

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
May 3, 1995

The Assembly met at 1:30 p.m.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. D'Autremont: — Thank you, Mr. Speaker. I'm pleased today to present petitions on behalf of the people of 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.

These petitions come from the Lampman, Steelman, and Yorkton areas of the province, Mr. Speaker. I so present.

Mr. Toth: — Mr. Speaker, I also have petitions I wish to present to the Assembly, and I'd like to read the prayer:

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.

And these petitions are signed by individuals from the areas around Wawota, Kennedy, Nipawin, White Fox, Cumberland, a number of communities across the province of Saskatchewan. I so present.

Mr. Britton: — Thank you, Mr. Speaker. I too have several pages of petitions I would like to present today, and I will just read the prayer:

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 firearm owners, in order to halt the federal Liberal government from infringing on the rights of Saskatchewan people.

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

And, Mr. Speaker, I would like to point out that the petitioners here are from Saskatoon, and there is a feeling that it is only the

rural people that are against it . . .

The Speaker: — Order, order. Order, order. The member knows he can't make a personal comment on the petition. Just state where they're from and read the prayer.

Mr. Britton: — Thank you, Mr. Speaker. They're from Saskatoon, Wawota, Kenosee Lake, Major, Invermay, and several other communities. Thank you, Mr. Speaker.

Mr. Martens: — Thank you, Mr. Speaker. I too have petitions, and 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 firearm 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.

And the petitioners are from Spiritwood, Chitek Lake, and from Prince Albert.

READING AND RECEIVING PETITIONS

Deputy Clerk: — According to order the following petitions have been received, and pursuant to rule 12(7) they are hereby read and received.

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

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

NOTICES OF MOTIONS AND QUESTIONS

Mrs. Bergman: — Thank you, Mr. Speaker. I give notice that I shall on day 65 ask the government the following question:

Regarding SaskEnergy: (1) what was the cost of sending Ed Voroney, Rick Garraway, and Chris Gural to the effective executive program at Waskesiu in 1992; (2) what was the cost of sending Al Elmer to the effective executive program at Waskesiu in 1993; (3) what are the names of all SaskEnergy employees who participated in the effective executive program at Waskesiu in 1994; (4) what are all costs associated with these employees attending this seminar; (5) what are the names of all employees who have enrolled in this seminar for the current year?

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

notice that I shall on day 65 ask the government the following question:

Regarding the Department of Finance: what are the specific yearly tax cuts referred to by the Minister of Finance in the *Debates and Proceedings*, page 1916, that account for \$220 million per year savings to the people of Saskatchewan?

INTRODUCTION OF GUESTS

Ms. Lorje: — Thank you, Mr. Speaker. On Monday I was privileged to meet one of the brightest, most articulate, intensely politically aware group of grade 7 and 8 students that I've run across in the last little while. And I would like to today introduce them to the House.

Visiting from the Lakeview School are grades 7 and 8. You will see the first half of the visitation here right now in the Speaker's gallery, Mr. Speaker. The other 80-so students will be coming along during question period.

I would like the members to welcome the students from grade 7 and 8, Lakeview School, together with their teachers Mrs. Block, Ms. Rashley, Mr. Mantyka, Ms. Amos, Madame McCrae, Mrs. Borisenko, Ghyslaine de Tilley, and Marianne Amos.

Please welcome them to the legislature.

Hon. Members: Hear, hear!

Ms. Murray: — Thank you, Mr. Speaker. It's my great pleasure to introduce to you and through you to my colleagues in the legislature, on behalf of my colleague, the member from Elphinstone, three students who are participants in the Scott Collegiate mentoring program. They're accompanied by their mentors who are from the staffing and development division of the Public Service.

Now if I could, I would introduce them all by name, but unfortunately I have the name of just one student who is a constituent of the member from Elphinstone and her name is Melanie Cote and she's a student, a grade 10 student, in Scott Collegiate. So I ask all of you to join me in giving them a warm welcome. Thank you.

Hon. Members: Hear, hear!

STATEMENTS BY MEMBERS

Mental Health Awareness Week

Mrs. Bergman: — Thank you, Mr. Speaker. This week is Mental Health Awareness Week in Saskatchewan. The main thrust of the Canadian Mental Health Association during this week is to focus on their national education campaign on depression.

Depression is a serious illness which is often misunderstood. Some people ignore the signs of depression and attempt to cope with it through substance abuse. Others see depression as a personal weakness and struggle through the illness while blaming themselves for their perceived shortcomings.

Still others perceive depression as a disease of shame, which prevents them from seeking assistance. Depression affects men and women from every walk of life, both young and old.

In addition to the personal and family toll the depression can have on its victims, there is a related financial toll on the economy, according to a recent study by the Canadian Mental Health Association. This study estimates that 670,000 Canadians, or 5 per cent of the workforce, are experiencing depression that could result in insurance disability claims. The financial cost of employee absenteeism and lowered productivity do not take into account the lower quality of work life suffered by those with depression and their co-workers.

I urge anyone seeking more information on depression to contact their local office of the Canadian Mental Health Association for assistance on where to get help for themselves or a loved one.

Thank you, Mr. Speaker.

West Wind Aviation

Mr. Whitmore: — Thank you, Mr. Speaker. An important part of the *Partnership for Renewal* is the labour-sponsored venture capital program — a program which offers tax incentives to encourage Saskatchewan labour and employee groups to make equity investments in Saskatchewan-based businesses.

I want to announce a successful application of this program. West Wind Aviation of Saskatoon has been registered under the LSVCC (labour-sponsored venture capital corporation) program. The West Wind employee group and West Wind Ventures Incorporated has raised \$107,000 through employee investments. The employees will be eligible for both a provincial and a federal tax credit equal to 20 per cent of their investment.

West Wind is a charter and aviation firm which provides service across western Canada and the United States, Mr. Speaker. It has 20 aircraft and 100 employees meeting its clients' travel needs.

Because of increasing economic activity in Saskatchewan, more and more opportunities are opening up for business such as this one.

Through the labour-sponsored venture capital program, Saskatchewan working people can seize these opportunities and take control of their economic destiny, preserving and creating Saskatchewan jobs, and enhancing their companies' competitive positions.

I congratulate the workers at West Wind for their enterprising response to opportunity.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Future Skills Program in Swift Current

Mr. Penner: — Thank you very much, Mr. Speaker. The Future Skills training program is designed so that workers can be trained quickly for immediate job opportunities. I want to report two cases in my constituency where this innovative program is working exactly as planned.

Last week, three industries in Gravelbourg, Frontier, and Annaheim identified a need for specialized workers in production welding and MIG (metal inert gas) welding. These industries are expanding and expect to be hiring to meet this new expansion.

Cypress Hills Regional College and SIAST (Saskatchewan Institute of Applied Science and Technology), through the Future Skills program, have responded and are training 12 welders able to work in these agricultural implement industries. These 12 will receive SIAST certificates to ensure long-term employability, and they will receive jobs, Mr. Speaker.

Also a company in Swift Current called Bio-Milker Highflow America Ltd. has developed a new system, with equipment for which no training program exists today. Through a partnership of SIAST and Saskatchewan Dairy Producers, four trainees are receiving on-site training and becoming classified as technicians qualified to market, install, and repair the equipment for dealers and producers. This company is currently receiving orders from all over North America, and Future Skills is ensuring that the product will be properly serviced.

I congratulate the industries, the schools, and the program, who are cooperating in providing jobs for our expanding economy.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

SaskTel Mobility Expands Cellular Coverage to Kamsack

Mr. Knezacek: — Thank you, Mr. Speaker. I'm proud to report today that SaskTel Mobility has expanded cellular coverage to Kamsack and the surrounding area.

The inaugural announcement and ceremonies were held in the Orthodox Community Centre in Kamsack Monday morning, May 1. SaskTel Mobility's willingness to invest in Saskatchewan communities shows that no one is more committed to the cellular needs of Saskatchewan business and Saskatchewan people.

It's hard to imagine a time when this service could be more

desperately needed in the parkland area than now, when people's livelihoods, and in some cases their lives, have been endangered by flood conditions in the Kamsack area. Many area residents have been isolated from neighbours and from vital services during the flood. The new cellular services are an invaluable tool to rural residents in the parkland area in circumstances such as the present flood conditions.

These same services will also improve links within the business community and make communications easier for tourists and the tourism industry in Duck Mountain Park.

I salute SaskTel and SaskTel Mobility Cellular on the installation of this service to Kamsack. Thank you.

Some Hon. Members: Hear, hear!

Twin Rivers Health District Pilot Project

Ms. Stanger: — Thank you, Mr. Speaker. Today I wish to report to the House a pilot project involving the Twin Rivers Health District in my constituency. Twin Rivers is one of nine health districts and 26 ambulance services working with M.D. Ambulance in Saskatoon to coordinate return transfers to rural communities.

Under the project, ambulances which bring patients into Saskatoon will be called on to transfer patients to rural communities on their return trips. If the returning ambulance is only going part way, an ambulance from the final destination can meet it.

Patients can still choose to have an ambulance come specially for them. However, it is expected many people will opt for this new service. The end result, Mr. Speaker, is that rather than making frequent and empty return trips, ambulances will more often be standing by to respond to emergencies.

Mr. Speaker, this efficient use of ambulances will save money and lead to decreased hospital stays. More importantly, patients will have shorter waits for ambulances and can return home faster.

Mr. Speaker, this pilot project is just another example of people cooperating to introduce cost-efficient health reforms and improve services for patients.

I want to thank the Twin Rivers employees for all their hard work and dedication. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Saskatchewan Family of the Year Award

Mr. Johnson: — Mr. Speaker, last Saturday night in Saskatoon the Saskatchewan Knights of Columbus held a banquet at which its service program awards for 1995 were awarded.

I'm happy to report that a family from Spiritwood, in my

constituency, was named Family of the Year. Joyce and Louis Willick, their daughter Michele, their sons Bryan, Glen, Reg, Monty, Jeff, and Chris are a very deserving family for any award.

The Willick family lives in Spiritwood, and their contribution to their community as well as their church is well-known. Louis is a member of the town council, deputy mayor, member of the transportation and library boards committee.

Joyce has been the caretaker of the Spiritwood Centennial Arena for 12 years. She drives the Zamboni and takes full charge of those children that come to the facility. She was recognized as the Spiritwood Citizen of the Year in 1987, and all of their children were 4-H members and served as altar servers or readers in the church. In addition, the family is actively involved in community recreation, fund-raising events throughout the year.

Mr. Speaker, the Willicks are friends of mine, and I'm pleased to share their recognition with members of the Assembly. Thank you.

Some Hon. Members: Hear, hear!

Weyerhaeuser Feasibility Study

Mr. Kowalsky: — Thank you, Mr. Speaker. This morning at a press conference in Prince Albert attended by my colleagues — the Minister of Economic Development, the Minister of Energy and Mines, who is also the member for Prince Albert Northcote, and the member from Shellbrook-Torch River — as well as by myself, Weyerhaeuser announced it was launching a feasibility study about their future in value added forest production.

For people living in northern Saskatchewan, our forests and forest utilization is very important. Forest uses include industry, recreation, and tourism, and affect many Saskatchewan people who live near and right in the forested regions.

Bill Gaynor, the Saskatchewan vice-president of Weyerhaeuser, says the feasibility study team will be focusing on at least five key criteria to access the viability of expansion: first the long-term predictability, security, and related costs of the forest resource available to Weyerhaeuser to source any expanded facility; second, the needs of their customers; third, the potential environmental and community impacts of any expansion project; fourth, the employee work systems; and fifth, cost effectiveness.

The Weyerhaeuser vice-president also said that the study process would provide a good opportunity for the company to talk with other public stakeholder groups.

Mr. Speaker, I welcome this study and I commend Weyerhaeuser on this feasibility study because it is important that Weyerhaeuser's discussions and plans are clearly understood by all of those impacted in forestry and their forestry and manufacturing operations.

Some Hon. Members: Hear, hear!

Hon. Mr. Tchorzewski: — Mr. Speaker, I would like to ask leave to introduce a guest.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Tchorzewski: — Thank you and thank the members of the House, Mr. Speaker. I want to introduce through you to the members, a constituent who is seated in the Speaker's gallery, Mr. Leonard Daniels, who is visiting with us here today. I want to introduce him because he's a former employee of the Wascana Centre Authority. He worked as a park assistant, and not too long ago I was able to attend a function at his retirement. I've known Mr. Daniels for some time in the city of Regina and I want to welcome him to the Assembly, and ask members here to join me in extending a warm welcome to him as well.

Hon. Members: Hear, hear!

Ms. Lorje: — Thank you, Mr. Speaker. With permission, to introduce guests.

Leave granted.

Ms. Lorje: — Mr. Speaker, a few moments ago I promised you that I would be introducing in total over 160 students from the Lakeview School in Saskatoon. And I am pleased now to inform you that the balance of the tour group are now seated in the west gallery with overflow into the Speaker's gallery.

Mr. Speaker, these students, as I said before, are very articulate and bright and they asked me, when I talked with them on Monday, why question period is usually so raucous. And I promised them that today all members would be listening intently.

So with a great deal of pleasure, Mr. Speaker, I would like to introduce to you and all members of the Assembly, students from grade 7 and 8 in Lakeview School together with their teachers and chaperons.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Martensville Abuse Case

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Minister of Justice. Mr. Minister, I think we would have to admit that your department has run amiss.

Nine people charged in the Martensville case, 180 charges, and where do we sit today? Only one conviction still standing. And the Saskatchewan Court of Appeal saying that the Crown, the police, and even the trial judge, have bungled the case.

Mr. Minister, I believe this is a fiasco that demands answers. One would have to ask, how could this happen? How could we have so many people charged with such serious crimes and so few convictions? How could the Justice department spend this much time and money in this case, only to see the whole thing turn into a disaster at the end of the day.

Mr. Minister, what are you going to do about these serious questions that people all across this province are asking?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Thank you, Mr. Speaker. And I had anticipated that the member might raise that question today in light of the Court of Appeal decision.

In response, let me say this. The Martensville police, with the assistance of an officer from Saskatoon, came across a large volume of evidence from young children, which evidence has been given in court in the presence of a jury.

And those police officers did the best investigation that they were able to do and concluded that charges should be laid, and they were. To not lay them would have meant a judgement on their part that they did not believe what the children were saying. Now they didn't disbelieve the children; they in fact brought the charges.

The Department of Justice entered at that stage and picked up the files and took them to prosecution. And the cases were laid before a jury, which is the way we in this country deal with major crimes. The jury heard the evidence, heard the cross-examination of the children, and concluded that they were not able to find the accused persons guilty according to the standard required by Canadian law.

Now I put it to the member that that does not signal any major, you know, any major problem with the system, or that something, as the member said, has gone amiss. It is one of those situations where the evidence is not accepted by the jury as sufficient upon which to convict. And that happens in the administration of the criminal justice system.

Some Hon. Members: Hear, hear!

Mr. Toth: — Well, Mr. Minister, certainly the reports yesterday and the reports as we see them in the paper today, indicate that there is something drastically wrong within our judicial system. And the response basically, you've given us, sir, really isn't good enough to answer the many questions that continue to arise out there.

