

EVENING SITTING

COMMITTEE OF FINANCE

General Revenue Fund
Municipal Government
Vote 24

The Speaker: — I would ask the minister to please introduce her officials.

Hon. Mrs. Teichrob: — Thank you, Mr. Chairman. On my right is the deputy minister, Bill Reader. Everyone else moved and played musical chairs on me. On my left is Ken Alecxe, ADM (assistant deputy minister) on the cultural side; behind him is Larry Chaykowski, director of finance; behind me is Ron Styles, ADM for housing; and on his left, Ron Davis, ADM in Municipal Government.

Item 1

Mr. Belanger: — Thank you, Madam Minister. Before we completed at 5 p.m. I had a question in which you were going to respond to. I still await for the response.

Hon. Mrs. Teichrob: — Mr. Chairman, I know that just before the adjournment the member opposite had asked me to be in a position to make an announcement about the provincial level of participation in the housing. And I'm not in any position to make any announcements today except to say that following withdrawal of the federal government from their responsibility in housing, particularly social housing, we have been struggling to do the best we can with whatever resources are available to us to fill the needs that we know exist for housing in Northern Saskatchewan, and being cognizant of the effect that housing has profoundly on health, well-being, and other values that are very important.

We will continue to make what efforts we can to meet the needs that are there, but we're not in a position at this time to announce new programing. We will carry on, attempting to be flexible within the existing program and resources we have, to meet the needs as far as possible.

Mr. Belanger: — Thank you, Madam Minister. I guess some of the points that I want to raise is that — and I could be corrected on the figures — but over the next four years your government has made the commitment to reduce the overall debt from \$14.3 billion down to, I believe, 12.5 billion. And certainly while that's admirable and we also profess to want to reduce that debt at a greater rate, I think almost a \$2 billion cut over a four-year period is going to provide significant challenge in meeting some of the social needs of Saskatchewan residents, in particular northern Saskatchewan.

So in light of these facts of the budget planning that your government has undertaken, do you foresee any type of effort at the provincial level for social housing programs for northern Saskatchewan coming about as a result of the deficit-taking measures that your government has initiated?

Hon. Mrs. Teichrob: — Mr. Chairman, as I responded earlier, there have been some ad hoc extensions to federal programing in housing repair and maintenance and construction since 1993 when the federal government and CMHC (Canada Mortgage and Housing Corporation) made their almost wholesale withdrawal. I'd just like to point out that with a million dollars you can construct approximately 14 new residences in northern Saskatchewan. So the cuts in federal transfer payments alone would build 2,800 houses in the North.

So I would suggest, Mr. Chairman, that would fill the need on the waiting-list for social housing and more. And as I say, we as a province will attempt to do the best we can. There is no possible way in any fiscal sense that we are able to back-fill the federal government's withdrawal. And when, Mr. Chairman, the member opposite talks about the reduction to the debt in our four-year plan, the reduction that we plan to make in the debt of the province if one . . . we have to do that.

If \$1 million will build 14 houses in the North at approximately \$80,000 each, imagine how we could meet the needs for housing in northern Saskatchewan if we didn't have to pay \$850 million or more on interest on the public debt every year. We could build infrastructure in the North that would meet everyone's needs with that money. But as long as we don't reduce the debt and the interest clock keeps ticking, then we will never have new money to put into new programs in the North or anywhere else.

We need to earnestly reduce the size of the debt so that we reduce the amount of interest that we pay on an annual basis. Then and only then will we be able to do really meaningful programing in housing or any other area. In the meantime, we do the best to keep together what we can. We do the best to prevent erosion of the standards that we've been able to set and maintain until now. But huge programs involving new funding are simply not available to us, and they will not be available until the debt is reduced, vanished, and we are no longer committed to make those interest payments every year.

Mr. Belanger: — Thank you, Madam Minister. And just to clarify my point, I did certainly commend the government on their cost-cutting measures in terms of trying to reduce the debt. I don't think anybody in the whole province of Saskatchewan would argue the fact that we've got to reduce the debt; \$850 million in interest each year is certainly killing this province, and \$850 million can certainly build a lot of roads and build a lot of houses and build a lot of hope. And that's really, I think, a point I'm not disagreeing with you in any way, shape or form.

However, Madam Minister, I think the point that you raised, of the reduction in federal transfers would build 2,800 houses . . . And I believe the figures that were used, and I could be corrected on this again, was roughly \$114 million reduction from the federal government in terms of this fiscal operating period when it came to federal transfers.

Well, Madam Minister, I would suggest that the hundred-and-some million dollars that the provincial government receives from the VLT (video lottery terminal)

revenues can more than offset the decrease from the federal government.

