bit at arm's length and kept it a

bit separate.

But the change we're making here simply is administrative. At one time there was . . . Crop Insurance was under a separate minister from the Department of Agriculture with separate responsibility. It now is under the same minister. It's in the Ag budget, and therefore it is just administratively simpler to move the money in this manner.

(1545)

**Mr. D'Autremont:** — Well, Mr. Minister, I'm glad you mentioned the board. Since you now will control the budgetary process through these administrative changes, what's the point of having a board of directors? You're making the decisions.

Now the person who owns the gold has the power and makes the decisions. You now have the gold when this Bill passes. You'll be making those decisions necessary to run the corporation. What is the point of having a board of directors? You've mentioned that they're in place for complaints. Well, Mr. Minister, that's part of what your job is also, is to accept complaints. Why do you need a board of directors there to do that if that's their sole purpose, is to hear complaints?

You're taking away their administrative abilities, passing it on to yourself by taking control of the budget, so what's the point of having a board of directors?

**Hon. Mr. Cunningham:** — Well this Act does not transfer any of the control . . . simply, as I said earlier, is administrative in nature in the way that the money is moved. And it's through the normal departmental process rather than through an OC which sometimes can delay money being transferred for a week or so or two weeks as it goes through the process.

The board was eliminated some time ago when we did downsizing. As the member probably knows, we had 4 or 500 boards and commissions in this province, and as part of downsizing in government, we eliminated a number of them. We always have had the goal . . . the Crop Insurance has been wholly Treasury Board in its nature. All of the money that goes into Crop Insurance comes from . . . the administration of Crop Insurance comes from taxpayers and comes from provincial government.

The farmers' pool is separate, and their premiums go into a pot, and that's used to pay out indemnities. But the administration has been through a federal-provincial agreement. We always have had . . . all the money has had to be advanced through government, through Treasury Board, and through cabinet in order for any policy changes to occur. It was always budgeted this way and continues to be done in the same manner.

There is again I think some good reason to have a panel of peers out to deal with problems that farmers have. Crop Insurance is a business, in that it deals with farmers, provides insurance. We feel that there needs to be a panel of peers out there who can hear complaints that farmers have and problems

that arise. That part has been very useful and very successful, so we would like to continue that.

**Mr. D'Autremont:** — Well thank you, Mr. Minister. You talked that OCs at times can mean a delay of a week or two in the allocation of funding. I would think now with it simply going through your department and your office, it makes it very susceptible, very susceptible to changes in the funding, where funding can come out earlier, based on political need, or be held off until later, based on political need.

Mr. Minister, I think the fact that it's going through your department rather than OC really does not have a major impact on it whatsoever. That political manipulation is still there and still available.

Mr. Minister, I was interested to listen when you noted that all of the funds for Crop Insurance come through Treasury Board, either federally or provincially. Because every year I seem to get a bill in the mail from Crop Insurance says that you owe us some money for something. So I have an investment in Crop Insurance also, as do a good number of farmers, although I recognize that that number is decreasing every year.

So farmers also, Mr. Minister, have a financial interest in Crop Insurance that they felt their body of peers, as you term them, the board of directors, did have some input into. So, Mr. Minister, under these changes that you propose, exactly what power, what administrative abilities, will the board of directors have after these changes take place that they don't have . . . or they do have now? What will change? And will they be anything more than simply a complaints department?

**Hon. Mr. Cunningham:** — No, the structure won't change. The board of directors, as it now exists, includes the deputy minister and assistant deputy minister and one or two other people; that still functions as a board. The appeal panel is not the board of directors of Crop Insurance. As I said, that decision was taken a number of years ago.

There is no difference in any of the powers or structures of Crop Insurance as a result of this Bill. The only thing that this Bill does is that when the premiums are due for crop insurance, which we have to pay based on our federal-provincial agreement and based on our contracts with the producers, instead of the money being advanced through the Minister of Finance and through an OC, it's advanced through the Department of Agriculture as pursuant to the budget, as laid out in our budget. So this Bill has absolutely no impact on the structure or the powers of any of the functions of Crop Insurance, whether it's the appeal panel or the board of directors.

**Mr. D'Autremont:** — Thank you, Mr. Minister. I wonder if you could outline for us and let us know exactly who the board of directors are. Who are my peers on the board of directors, as a farmer?

**Hon. Mr. Cunningham:** — Again there are no farmers on the

board of directors. The board of directors is made up of the deputy minister of Agriculture, two assistant deputy ministers of Agriculture, and an individual by the name Wil Olive who supplies the legal expertise to it.

That hasn't changed with this Act. The Crop Insurance Corporation functions very much as part of the department. We have found certain administrative efficiencies by having it in the department. It is still a Crown corporation in name and still has some attributes of a Crown corporation, but it functions very much as a branch of the Department of Agriculture. And we've found that to be a rather successful way of trimming administration and avoiding overlap and duplicate within the department.