The fact is that many people's lives have been ruined; a community has been torn apart; and thousands, possibly millions, of taxpayers' dollars have been spent researching and trying this case. In fact you are facing millions more in malicious prosecution lawsuits and we still have many questions that are left unanswered. Mr. Minister, if we don't learn from this fiasco it could happen again.

Will you see to it that we get answers to these questions and will you hold an inquiry into how the process began that started the Martensville case? Will you do that, Mr. Minister?

Hon. Mr. Mitchell: — Oh I think that that is already well-known. The question of how this started and the type of investigation and the quality of the investigation were, more than any other question, the matter that was probed in the trial. And the trial went on and on, week after week, with a great deal of cross-examination and a lot of searching into the precise question that the member raises.

As to what we've learned, we've learned a lot. And that is an important question that the member raises, because we have learned that the justice system is not very skilled yet at handling the evidence of very young children in these cases involving alleged sexual abuse.

We in our department have taken a couple of initiatives, which I think we've discussed during estimates, as to how we can better handle that evidence so that it is not compromised, so that its integrity is not compromised by the time it reaches the courtroom. And that's a very, very important point and a very important lesson to draw.

Strangely, we in the common law really haven't had much experience dealing with the evidence — this kind of evidence — from very young children and we've learned lessons and that's an important thing to do.

But we don't need an inquiry about that investigation — that's already been investigated.

Some Hon. Members: Hear, hear!

Mr. Toth: — Well, Mr. Minister, I can certainly appreciate some of the difficulties associated with the circumstances that arose here. The fact is, we have a system or a Justice department that basically has run amok, in the fact that many people, innocent people whose lives have been brought before the community, individuals whose lives have been torn apart because of this case . . . And as you've indicated, it serves no purpose to hold a public inquiry.

Well I want to know what purpose was served by the Premier and the Minister of Finance swooping in on Martensville right after the charges were laid. What purpose did that serve, Mr. Minister?

Obviously the Premier and the Minister of Finance felt that some political purpose would be served by their flying into Martensville right after the charges were laid. But now that the whole thing has blown up, the Premier and the Minister of Justice don't want to go anywhere near the community of Martensville.

Mr. Minister, if you won't hold an inquiry, what steps are you taking to ensure that this type of problem does not arise again within this province — or even, if you will, in this country?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — Well as I indicated to the member, we have a couple of initiatives under way with respect to the handling of the evidence of very young children, and we think that that lesson, that changed approach, will result in a situation where the evidence of the very young children will be maintained in a way in which it is not compromised, where its integrity is maintained whole. And that is a very, very important thing.

So far as the Premier and the Minister of Finance, who was then the minister of Social Services, visiting Martensville is concerned, I believe they were there to discuss questions of the cost — the costs that the town was being faced with.

Now it's some time ago and I'm speaking by memory, but I believe it was a question of cost. We have of course since that time had other discussions with the town about the question of costs and have, at least to some extent, provided them with some assistance.

Some Hon. Members: Hear, hear!

Mr. Toth: — Well, Mr. Minister — and Mr. Speaker — Mr. Minister, as we've indicated, certainly a number of people have been hurt. People's lives have been torn apart by what took place through this fiasco. And with the fact that a number of lawsuits have been laid, would it not be appropriate, Mr. Minister, to indeed launch an inquiry, and possibly through the use of an inquiry, offset any further lawsuits that may arise?

Or, Mr. Minister, are you just prepared to wash your hands of what has taken place here. I think, Mr. Minister, you're in charge of the justice system, and we do need some answers. Why will you not pursue the matter of an inquiry into the whole fiasco that has been undertaken?

Hon. Mr. Mitchell: — Mr. Speaker, I realize that people have been hurt. That happens in criminal cases where the person who is accused of the crime is acquitted, and they naturally feel aggrieved. And I can understand that, that they would feel that way.

Yet it is most unfair for the member to characterize this as a Justice department that is running amok. That is simply an unfair characterization. What would the member have done if the parents of the little children had come to the member and laid on the member's desk the statements of those young children? Would you not act on them? Would you not credit them that the contents of those statement are true? Would you not try to determine whether or not they were true?

All those things were done by the police in Martensville. All those things were done before the charges were laid by the police in Martensville. The Department of Justice then entered the situation when the bail applications started to be made and picked up the file and tried to get the case into shape to take to court.

And in the end, it is a question of whether or not the jury, a jury of 12 people drawn from the ordinary citizens of the community, believed the children to the extent that they are prepared to find a conviction. That's how the system works.

Now sometimes there is convictions, sometimes there is acquittals, but the system works. And the point is that we should learn what we can from it.

The problem with the suggestion for an inquiry, Mr. Speaker, is that it is not at all clear what it is we're supposed to learn. The way in which the investigation has been conducted has already been examined in great detail during the Queen's Bench trial and I see no point in an inquiry. Although just before I take my seat, may I say that we must learn all the lessons we can from this case.

Some Hon. Members: Hear, hear!

Assignment of Public Prosecutors

Mr. Swenson: — Thank you, Mr. Speaker. Mr. Speaker, I have a new question for the Minister of Justice.

Mr. Minister, could you tell me if there are guidelines in place for the assignment of prosecutors to court cases? Specifically, are there any conflict of interest guidelines which govern the assignment of case-loads to prosecutors? And if so, could you table them in this Assembly?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — My understanding is that the assignment of individual prosecutors to cases is made by the director of prosecutions who is Richard Quinney. I am not aware, as I stand here, of the existence of specific written guidelines with respect to those assignments, including any questions of conflict of interest. Although my common sense tells me that Mr. Quinney, being really an excellent person in this position, would inquire into that and take it into account.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Well, Mr. Minister, I can only hope that there are stringent conflict of interest guidelines regarding prosecutor conflict of interest. I don't think it would be conducive to fair and equitable justice should a prosecutor have personal motivation.

So I'm wondering then, Mr. Minister, if you have an opinion with respect to the fact that Chief Prosecutor Eric J. Neufeld tried the cases of two members of this Assembly, and is also prosecuting cases involving current and past members of this Assembly, when he was personally involved with an incident involving this institution which ended with the censureship of Mr. Neufeld.

In April of 1984, Mr. Neufeld threatened to sue the member from Churchill Downs for comments he made in this Assembly.

After the Speaker determined that this was a clear breach of parliamentary privilege, MLAs (Member of the Legislative Assembly) voted to order Mr. Neufeld to recant his lawsuit and forced him to write a public apology to the Legislative Assembly.

Mr. Minister, this individual now determines if charges are to be laid against many of these same members who voted for that public censure. Mr. Minister, the simple question is: do you believe that a possible conflict of interest could be in place?

Hon. Mr. Mitchell: — The question takes me by complete surprise, Mr. Speaker. I am not aware of the incident in 1984. I'm told from across the House that there was no censure, so I think that the facts underlying the member's question ought to be examined very carefully. And I do hope — I do hope — that the member will have the integrity to repeat these statements outside the House so that Eric Neufeld is able to deal with such an allegation as has been made.

As for me, I can say that based on reports from my deputy minister, Eric Neufeld is considered to be one of the, if not the, finest prosecutor that we have on staff. Person with a proven, outstanding record as a prosecutor and highly valued and highly trusted by the members of the department.

But I can't answer the member's question.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Mr. Minister, my comments are simply public record; they're from *Hansard*, April 25, 1984. The whole debate is in here and it is quite available to the public to read.

Now, Mr. Minister, I ask these questions . . . and you should be fair about this because prosecutors, sir, like anyone else in society, like MLAs, like cabinet ministers, these are human people, Mr. Minister. They have personal feelings, they have personal motivation. Regardless of how we might try to suppress sometimes those feelings that we hold, we all have them. And that's a fact.

Now we're simply asking, Mr. Minister — and you haven't answered — whether there are conflict of interest guidelines and whether, in this particular case, there was personal attention paid to the fact that this, as mentioned in *Hansard*, took place. In my 10 years, Minister, in this House, I've never seen this happen. I have never seen this House personally censure someone. I would think that that would be a fairly grave action for this House to take.

So, Mr. Minister, I'm only asking you — only asking you — to investigate and report back to this legislature at your earliest opportunity if there are conflict of interest guidelines in place for an individual in the Justice system who is now in charge of determining whether cases go ahead against some of those same individuals who are part of the Legislative Assembly. That's all, Minister.

Hon. Mr. Mitchell: — Mr. Minister, the member is an experienced and able member in this House, understanding completely what is the consequence of asking the kind of question that he's asked, and the very raising of the question is tantamount to making an allegation. And as I say, I do hope the member will do Mr. Neufeld the courtesy of repeating those statements outside the House so that Mr. Neufeld can deal with it in an appropriate way.

I have said that Mr. Neufeld is an outstanding prosecutor, highly respected throughout the department, and indeed, the bar; and I am really taken aback at the nature of the question.

I have said that I do not know whether there are written guidelines in effect or not. I say to the minister . . . or member again that Mr. Quinney, in assigning a prosecutor to this case, would take into account all of the facts of which he has knowledge so far as any conflict of interest is concerned.

Some Hon. Members: Hear, hear!

Provincial Productivity

Ms. Haverstock: — Thank you very much, Mr. Speaker. In spite of the good work done by those employed by government, they do not produce goods and services that can be sold on domestic or global markets. And this shows up in some very critical areas, Mr. Speaker.

Financial analysts at Nesbitt Burns produced a comparison of the productivity of Canadian provinces and they show the value of goods and services being produced in Saskatchewan ranking eighth on a list of 10 provinces.

My question is to the Premier or his designate. Saskatchewan should have as much potential as any province in the country. How do you explain the low GDP (gross domestic product) per capita in Saskatchewan relative to other provinces with fewer resources?

Hon. Mr. Shillington: — Well that's fairly easy. I say to the member from Greystone, that's fairly easy. We had the opposition parties in office during the '80s and that's what happened. During the '70s this was a prosperous province. All it took was 10 years of the wrecking crew of members opposite to produce the kind of problems we have.

We say with pride that this province is improving, the economy's improving, the management of public affairs is improving. And you may in the not-too-distant future . . . the public of Saskatchewan may in the not-too-distant future have an opportunity to pass judgement on our handling of the budget and the economy.

Perhaps one indication of how the public feel is I never hear, Mr. Speaker, I never hear members opposite saying, call an election. I've never heard you say it yet. There's darn good reasons why you don't say it. You're going to get annihilated if you do.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Mr. Speaker, it was great delight on Monday evening with 800 people in the Saskatchewan Centre that indeed I did call for an election.

Mr. Speaker, Albertans produce more — Albertans produce more — they earn more, their taxes are lower, their gasoline is cheaper, and less of their provincial product is spent on government. That means that Albertans take home more pay, which means that they spend more and they create more jobs.

In Saskatchewan, Mr. Speaker, the amount of money taken from our overall productivity just to operate government is way out of line regardless of per capita costs. This NDP (New Democratic Party) government spends 30 cents of our provincial products ... 30 per cent of our provincial productivity on government, not including Crown corporations.

My question to the Associate Finance minister: your government consumes 30 cents of every dollar produced in this province. What are you doing to lower the cost of government?

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — Well what we are not doing is campaigning on an unrealistic platform. I remember in 1982 campaigning against a group who were going to eliminate the sales tax. The sales tax was too high. What did that bring us? The very problem which you complained of in your primary question — high taxes.

What have we done? We have introduced prudent management of this province's affairs, we have balanced the budget, and now the public of Saskatchewan can look forward to a realistic program which will reduce taxes. That's what we've done, is prudently and sensibly managed this province's affairs. We have balanced the budget; we have introduced balanced budget legislation. And we think the public of Saskatchewan are going to put a stamp of approval on that program.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Speaker. Mr. Speaker, in 1986 the Liberals ran against two different parties who were doing nothing but trying to outbid one another with the taxpayers' money. The money from the sale of goods and services drives our economy, Mr. Speaker.

Our border communities are a graphic example of what is happening because government policies are making Saskatchewan uncompetitive. Now people avoid the 9 per cent sales tax because they don't believe that government is making good use of tax dollars that they're collecting.

Tonight in North Battleford, Mr. Minister, tonight in North Battleford, a group of communities whose businesses are being decimated by your government's taxation policies are meeting to ask the NDP to deal with the sales tax.

My question, sir: are you going to be at the meeting, and is the Minister of Finance going to attend the meeting in North Battleford tonight; and if not, why not?

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — With respect to the sales tax, I say to the members opposite, what we're not going to do is what you have done.

You know, Mr. Speaker, there's something interesting about these questions, about this manner of approach. I seem to remember another leader of another party doing this same thing some 13 years ago, promising to lower the taxes, increase the benefits. And the public of Saskatchewan know that's where they're going to take you.

We have introduced sound management. We've introduced a balanced budget, and that will lead — and the public know this — that will lead to a sensible, believable program of reduced taxes and increased prosperity. That's what people have come to expect of this government.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Let's try again, Mr. Speaker. Shall we try one more time? Is the Minister of Finance or is the Associate Minister of Finance attending the meeting in North Battleford tonight? Yes or no?

Hon. Mr. Anguish: — Well, Mr. Speaker, I woke this morning to a call from my spouse from North Battleford asking if I was going to be at home this evening because on the local media it was being announced that I would appear for the Minister of Finance. I was surprised at this, so I phoned the people who are involved in the meeting from North Battleford.

And they made it very clear that they're discussing strategy as to how we deal in Saskatchewan with what is a very serious situation. They told us they preferred not to have it as a political meeting, that they preferred not to have politicians there. They wanted some officials from the Department of Finance, Mr. Speaker, to answer some questions, so they can make a reasonable approach to the government. The people there want to work with this government to deal with the pressing problems they have in that area of the province, and we're responding to their needs. There will be officials there from Department of Finance as they requested.

Some Hon. Members: Hear, hear!

Employment Discrimination

Hon. Mr. Mitchell: — Mr. Speaker, on April 6 of this year, I took notice of a question from the member from Maple Creek. His question was: do you believe that it would be discriminatory to refuse employment or to refuse to rent an apartment to someone because they carry a union card?

The member is asking whether this would be a prohibited ground of discrimination, and the answer, Mr. Speaker, is no. The Saskatchewan Human Rights Code has a list, a finite list, of prohibited grounds of discrimination: race, creed, religion, colour, gender, and so on. And union membership is not one of the grounds listed. So the fact that someone thinks that a distinction is unfair doesn't mean that the code deals with it. The code only deals with distinctions or discrimination based on the prohibited grounds that are set out in the code.

Some Hon. Members: Hear, hear!

MINISTERIAL STATEMENTS

Expansion of Drake Meat Processors

Hon. Mr. Lingenfelter: — Mr. Speaker, it's particularly a pleasure to rise on another plant expansion announcement in Saskatchewan, especially after today's question period.

But the company is Drake Meat Processors, which has been in business in the community of Drake since 1950. This morning the company held a ceremony to mark the completion of the expansion of a project. I was proud to be there to take part in the event on behalf of the Premier and the people of Saskatchewan.