And no, I'm not supporting the federal government's efforts of reducing the transfers to the province of Saskatchewan. That of course is always a challenge for all of us. However for you to suggest that the federal cuts would build 2,800 houses, you know, I guess the other question I would have for you is the CCTA (Crown Construction Tendering Agreement) policy that your government has initiated. What cost-saving measures could be arrived at if we were to scrap the CCTA and put that money into housing construction in northern Saskatchewan? So really it's an issue of looking at both perspectives.

So I'll go back to my earlier point of the debt reduction plan that your government has in place; 1999 is the target year to have it reduced by almost \$2 billion. We know that where the cuts are, a direct result of is this debt reduction plans that you have. But my point is exactly the question I asked earlier: does that mean over the next four-year period that social housing will not receive priority from this government?

Hon. Mrs. Teichrob: — Mr. Chairman, I have said that we will give social housing and housing in the North the highest priority that we possibly can. However, the people of Saskatchewan have told us in our consultations that overall their very top priorities are the maintenance of health, education, and social services. And those are the areas in which the federal government has made substantial cut-backs in transfer payments.

And the number that I refer to as the two-year accumulative, not one year, it was the amount that was actually cut last year and the amount that is announced for next year, for '97-98. So I mean, I guess that's something that has been announced. It is a given.

We will do the very best that we can to do whatever we can within the flexibility that we have in our provincial portfolio. And as the federal government has said, not only have they got out of financing new housing and new programming off reserve, they have in fact announced that they want to devolve responsibility for the total housing portfolio that exists in Saskatchewan for Sask Housing to manage.

So they're withdrawing in a big, big way. And we don't want to make no bones about it — we don't have the dollars to back-fill their leaving. They're leaving programming in a big way. We will do the best we can. I think from the comments that I've made, you appreciate that I have a solid understanding of the challenges that are there; a solid understanding of the needs and the implications of those on the whole social fabric and economic fabric of northern Saskatchewan. We are acutely aware of that. We will do the best that we can to alleviate problems and to meet needs. And more than that I cannot promise.

(1915)

Mr. Belanger: — Thank you, Madam Minister. And I guess the fact that . . . again I refer to the article of today in reference to

the reserve housing deal endorsed. I was just wondering, and this is my final comment when it comes to the housing situation, as to how the FSIN (Federation of Saskatchewan Indian Nations), with their limited budgets, are able to convince the federal government to continue to contribute \$2.4 billion for on-reserve housing, yet the provincial government, in spite of its ability to talk on certain matters, aren't able to do anything in the least bit to try and match what is being done by the FSIN. Could you explain that for me, please?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, it is not a fair assertion to say that we are doing nothing. As I pointed out earlier, we have spent between 1992 and 1995, \$1.4 million on the RRAP (residential rehabilitation assistance program) program for repairs and maintenance in the North.

We have spent . . . I don't have the number right here, but we certainly have targeted, considering the size of the whole amount available, substantial amounts to the home modification program and the emergency repair program to the North. In fact almost all of that program money that's available goes to the North, to inner cities, and to rural areas, in those proportions.

And we did participate in the 75 federal/25 per cent provincial program for the remote housing initiative in the North last year. The projects that we mentioned earlier that were very successful. And we will continue to not only participate in these programs, we will continue to seek out ways that we can be instrumental in dealing with the challenges of northern housing. And we will be proactive in that. And that is about as far as I can go at this time.

Mr. Belanger: — Thank you, Madam Minister. I guess the other point is, on behalf of the people that did receive a lot of the RRAP . . . and I must admit many of my constituents received some of the benefits of the RRAP program and they are sincerely appreciative of the fact that there is some support out there. However, I would suggest . . . and I'm certainly encouraged that you are going to continue looking at this and doing your very best to do what you can to assist the people that are having housing problems in northern Saskatchewan, especially the elders I spoke about and certainly the working people, and the fact that there's a severe shortage of housing right throughout the North.

I guess in reference to that point, when you speak about the federal/provincial split of 75 per cent federal costs and 25 per cent provincial share of some of the construction programs in the past, is there any negotiations going on for the province to assume full ownership of these units and full control and thereby getting the full value of any of these houses when it comes to the fact that the federal government is trying to get out of it? Is there any discussions in that regard?

Hon. Mrs. Teichrob: — Mr. Chairman, in response to the question about the stage of the devolution of the federal responsibility for housing to the provinces, there are negotiations ongoing but no decisions have yet been taken. And even if there were some money to come with the devolution of responsibility, you know when you look down the road, any profits that might be generated from some of the rental

properties where there's market rent would most certainly have to be used for maintenance of the housing stock; because if you didn't maintain it, you look down the road 10 years, 20 years, and these homes depreciate . . . well some of them are single detached buildings, some of them are duplexes, some are apartments.