**Mr. D'Autremont:** — Well, Mr. Minister, how can you talk about a body of peers then? Perhaps your two officials there feel as it's their peers that are sitting on as representatives on Saskatchewan Crop Insurance commission, but it's certainly not a body of peers of the people who Saskatchewan Crop Insurance is there to serve, and that's the farmers.

You yourself have just admitted that there is not a single farmer on that board of directors, and I know at one time there were a lot of farmers on that board of directors.

So how can you possibly talk about the board of directors being in place as a body of peers for your clients and your customers, because it certainly isn't when you're talking about the deputy minister, two assistant deputy ministers, and a lawyer. That's a peer for the legal society and it's a peer for your two officials sitting beside you, but it's certainly in no way, shape, or form peers as far as farmers as concerned, Mr. Minister.

**Hon. Mr. Cunningham:** — Again let me be clear. That board of directors is again part of the department as you've outlined, is mostly made up of civil servants. This functions mostly as part of the department.

The peers sit on the appeal panel which is there to hear complaints and concerns that farmers have in individual cases. They rule on . . . and have the power to judge individual cases.

Crop insurance is a very complicated business. There are rules, but there are very individual circumstances on farms. And there are cases that come up that fall into grey areas. The farmers have concerns that they're not being treated fairly or that the rules haven't been applied fairly or haven't given them a fair break under their circumstances. And the appeal panel then hears those issues and makes a ruling on it. That's where the panel of peers that I was speaking of is — the appeal panel.

And other governments have also done similar things. I believe Alberta has crop insurance in their Department of Agriculture completely. So because it is . . . as the member points out, we have farm customers and they deal with farmers, but the money, as the member points out, money for the administration and for the programing, comes through Treasury Board in any case.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Then what you're saying is that currently, as the situation exists, the board of directors who controls the Crop Insurance Corporation is wholly made up of bureaucrats from within the Department of Agriculture, and they control the direction and the function of Crop Insurance Corporation.

**Hon. Mr. Cunningham:** — Yes, that is essentially correct and that is essentially what has happened. Even when we had a board of directors in place, they didn't have the authority to change the direction of Crop Insurance without government approval, nor did they have any authority to spend money at Crop Insurance. Any money that the board of directors at Crop Insurance, in the past, would have desired to spend, would have had to go through all the government processes that any other departmental expenditure would have had, and Treasury Board would have had to approve of it. And so in a sense, they acted in an advisory capacity.

We have in this province a Farm Support Review Committee which has spent the last year of time looking at Crop Insurance and how it may be changed. They spent a good deal of time advising us on what we should do for a new safety net. One of the things they recommended for our safety net was that Crop Insurance would continue. We were able to keep Crop Insurance.

There are some, as the member points out, some concerns about Crop Insurance. The agreement expires in one year with the federal government, so we've had the Farm Support Review Committee, which is 32 producers in this province, looking at how Crop Insurance could be changed. So that's . . . the advisory role is coming now from that body.

**Mr. D'Autremont:** — Thank you, Mr. Minister. Would you mind pointing out then exactly why there needs to continue to have a board of directors. Why don't you simply administer it through the Department of Agriculture and do away with the bureaucracy that is in place? The same people would still be there. The deputy minister would still be there; the assistant deputy ministers would still be there. You wouldn't need a legal counsel on the board of directors because you have access to legal counsel either through the department or through the Department of Justice. Why don't you just simply do away with the board of directors then, because you've already taken over all the control?

**Hon. Mr. Cunningham:** — Certainly that, as I pointed out earlier, is an option and it's something that we certainly may look at in the future. The legislation now requires a Crown corporation and a board of directors. As the member points out, there isn't the cost to it because it's essentially civil servants who are on it.

There may be some advantages to having a Crown corporation. We did this as a step . . . As I pointed out, some provinces have Crown corporations; some have it in the department. We've got a system that's somewhat halfway. I guess it gives us the option of going back to a full-blown Crown if we were to see that that

had advantages; or moving it completely into the department, which we may do at some time in the future.

**Mr. D'Autremont:** — Well, Mr. Minister, I wonder if you could perhaps go back to this peer group that you were talking about earlier — the appeals panel. Who sits on that appeals group?

**Hon. Mr. Cunningham:** — We don't have the list of names right handy. There are, I believe, five producers who sit on that panel.

**Mr. D'Autremont:** — How are they chosen, Mr. Minister, and how do you determine what their qualifications are to sit on an appeals panel? Are they simply five farmers scattered from around the province, or what's the mechanism in place here that they should be qualified or classified as a peer group for the rest of the farmers in Saskatchewan?

(1600)

**Hon. Mr. Cunningham:** — We selected five producers for the board, much as the old board of directors would have been selected — people who have experience with farming in the province, who are respected in their communities. And that's essentially the criteria that we use to select a board.

I think the appeal panel has done an excellent job. It certainly gives farmers the comfort that there are some actual producers who sit on appeals, who can relate to their problems, rather than government officials.

**Mr. D'Autremont:** — Well, Mr. Minister, I wonder if you could please give us the names of the individuals who sit on the appeals panel and what their qualifications are to hold those positions?