Mr. Speaker, Drake Meat Processors has steadily been increasing its sales over the years and demand for its product has continued to grow. As a result, the company decided to expand its smoke house capacity and processing equipment to produce beef jerky and other products. Total cost of the expansion was nearly \$300,000.

Mr. Speaker, I'm pleased to say that the federal and provincial governments provided some assistance under the partnership agreement, the PAWBED, or better known as the Partnership Agreement on Water Based Economic Development. PAWBED provided funding for one-quarter of the total cost of the expansion. And of that amount, \$53,000 is repayable over a period of five years.

Mr. Speaker, PAWBED is a cost-shared agreement that is designed to help support value added agricultural processing.

Mr. Speaker, we are pleased to be involved in this funding for a number of reasons: first, Mr. Speaker, because agri-value is one of the six key sectors of our economy that has been targeted for growth under our *Partnership for Renewal* strategy. Drake Meat Processors is a prime example of the growth that can occur in agriculture or food processing sector.

The second reason, Mr. Speaker, is that business expansions like this create economic activity and many, many jobs. The expansion has already increased the company's sales by 30 per cent and resulted in the creation of seven jobs in that small town of Drake, Saskatchewan. Drake Meat Processors now has 50 full-time and 15 part-time workers, making it a vital presence in the rural community of Drake.

The third reason for our investment in this expansion project is that it will increase the company's export potential. Drake Meat Processors is already one of the major suppliers of processed and prepared meats within Saskatchewan. It now wants to become federally inspected so it can develop markets outside of the province, particularly in western Canada. That would add to Saskatchewan's export capabilities and result in more economic activity and the possibility of more jobs.

Mr. Speaker, I want to congratulate, on behalf of the Assembly and the Government of Saskatchewan, Drake Meat Processors on the completion of its plant expansion and modernization. The company's continued success is good news for all people of Saskatchewan. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Thank you, Mr. Speaker. I would be pleased to congratulate the people at Drake, Saskatchewan and the meat processing plant there. It would have been nice to have had the minister's statement so we could look at it. But that being the case, it's nice to see jobs in rural Saskatchewan.

And it's nice to see PAWBED, another initiative of the former government, I believe started by the member from Morse actually when he was the minister responsible for Sask Water, an initiative that was put in place to do just this, to make rural Saskatchewan grow and function. We're happy to see that the Economic Development minister has taken PAWBED to heart, has used it, and is now creating jobs in rural Saskatchewan as we had originally intended when bringing in that particular program.

So my congratulations to the minister for using another Tory initiative to build jobs in this province. It's too bad that the NDP couldn't come up with some of their own initiatives; but that being the case, Mr. Speaker, we still congratulate the meat processors at Drake, Saskatchewan.

Ms. Haverstock: — Thank you, Mr. Speaker. I too would like to comment on the expansion of Drake Meats in Saskatchewan. Actually we are delighted, not only with the expansion but for those of us who use this product, it's of great excitement to us as well. We happen to eat these meats in our home and they're really excellent.

The minister did not indicate specifically what the federal and provincial contributions were on behalf of taxpayers, and we're most interested in finding out these specifics, Mr. Speaker. So I think perhaps what we will do is wait on more particulars for this.

I find it quite interesting, Mr. Speaker, that I guess the members opposite are not interested in what comments we have to make on this ministerial statement, so I'll simply say that we're pleased for Drake.

Some Hon. Members: Hear, hear!

TABLING OF REPORTS

The Speaker: — Before orders of the day, and in accordance with the provisions of section 14 of The Provincial Auditor Act, I want to table the annual report and operations for the year ended March 31, 1994, and the Provincial Auditor's spring report.

STATEMENT BY THE SPEAKER

Question 76 Ruled Out of Order

The Speaker: — And also before orders of the day, I would like to just make a very brief Speaker's ruling. Yesterday the member from Regina North West submitted a notice for a written question which appears as question 76 in the *Votes and Proceedings* for sessional day no. 59. I point out that the very same question was submitted on sessional day no. 54 and subsequently converted to a motion for return (debatable) pursuant to rule 42(5). Consequently question 76 is out of order and shall be removed from the order paper.

ORDERS OF THE DAY

GOVERNMENT ORDERS

ADJOURNED DEBATES

SECOND READINGS

Bill No. 60

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Calvert that **Bill No. 60 — An Act to amend the Department of Health Act** be now read a second time.

Mr. Toth: — Mr. Speaker, just a few comments before we allow this Bill to move to Committee of the Whole and just to reiterate some of the points that I raised the other day.

My understanding is that according to the Health minister, this Bill does allow the province of Saskatchewan to benefit economically from our knowledge and achievements in the health field. And certainly I think there have been a number of initiatives taken over the past number of years as far as technology and knowledge in regards to health delivery and health delivery in this province. And we have seen through the process a number of groups and individuals from different countries . . . and I think I mentioned a number of countries. Health officials have come to us from Wales, South Africa, the Republic of Georgia, and other places in the world to visit our province and to review the technology available, review the expertise, and glean information whereby they can go back to their own jurisdiction and possibly apply this technology in providing better, more efficient, more effective health care to the people of their communities.

And certainly, Mr. Speaker, I think one of the areas I think that

we discussed and talked about was the implementation of the health card; and I trust that the Department of Health is continuing its review as to different methods and areas whereby the health card can be implemented to provide a more effective and efficient health service to the people of Saskatchewan.

This Bill allows the Department to "develop health systems and health technology or expertise", yet there is no dollar figure placed upon these initiatives, and I believe that it's imperative that the minister have some responses or some answers to this question.

As to the dollar value, the dollar costs that will be incurred, I would certainly imagine or determine that there will be revenue derived from the sale of this expertise and these health technologies. As well in building on the program, it's certainly going to have some costs associated with it. So it would be appropriate, and I trust the minister has taken the time, to have his department review that and when we get into Committee of the Whole, have some questions regarding some of the costs, some of the benefits we may achieve, and how, at the end of the day, we not only are helping and assisting other jurisdictions in designing their health systems and building on their health systems, but indeed we're continuing to build and elevate our health system to an area where people look upon it as one of the best in the world.

And so therefore, Mr. Speaker, I don't see any need at this time to further debate and continue the debate in adjourned debates. But I would certainly allow this Bill now to move to Committee of the Whole where we can get at detailed questions, regard the Bill and the intent of the Bill. Thank you, Mr. Speaker.

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

Bill No. 61

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Ms. Atkinson that **Bill No. 61 — An Act respecting the University of Saskatchewan** be now read a second time.

Mr. D'Autremont: — Thank you, Mr. Speaker. Mr. Speaker, this Bill was created by the efforts of the University of Saskatchewan community over the past five years to come up with a new constitution. The opposition caucus recognizes and appreciates the effort that these groups put into this new constitution that they are building, Mr. Speaker.

The Bill substantially reorganizes three existing bodies of the university, namely the senate, the board, and the council, and adds a fourth group, the university assembly. On the surface, Mr. Speaker, this seems quite complex, and one has to take a moment to wonder if a quadricameral system is actually going to be more streamlined than a tricameral system. It strikes me that the university has a more complex political system than most countries in the world. However we recognize that there are some good reasons for this.

The university represents many things to many people and holds down many responsibilities. These responsibilities must be addressed cautiously and sensitively. The university is a centre of learning, a research centre, a body corporate with mundane fiscal and physical concerns and responsibilities, an institution of this province responsible and answerable to the taxpayers who support it, a community in its own right with concerns of keeping the peace within its boundaries.

Mr. Speaker, each of these facets must be addressed. The university must have one face that communicates with the outside world, with the taxpaying public. Under this Bill, the senate will do that by starting to elect members of the public on a basis of electoral districts. We look forward to seeing just how this will be mandated, Mr. Speaker. But on the surface, initially, our response is positive.

The senate will also serve to regulate the university as a community by taking on the responsibilities of disciplining students for non-academic complaints. This provision of academic and non-academic discipline functions in the university will help keep each of these functions more focused. The fiscal and administrative matters of the university will remain with the board and its functions will be clarified.

Mr. Speaker, the university council has shown the most change. It will no longer fulfil the function of broadly representing all staff and students, but will be a more streamlined body that will be able to meet more often and be able to make more expedient decisions on matters of academic and research policy and academic discipline.

The role of broadly representing all members of the university community will now fall to the new body, the university assembly, which will include all faculty and a broad cross-section of the student body.

In the minister's second reading speech, she said that the reason for these changes was the passage of time, the fact that many aspects of the constitution were obsolete. With an institution with as broad a mandate and as many responsibilities as the University of Saskatchewan, I don't think you could ever achieve a perfect constitution. Inevitably, the centre will not hold and problems will arise.

Where the previous constitution had three bodies that were perhaps too large and ponderous, the new constitution probably has too many bodies and too many cumbersome checks and balances. The minister says this new constitution will take the University of Saskatchewan into the 21st century. This is a fine cliché, but all it really means is that it will be good for about five years.

Nevertheless, we have to recognize that the administrative problems of the U of S (University of Saskatchewan) under the old constitution were bogging it down. This new constitution will provide some respite, but who knows for how long, Mr. Speaker.

The process of changing and rearranging complex bodies like this is an ongoing process. Certainly it is an intensive process, and once again we would like to recognize and commend the university community for the many years of hard work that went into this well-crafted Bill.

(1430)

However, Mr. Speaker, we need the opportunity to review the Bill much more closely to determine exactly how the parts are going to fit together. And in a perusal of the Bill it seemed that there was each body, each of the four body, were almost being given, to a certain degree, some of the same responsibilities and we need to look the Bill over much more closely to determine how all these interlocking pieces are going to fit together, Mr. Speaker. Therefore we would like a little more time to examine the Bill more closely, so I would adjourn debate on this Bill at the present time.

Debate adjourned.

COMMITTEE OF THE WHOLE

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

The Chair: — Before we proceed to clause 1, I would ask the Associate Minister of Finance to introduce the officials who have joined us here this afternoon.

Hon. Mr. Shillington: — Thank you very much, Mr. Chairperson. To my immediate left is Bill Jones, the deputy minister of Finance, whom we have welcomed here before. On my right is Kirk McGregor, executive director of taxation and intergovernmental affairs, and also no stranger. Behind me is Arun Srinivas, and I'm not entirely sure he has been here before and I'd ask all members to welcome Arun. He is a taxation policy analyst, taxation and intergovernmental affairs.

Clause 1

Mr. Toth: — Thank you, Mr. Chairman, and Mr. Minister, and welcome to your officials. And we're certainly pleased to welcome them.

Mr. Minister, could you just give us a bit of an overview as to the reasons that we have this piece of legislation before us today? What's its purpose and what do you intend to accomplish through Bill No. 58?

Hon. Mr. Shillington: — These are some technical amendments. Virtually every year, after each budget, we have amendments to The Income Tax Act, and they are fairly technical amendments.

One of them, in 5.1, makes some changes to the deficit surtax which was discussed in my second reading speech and was certainly highlighted in the Minister of Finance's budget speech. There are new provisions established in the investment tax credit for manufacturing and process. I think that was a

factor in the announcement that was made earlier in the day with respect to Drake Meats.

There are a number of technical changes. I'm not sure how much detail the member wants on these. They are highly technical and I doubt it would be the subject of any controversy. Those are the main amendments.

Mr. Toth: — Well maybe, Mr. Minister, you could give us a couple of technical details so we could determine whether or not they are areas that we should be addressing.

Hon. Mr. Shillington: — Okay. The other amendments are technical improvements requested by the federal government. Saskatchewan is obligated under the terms of the Canada-Saskatchewan Tax Collection Agreement to periodically make technical amendments to ensure consistency between Saskatchewan income tax legislation and the federal Income Tax Act.

The technical amendments represent clarifications of Revenue Canada's current administrative practice with respect to The Income Tax Act of Saskatchewan. Technical improvements are set out in amendments to section 4, Saskatchewan tax reduction; section 5, high income surtax; section 5(1), deficit surtax; section 7(2), temporary manufacturing and processing tax credit for small businesses; section 8(3), Saskatchewan tax incentives; and a new provision which clarifies the application of a small business corporation tax rate, section 6(1).

Mr. Toth: — When you talk about clarifying this under the federal Income Tax Act, what do you specifically mean, Mr. Minister? Are we bringing this into compliance with the federal Act in regard to changes that you've announced? Or what specific purpose are we addressing through these technical amendments as you've indicated?

Hon. Mr. Shillington: — Yes, the member's rhetorical question was essentially correct. The federal government collects the Income Tax Act and lay down some fairly firm rules for the provinces with respect to — some fairly firm rules — with respect to our own income tax. Our income tax can be . . . really has to be little more than a percentage of the federal tax collected, to grossly oversimplify it.

These, as the member correctly anticipated, these amendments to which you refer bring our Act into compliance with the federal Act, and that is further to the agreement which we have with the federal government. And in return for them collecting it, we have agreed to comply with standards and regulations which they set.

Mr. Toth: — Well, Mr. Minister, in bringing our Act into compliance with the federal Act, a question was raised the other day, and I'm not exactly sure if this Act addresses it.

But when I was in Maidstone last Wednesday, an individual asked me about the way the Saskatchewan government charges for the, I believe the surtax charge or the income that . . . the 2

per cent deficit reduction tax; I think that's the one. They were talking about the fact that on the area of capital gains, the federal government charges their tax after they've removed the capital gains component, whereas the provincial government charges before the capital gains component is removed; therefore the provincial government is charging on a larger sum of income.

And the individual was wondering why the province doesn't follow the federal government on the same basis and charge accordingly.

Hon. Mr. Shillington: — The member has hit upon an important but somewhat complex area of the income tax law.

When the government of which the member opposite was a member, when the former government, introduced the flat tax, by definition it applied to everything including the capital gains — and that's by definition. And that continues to be the case.

Now I think what has spurred the question to the member, when he was in the community of Maidstone, is that when you . . . is that in 1994 the federal government eliminated the exemption for capital gains, which we support — which this government supports — and we said so, because it's a provision which benefits high income earners. The exemption remains for farmers and selected other groups, but the important one in this province is farmers. The provision remains for farmers, and we also support that because of the very high value which is often ascribed to farm land, and farm machinery I guess, for that matter; but it's really farm land.

In '94 when they eliminated it, it is possible to crystallize the capital gains, take that into effect, and your \$100,000 exemption will normally cover what you've crystallized, but you've still got to pay the flat tax on it. And that is what has prompted these questions this year.

There's nothing untoward about this. The tax is operating as you intended it should, and the flat tax is operated as you intended it should. Capital gains has been eliminated, which is appropriate in the circumstances.

And the flat tax is levied upon capital gains which is . . . the word used is crystallized; it is crystallized. You haven't sold it. Since you haven't actually got the capital gains in your pocket, because it's been crystallized, you've got to pay the flat tax on it. So nothing untoward here and nothing that needs to be fixed, but it has prompted a fair number of questions because of its artificial and complex nature.

Mr. Toth: — So, Mr. Minister, then how do you respond to individuals? You basically said that this is something really doesn't need fixing. Am I to understand then that this is a one-time thing that you're going to run into as basically a problem that arises this year; but in the future, with the changes in The Income Tax Act, that it will be offset and that in the future it will be addressed on the same level as it is at the federal level. Is that what I'm understanding from you?