And if Sask Housing or the province is still in this field all alone — as the portfolio is in reasonably good condition today — but we don't have the solution in hand for 10, 20, 30 years from now as that housing stock deteriorates and we're not able to generate enough money from the rental value of it to actually add to the housing stock. We're just sort of in a status quo, maintenance phase.

And we really need a federal partner, which has been the tradition. And as in the announcement with the FSIN today, I guess this is one area . . . housing on reserve has always been 100 per cent federal responsibility, and apparently from today's announcement it's one area that they have not abdicated yet.

But we will need in the long term, if we are to meet the needs for social housing, for affordable housing, for disadvantaged groups and seniors . . . I don't see how, long term, we can do that by ourselves as a province. The federal government has been our traditional partner, as with all the provinces; and not only advancing mortgage funds through the role CMHC; of looking at special needs and having targeted programs; of setting standards across the country for building standards, electrical standards, through the national housing code.

The federal government has been a very large player in this whole area, and I feel that it's not responsible for them to withdraw to the extent they have. And hopefully someday they will see sweet reason and get back into it again, because long term I don't see a crystal ball in the future that will allow our province or any province on their own to meet the very diverse housing needs that there are in this country.

Mr. Belanger: — Thank you. I think most certainly I stand corrected on the fact that because of the huge costs associated with these matters that perhaps we can never expect the federal government to be completely free of the responsibility to provide housing. So in essence, am I fair to say that what you're saying to me today is the fact that had it not been for the federal government involved with the housing program in the past, and certainly in the present and in the future, that we as a province would not be able to provide social housing, particularly for people of northern Saskatchewan?

Hon. Mrs. Teichrob: — Well I think that is fair comment, Mr. Chairman. And if you witnessed — this is not confined to southern Saskatchewan — if you witnessed recently, there have been press reports about some housing developments, the Muttart housing developments, Edmond Heights, Gladmer Park, and what different names that they go by. And there are other housing units that have not been sold but that are in the same position, where the original mortgage that was taken out by the original builder has now been fully amortized.

And for that person or a group of residents forming a

cooperative or a new buyer to maintain the rents that have been traditional in that building, in those buildings at that level, they can't do it because CMHC has no mortgage programs with reduced interest rates for that type of housing any more.

So any buyer, or even, as I say, a group of the current residents forming a cooperative trying to re-amortize that building and having to pay market rates, has to triple the rent. And these were always 100 per cent federal units.

I mean our portfolio is quite diverse. Some of the housing in Saskatchewan is fully federally funded and operated and managed. Some of it is fully provided by the province and managed from other eras. We haven't done any 100 per cent recently with the province but there is some there that was built in the '70s that was 100 per cent provincial capital.

Then there are numerous arrangements with 75 per cent federal and 25 per cent provincial managed by the province. So it's quite a diverse range of ownership and capital contribution arrangements.

But we don't see within the provincial budget the opportunity for us as a province to replace the role that the federal government has traditionally played in this area.

Mr. Belanger: — Thank you very much. And just quickly closing with the housing matter, I strongly urge you as minister responsible to do all you can to increase the funding for the RRAP program. I know that PMHC (Provincial Metis Housing Corporation) certainly is aware of the incredible demand out there. And I believe the people in northern Saskatchewan will indeed pay their fair share for their housing services that they do get from the provincial government. And I stress fair, because many working people cannot afford the conditions in which they assume some of these houses.

And that also has a drastic effect and impact on not only their attitudes but the general disincentives that are associated with living in northern Saskatchewan.

I've got a few questions for Municipal Government and then I'm done. I just wanted to ask, in reference to the Northern Revenue Sharing Trust Account, which I believe is under your portfolio — I may be corrected on that. But could you explain to me . . . back in 19 . . . I'm not too sure of the year, but there was \$8 million taken from the Northern Revenue Sharing Trust Account to provide water and sewer services to various communities. And while the communities were appreciative of that effort, we were just wondering, or I was just wondering, how we're going to replenish the Northern Revenue Sharing Trust Account, because it was depleted by such an enormous amount when it was taken out for these water and sewer projects.

Hon. Mrs. Teichrob: — Mr. Chairman, I was just trying to recall. I think that within the last several days, the Provincial Auditor's report, with comments on the Northern Revenue Sharing Trust Account, was tabled. And there were some very interesting figures in that. And I don't have a copy of it here with me but the member opposite may want to avail himself of

a copy and look at that.

And I think it's important to note that all the money that is raised through local taxation in the North, that's deposited in the Northern Revenue Sharing Trust Account, is spent in the North. And substantial amounts have been spent on water and sewer and other infrastructure.

And one of the reasons — in the North — one of the reasons for the establishment of the Municipal Round Table was to engage the input and the comments of the northern mayors from all across northern Saskatchewan to give us their views on the priorities that should be established for the Northern Revenue Sharing Trust Account, and how we can make more use of that money and meet the priorities that the people in the North identify.