**Hon. Mr. Cunningham:** — I have a list of the names of the appeal panel. Brian Kramer is a member of the appeal panel; he's a farmer. Lorraine Hanson is a member; she's a farmer. Jim "Duke" Bulych is a member; he's a farmer. And Donald Purich is a member; he is a lawyer, so he has some legal background as well.

**Mr. D'Autremont:** — Mr. Minister, unless my math is wrong, I believe you named four individuals. And you had indicated there were five on there.

I wonder if you could also indicate where these people are from and what kind of farming operations. Are they grain farmers, cattle farmers, hog producers? What kind of farming do they actually carry out? And the individual who's the lawyer on there, is he also a farmer or is his enterprise strictly that as a lawyer?

**Hon. Mr. Cunningham:** — Brian Kramer is from Southey; Lorraine Hanson is from Broadview; Jim Bulych is from Foam Lake; and Donald Purich is from Saskatoon. All of these people obviously are grain farmers in that they have contracts with

Crop Insurance or have some experience at least in the grain industry, which is where Crop Insurance does business.

And I don't know exactly what sort of farming operations any of them have. I'm not aware of whether or not Donald Purich has a farming operation or not. He is from Saskatoon and he is a lawyer. And he was on the Crop Insurance board of directors before this, so he had a good working knowledge of Crop Insurance.

**Mr. D'Autremont:** — Well, Mr. Minister, what powers does the appeal board have to make changes to a farmer's situation, to any complaints he might have in dealing with Crop Insurance? Obviously the problems that are going to arise are going to be the rates charged for a particular crop. A farmer may feel that his coverage has not been properly evaluated, that perhaps his soil type is wrong or his individual yields are wrong or something along that line. Or at the other end, that an adjustment has not been made properly in either the volume or the quality of his crop that he may be making a claim for.

So what powers does the appeal body have to be able to make adjustments for that particular individual?

**Hon. Mr. Cunningham:** — The board will hear, the panel, pardon me, would hear cases, and all of those situations that the member raised would be appropriate things to take to the board. And they would look at the circumstances, often have the individual appear before them and make his case, and that's the . . . so all of those areas would fall within the purview of the panel.

**Mr. D'Autremont:** — What power though would the appeal process board have to make adjustments either for or against the individual claim?

**Hon. Mr. Cunningham:** — The panel then makes recommendation to Crop Insurance. They don't have the authority to change policy or to make definitive rulings. They would make recommendations to Crop Insurance. In the vast majority of cases, if they make a recommendation to Crop Insurance, they would be followed out.

Most of the cases that come before the board are from producers who feel that the measurement hasn't been right or that they've been assessed unfairly or that there's something . . . and normally they're not asking to give money back. They're asking to have money or bills lowered or whatever. And if the panel rules that indeed the rules haven't been followed . . . or even if the rules have been followed, if — in this particular circumstance — it hasn't treated that particular producer fairly, then they can recommend in favour of the producer.

**Mr. D'Autremont:** — Mr. Minister, so now let's say the panel has made a recommendation of some sort of an adjustment. That recommendation previously would have gone to the board of directors who, at one point in time, were farmers from across the province. Now it will go to either the board of directors or to your office, Mr. Minister, to be dealt with by the deputy

minister and the associate deputy ministers.

So, Mr. Minister, has the situation now changed into a position where the acceptance of the recommendations of the appeal panel can now be classified as a political decision, being made by your office, as opposed to a decision being made by an independent board of directors that would have been made up of peers of the people who were paying in part for this program: the farmers and the taxpayers?

**Hon. Mr. Cunningham:** — Well there isn't a lot there's changed. With the old board of directors, which was made up of farmers, then the appeals went directly to that board of directors and they would make a decision. Now because that board of directors essentially no longer exists and this is a board of civil servants, we now have a panel of producers who hear the complaints very much the same as the old board used to, and they make the decision on it rather than having it go directly to a board of directors.

So that was one of the functions of the old board of directors which was very useful and very helpful, and that's why we maintain that function by striking a panel that could do that specific job.

**Mr. D'Autremont:** — Well thank you, Mr. Minister. We've gone from an appeal process going to a board of directors made up of farmers who were in place for a fixed period of time based on their OCs, their contract with the government, that they were there from point A to point B and that was the term of their involvement in the Crop Insurance board, to a board made up of civil servants who are directly responsible to you, a political minister. They're not responsible to the farmers, they're not responsible to the taxpayer, they're not responsible to the man or woman out on the farm. They're responsible to you now, Mr. Minister, not to anybody else. And they're going to be making that decision now.

The previous board of directors, as farmers sitting on the board, were not responsible to the minister for their daily bread and butter. They were responsible to the people they represented as a whole — the farmers. You, Mr. Minister, are responsible to the other members sitting in the seat across from here. That's where the responsibility lies. It's now a political area of responsibility rather than an administrative area of responsibility. And I believe that change, Mr. Minister, is entirely wrong.