Hon. Mr. Shillington: — Yes, this is a one-time problem. The taxpayer has almost always, on the advice of the accountants who prepare their forms, the taxpayer has voluntarily advanced the capital gains to take advantage of their exemption, and therefore they've triggered the flat tax. This is not something that will reoccur. The whole process will go on as it always has, with respect to levying a flat tax. It'll go on as it always has hereafter.

Mr. Toth: — Thank you, Mr. Minister. Hopefully that kind of answers . . . and maybe I can give that response back, and next year we won't have, as you've indicated, the same question arising.

If it arises, maybe we can have an amendment to your income tax next year that will address the question so it simplifies the process.

If I understand it correctly, what the Bill is also doing is . . . I think you made some comments about providing tax relief to Saskatchewan taxpayers. And I'm not exactly sure which Saskatchewan taxpayers would be receiving any relief, as I think it's a very limited portion of the Saskatchewan taxpayer that finds any relief under this Bill.

(1445)

You talk about improving the competitiveness of the corporate tax structure for the Saskatchewan manufacture and processing sector. And I would imagine you'll probably indicate today that we did have some announcements that a number of your colleagues mentioned that are a result of this change.

And I'm wondering, Mr. Minister, if you could explain what you really meant when you talked about changes that provide tax relief to Saskatchewan taxpayers and improve the competitiveness of the corporate tax structure. Because I don't believe the average taxpayer in this province really will feel or see any immediate tax relief by this piece of legislation.

Hon. Mr. Shillington: — What I think the public . . . the member opposite is partially correct. The changes this year are only a beginning and we're not selling them as anything more than that. They're only a modest beginning.

What we have said is that once we get our fiscal house in order and introduce proper management to the public affairs of Saskatchewan, we'll then be in a position, over a period of time, to reduce the tax load in Saskatchewan. And it frankly is high. It's higher than we wished it were.

What we see this year is a beginning, and it's only a beginning. With prudent management of our affairs and continued success by my colleague in the Department of Economic Development, we could look forward to further increases in the future. But we would admit that this is a beginning, and some would say a modest beginning, but an important beginning.

What we have done is to introduce a reduction of up to \$150 in

the debt reduction surtax beginning this year. That'll only be \$75 because it comes into effect — assuming we pass the Bill — it comes into effect on July 1.

We've also introduced an investment tax credit for manufacturing and processing. This has actually been quite effective in triggering some economic development projects. The members of the treasury branches have been busy in the last few weeks with a variety of announcements. This has been, in part, the fruition of the *Partnership for Progress*.

If the members opposite go back and read that document of now three years old, *Partnership for Progress*, what you see is a blossoming. What you see now is that document coming to fruition. We talked about partnering the businesses, we talked about working with indigenous Saskatchewan businesses to create jobs, and that is now happening.

So what you see is not by chance; it is not cynical. What it is is part of an orderly, three-year plan that's coming to fruition. And this has been quickened by the two measures. The investment tax credit for manufacturing and process is significant. By way of example, it was significant in the expansion of Friggstad farm machinery.

We have also introduced the manufacturing and processing profits tax reduction, and this is a tax which provides businesses within Saskatchewan with a reduction.

I'm going to return just for a moment, Mr. Chairman, to some general comments that I made earlier with respect to the *Partnership for Progress* document.

Mr. Chairman, we had wanted, when we were in opposition, to get away from the ad hoc nature of economic development. We seemed to have a process whereby the government of the day went out and bought themselves some economic development and brought it home.

The difficulty with that was the price tag was extremely stiff. And some of these projects were very expensive. We wanted to get away from that style of development and get to something far more orderly. The *Partnership for Progress*, that document, set out a blueprint for working with indigenous Saskatchewan businesses whereby they expanded. That is largely what has happened.

Largely the announcements which have been made recently have all been Saskatchewan-owned business — there are some exceptions — Saskatchewan-owned businesses expanding. Not all. Canadian Imperial Bank of Commerce expansion was one that is obviously not headquartered in Saskatchewan. But very much a part of our approach to business whereby we work with the business community to create good jobs, jobs which have high productivity and to which accordingly is attached a high wage.

What we seeked to develop, Mr. Chairman . . . Mr. Chairperson, is high wage, high productivity jobs; a high wage,

high productivity economy. Basically that's what we've done.

The introduction of the investment tax credit for manufacturing and process, since the member asked, has been an important part of that, as has the introduction of the manufacturing and processing profits tax reduction.

Mr. Toth: — Well, Mr. Minister, there's no doubt the fact that politics plays an important . . . or has an important bearing as to the announcements that take place. And the recent announcements that we've had in the past few days, certainly for the past week, I would suggest to you — as you might indicate they're not necessarily political or just happen to appear at this time — I would almost begin to wonder. I think even the public in general would question your integrity in suggesting that they just accidentally happen to fall into this time period when the Premier of this province is sitting down and anticipating as to whether or not he should be calling an election in the very near future.

In view of the fact that he's only at three and a half years into a mandate and he's talked about fiscal responsibility, one would wonder why a Premier would feel that he has to do it now; and is that a feeling that the legislation before us and some of these economic announcements may fizzle out and when it would come to be a more appropriate time for us to have an election which would show more fiscal responsibility that it may not be there. I don't know.

But I would think, Mr. Minister, while we can talk about it and brag about the accomplishments, I would certainly like to indicate that all of Saskatchewan benefits when businesses do expand within this province, and I'm sure the member from Lloydminster is appreciative of any business that is expanded in her area as well. And if she's got any questions, any questions she would like to ask or bring forward, we certainly would invite her, and we'd give her the opportunity to ask any questions in the Assembly.

But I think, Mr. Minister, what we've seen in the past and will continue to see today and we probably will be seeing in the future . . . And I think even as we're looking at some of the circumstances happening in eastern Canada, the fact that announcements take place at certain times will probably never change. It's to a government's advantage to have individual groups look at ways . . . especially when the Minister of Economic Development is involved through his department and the way he proceeds with the announcements.

But the unfortunate part, this Bill does not address the tax rate and the tax structure and how it affects many people. You talk about reducing the tax, the surtax, I believe, from 150 to \$75. How many people in the province of Saskatchewan will benefit through this reduction?

Hon. Mr. Shillington: — The reduction of \$150 on an annualized basis will apply to . . . is one of general application and will apply to everybody. It will have the effect of . . . It's also a very progressive tax. It benefits those at the . . . the

ordinary people more than the high income earners.

That's one of the reasons why this particular style of tax reduction appealed to us. It is simple in concept, and it is a reduction for low income earners, and for many it eliminates them entirely off the tax rolls. A flat \$150 reduction will eliminate the entire provincial income tax liability for 6,100 lower income taxpayers. Individuals earning up to \$20,000 will no longer pay the deficit surtax. Single income families, two children, earning up to \$28,000, will no longer pay the deficit surtax. Dual income families, again with two children, earning up to \$34,000, will no longer pay the deficit surtax. So it's a general application, but for these large numbers of people, it will eliminate them entirely from any responsibility to pay provincial tax and the deficit surtax.

Mr. Toth: — Well you made a comment about the \$150 and then the \$75. When you're talking about the \$150, is the \$150 you're talking about, is that a tax? Was that \$150 applicable in the present or just the taxation year we've just passed? And then the \$75 tax reduction comes into effect under the . . . it'll be now the 1995-96 fiscal year? Is that what you're basically saying, Mr. Minister?

Hon. Mr. Shillington: — It is implemented on annualized basis. Assuming we get the Act passed, this tax reduction will be available commencing July 1 when they begin to deduct the income tax for . . . starting with July. So it's half a payment this year — \$75 this year, \$150 hereafter.

This is no substitute for the member's questions. You have every right to ask questions in estimates; we have every responsibility to answer them, and we'll do so. I would point out for yourself or for any members of the public who are following this discussion with rapt interest that in the budget address, which is available on request from the Minister of Finance's office, this rather complicated matter is explained on page 68.

Mr. Toth: — So maybe I could ask you just to explain it a little bit for me since I don't happen to have mine right handy here. What you're saying is that the reduction that takes place . . . when you file your income tax and then this \$150 surtax is taken off, if that brings you down under a certain level, what you're saying, then you don't pay tax if that reduction comes into effect, and that reduction affects everyone. And if I understand you as well correctly, that reduction is applied . . . are we talking . . . Is this specifically individuals, or is it applied across the board to individuals and corporations or companies or businesses?

Hon. Mr. Shillington: — No, just individuals, in the sense of people — not corporate tax filers.

Mr. Toth: — So what would this mean in tax reduction to, say, a single wage earner as far as having the \$150 tax reduction come into effect — actual tax payable?

Hon. Mr. Shillington: — Well it'll mean, if they pay tax, it'll

be a \$150 reduction from the amount of tax which they pay. So it's \$150. To borrow a phrase from a former campaign, it's \$150 in your pocket.

Mr. Toth: — So what you're saying, if you had \$150 to pay provincial sales tax this past year, you would — with the surtax coming in — you would pay nil. Basically you would have zero to pay.

Hon. Mr. Shillington: — Yes, that's correct, except I think the member misspoke himself. The member said if you paid \$150 in provincial sales tax; you meant income tax. You meant provincial income tax.

Yes, if you paid \$150 in provincial income tax, you don't pay anything.

(1500)

Mr. Toth: — Mr. Minister, in comparison to the effects that the E&H (education and health) tax has in this province — and over the past two days we've had discussion in this Assembly regarding the educational tax and the problems that it creates, and a group of individuals and businesses on the western side of the province are meeting in North Battleford — would it have been possible for your department to find another means that would have created more of a level playing-field?

We've talked about how businesses have been helped and assisted under the taxation and under the intents of this legislation that we have before us, but I certainly can indicate to you that the western part of the province is even in a more difficult position than areas in my part, or on the eastern side, because a 2 per cent reduction would basically put businesses along the eastern side of the province of Saskatchewan on a level playing-field with their counterparts in Manitoba.

And I'm wondering, Mr. Minister, if you could have pursued a matter . . . or an avenue in that way that would have been more of a benefit and yet would have maintained a fair tax response within this province. Because certainly, Mr. Minister, if people are given the initiative to pay or purchase goods in this province, it would mean revenue generation as well as a less tax payable. And I'm wondering if your department reviewed this or looked at this matter.

Hon. Mr. Shillington: — As the member knows well, anyone who has held elected office for longer than a week is well aware of this phenomenon, that is that the provincial sales tax is very sensitive politically. People are very aware of paying the sales tax.

It's the same hundred . . . If you were to give them a \$150 reduction, it would be the same \$150, but that is a very sensitive tax. It would have, at one level, it would have been attractive to us to have reduced the provincial sales tax by 1 per cent. I think there's nothing attractive about reducing it by less than a full percentage point because I think then you drive the merchants who have to figure this out mad. But a 1 per cent, an

even 1 per cent would have been attractive from a political point of view.

The fact is it would have cost a great deal more than what this measure cost. The cost of reducing the sales tax was beyond our capacity this year.

What the Minister of Finance said in her budget address and what she has said travelling around the province is, stay tuned. It is conceivable that with continued good management, with continued sound fiscal policy, it is conceivable in the future we may be able to reduce the tax — the sales tax. That however was not possible this time around.

I would add as well, in defence of a reduction in income tax, it's very . . . the reduction in income tax is very progressive. By having \$150 reduction in income tax, you ensure that people on the bottom rungs get most of the benefit. With sales tax, it's more or less evenly distributed throughout the economic spectrum; reduction in the sales tax, it's concentrated at the lower end.

And so for both of those reasons we decided to provide \$150 reduction in The Income Tax Act. We are conscious of the problem with the sales tax, and what Ms. MacKinnon . . . what the Minister of Finance has said is that . . .

An Hon. Member: — Thanks for everything.

Hon. Mr. Shillington: — Just about. What the Minister of Finance has said is that we are conscious of it; we would at some distant time like to reduce the sales tax, and all options are opened in future budgets provided the kind of sound management continues which has prevailed in this province over the last three and a half years.

Mr. Toth: — Well, Mr. Minister, I haven't really had a chance to review the auditor's report today, and one still has to question the sound financial management that you've been espousing, or telling us about today.

But it would seem to me, Mr. Minister, that even a 1 per cent reduction . . . and I don't know where you get the . . . where you argue the fact that it would have cost you more money to implement just to take 1 per cent off the E&H tax and give people the benefits.

If a person spends \$10,000, that's \$100 already in their pocket just through a 1 per cent saving in the E&H tax. If they spend \$15,000, it's the \$150 you're talking of that they would actually see a saving of.

And as well, Mr. Minister, what it does . . . and it may not do a lot for communities along the western side of the province of Saskatchewan. But when you look at the eastern side of the province of Saskatchewan, it would keep more consumer dollars at home, which would not only benefit businesses, but then it benefits the province because the tax is then paid in this province, versus individuals. As they look at their income and

they look at their reduced income, they then also take a look at where they can find a saving.

And if that saving is 1 or 2 per cent on the other side of the border, like say in Manitoba, which we find in my area of the province — more people spend money over there — the fact is, as a province we are losing revenue because of the increase in the E&H tax.

And it would seem to me, Mr. Minister, that just through a reduction and through an amendment to your Bill, we could have even gone further than what you've done today and we could have provided more of a tax break, more of an incentive for small businesses in the province of Saskatchewan.

And it would seem to me, from the surpluses that you continue to talk about where we are tomorrow, and the fact that Crown corporations will have major dividends and have major income available to them, that will be available to you. The fact that there's funds available through GRIP (gross revenue insurance program) contract overpayments that will be coming back to the province; and the fact that, and hopefully — and I say this with a lot of hope . . . I'm hoping that maybe the announcements you've just announced regarding small businesses, that there is economic activity in this province, that the agricultural community continues to thrive, although it's really struggling right now because of the input costs that have evolved through agriculture or the resource sector.

Mr. Minister, it would appear that there was room or would have been room to manoeuvre, that would have really meant more to the consumer by working in even a reduction of 1 per cent. And then if, as you say, the economy continues to bolster itself, maybe 1 per cent down the road.

And there again, I find it difficult to understand how you can argue that would have cost you more money to just remove 1 per cent from the sales tax than it was to implement this \$150 surtax reduction. I guess maybe I don't understand it completely, but I think for the consuming public out there, they would have that question as well. And I'm wondering why you really seriously didn't look at or assess that situation.

Hon. Mr. Shillington: — It was seriously looked at, and we opted for the tax reduction which is in the budget. It does cost considerably more, and I refer . . . I won't get into the figures right at the moment because they do get kind of complex for what is an oral discussion. I refer the member to page 72 of the budget speech for the precise figures. But it is considerably more.

But as well, the tax which is being introduced has a lot of merit. It is a tax which provides significantly more benefit for lower income people.

I recognize they have little voice, because the media don't talk to people who earn more modest incomes. They don't get the attention of the media, and I recognize that they don't have the voice. But in fact they have some legitimate complaints, and

they complain that their tax load is inordinately high, given their modest incomes.