**Hon. Mr. Cunningham:** — Again that's the reason for the appeal panel of producers being struck, because that gives us a buffer between the producers . . . that they can actually go to actual producers to make their case. And we think that's useful, and therefore we kept that structure in place.

There really isn't a whole lot of difference between a panel that's appointed by the minister or a board of directors. It's appointed by a minister with peers. They were all good people, they were all producers in the past, and so that that hasn't changed a lot. That function of the board we kept.

The advisory function of the board on policy, we are able to get from our Farm Support Review Committee and this was part of downsizing of government. The members opposite always say government's too big and we should have smaller government and we should downsize and we should save dollars. But when there's examples of it occurring, they say, well no, we should have 12 or 13 producers who meet monthly and hear complaints instead of a panel of 4 or 5, which does the job as adequately, in our opinion.

**Mr. D'Autremont:** — Well, Mr. Minister, I don't have a complaint with the appeals panel. I may not agree with certain individuals on that panel, but I don't know whether I do or not because I don't know the individuals.

But, Mr. Minister, it's not the appeal panel that is the problem; it's where the recommendations from the appeal panel goes to. It goes to the board of directors that are made up of the deputy minister of Agriculture and two assistant deputy ministers of Agriculture and a lawyer — all hired and paid for by the Department of Agriculture and responsible to you as the Minister of Agriculture.

The board of directors that was in place previously, while being responsible to the minister, were also there for a fixed term. They knew that they were there from point A to point B and they could be reappointed after that point. But they had a fixed appointment period of time.

The deputy minister and the assistant deputy ministers are there at your pleasure. If they . . . a recommendation comes from the appeal panel to do this and that doesn't serve your purpose, Mr. Minister, then the board of directors, who is responsible to you, will be taking into account your concerns rather than necessarily the concerns of the appeal body, who are the peers of the farmers out there, other than the lawyer that's on there.

And that's where the concern comes in. Why not move that appeal body then — since you're paying them already — move that appeal body in as the board of directors and allow them to continue to hear appeals, as the board of directors, making the decisions?

**Hon. Mr. Cunningham:** — Well the member can put in as many layers of bureaucracy as you want. At the end, the buck stops at the people with the money, which in this case is the taxpayers, and me who will have to go to the polls and get the support of farmers every four years.

The members on the board of directors also sat at the pleasure of the minister. That hasn't changed. You can put in as many boards as you want; they're all appointed by the minister. The government, the Treasury Board of the province, has control of the money that goes out to do the administration of Crop Insurance that the Government of Saskatchewan signs, the federal-provincial agreement with the federal government to design the program. And that's where the buck stops and it always has.

We certainly see the value of having a panel of peers look at individual cases and that still exists as it did before.

**Mr. Swenson:** — Thank you, Mr. Chairman. Mr. Minister, my colleague has raised some very good points here, so I'm going to directly ask you what role you're going to take in managing Saskatchewan Crop Insurance as consequence of expansion of your powers over it. Obviously you've thought this out or you wouldn't agree to the legislation. What role will the minister now perform in regards to the changes to the corporation that the minister did not perform before?

**Hon. Mr. Cunningham:** — Well absolutely none. The only difference in my role will be when premiums are due and they are they being paid out as per the federal-provincial agreement, or money is moved into the reinsurance fund as per the federal-provincial agreement — that will be done under an order signed by the Minister of Agriculture instead of the Minister of Finance. And that is the only difference that this Act makes to my powers. There will be no difference in the way Crop Insurance operates.

The restructuring of the Crop Insurance was done a couple of years ago when we moved it essentially under the Department of Agriculture. This Bill doesn't change it, it just makes the present administration of Crop Insurance work more smoothly.

**Mr. Swenson:** — Mr. Minister, will this Bill expand your ability to control the pay-out policies in the corporation beyond what you have just mentioned?

(1615)

**Hon. Mr. Cunningham:** — No it won't.

**Mr. Swenson:** — Well it's a tough argument, Mr. Minister, for you to make here and for us to believe because there's no doubt that this Bill makes SCIC (Saskatchewan Crop Insurance Corporation) less responsible for its funds. I mean that the controls on the corporation's spending that will now be in place, that will be a direct pipeline from the Department of Agriculture.

And I have had a little experience with that particular corporation, having had responsibility for it for a year and a half as a Legislative Secretary, so the board room in Crop Insurance is not unfamiliar to me, and how it controlled its funds and its expenditures. And that now will be directed from a different direction, Mr. Minister, so it's hard for us to not believe that you will have more say in the direction of how those funds are spent.

For instance, will the Department of Agriculture budget be increased to create a contingency fund to meet the requirements of this Bill?

**Hon. Mr. Cunningham:** — No. Again, I don't know how the member opposite and how their government operated under Crop Insurance, but this much is, if I wanted to spend more



money in another branch of the department, there's a budget. I go to Treasury Board; I go through processes; it's approved by cabinet and by caucus; it becomes policy; it becomes in budget.

If in situations that arise where money outside of budget needs to be spent, if there's something that happens in Crop Insurance that I think more money should be spent at, I do not have the authority to spend it without going back to Treasury Board, cabinet, caucus, and the whole process for government funding.

So there is no difference except that the formality of how money that's moved out, which is in budget, which is the premiums and reinsurance fund monies that need to be paid out at given times as per our federal-provincial agreement, which really governs what monies go into Crop Insurance, we have to abide by our federal-provincial agreement.

Those are done under my signature rather than under the Minister of Finance's signature. That doesn't change my authority to spend money. I'm sure the Minister of Finance wouldn't approve of this Bill if it were giving me free access to the provincial treasury to spend on Crop Insurance as I saw fit.

**Mr. Swenson:** — Well, Minister, you come here for 70 days a year and appear in the Assembly, and during that time, we can ask you questions about what you're doing. But other than that, for the whole rest of the year, you're not in here. You're not in here, and you're doing what you do.

Now when you had to go through the Minister of Finance, you had to get OCs, which were available to the public after seven days. So if Crop Insurance was expending money on particular projects or because of circumstances and they had to go and get that money, that became a public document.

So yes, we get to ask you questions. But for the most part of the year we're not here to ask those questions, you know. So you're busy doing things and we don't have access to you and you're spending money, and there's no way of tracking it because the House isn't open.

Now, Mr. Minister, when you talk about accountability, I'm not sure that that's a step forward. Where you now, through the Department of Agriculture with a very large global budget . . . you're responsible for one of the largest budgets in the province of Saskatchewan; hundreds of millions of dollars -- not tens of million, hundreds of millions — and you can now spend that without coming back to this Assembly.

And the board of Crop Insurance now is absolutely meaningless to the spending of that money. The appeals board can hear an appeal, but they have no power to override you, sir, and your department and your political staff. And you simply aren't here to answer the question 365 days of the year.

At least I could follow the expenditures that you had decided upon on a weekly basis because I could follow the OCs coming out of the Minister of Finance. I can't do that now.

So you have to convince this House that all of the rest of the time that you're not here, that the safeguards are in place for you to move that money around. And you can move it within your department without saying anything. You don't have to justify it to anyone. You can move it around in there. And it's done every day inside departments. And you can now transfer monies to Crop Insurance without having to answer to anyone, except the people in the bureaucracy within your department. You don't answer to a board any more. There's no independence there any more.

So you have to tell me, Mr. Minister, why it's a better system when you can move within hundreds of millions of a budget that I can't track as an opposition politician, which is better than me being able to see the Minister of Finance have to forward funds when it's public knowledge after seven days.

**Hon. Mr. Cunningham:** — Again, Mr. Chairman, the money that's spent in Crop Insurance is governed by the federal-provincial agreement; it's governed by regulation. Any change in those would be by OC, and the member would be able to see those changes by OC.

This is not any different than the Department of Environment and forest fires. If there's a forest fire during the summer when the session's not on and there's more money spent on it, on forest fires, at some point there will be special warrants if it goes above budget. If there's money moved around within a department, that would be a decision of Treasury Board and cabinet. Those same safeguards and accounting practices would be available as another branch of the department.

And so I think . . . particularly given the fact that there's a federal-provincial agreement, that money is in budget. The only overexpenditures that would occur is when the pay-outs are greater than the premiums, and money has to be forwarded from the reinsurance fund to cover those. Otherwise there aren't any unusual expenditures within Crop Insurance.

**Mr. Swenson:** — Well it seems strange, Minister, there's a lot of other Crowns out there, Treasury Board Crowns, that I mean if this argument's made in this case, I guess it would work just as well . . . you're talking about streamlining services to customers. I mean the other Crowns have customers.

Other Crowns have cost overruns and they function perfectly well with order in council grants. They do; they do it all the time. What makes SCIC so much different than those other Crowns?

**Hon. Mr. Cunningham:** — Again, SCIC runs very differently from some of those other Crowns. Commercial Crowns such as SaskPower raise rates and work as a business within. Within Crop Insurance in the past, all the money that's Crop Insurance expenditures are under a federal-provincial agreement. They're governed by that. That's what sets out the expenditures of Crop Insurance — they're done through government budgeting.

Any approval of money was not done by the board of directors.

The board of directors didn't decide whether or not we should pay the premiums that we were committed to, or the agreement it called for us to do. That was done as government decisions.

And that's why we think that this system . . . and I mean the member's arguing about the changes that we made to Crop Insurance two years and not what this Bill does, because this Bill makes no change in the structure of Crop Insurance.

But this is a structure that saves some money, that streamlines the decision-making process, and that because it allows some savings within the Department of Agriculture and that we are able to avoid some duplication with Crop Insurance and make better use of personnel and so on.

**Mr. Swenson:** — Mr. Minister, was an opinion sought from the Provincial Auditor before this measure was taken? As I read, most of the recommendations in the last year, what you're doing would run counter to some of those recommendations. Did you specifically go and seek an opinion from the Provincial Auditor before making this move?