We tend to agree. We think this tax is progressive. Moreover, it benefits individuals. Only individuals benefit from this. If you reduce the sales tax, some rather handsomely endowed institutions fare very well. The largest businesses in the province, the most profitable in the province all benefit from that.

Some large corporations, which we have I think developed a good relationship with but which are not proper subjects to charity — they would not claim to be proper subjects to charity — which are not proper subjects of charity, get the benefit of the sales tax reduction. They don't get the benefit of this. This, which is a measured design to ameliorate the tax load borne by individuals, all goes to benefit people, and it benefits people on the lower income scale the most.

And as such there is a lot of merit to this tax. And we think, in addition to being an affordable one — and that counts for a lot with us; what we can afford — we think, in addition to being an affordable tax, this is also a tax which benefits those who need it most, and we need to do that.

I end as I may have begun, by saying that as we can afford it, other things will be considered. This province had a difficult three to four years to put in. Thanks to the steadfast resolution of the Saskatchewan public, we've gone through those three or four years. We have balanced the budget.

We can now look forward to, hopefully, good management in the future. And while good management doesn't sound all that saleable an item, it is in fact the products of good management, which are better services and lower taxes, are eminently saleable. And that's what good management spells — it spells lower taxes, better services, and a more efficient public administration.

And I can say to members opposite, you may campaign upon what you want to campaign on; we're going to campaign on this government's handling of the fiscal affairs of the province because we think it's worthy of support, and we think the public will support that.

Some Hon. Members: Hear, hear!

Mr. Toth: — Well thank you, Mr. Minister. Mr. Minister, I'm not sure if this isn't a campaign promise. Because I'm not exactly sure; if I understand correctly, this takes effect July 1. When can the people of this province expect to have received the full benefits of this income surtax reduction? When will they be able to receive the full reduction?

Hon. Mr. Shillington: — July 1 is the actual answer to your question. It starts coming . . . Let us take the case of wage earners. Now with farmers it's a little different. But let us take the case of wage earners here, wage earners who are on salary and they're paid, as almost everyone is, apart from the

provincial government, paid twice a month. It starts coming off the pay cheques on July 15, and the same amount is going to come off each month thereafter, up to and in future years.

At the end of the year it'll add up to \$75 in 1995, and when you take a full year in 1996, it'll add up to \$150. But the amount that comes off the pay cheque, the amount that's left over, is the same, starting for the July 15 pay period.

Mr. Toth: — Well I guess basically what that interprets to, Mr. Minister, is the taxpayers of this province and the individuals at the low end who are paying through the nose, through higher utility rates, and on top of that they're paying E&H tax on those utility rates, while they pay their higher utility rates, while they pay their E&H tax on those utility rates, they will be paying that for the next year and half basically, until March 31 of 1997 before they finally reach or attain the full benefit of this income surtax reduction.

And I think, Mr. Minister, that's a long time to wait for a reduction when every time they turn around, that bit of a reduction, and let's say a wage earner at \$75 to start off, starting July 1 may see a reduction of about \$7. That may not cover the tax that he is facing on his major components as far as the resource sector in his power and telephone and utility rate rebate.

So therefore, Mr. Speaker, I think the argument that this is something that really benefits the community is not and will not be seen until well after the fact, and in the meantime more increases on the utility side. And the individual finally says when they come to March of 1997, well, so what? I had a \$150 reduction in my surtax and in the meantime they have been gouging me every time I turn around to the point that that \$150 really doesn't mean anything.

So, Mr. Minister, it seems to me you could have found or looked at a means that would have really addressed a tax reduction that would have been more effective and that would have meant more to consumers, not only consumers but business across the province of Saskatchewan. And I still don't understand why you couldn't have looked at that mode.

(1515)

Hon. Mr. Shillington: — It should be pointed out that our sales tax is also a more sophisticated approach to provincial sales tax than most provinces. While the rate is 9 per cent, we have many exemptions in Saskatchewan which are not available elsewhere.

For instance, one of them is restaurant meals and that's one that's available in Saskatchewan, rarely available elsewhere. The member from Thunder Creek states that these have always been available. It's true that no new ones were introduced this year. They haven't always been available, but no new ones were introduced this year. But it's also true that when you talk about the rate of Saskatchewan sales tax, you have to keep in mind it's applied on a much narrower base than is the case in most other

provinces. In that sense we think it's a much fairer system.

The member from Moosomin stated that this is going to be a very gradual improvement in the tax load. That may be accurate but it was a very deep hole which the former administration dug; and the deeper the hole, the more time it takes you to climb out of it. It stands to reason. So while it's going to take a while before we complete the process of establishing in this province a more appropriate tax regime, the public of Saskatchewan are well aware of how deep the hole is, and I have to say, without being unkind, they're well aware of who dug the hole as well.

Mr. Toth: — Thank you, Mr. Chairman. And, Mr. Minister, I think by the time we get through this discussion they will know very realistically who dug the hole; who started digging the hole; who's continued to dig the hole. And while you've been continuing to dig the hole, you've been slapping the individual taxpayers across this province with more of the responsibility for reducing the debt rather than accepting the responsibility even across the front benches, and rather than accepting that responsibility through reductions.

And, Mr. Minister, I think an area that your government could certainly look at while you're putting responsibility, the Minister of Health is putting responsibility and suggesting we're going to have elected health boards. And every time we ask a question, the comment is, well the health board made that decision. Then maybe take a look at the Department of Health.

I would suggest that if we're going to put more responsibility in other areas, then we take a look at some of the direct areas in the departments and assist the taxpayers of this province.

But before we start just blaming the government from 1982-1991, maybe we need a little history lesson. What was the debt in the Crown corporations in 1982? What was the unfunded pension liability in 1982? Where did that unfunded pension liability go to from 1982, of \$5 million down to 2.8? Now it's increased again to 3.2.

And, Mr. Minister, the Provincial Auditor continues to point out the fact that while you can brag about the balance on the general revenue portion at the present time, there is an overall debt in this province that still has amounted from 14.6 to a total of over \$20 billion. And that comes from the auditor's interim report back in November of this year.

So Mr. Minister, it seems to me that while you would stand in this House and attest to sound fiscal management, at the same time the debt of this province has continued to grow. And while you continue to throw it back into the government of the 1980s, the fact is that your government has allowed that debt to grow as well.

And it would seem to me if you're looking for a means with which to dig yourself out of this hole that's been created, if you're looking at avenues whereby the taxpayers of this province and the consumers of this province can have and assist

you in this matter, then maybe you should bring some fair tax policies in.

Maybe it's time you created some fair, and more of a level and a fairer playing-field for not only specific businesses in the province of Saskatchewan, as we've seen by some of the announcements recently, but for the average consumer in the province of Saskatchewan. Really give them that benefit rather than announcing a benefit today that's supposed to begin July 1. And eventually over the period of a year or 18 months, the consumer would then begin to see the benefit by the end of March 31, 1997.

Mr. Minister, why not give them a real tool to work with today to help you dig yourself out of that hole that you keep telling us you've dug for yourself?

Hon. Mr. Shillington: — If I was the member opposite, I'd avoid a discussion of debt like death itself, because in fact debt is going to be the death of the Conservative Party; it truly is.

Let me give you some figures on debt. In 1982, the total debt of the Crown corporations . . . the member's going to want to copy these figures down because they really illustrate what went wrong. It was 2.8 billion, one half of which was in SaskPower for a couple of projects — Squaw Rapids and Coronach. Another 700,000 was in SaskTel for similar projects.

An Hon. Member: — Seven hundred million.

Hon. Mr. Shillington: — Or 700 million. Thank you. That makes up the vast bulk, about 75 per cent. Those two Crown corporations had about 75 per cent of the debt of the Crown corporations.

There was only another 700 million debt in the whole of government, everywhere. By the time you people had left office, the debt of the Crown corporations had doubled, but the debt on the operating side had increased twentyfold — twentyfold.

What went wrong in the '80s? You did borrow too much money in the Crown corporations, but what really went wrong in the '80s was you never matched your spending with your revenue. You assumed these were two separate phenomena.

If I were members opposite, I would not get into a discussion of debt, because the figures suggest you were abominable managers. And that in fact is the conclusion which the Saskatchewan public have arrived at.

Mr. Toth: — Well, Mr. Minister, I'm going to have to ask you to give me those numbers again because I didn't get a chance to jot them all down.

Hon. Mr. Shillington: — I'm going to seek the assistance of the page, and we will get a copy made of this and we'll give it to you. And I'm quite certain that when members opposite get it, you'll want to get on to some other subject. I'm quite certain

of that. Because if you people have an Achilles' heel, it is the debt of the province.

An Hon. Member: — That's an Achilles' heel.

Hon. Mr. Shillington: — Thank you very much. I thank the former educator, the eminent educator from Souris-Cannington, for correcting my pronunciation. If you people have an Achilles' heel, it is debt. So when we get this thing back, I'm quite sure members are going to want to go to some other subject.

Mr. Toth: — Well, Mr. Chairman, and Mr. Minister, I think we're into . . . we've really arrived at an interesting area of discussion. Because your interpretation of debt seems to have changed from one day to the next. I'm glad that you reiterated the fact that the former minister of Finance, his figures about the deficit was three point . . . I think it was around the \$3.6 million in the Crown corporations.

But the interesting part, Mr. Minister, is one area that you continue to neglect — and the auditor has pointed that out — is the unfunded pension plans. The teachers' was around \$3 billion, and the government or the general SGEU (Saskatchewan Government Employees Union) was in the neighbourhood of 2 for a total of about \$5 billion. And that, even though it isn't money being paid out at that time, that's money that has to be expended at some time in the future.

So if you add those two together in view of the fact that they're now added . . . and I believe I noticed under one of your statements, or last economic statements, I believe you did include that portion in there. That debt at that time which had to be accounted for was some \$8 billion that the people of Saskatchewan were facing that had to be accounted for or planned for the future as far as future expenditures.

And, Mr. Minister, while you're talking of criticizing the former government, even today I notice some of the announcements that you've brought forward as far as economic development in this province, many of those projects were begun at a time when we had some of the most difficult economic times in this province. Times when agriculture faced not a two- or a three-year low, but basically we faced a decade of low agricultural prices. We faced a decade of low resource prices, Mr. Minister, and you're quite well aware of that fact.

And yet some of the difficult decisions made during that time period will be a benefit to the people of Saskatchewan and to the working people across this province for years to come, for decades to come. And even your administration is benefiting from some of those difficult decisions.

Mr. Minister, the other thing I'd like to point out is while you talked about the debt that had accumulated through the eight is added on to what you had accumulated prior to that, well the former government attempted to on different occasions, to hold the line. And I can remember back into '87, '88, '89 where we had reductions or holding the line at zero as far as public sector

salaries, zero increases in health and education.

Mr. Minister, what were you doing as a minister . . . as a member of the opposition caucus. What were you doing? Were you encouraging the government to hold the line? Did you ever acknowledge the fact that maybe there was a time to hold the line and to assist the government even of the day, to establish a way out of the debt before it grew? No you didn't.

In fact I can remember you and your colleagues standing in this House and saying, instead of zero per cent spending in health and education, the teachers need 4 per cent; or the Department of Health needs an additional 4 per cent. How are we going to teach all those students across this province. Or the Department of Health needs an additional 4 per cent.

It didn't matter what area we were bringing forward or what avenue of discussion or debate was in this House, Mr. Minister, as an opposition member, did you act responsibly? Did you take the time to assist and suggest alternatives? No, it was always criticize, criticize, criticize. You never gave us one option, never even took the time to provide one option as to where you could have some tax savings. When tax savings were attempted, it wasn't good enough; you needed more spending. So I find it interesting, I guess, it was more appropriate to continue on with the 7-7-7 program. And because it didn't work in the election of 1986, then you'd argue that process right through to the election of 1991.

And I will say, Mr. Minister, while you criticized the former administration for the attempts they made to try and reduce, I'll admit this and I'll give you credit for one thing: I'm appreciative of the fact that while in opposition you weren't accepted, in government . . . and maybe it's because we've got some individuals in departments who had realistically sound heads who could finally get through to you and your colleagues on the front benches that it was time we had fiscal restraint. And it's hard to do. Not really, because it's time . . .

And even the federal Liberal government, what did they do on the campaign trail? The campaign . . . the Liberals on one hand were making major promises; now all of a sudden they've become fiscal conservatives. So I'll give you credit for that, Mr. Minister, and to your colleagues, that you did finally acknowledge that we needed to hold the line. And I know it's been difficult.

But I would beg to differ with you on some of the areas where you held the line. I think there were areas that could have been addressed much more easily and much more carefully and much more conscientiously so that the taxpayers and the consumers of this province wouldn't have been hit as drastically as you've done.

And that's why I'm asking you, Mr. Minister . . . while the reduction in deficit surtax may be a benefit, the reality is a reduction even of a percentage point on the PST this year, and maybe another a year down the road, would do more for consumers and do more for your government in the fact that

overall spending in this province would increase as people had that extra dollar in their pocket to address some of the economic situations that they're facing.

So what I can only add, Mr. Minister, is that what you've done is you brag about how you've become fiscal managers — the unfortunate part for most consumers out there is that fiscal management has been placed totally on their shoulders, and you have not accepted any responsibility.

Why did you not, Mr. Minister, take the time to look at your departments a little more constructively? Why didn't you take the time to address the pension plan of the members under the pre-1979 pension plan? Why didn't you take the time, Mr. Minister, to address the number of individuals working in the Premier's office. In conjunction, look at what we have, 87 here versus just under 40 in Alberta — with 2.5 million people — in the Department of the Provincial Secretary.

Mr. Minister, there were a number of areas that you could've looked at reducing expenditures that would have assisted the people in the province of Saskatchewan. Why didn't you that?

(1530)

Hon. Mr. Shillington: — All of those things are possible. In the member's comments, he acknowledged — and I think there was a note of congratulatory acknowledgement — that we have in fact exercised good management. I would be the first to attribute much of our success to the very dedicated and able people in the Department of Finance. We have been served very well by the public service. I want to take this occasion to thank the able and dedicated people throughout the length of the public service, but particularly in the Department of Finance.

On this rather gracious note, Mr. Chairperson, I think I'm going to move that we report progress.

Bill No. 43 — An Act to amend the Municipal Revenue Sharing Act

The Chair: — I would ask the Minister of Municipal Government to please introduce the official who has joined us here this afternoon.

Hon. Ms. Carson: — Thank you, Mr. Chairman. I have with me on my right, Doug Morcom, manager of rural revenue sharing.

Clause 1

Mr. D'Autremont: — Thank you, Mr. Chairman, Madam Minister. Welcome to your officials. Madam Minister, it seems that this is a Bill that is brought forward every year to deal with funding and the revenue-sharing pools of urban and rural governments.

Madam Minister, can you briefly go over what funding levels have been granted each year since 1991, and please indicate the

percentages of changes that have been made each and every year.

Hon. Ms. Carson: — Yes, thank you for that question. The 1991-92 budget was the budget of the former member from Estevan that was passed after we got elected; we didn't change the budget when it was brought in after we got elected. But in 1991-92, there was a decrease of 6.8 per cent in the urban revenue-sharing pool, and a decrease of 15.8 per cent in the rural revenue-sharing pool.