**Hon. Mr. Cunningham:** — No, we had of course approval from the Department of Finance and they may have spoken to the auditor. I think this is the . . . the structure of Crop Insurance is what the auditor has been saying that we shouldn't have a whole bunch of separate funds, that as much as possible everything should be in sort of one big kitty where everybody can see where it is and where the expenditures are. So we certainly haven't had any concern expressed by the auditor in the restructuring of Crop Insurance that we did.

**Mr. Swenson:** — Don't you think, Minister, that given the size of this operation, the amount of public money expended, that you probably could have negated maybe an hour of questions by simply coming in and say, I have the seal of approval of the Provincial Auditor for what I'm doing because it meets the new standards that he set for government accountability, that this is a better system for accountability than what the public had before, that the public will be able to garner or understand how funds move around better because I, as the minister, now have direct control of it rather than the board of directors of Crop Insurance?

I would have thought, given the climate out there today with taxpayers and farmers in particular, who you have not treated well when it comes to living up to contracts and a few other things, that you would have wanted the Provincial Auditor's stamp of approval on it so that there isn't a farmer out there can question either political interference or anything else because of the changes that you've made in crop insurance.

And that would have seemed logical to me that's the first place you would have gone to make sure that this was on the up and up. And you say you didn't even bother to think about that. And I find that strange that your officials would not have wanted that stamp of approval before you moved.

**Hon. Mr. Cunningham:** — Well certainly we did not view this

Bill as any major change other than housekeeping, and it basically falls into line with the way the corporation has been functioning for a couple of years and we haven't had any concern expressed by the auditor.

My experience with farmers is that they're concerned about crop insurance and the program and how it works and what the rates are. They're not concerned about whether or not the money that we pay in premiums comes from a cheque signed by the Minister of Finance or a cheque signed by the Minister of Agriculture. But that, in hindsight, if we had known your grave concern about what this Bill might do, we certainly might have talked to the Provincial Auditor.

**Mr. Swenson:** — Well, Mr. Minister, they're all taxpayers, or at least we hope they are. After you've got done with them lately we're not sure that they're all going to have taxes to pay because they've got a lot less money in their pocket.

But I'd like your commitment that your officials will take the opportunity to run this by the Provincial Auditor, and you'll have ample opportunity in other estimates before we're done around here to tell us what that opinion would be. If he says it's great, then I tend to agree with him. And I think that would be a simple enough task for you to perform. I'm not going to block the passage of the Bill because of it, but I think it's important we understand that that auditing process is one that he approves of and that we all as taxpayers, whether we're farmers or not, are comfortable with.

**Hon. Mr. Cunningham:** — Certainly I would commit to do that. If the auditor has concerns, obviously that would be a concern to me as well. And I'm sure he won't, but if the member opposite would like us to get an opinion from him, we certainly can do that.

Clause 1 agreed to.

Clauses 2 to 6 inclusive agreed to.

**Hon. Mr. Cunningham:** — I'd like to thank my officials, Mr. Chair, thank them for the excellent support; thank the opposition for the questions.

The committee agreed to report the Bill.

**Mr. Swenson:** — Thank you, Mr. Chairman. I just want to thank the minister and his officials for the answers today and hope that everything goes well.

(1630)

### THIRD READINGS

#### **Bill No. 34 — An Act to repeal The Economic Development and Tourism Act**

**Hon. Mr. Shillington:** — I move this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

**Bill No. 35 — An Act to amend The Department of Economic Development Act, 1993**

**Hon. Mr. Shillington:** — I move this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

**Bill No. 6 — An Act to amend The Crop Insurance Act**

**Hon. Mr. Cunningham:** — Mr. Speaker, I move that this Bill be now read the third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

**COMMITTEE OF FINANCE**

**General Revenue Fund  
Agriculture and Food  
Vote 1**

**The Chair:** — I'll ask the minister to introduce his officials if there are any here who have not already been introduced as this committee has been before the . . . as this department's been before the committee before.

**Hon. Mr. Cunningham:** — Thank you, Mr. Chair. I'm not sure who was here last time so I'll have to do the introductions. We have Hartley Furtan, the deputy minister; and Dale Sigurdson and Terry Scott, the assistant deputy ministers; Jack Zepp, Ross Johnson, Lorne Warnes and Laurie Hamers.

**Item 1**

**Mr. Swenson:** — Mr. Chairman, Mr. Minister, and your officials, I have a question I'd like to begin with and this goes back to last year. We had a number of discussions in here pertaining to an individual who you terminated at Crop Insurance and that was the last individual I believe. And I was really saddened to hear that . . . yesterday I was informed that this individual has still not been settled with.

And you told the Assembly last year on a number of occasions that you were going to make sure that this problem was looked after and I can't believe that you have continued to spend taxpayers' money on legal counsel — And I won't get into the legal counsel, but I believe it's the same one that you had before which has done millions of dollars of taxpayers' . . . or spent millions of dollars of taxpayers' money — and that Mr. Matwijeczko is still hanging out there in limbo land one year later.

And I'd like you to give an explanation to the House why, after a whole year's time, after what you said last year, this issue

hasn't been settled.

**Hon. Mr. Cunningham:** — The member is right that the issue is not settled and of course that's a concern and we certainly would have liked to have had it settled. I've certainly given my officials instructions that we wanted to settle this as quickly as possible.

What's happened is this is going to the courts. It's my understanding that we are attempting to get pre-trial conferences and we haven't had response from Mr. Seiferling at this point. But in any case, it is going to be heard by courts.

No settlement seemed to be possible. No mutual settlement was agreed upon and it's wending its way through the court system and it certainly would be our desire to continue to get it settled as quickly as possible. But without going into a lot of details on dates and processes, it just is one of those things that's taking some time to get through the court system.

**Mr. Swenson:** — Well can you tell me then how much money you have expended in legal fees in the last year, since you told the Assembly that this thing was going to come to an end soon, I believe was your words, that you thought that the process . . . I mean I heard this same junk about pre-trial hearings and stuff last year from you. You went on about all of the processes and thought it was ridiculous that it had gone on that long, couldn't understand, you were going to tell people to do something about it. One year later, we're back here in the same boat and you've still been spending lots of taxpayers' money on high-priced legal help, and nothing's done about it.

I don't see how that's in the least bit fair to either the taxpayer of this province or the individual. I mean it's one thing to terminate somebody because you don't like him or the wrong politics or something, but then to turn around and drag this thing on for years and years and years is just absolutely ridiculous. How much money we've spent in the last year probably could've settled the fool thing.

So, Minister, what I'd like from you is a commitment that when you come back to estimates next time you're going to bring back the amount of money that you have spent on legal fees in the last year for something you said would be settled last year, and report back to the House exactly what the process is going to be to finally get this cleaned up.

**Hon. Mr. Cunningham:** — Well we can certainly look for the numbers that the member asks for. It's again not our desire to hold this up. We do have processes to follow, and it certainly takes two to arrive at settlements, and so that being a fact, there's obviously some problems on both sides in this particular case. But I can find the numbers that the member asks for.

**Mr. McPherson:** — Thank you, Mr. Chair, Mr. Minister. I see that we don't have a lot of time left today in estimates, Mr. Minister, so we'll just maybe stay with one area today and that would be in Crop Insurance.

I was just reading on page 37 of the *Estimates* that Crop Insurance this year is going to take another \$8 million drop, and I guess the only thing I could . . . that would come to mind is that you're expecting to have a lot less acres, or participants dropping out of the program again in this year. Otherwise your share of the premiums wouldn't be dropping to such a significant amount.

And I was wondering if you could then give us the total acres that were covered by Crop Insurance for the past year, I guess maybe for the past couple of years, and what the acreage is that you're expecting to have covered in this upcoming year?

**Hon. Mr. Cunningham:** — Essentially what happened in Crop Insurance was that we overbudgeted last year. We were actually \$10 million under budget in Crop Insurance last year and so we think now that the 91 million is a more realistic guess, so we're not anticipating a further drop from last year. The drop actually occurred last year.

**Mr. McPherson:** — Mr. Minister, I think I heard you say 10 million under budget. Did you mean under or over, just so I know where to start?

**Hon. Mr. Cunningham:** — I'm not sure what I said. I meant over budget or . . . we budgeted more money than we actually spent last year. The 98 million that's here . . . and I don't know what portion of that was the premiums, but we expected to pay more premiums than we did and that was, as the member knows, partially because we lost some acres last year.

We think this year that we won't have a drop, but the premiums that we projected this year, we think, will be closer to accurate than they were last year.

**Mr. McPherson:** — Well, Mr. Minister, given the fact that you were over budget, would make me ask if all the accounts that you had, that the participants had, have been dealt with or are there some outstanding accounts, and if so, how much would that amount to?

(1645)

**Hon. Mr. Cunningham:** — Within Crop Insurance we always budget for some accounts to be overdue and flow into the following year. And that amount remains relatively constant, the amount of money that we budget for accounts that are receivable and they're collected in the following year.

**Mr. McPherson:** — All right. Mr. Minister, I've been noticing on TV and in the newspaper in the last month or couple of months that Crop Insurance is doing a great deal of advertising. I can only assume that they're doing as much advertising as they are because at least some of this \$8 million has got to be a reflection and a loss of participants. And if so, I would have to ask how many participants do you expect you will have less? Or in fact do you see there is a problem in Crop Insurance at all with the amount of participants that are or aren't in the program?

I think if I recall the last time we had a discussion in here in regards to Crop Insurance, I believe it was your figures that were 75 per cent of the farm land in the province is not insured. Now maybe you could correct that or give me the actual figures of where we're at today, and the number of participants — like I'd asked you before — for the last three years, and what you're projecting for both acres and participants for this upcoming year.