Do you want me to give you the amount of money that was in each pool at the end of that decrease?

An Hon. Member: — Sure.

Hon. Ms. Carson: — Okay, in 1991-92 after the 6.8 per cent was withdrawn from the pool, the rural revenue-sharing pool was \$40.460 million. The urban revenue-sharing pool after the . . . minus 15.8 per cent . . . oh, just a minute. The first one — I'm sorry — the first one was the . . .

An Hon. Member: — The urban one.

Hon. Ms. Carson: — Yes. The first one was urban. Let me correct that again. In 1991-92 the urban revenue-sharing pool was \$62.487 million. That was after this minus 6.8 per cent. The rural revenue-sharing pool was \$40.460 million. That was after the 15.8 per cent was taken off it.

In 1992-93, which was our first budget, we effected a 14.8 per cent decrease in the urban revenue-sharing pool which brought it down to \$53.244 million. And a minus 7.4 per cent decrease in the rural revenue-sharing pool that brought it down to 37.460 million.

In 1993-94 the urban revenue-sharing pool was 50.581 million, which was a result of a 5 per cent decrease. The rural revenue-sharing pool was 36.120 million, which was a result of a minus 3.6 per cent decrease.

In 1994-95 the urban revenue-sharing pool was 45.368 million, which was a result of a 10.3 per cent decrease. And the rural revenue-sharing pool was at 32.397 million, which was again a result of a 10.3 per cent decrease.

This year, in 1995-96, the pool for the urban revenue-sharing is 46.535 million, which is an increase of 2.6 per cent. The rural revenue-sharing pool is 33.230 million. Again, an increase in the pool of 2.6 per cent.

So since 1991-92 there has been a decrease in the combined pools, both urban and revenue-sharing, of \$23.2 million. That's the total cuts that have been made by our government since 1992.

Mr. D'Autremont: — Thank you, Madam Minister. Well these figures shed a little more light on how the contributions the municipalities have made towards balancing the budgets of the

government . . . And you've said that yourself, that the municipalities have indeed provided a considerable contribution to the balancing of the budget.

But in doing so, Madam Minister, it has hurt the municipal system to a certain degree. Because municipalities do not have the ability — and it's good that they don't have that ability — to run a deficit. They've had to then turn around and either cut programing or go to their tax base, the property taxpayers, to make up any shortfalls.

And I believe, Madam Minister, that we're seeing a result of those cut-backs over the years with our road system currently out in place in rural Saskatchewan, where this spring, because of all the moisture, the roads themselves were not in as good a shape prior to the rain that they could have been.

If you drive around rural Saskatchewan, Madam Minister, you'll see a significant number of grid roads, not to mention farm access, that had a limited supply of gravel on them. They certainly could have been in better condition prior to the spring.

Now I know that none of us plan to have weather conditions such as we're having around the province today, and we hope to extend that period that we can get away with doing these types of major reconstructive scenarios.

The other issue, Madam Minister, that has affected rural municipalities — and it affects everyone, not just the rural municipalities — but because they're limited in their funding capabilities of going to the property tax base or making applications to the government, it's those other effects that the government has put in place that directly impact on them, such as fuel taxes; such as the higher cost of utility rates; such as the new Crown tendering policy, which will have an impact, Madam Minister, on the municipalities at the end of the day.

I see the minister is shaking her head. Indeed the Crown tendering policy will not have a direct impact on municipalities. And I agree with you, Madam Minister, that it won't. But when the road contractor goes to work for the government to do a road, say, for SaskPower down at Shand or at Boundary or at Coronach, and now they have to meet the Crown tendering policies and they have 20 employees on site and they hire their 75 per cent union people, how long is it going to take for those 15 union members to turn around and look at the other five non-union members and say: we need some more of our brothers in here working on this site; it's time that we certified this company. Madam Minister, and this will indeed have a very big impact on the revenue-sharing costs that this Bill is bringing forward, Madam Minister.

When those contractors are unionized — they come back to work for the municipalities — they will now be dealing with union scale, with union people out of the union halls in Regina, even though they may be working down at Coronach, Madam Minister.

So that's one of the other areas where revenue sharing is having

... the government's policies is having an impact on the revenue sharing of municipalities.

So, Madam Minister, exactly how are the municipalities supposed to deal with these increased costs that you have provided for them through other government policies? Even though you have increased their revenue sharing this year, they are facing a great number of additional costs that are in place.

To fix the roads out there that are now deteriorating — and not just, Madam Minister, in the north-east, but across the entire eastern side of the province they are facing these difficulties, Madam Minister — how are they supposed to deal with all of this added burden that they are going to face, along with the ever-growing costs of simply operating their RM (rural municipality) and the infrastructure for those municipalities, Madam Minister?

Hon. Ms. Carson: — Mr. Chairman, I think I'll begin by pointing out to the member that the single biggest cut to the rural revenue-sharing pool occurred in the budget that was presented by the former premier, the member from Estevan, in 1991-92. The cut that was delivered to the rural revenue-sharing pool that year alone was \$8 million. The cut to the rural revenue-sharing pool since that date has been \$8 million.

So when you go back and look at budgets and where we have started on this road, I think it is quite hypocritical for the member over there to point out that during the last 4 or 5 or 6 years the cuts to the revenue-sharing pool have only occurred under our tenure. That's simply not true.

There was an \$8 million cut — and I want that to be put on record so that everybody is clear — the first, the biggest, the single most largest cut in any year, without consultation, occurred in 1991-92 and was \$8 million to rural revenue-sharing. Since that time, yes, we have implemented other staged cuts and those cuts have amounted to just a fraction over \$8 million. So let's put that on the record.

In regard to tendering, rural municipalities have a right to tender under their own conditions. Most of the people who do the work for rural municipalities are small rural contractors. And I think it is quite misleading of the member to talk about some kind of unionization of rural contractors, and therefore there's going to be an increase in cost. That obviously is not the case.

Rural municipalities are in control of their own tendering. And so your assumption that you're making in regard to the Crown corporation agreement simply has no basis in fact. You're wrong on that and you're drawing a very long bow.

(1545)

So what are we doing to help municipalities more recently, in their difficulty? First of all, let me point out that most engineers and most experts and even the reeves themselves will say that

in a year like this, it wouldn't have mattered how much gravel they had put on their roads last year or in the last three years. In the kind of spring that we've had in the last two or three, two months, the weather conditions mainly determined the poor state of our roads.

So I think again it is quite false for you to say that the roads this spring had deteriorated because of the lack of sufficient maintenance or regravelling funds from the provincial government. That is not true. And again you should go out and talk to the people because they will tell you quite clearly that it was the spring conditions that brought about the damage, not necessarily because of lack of gravel.

What have we done recently? Last week we announced a \$6 million package to help municipalities overcome the problems. That \$6 million counterbalances those, I guess, \$8 million of cuts that we have enforced. So I believe we have treated the municipalities very fairly. We have been very sensitive to their needs. On top of that, last year under the infrastructure program, there was another \$10 million put into rural Saskatchewan for building roads.

So since we came into government, we have withdrawn \$8 million out of the rural revenue-sharing pool. This year we put back, on an emergency basis, \$6 million. And last year under the infrastructure program, \$10 million went back to rural municipalities.

So I think if you examine the facts around this, you will find out that the last three years, while they have been difficult for rural municipalities, we have treated them very fairly.

Mr. D'Autremont: — Well thank you, Madam Minister. As has been pointed out to me in this House many times by members such as the member for Regina Dewdney, the associate Finance minister or the minister of the Provincial Secretary, that the previous administration did not pass a budget in 1991, that it was your government indeed that passed that budget.

When I look at the original budget documents that were presented in 1991 they called for a deficit of \$250 million plus or minus. At the end of the day, Madam Minister, when your budget came down, it had a deficit of \$850 million, so there was money that went some place.

You say that you didn't change the number. Well if you didn't change the numbers, Madam Minister, it should have come out with a budget deficit of 250-plus-or-minus millions of dollars. There was a change there, Madam Minister, and somebody within your government made those changes — not someone who had previously been on that side of the government.

So, Madam Minister, I think there is some questions there as to whether or not the decreases, you said of 6.8 and 15.8, were those that were budgeted in there before. I don't know; I wasn't here.

But there is certainly some area there, Madam Minister, for some questions to be asked as to whether or not those were budgeted in there prior to the election of 1991.

When I look over the changes, Madam Minister, you yourself gave me the number of \$23.7 million decrease in the funding. And yet you seem to think it was so dramatic that the previous administration had a cut in there of \$8-million-plus. So I think there is . . . your cut is three times larger, Madam Minister.

And it's cumulative, it's cumulative. As you well know, these cuts are cumulative. As you decrease the amount of funding available for a municipality, initially they can say, we can cut back by a little bit; we can cut out mowing some of our back roads and we can carry on with the construction projects that we have. We can carry on with regravelling.

And pretty soon, it's we can cut back on some winter snow disposal. We can cut back over here — we'll only hire the man now for the summer months and we won't have him employed in the wintertime. There are a few areas within the municipalities that they can cut back.

And eventually what they start doing, Madam Minister, is they start cutting back on road construction. Instead of doing five miles that we need this year, we'll do three, and then we'll do two, and we won't do any gravelling. And that is what has been happening, Madam Minister.

I realize that as the member from Melfort, you have paved roads all the way home. Well, Madam Minister, I don't have that luxury. I have to drive on the gravel roads. The fact is I even have to drive on one of the Minister of Highway's roads — I guess he's up there now — which is even worse than driving on the municipal roads, Madam Minister.

An Hon. Member: — Gee, you've been a Tory long enough; how come that road didn't get it done?

Mr. D'Autremont: — So, Madam Minister, the reason the member from Cut Knife-Lloyd is saying, well since the previous administration was in government, she would have thought that we would have our roads paved.

No, member from Cut Knife-Lloyd, we paved the roads in everyone else's constituency and not in our own.

So, Madam Minister, when it comes down to looking at the roads . . . (inaudible interjection) . . . Oh, the member from Saskatoon Eastview-Haultain speaks of No. 9 Highway. It used to be a good road but it hasn't had any major work done on it for a significant number of years — much before 1982, Mr. Minister. I shouldn't get carried away talking about the Department of Highways. It's a subject near and dear to my heart for their lack of involvement in our transportation system.

So, Madam Minister, when we come down to the \$6 million that you have talked about now putting into the system and you talk of it coming from the rural revenue-sharing programs. So,

Madam Minister, is that the monies that is being dealt with with this particular piece of legislation? The monies that are allocated under this particular piece of legislation, does that include the \$6 million?

Hon. Ms. Carson: — Well I'll give you an answer to that in a minute. But I just want to correct the record. Yes, you had another figure for your deficit in 1991-92, but everybody knows you cooked the books. So let's not get into a bunch of silliness around that.

And I want to assure you that there was no change in the Department of Rural Development's budget from the one that you presented and ran away from in June, 1991 to the one that was passed after we got elected. So let's make sure that we put on the record what the facts really are.

The third thing I want to correct — \$23.2 million were the total cuts to the urban and rural revenue-sharing pool, not to the rural revenue-sharing pool. When I said the total cuts, I meant on both sides.

The last question you asked me? No, the \$6 million is not taken into account in the budget that we have because it was emergency funding and we didn't anticipate the emergency.

Mr. Swenson: — Thank you, Mr. Chairman. Madam Minister, I'm glad you got into that because we asked the Finance minister last week a lot of questions about that \$6 million and she was very categoric in where she said that money was coming from — it was Highways and Municipal Government. No if's, and's, but's or maybe's.

And we talked about the percentages, whether it would be 2 or 4, all those things, and she said, actually you shouldn't ask me those questions; that the ministers that you have to ask those questions of are yours and the Department of Highways, and that the Minister of Highways was the lead and it was clearly coming from your two departments. Okay?

And not only that, the Premier said that this was simply the beginning, that this was the kick-start, and he was going to go to Ottawa but there was going to be more to come and you were going to be the one that would fund it.

Now you can't tell my colleague here that it's not there. Because you go back in *Hansard* and she specifically said where it was coming from.

So we need you to explain now where you're going to short your existing funding — which groups, which areas are going to be shorted — in order to make up the 6 million bucks. And that you're the person that we should ask about that.

Hon. Ms. Carson: — Yes, and again I want to point out that we are talking about the rural revenue-sharing pool that was established when we brought the budget down. And the Act we're dealing with now talks about when you make a change to the pool, you have to come in and correct the Act. You're

talking about emergency funding that we provided last week — \$4 million is coming from the Department of Highways; \$2 million is coming out of Municipal Government.

Our task and our challenge and our obligation is to find that money within our budget. We know that money doesn't grow on trees. Unfortunately you didn't know that when you were in government. But we know that you cannot stretch money. It's got to be found somewhere else. And our task over the next year, before the budget is finalized next March, is to find internally a savings of \$2 million through our other operations.

So I know that you don't understand this concept. If you would have, you would have engaged in it 10 years you were in government. But I assure you, yes, we have an obligation to find \$2 million within our budget, as Highways has their \$4 million, and we will make sure that when our budget is finalized in March of 1996, that we have found through internal savings, and trying to make sure that we manage very, very prudently, we have managed to find that \$2 million.

Mr. Swenson: — Well, Madam Minister, it was you that brought up the 6 million bucks into the discussion on this particular Bill. It wasn't us. You opened it up. Therefore as far as I'm concerned, Mr. Chairman, it is on the discussion paper. The minister wanted to talk about it, therefore we'll talk about it.

Madam Minister, \$2 million is not going to be easy to find. I had a call from a reeve the other day who is outside of the so-called disaster area, talking about what has happened to the gravel program and what their needs are in the heavy land — all on this area around Regina and any place where they've had terrible gravel loss — and he's saying, what are we going to do? And he asked me to come into the Assembly the first opportunity I had to ask you questions about how in the world you could take this much money out of your department and not short everyone else.

And if this revenue-sharing pool, Madam Minister, that you're talking about, is not going to be shorted — and you say it's not — that means that the slice of the pie that is elsewhere is even going to be thinner. You've only got so much money to work with; the Minister of Finance said there would be no more, no more. You're saying there's nothing here. That means there has to be more somewhere else. Okay?

And we think you should explain to us. Because the very important point is, the Premier said this is only the kick-start, only the kick-start. Now what did he mean by that?

And I asked the Minister of Finance to categorically say that there would not be a bunch of money promised during a forthcoming election campaign because there was a disaster happening to some people. And she wouldn't do that. She said, no I can't do that.

Maybe there is more money. And if it's you and the Highways minister that are going to provide the more money, then I think

it's important for us in discussing this Bill or any other item that you have before the Assembly. Any item that you bring before the Assembly is pertinent because that money may disappear out of that particular item to get moved over to the Premier's promise list.

And it's important, Madam Minister, that you define for us where the dough is coming from. It's very important because this Assembly won't be in session after an election is called and we won't have any opportunity to question you. And your budget may not be passed. The House may rise, no budget passed. All we've got to go on are the interim supply motion and what you've proposed to do — nothing more, nothing more. Special warrants. No questions.