**Hon. Mr. Cunningham:** — There are 55 per cent of the acres in Saskatchewan . . . were insured last year. That of course is, as the member points out, is a concern to us. We've had some drop-off in acres insured. And indeed that's what the advertising is designed to do. We still believe that crop insurance is an integral part of a safety net in Saskatchewan. I think it's more crucial given changes to some of the other programs that we have. From our initial reports from agents which I got in the last few days, we're anticipating that we will at least maintain our acreage and hopefully have some increase in acreage this year.

**Mr. McPherson:** — Mr. Minister, can you give me a run-down of everything that Crop Insurance is doing or that your department is doing to get more participants in the program?

**Hon. Mr. Cunningham:** — Well last year we made several changes. We brought in spot loss hail back into the program. We brought in a multiple crop option and a diversification option. So we've done that. We're trying to tidy up our administration. And the one thing we're doing this year is the advertising, and we're hoping that that will help.

I think there are a couple of ways you bring farmers in. One, that you convince them it is a good program. And certainly it is overall going to be beneficial to Saskatchewan farmers. For every dollar that farmers put into crop insurance, they receive two dollars back in a general, not on an individual farm basis, but that's how the program works. Farmers put a dollar into the crop insurance as a premium, and between the two levels of government that dollar is matched. There's then two dollars in the pot which is available to pay out indemnities. Administration is picked up by taxpayers in general.

So obviously overall for every dollar that's gone in, two dollars have gone back to the farmers somewhere in the province. And in fact the program ran a significant deficit which, by the way, has been reduced a bit, and we're hoping that that's taking care of itself. But not only have they got back two dollars for every dollar they've put in, but they've also run the program \$500 million or so into deficit.

So given that fact and given the fact that weather in Saskatchewan is very variable and there is a need for some stability on farms, we still think this is a good, needed program and has a use. We have to convince farmers of that because if the enrolment drops to some point, obviously the program will collapse and won't be available. And that's not, in our view, good for Saskatchewan farmers, nor is it good for the province where our economy counts very much on the agricultural industry — and the grains and oilseeds sector in particular. And

if farmers are not covered by insurance and they have a disaster, that reflects on a disaster on our provincial economy, so we're concerned.

We're doing, as I said, made a number of changes to Saskatchewan Crop Insurance last year to try to make it more responsive and respond to farmers. We're looking now, as I mentioned earlier in the Bill we were debating, we have a Farm Support Review Committee of 32 farmers in the province who helped with advice on negotiating a new safety net with the federal government.

One of their recommendations, strong recommendations, was that crop insurance would remain as a basic building block of a safety net. They also have concerns about crop insurance, and they've spent a number of days this winter going through crop insurance and looking at changes that we might be able to effect that will make it more attractive to farmers.

And the federal-provincial agreement has expired. It's a five-year agreement. It expired. We got a one-year extension on it, so sometime in the next year we're going to have to renegotiate that with the federal government.

So we're looking at any other changes that we can do to crop insurance to make it more attractive to farmers. So we think that it is a good program and that it may need some fine tuning or some changes if farmers desire it, but basically the crop insurance program is an essential building block for Saskatchewan farmers and for our whole economy in this province.

**Mr. McPherson:** — Mr. Minister, of all the things that you have just mentioned, are all of those things being done in-house by just the Crop Insurance Corporation, or have you hired outside consultants? If so, who would they be?

**Hon. Mr. Cunningham:** — On the programming side, as I mentioned earlier, we have the Farm Support Review Committee, and we're talking to farmers and farm groups all the time. And we may at some point in the summer carry on public meetings even or more consultations, but essentially the Farm Support Review Committee has been advising us and are working on a report on crop insurance and some recommendations for it.

On the delivery side we have hired Ernst & Young to look at our delivery system. Ernst & Young have been hired to look at our delivery system. We have eliminated the GRIP (gross revenue insurance program) program, and that's allowed us to downsize some positions at Crop Insurance. It makes some difference to our delivery system, and that's a concern to look at our overall delivery system as to whether or not we're doing the most efficient possible job from a cost point of view and also from service to farmers because that's another critical point in keeping farmers in the program . . . is delivery good service to them.

**Mr. McPherson:** — Mr. Minister, can you give us a

breakdown of what all Ernst & Young was to be looking at? Just to say delivery system, I mean there could be a lot of things involved in this. Are they looking at perhaps doing away with the agents or moving Crop Insurance offices out into the SGI (Saskatchewan Government Insurance) offices or what have you? Or are they fairly limited in what they're to be looking at?

And also can you give me a breakdown of the cost, what Ernst & Young are going to be getting to do this? And in fact is it showing up in this year's budget? And if so, can you tell me where I would find that.

**Hon. Mr. Cunningham:** — Ernst & Young has a very broad mandate to look at the overall delivery system. We're looking at how we deal with farmers primarily. So they will be looking at the agent system and the CSO (customer service office) system to see whether that could be streamlined or changed. They're looking at the paperwork and the paper flow and the forms and generally looking at the whole delivery system of the corporation. The cost is \$85,000.

The committee reported progress.

The Assembly adjourned at 4:56 p.m.