So we need now to understand clearly what you are earmarking and where you're going to go, Madam Minister.

The Chair: — Order. I've listened with interest to the question put by the member for Thunder Creek, and with all respect . . . order . . . with all respect, I think the member is trying to move off the Bill that's before us, which is municipal revenue-sharing. The member is — if I understand him correctly — wants to deal with another issue.

Now it's fair to ask how this other matter might impact the Bill that's before us, but it doesn't necessarily follow then that we would deal then in total with the issue that he raises. So that if he wants to introduce issues, he must relate them to the Bill that's before us.

(1600)

Hon. Ms. Carson: — Thank you, Mr. Chairman. I want to again go back to the revenue-sharing pool. The budget we have before us defines the rural revenue-sharing pool and the urban revenue-sharing pool that we have as designated in our budget document.

The issue, as the Chairman has said, on the emergency funding can be discussed when we discuss the estimates for the Department of Municipal Government and I'll be happy to talk about it at that time.

Mr. Swenson: — Okay, Madam Minister, is there any fair comment from people in municipal government that their concerns, vis-a-vis things like the gravelling program or the lack thereof and the money that they would receive under shared grants from the provincial government, may be adversely affected because of what is transpiring?

Hon. Ms. Carson: — We have already sent letters to all of the municipalities telling them what their grant allocation this year would be. We have no intention of changing those figures at this date.

Mr. Swenson: — Okay, Madam Minister, all we can do is take your word for it because we've had other circumstances in this House — the Minister of Agriculture is a good example . . .

about GRIP money and where the money went even though there was a commitment given. And all of a sudden, budget day rolls around, and where do we find the GRIP money? The Minister of Finance has conveniently used it to balance a budget.

There wasn't a farmer in this province, Madam Minister, that ever suspected that that would occur. Not a farmer. They couldn't believe it: 178 million bucks just ripped out of their pockets — ripped out. And the Minister of Finance runs off with it.

Now you say, I've written letters out. But you know what your biggest problem is, Madam Minister, is the Premier could go out and promise a bunch more cash in certain areas, and he's going to get it somewhere. And I for the life of me . . . and I'm only repeating the words of a reeve very close to the city of Regina, saying that they aren't confident that you're going to be able to deliver the goods over the coming budget year because of the needs that are out there.

Madam Minister, could you, down the road, either through an order in council or some other way, could you affect the level of those transfers as you've previously indicated? Is there a way that you could take that money; is there any way that you could ratchet back on those funds?

Hon. Ms. Carson: — I don't know, and I'm not even going to contemplate that because we have no intention of doing it, so why should I comment on it? We're not going to ratchet back those funds; those are committed funds. We have a Bill here that we're discussing today. The pool of the rural and revenue sharing is in the estimates, and we have no intention of changing that. So I'm not going to enter into discussion about how we might because it's a hypothetical question and has no relevance.

Mr. D'Autremont: — Thank you, Mr. Deputy Chairman. Madam Minister, in the explanation notes for the Bill, it talks about redirecting funds to the Saskatchewan Assessment Management Agency and that these funds are actually the increases that are given to this revenue-sharing pool.

So in actual fact there is no new money or additional monies going into this pool. It's monies that are being funnelled through this revenue-sharing fund to SAMA (Saskatchewan Assessment Management Agency).

So I wonder if you could explain what that's all about. He talks about two revenue-sharing pools, another \$2 million which has been redirected to the Saskatchewan Assessment Management Agency in 1994-95. Of the \$2 million, 1.166 is the urban revenue-sharing pool and 833,000 is for this rural revenue-sharing pool. Can you explain those, Madam Minister?

Hon. Ms. Carson: — Yes. I know it's a complicated issue and I know I have explained it several times in the House but I will go over it one more time.

Last year when we undertook to change the method of funding SAMA, we believed at the time that we would provide a grant to SAMA from the urban and rural revenue-sharing pool that amounted to \$2 million. Since that time we brought in legislation that obligated the provincial government to fund the core services of SAMA for \$4 million, and we have provided transitional funding of \$1 million to SAMA, which meant then that \$2 million that we had transferred to SAMA last year now could be replaced in the revenue-sharing pool from which we withdrew it last year.

So we have provided \$2 million more to SAMA, by virtue of the change in the Act, than we anticipated we would. And we have taken the \$2 million that we took out of revenue sharing to fund SAMA and put it back into revenue sharing this year.

So last year there was a change in the method of funding SAMA. We put into effect a new Act. The new Act obligated the government this year to fund SAMA's core services for \$4 million. That was new money. That meant that the \$2 million went back to revenue sharing.

Mr. D'Autremont: — Thank you, Madam Minister. Now I'll repeat what you said and you can let me know whether I got it right.

Last year you pulled \$2 million out of the revenue-sharing pool and paid it to SAMA. This year you've pulled that \$2 million back out of SAMA, put it back into the revenue-sharing pool, and have made up the SAMA money some place else. The minister is nodding her head that I followed her on that.

So, Madam Minister . . . but the municipalities also have to deal with SAMA through their own avenues. Those funds that have normally been paid to SAMA from the government have been significantly decreased over the period of time, and the costs of operating SAMA have increased conversely.

So the municipalities are paying a much larger share of the costs of operating SAMA. I've had discussions with the RM secretary in my own municipality who was showing me accounts of about \$2,500 or so for the cost of SAMA, which has now increased . . . last year, I believe it was \$8,000-and-some and projected for 1995 of over \$10,000, as their share of the SAMA costs.

So while the minister may be moving monies around, the end result for the municipality is a dramatic increase in their costs to SAMA, which affects the revenue-sharing pools in the sense of the value given to them of those revenues out of the revenue-sharing pool; it means a much less volume, percentage-wise, of dollars that are going to the various municipalities.

So those changes, while you may have shuffled money around, Madam Minister, at the end of the day, the municipalities are still . . . it's costing them more money now than it was last year and the year before, etc.

I wonder, Madam Minister, if you could give us a copy of the grants given out to each of the RMs, please, and the urban municipalities.

Hon. Ms. Carson: — I'll give to you the revenue-sharing grant for the urban municipalities and the revenue-sharing grants, the unconditional and conditional grants, for the rural municipalities.

Mr. D'Autremont: — Thank you, Madam Minister. Within the municipal system, both rural and urban, there are two major changes taking place that are having quite a dramatic effect on the revenues available for use by those municipalities — one being the changes to the treaty land entitlements and the other being the Crow rate.

The treaty land entitlements are lowering the tax base in both the rural and the urban municipalities as the lands are transferred to the native bands and become reserve lands. That takes those lands off of the tax rolls within those municipalities.

How do those changes affect the formulas dealing with the revenue-sharing grant, Madam Minister?

Hon. Ms. Carson: — Just a couple of comments. Under the TLE (treaty land entitlements) they have an agreement with the federal government where the rural municipalities will be compensated for their tax loss. So there is tax loss compensation written into the agreement between the SARM (Saskatchewan Association of Rural Municipalities) and the federal government in regard to transfer of lands under the TLE.

In regard to the question about when the land is removed as a taxable assessment, what impact does that have on their revenue-sharing grant? Because their assessment drops, their revenue-sharing grant increases. So in effect they get an increase in revenue-sharing grant as the taxable assessment or the land is removed as a taxable assessment under a TLE.

Mr. D'Autremont: — Thank you, Madam Minister. As I'm not familiar with the formula being used, how significant a change will a drop in assessment have on that grant? Will the amounts of the grants be directly offsetting, or is it some percentages of such?

Hon. Ms. Carson: — Okay, again I want to make it clear that under TLEs for rural municipalities, they are compensated for their tax loss so there isn't a direct tax loss under the treaty land entitlement program for rural municipalities. There is an increase of approximately 40 per cent of their loss in their revenue-sharing grant in regard to rural municipalities and an increase of between 10 to 12 per cent of their loss in regard to urban municipalities.

Mr. D'Autremont: — Thank you, Madam Minister. The only problem with the settlement dollars that the RMs receive, it doesn't directly compensate them for the dollars lost. There is also another formula in place.

While they may get a lump sum on a yearly basis, it may not recover the total costs . . . or the total tax base that they lost. So they need some other form of compensation to help make that up, and I believe that's one of the ongoing arguments on the treaty land entitlement settlements. Because we hear numbers thrown around of anywheres from 23 times the assessment loss to five times the assessment loss. And if it's five times, that's a very significantly different number than the 23 times. So it's difficult sometimes for these RMs to make up for their losses, and that's why the formula needs to be carefully considered when you're doing the revenue-sharing grants, as to exactly what's happening within that RM.

The other thing that is coming forward that I've mentioned is, the Crow rate is going to have a dramatic impact on the, particularly the rural, RMs because they're going to suffer the major impact of the changes in the transportation system within the movement of grain. The highways will also suffer an impact, but the RMs will suffer it initially. They will be the first ones affected. And within the revenue-sharing grants, Madam Minister, are you going to be taking into account the effects that the changes to Crow rate are going to have to the rural tax base and their ability to maintain their infrastructure?

Hon. Ms. Carson: — I want to perhaps ask you to clarify. Are you talking about an anticipated reduction in the assessed value of farm land, or are you talking about the damage that's going to occur to the rural transportation network?

An Hon. Member: — I'm talking about direct cost, damage. Damage.

(1615)

Hon. Ms. Carson: — The damage that's going to . . . well I think it is unfair and unlikely that the provincial government is going to be able to fill the gap that has been left by the actions of the federal government. We are all very concerned that the federal government unilaterally has seen to eliminate the Crow. And not only that, I think more importantly and probably more critically is the problem with the perceived changes in deregulation of the railroad. And I don't want to debate those issues because that belongs in the realm of ministers from Transport.

But I know that the SARM and rural municipalities are very concerned about the increase of traffic that's going to occur because of these changes, both on the Crow side and on deregulations of railroads.

But I will say very clearly that the provincial government is not going to have the ability . . . and I don't think taxpayers of Saskatchewan should in fact fill in for the deficiencies or the difficulties that have been created by the federal government. It is a concern to the SARM, and I know they had an opportunity at their last convention to talk to the Minister of Agriculture about the impact on their rural road network. And I will leave it up to the board of directors of the SARM to try to come to terms with that.

But I have told them very clearly that the provincial government does not intend to compensate rural municipalities for the difficulties that have been imposed upon them by the federal government.

Mr. D'Autremont: — Well, Madam Minister, as the minister responsible for Municipal Affairs, you are going to be directly involved within the infrastructure of rural RMs and our transportation system, whether you want to be or not.

Unfortunately at the end of the day, if the two senior levels of government, the federal and provincial government, are unwilling or unprepared to assist in this area, there is only one level of government that will be dealing with it, and that will be the municipal governments across this province. They have one taxpayer to go to -- the property taxpayer. And so whether you're prepared to be involved or not, the taxpayers of Saskatchewan will indeed be directly involved, and it will be from their pockets that this infrastructure is maintained.

Now you, as the provincial representative for all municipalities across this province, have an opportunity to be a participant in this, or you can simply be like Pontius Pilate and wash your hands of it.

But as the Minister of Municipal Affairs, you have a much larger tax base to tap into to assist in this. The rural RMs have their property, and that's it. You have the ability to tap into the income tax that is generated throughout this province, the income-generating factors to assist in the transportation system.

And it's not just going to be the municipal. It's also going to be highways that are going to be impacted. And everyone across the Prairies is very, very disappointed in the manner in which the federal Liberal government has chosen to deal with the Crow rate. The simple decimation of that program is no solution that will aid anyone in rural Saskatchewan, Madam Minister.

There are certainly those who believe that there was a need to change the Crow rate. But each and every one of those who believed there needed to be that change, also had some other alternate solutions to provide the transition for those changes which the federal Liberal government has completely ignored.

They have talked about providing a small amount of money in the context of what the Crow rate meant to western Canada, and it is not going to provide the solutions that are going to be necessary, Madam Minister. So you as the Minister of Municipal Affairs can, as I said, wash your hands of it all and say it has nothing to do with me, while the whole infrastructure in rural Saskatchewan disintegrates.

Or you can be a part of it. And in being a part of it, the revenue-sharing program grant system is where you can be a part of that, because as the land values drop, you will be asked to put in more money, Madam Minister. Because as you yourself have said, as the tax base drops within the revenue-sharing formula, the monies provided by the province

on a percentage basis will rise.

Now you have the opportunity there to say, we're not putting any more money in, so that's going to drop. We are not going to provide for that to make up for that property tax loss. But that's your opportunity, Madam Minister, and that's one of the things you need to very seriously consider. And you need to be considering that today because that process starts on August 1.

So, Madam Minister, within that context of the Crow rate being gone on August 1, are you making any contingency plans within the revenue-sharing system to help starting to make up for the shortfalls that are going to be in place?

Hon. Ms. Carson: — No, we have not given any indication that we are going to increase revenue-sharing pools because of the actions of the federal government. We are working very closely with the SARM and trying to find a way of making a presentation to the federal government, perhaps in order to get consent from the federal Minister of Agriculture to tap into that pool, that \$300 million transitional pool that they have.

We are exploring what other ways that we can work together to work through or find a solution to the problem that was created by the federal government. But again, I don't think it's either reasonable or fair to expect the taxpayers of Saskatchewan to fill the gap that was created by the federal government in their change.

And we have a balanced budget plan, a four-year plan that we presented, and I think . . . Again, we have to be rational and we have to be reasonable about this. Again I can assure you that our department and our Premier are working very closely with the SARM to try to find a solution to the problem that we know is going to be on our doorstep in the next year and over the next five or six years as we adjust.

But right now I can tell you we have not anticipated putting more money into the revenue-sharing pools to fill that gap.

Mr. D'Autremont: — Well, Madam Minister, I'm sure that's not welcome news across rural Saskatchewan when you talk of that, because it will have a very dramatic impact starting on August 1, when the costs start to increase as more and more grain is hauled, not to the local elevator and not to the local rail system, but to some other point because of the changes in the transportation costs.

Yes, you have balanced your budget, Madam Minister. But I think back to 1982 to the budget that the premier of the day, Allan Blakeney, presented. And the anger that was expressed across rural Saskatchewan when, at 24 per cent interest rates at ever increasing fuel costs, there was nothing provided to assist anyone in Saskatchewan. And it was a very real and visceral anger that was expressed across rural Saskatchewan because the government seemed to be more preoccupied with the idea of protecting the balanced budget than they were of helping people.

And, Madam Minister, while you may argue that that was certainly the right thing to do, the people of Saskatchewan of that day did not believe it was so, and expressed themselves at that election that came up. So I think that is a concern, Madam Minister, that you should also be aware of.

The Chair: — Order, order. Order. I want to caution members that language that is not permissible during debate is also not permissible informally in the House. And just to bring that to the members' attention and ask that you avoid that kind of provocative language.

Mr. D'Autremont: — Thank you, Mr. Deputy Chairman. Madam Minister, the infrastructure program — how does it work in with the revenue-sharing grant system?

Hon. Ms. Carson: — I was interested in your comments, and I simply want to point out that the government, for 10 years that was under the minister from Estevan, didn't have the intellectual honesty or the intestinal fortitude to either cut somewhere else or to raise taxes. And what they left of course for the people of Saskatchewan for the 1990s is a huge tax bill that was unpaid because they chose to spend but not to cut and not to raise taxes.

And I think everybody realizes that. And everybody in Saskatchewan today is very much aware that if you're going to survive into the next century, you have to be able to do it on prudent fiscal management, and balanced budgets are extremely important.

In regard to the question on infrastructure, 15 per cent of rural municipalities project is paid for by the infrastructure program, and the revenue-sharing grant provides assistance for the balance.

Mr. D'Autremont: — Thank you, Madam Minister. When we are talking about infrastructure programs then with rural municipalities, are those new dollars going into the system or are those shuffled dollars from one program to another? When we're talking about infrastructure programs in municipalities, are you taking money out of the revenue-sharing program, the allocations there, and calling that some of the infrastructure money? Or is the government initiating new monies to go into those programs?

Hon. Ms. Carson: — Last year after consultations with SARM, \$10 million of the infrastructure money was allocated to the SARM, \$10 million, and that was to be used on their rural transportation network. It was not shifted from anywhere else. It was money that was used to top up the already existing programs, which are rural conditional and unconditional revenue-sharing program.

Mr. D'Autremont: — Was that \$10 million, Madam Minister, already budgeted within the Department of Municipal Affairs, or was it new monies from the Minister of Finance?

Hon. Ms. Carson: — It was not money that was already

budgeted within our department for rural development.

Mr. D'Autremont: — Madam Minister, I wonder if you could give me some idea — because we've been talking about the effects the land treaty entitlements would have on the revenue-sharing program — just what kind of revenue losses to municipalities have been affected by the treaty land entitlements?

Hon. Ms. Carson: — We don't have those figures here but we certainly can find them for you. We would have to probably do a survey of the RMs across the province that have a TLE settlement. Some are in progress and some have been completed. So we would have to go out and do that research. But I'll provide you with that information when we have it.

Mr. D'Autremont: — Thank you, Madam Minister. I wonder if you could also give me some indication on the changes that would affect municipalities dealing with the Crow rate, what kind of studies you have done that would deal with any increase or decrease in the land assessments.

Hon. Ms. Carson: — Well we haven't done anything there yet either, and I think it's still too early to tell whether there's going to be a decrease in the assessed value of land. This is something that SAMA will have to take into account as they do their re-evaluations. So we will have to wait for SAMA to do that analysis and provide us with those figures.

Mr. D'Autremont: — Well, Madam Minister, as you go through your budgetary processing though, surely you must take into account some projections that would deal with any changes in the assessment within the RM structure, so that those changes would fit into your formula for providing the grant system.

Hon. Ms. Carson: — Any impact on the change in assessment won't show up until a year after they occur. So we anticipate within . . . if the change in the assessed value or the value of agricultural land doesn't occur until next year, after the Crow rate has been gone for one crop year, then you won't see a change in our revenue sharing until the year following. So there's a lag time of about two years before there is an impact on revenue sharing.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

The committee agreed to report the Bill.

(1630)

Bill No. 24 — An Act to amend The Saskatchewan Housing Corporation Act

The Chair: — I will ask the Minister of Municipal Government to introduce her officials to members of the committee.

Hon. Ms. Carson: — Thank you, Mr. Chairman. I have to my right, Ron Styles, associate deputy minister of Municipal Government; and behind me to my right is Peter Hoffmann. He's the director of financial operations for housing division.

Clause 1

Mr. Toth: — Thank you, Mr. Chairman, Madam Minister. First of all, Madam Minister, let me welcome your officials, and also we apologize for not having actually acknowledged the work of the past official who has already left us. But thank you for your officials coming to address the Bill before us, An Act to amend The Saskatchewan Housing Corporation Act.

I think you made reference to the fact that these are basically housekeeping amendments, and I'm wondering, Madam Minister, if you can explain in a little more detail what you mean by housekeeping amendments. For example, I note a new section 7 has been written which allows the minister to provide supplies and services to employees, to the corporation, and I'm wondering what the intent of that section is, and other amendments that you're bringing forward.

Hon. Ms. Carson: — Yes, thank you for that question. In regard to the housekeeping amendments, the Saskatchewan Housing Corporation was set up as a separate corporation many years ago. And during the restructuring of government, the Housing Corporation became a part of the Department of Municipal Government.

So we had to make some changes in the way our employees were dealt with. The employees who used to be part of the corporation now are employees of the Department of Municipal Government under executive government. So we made those changes to make sure that what we actually do is . . . in how the corporation . . . or how Sask Housing is functioning is consistent with the way it is placed within government. It has changed from a separate corporation, a separate entity, to now to be a function under the Department of Municipal Government.

And as a consequence of that as well, we have changed the board structure. It is no longer necessary to have an independent board, so that amendment was also brought forward.

We have been cited by the Provincial Auditor for the last number of years because several years ago when the home improvement program was initiated, the Sask Housing became the agent under which that functioned. And that was not a mandate of Sask Housing; it was really set up to be a social housing program. And with the home improvement program as part of its obligations, we had to change the Act in order to make it legal or in order to make it function so that it could take on the roles and responsibilities to manage the home improvement program, which now we don't have, but we still have a number of those loans still outstanding, and we do have obligation to manage that part of the portfolio. So we had to change the mandate of Sask Housing from a purely social

housing program to something that had a broader function.

And we also in this Act have amalgamated all the loans under the various programs so that it is much more clear or much more definitive as to the powers of Sask Housing and all of the programs and all the loans that operate under those programs.

Mr. Toth: — Madam Minister, I note in section 5, the amended section 5 talks about under clause (c) and then we have subsection (7) and (8) where:

"(7) If the member of the board is not an employee in the public service of Saskatchewan, the corporation may pay the member remuneration for his or her services and reimbursement for travel and other expenses at rates determined by the Lieutenant Governor in Council.

And then it also, in subsection (9):

"(9) If, due to a conflict of interest, the member of the board is unable to act with respect to a matter before the board, the minister may act . . .

I'm wondering why you've got those two subsections in there, why you've changed that. Is that because you had ministers involving . . . were involved on the board, and then to address, rather than a double, if you will, a double-dipping base, or are you . . . at present do you have individuals that may be employed by government in other sections that are on the board and that's just to say that if you're already employed in the government, the public sector, that you will not be eligible for any reimbursement?

Is that what I'm reading? Am I reading that correctly into those two sections?

Hon. Ms. Carson: — More or less that's correct. The Act has been amended so that if a future government believes it's important to put a member on the board or have the board made up of a member . . . of a person who is not in the employment of the government, or the service of the Government of Saskatchewan, then that opportunity is there.

We right now have the board as wholly people within government. But we didn't want to bring in amendments that did not give a future government the ability, if they thought it right and thought it in their good judgement to be the right course, to put as a member . . . a person who was not an employee in the public service of Saskatchewan. So the opportunity is there but we don't use it and we don't anticipate using it right now.

Mr. Toth: — Madam Minister, why would you have chosen to have your board made up of individuals from the public sector versus individuals from the private sector? I'm just taking that from your comments. By that I mean individuals from outside of government would bring a different perspective to the board as you're reviewing the role of the board.

And maybe correct me if I'm wrong, but I'm just wondering why you wouldn't at least have, if you will, some of the board members who would be individuals from outside of departments or areas of government.

Hon. Ms. Carson: — Mr. Chairman, really the reason for this change has to do with the change in function of the Saskatchewan Housing Corporation. The last year we saw the elimination to all intents and purposes of the capital funding program from CMHC and the federal government.

Prior to 1994, there was a very active construction program and we were involved very heavily with the private market at that time. At this point in time, we are very much reduced to a maintenance program and no construction is anticipated. But in the event that in the future we might have an opportunity to initiate new construction programs, we still want the opportunity, if it is necessary, to involve the private sector. And so we want to leave the opportunity open for someone, perhaps from the Metis Housing Corporation or from the private sector, to be able to sit on this board to provide advice and to provide assistance to the direction of the Saskatchewan Housing Corporation.

Mr. Toth: — Madam Minister, one of your comments earlier on, you mentioned that Sask Housing did end up with the responsibility of administering the old home improvement program. And I've chatted with your office regarding a concern that was raised by an individual from Langenburg — a Ms. Isted, and the fact that she had a loan that was still outstanding and the Sask Housing had gone after her because her husband had left and declared bankruptcy.

I'm wondering if your officials might have any idea of how that applies and whether or not there's been an understanding arrived at with Ms. Isted that has helped her out in the fact that she's a single wage earner with four children. If there's anything that you might be able to offer to elaborate on the fact that we've come to an agreement of possibly getting half of the loan back from her versus all of it being put on her shoulders, and a repayment schedule that would work within her budget.

Hon. Ms. Carson: — Thank you for the question. We are aware of Mrs. Isted and her problems. It is a confidential file. I can inform you that the situation has been resolved and she has agreed to the settlement.

(1645)

Mr. Toth: — Well, Madam Minister, I thank you for taking it back from where it was before, and she certainly faced a lot of hassle until your department really entered in again, and I thank you on her behalf and appreciate that.

Madam Minister, you also made a comment about construction projects and whether this Act deals specifically with construction, or at the . . . I'm just coming back to that comment you made regarding capital construction, and I've been in touch with your office regarding Maryfield. I received a letter back

indicating that certainly it's something that might be looked at in the future.

But what I'm wondering is, is the department involved in any capital . . . or do I gather from the comments you just made about capital construction, that capital construction is totally eliminated at the present time, that there is no capital construction, that there is no assistance for small communities like the town . . . I should say, not rather than Maryfield, I should add the community of Fairlight.

Hon. Ms. Carson: — In regard to the construction activity at Sask Housing, with the elimination of the funding from CMHC and the federal government, we have not a program any longer to fund new housing projects, except a very limited one, a very small one, in northern Saskatchewan that will be initiated this year, where we'll be putting a very few units in La Loche and another very few number of units in Cumberland House.

This is the last of the programs. It was a special initiative program that was brought in last fall by the federal government. We had hoped for a far more extensive program because northern Saskatchewan is desperately short of houses. But the federal government brought in a program that was very, very limited. In fact the program parameters really designated new housing only to those communities where there was no road access.

And so after a great deal of discussion and a lot of negotiation with the federal government over the course of the last three or four months, they have agreed that Cumberland House will be one community, and we could pick another community, that we feel has very special circumstances, to designate small funding to. So La Loche was picked, and this summer we'll have a very limited construction activity in the North in regard to La Loche and Cumberland House.

Other construction is limited primarily to maintenance and rejuvenation programs, which aren't regarded as new construction but really more of a maintenance program, but there is a capital cost and that is provided for.

We are also looking at limited funds in order to relocate some units that may be vacant across Saskatchewan and have been sitting vacant for some time. And we believe we have to make use of these resources. So there is a small capital cost in regard to relocating some of these units and putting them on new foundations and so on. So that is the other very limited construction program we have.

Mr. Toth: — Well thank you, Madam Minister. I guess, Madam Minister, it's unfortunate that this federal government has all of a sudden reversed a lot of its direction. And now, if you will, while we've seen the province offload on local governments, we see the federal government continuing to offload to the point that I can appreciate the difficulty you and your officials have in trying to stretch the limited budget you may have.

But in your second reading speech, you made a comment about, this Act enlarges the objectives and powers of the corporation. And I'm wondering if you could just elaborate as to what you specifically meant by that comment.

Hon. Ms. Carson: — That comment really was directed to the home improvement program which was operated under Sask Housing, but we didn't have the legislative mandate to do it. So it refers completely to our obligations now to manage the home improvement program loans.

Mr. Toth: — Thank you, Madam Minister. In view of the changes being brought forward by the present Act, I'm wondering if you could . . . how the objectives of Sask Housing have changed over the past number of years, specifically in the past four years; and how Sask Housing offers low income housing, housing for disabled people and seniors. And basically what else is offered to the public by the corporation?

I'm particularly interested in the fact, are loans continue . . . to be a part of the mandate of Sask Housing?

Hon. Ms. Carson: — No, we aren't involved in any further loan programs, but we are very active in enriched services. We are working very closely with the Department of Health and the Department of Social Services to provide a broader range of programing services to the tenants who live in our units. So we have moved away from direct involvement in regard to loans or new construction into the area where we are trying to improve the quality of life and the services to the clients who live in our social housing units.

Mr. Toth: — Madam Minister, in section 15 and then subsections (l) and (m) you talk about your . . . or you outline fees and charges, and I'm wondering if you could provide more detail on the fees and charges collected by the corporation. What would you be levying fees for and charges? And how much revenue do you anticipate the corporation collecting each fiscal year under the fees and charges that you're implementing?

Hon. Ms. Carson: — As you know, Sask Housing is the active partner in the programs that we partnership with the federal government. This relates to our ability to charge a fee to the federal government for administering those programs. Last year we collected about \$4.5 million for administration for federal programs.

Mr. Toth: — Madam Minister, does this legislation deal with any . . . or is there any infrastructure money that would be targeted towards Sask Housing program in the province of Saskatchewan?

Hon. Ms. Carson: — Well it isn't contemplated right now. I know that I have brought up that opportunity in discussion with the federal minister of housing and also Mr. Eggleton, the federal Minister responsible for Infrastructure. We have pointed out that one very important infrastructure program that they could initiate and would create a number of jobs — and we'd be very useful all across Canada — would be one that would take

and provide funds for housing.

At this point in time, we do not anticipate that, but if the opportunity did come our way from the federal government, we certainly would take advantage of that opportunity.

Mr. Toth: — Madam Minister, the section 18 deals with a couple of things I'd like to raise before we vote this off . . . deals with housing authorities. How does this section differ from the old section dealing with housing authorities. In section 18(7) deals with remuneration or reimbursement for travelling and other expenses, and what is the current level for housing authorities set at? Maybe you could just provide details for us please.

Hon. Ms. Carson: — This section really gave us the ability to provide more detail to the way in which the housing authorities can carry out their duties. So it lays out with a little more clarity the relationship between the provincial government and housing authorities and their responsibilities.

In regard to remuneration, there are no per diems allowed for people who sit on housing authority boards, but they are allowed to recover their expenses at rates that are the same as the rest of the public service.

Clause 1 agreed to.

Clauses 2 to 16 inclusive agreed to.

The committee agreed to report the Bill.

Mr. Toth: — Mr. Chairman, I'd just like to take a moment to thank the minister and her officials for their quick responses today. Actually I did have a few more questions, but maybe we'll address them at another date. Thank you.

Hon. Ms. Carson: — Mr. Chairman, I would like to thank the officials here today, and I would like to thank the member opposite for the questions. And if he has more, he can certainly send them to our office, and we'd be very glad to provide him with the answers.

THIRD READINGS

Bill No. 43 — An Act to amend The Municipal Revenue Sharing Act

Hon. Mr. Lingenfelter: — Mr. Speaker, I move the 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. 24 — An Act to amend The Saskatchewan Housing Corporation Act

Hon. Ms. Carson: — Mr. Chairman, I move that the Bill be passed a third time and passed under its title.

May 3, 1995

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

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

The committee reported progress.

The Assembly adjourned at 5:02 p.m.