The Chair: — Why is the member on her feet?

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

Leave granted.

INTRODUCTION OF GUESTS

Ms. Lorje: — Mr. Deputy Speaker, as you know, we are very privileged this evening to have some guests with us in the Speaker's gallery. These are tourists from the United States who . . . I believe it's North Dakota, is it? Some of the tourism dollars are flowing northward rather than southward right now. These people are here in Saskatchewan for a brief while, visiting the legislature and also going to the IMAX theatre.

Mr. Deputy Speaker, I met them earlier this evening on the steps of the legislature and was very pleased to give them a souvenir pin from Saskatchewan. And since he cannot introduce these guests from North Dakota because of his functions as Deputy Speaker, that gives me a great deal of privilege to welcome them to Saskatchewan. I hope they have a very enjoyable visit here. Welcome.

Hon. Members: Hear, hear!

(1930)

Mr. D'Autremont: — With leave, Mr. Chairman, to introduce guests also.

Leave granted.

Mr. D'Autremont: — Thank you, Mr. Chairman. I would like to also welcome the guests from North Dakota. As a representative who lives just across the border on the Canadian side from Sherwood, North Dakota, I have a good many friends and acquaintances across there, some of which sit in your Assembly in Bismarck. And I would like to take the opportunity to welcome you to Saskatchewan. I hope you enjoy your visit and that you leave lots of dollars. Welcome.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Municipal Government Vote 24

Item 1

Mr. Belanger: — Thank you, Mr. Deputy Chair. I guess on behalf of the Liberal opposition, I'd also like to welcome our American visitors and I hope that your visit is pleasant.

I guess a couple of final questions here, Madam Minister. Just a point: as you're probably aware, northern municipal governments are struggling. They have a high cost of operating some of these northern municipal governments. There are issues that you look at: the GST (goods and services tax); you look at the PST (provincial sales tax) increases; you look at the high cost of power; the extra costs for fuel and electricity, and the list goes on and on. And the fact that there's a very limited tax base amongst the northern communities.

In reference to the proposed cuts coming up in the next year, can the northern municipalities, in view of their challenges and in face of their extra costs, can they look forward to not suffering some of the costs that you are anticipating handing down to municipal governments in general?

Hon. Mrs. Teichrob: — Mr. Chairman, as the member opposite knows, we did announce in this year's budget, in March of 1996, that there would be a 20 per cent reduction to the size of the revenue-sharing pool for 1997-98. And it has not yet been determined how those reductions will be applied.

We did write letters to all of the northern communities early this year, right after the budget, telling them, in dollar amounts, each community by community, what their grant would be for this year, to allay any fears that they might have that there'd be any reductions for '96-97.

But we will be discussing this. It's part of the memorandum of understanding with SUMA (Saskatchewan Urban Municipalities Association) and SARM (Saskatchewan Association of Rural Municipalities), to discuss and reach some decisions about how to distribute the remainder of the revenue-sharing pool after the reduction.

And I think it's fair to say it's highly unlikely, given the situation as we know it in northern Saskatchewan, that a 25 per cent reduction would be made *pro rata* to the municipalities in the North. We made no reduction this year. We recognize what the situation is, and we will be talking with both round tables about how to distribute the remaining pool. But it has not been determined yet, so I'm not able to make at this time any commitments.

Mr. Belanger: — Thank you, Madam Minister. And I guess the situation that they commonly speak to you on is the fact that northern Saskatchewan again hasn't got no tax base and the fact that they never had the infrastructure until several decades ago in which proper housing and a few other facilities were built in these northern communities.

In essence the northern municipal governments play a much larger role in these northern communities. Since business doesn't exist, they try and stimulate the economy. They're involved with health care. They're involved with social development. They're involved with housing. They're involved with all kinds of different aspects of northern life. And you throw in the fact that there's costs involved and the fact that the northern municipal governments are probably the one level of governments that's doing the most to serve people.

And you throw all them factors in and then you can actually see that they're doing a tremendous job on their limited income and that there should be no way, shape or form, any type of reduction, because their doing their very best with the very least amount of money. And that's something that all levels of government should admire.

I guess my final question — and again in closing, I sincerely thank you for your comments and your answers and I thank your officials for coming here this evening — and I guess my final question, Madam Minister, is how soon can Stony Rapids see water and sewer? Thank you.

Mr. Heppner: — Thank you, Mr. Chairman, and thank you, Madam Minister, for this opportunity to raise a number of questions, and welcome your officials as well.

I want to comment briefly on the statement and the discussion that took place about 20 or so minutes ago when you referred to the fact that we can't increase a whole lot of spending until we take care of the debt, and I would to underline that statement and support that fully.

So the questions that I have, I think will fit in line with those sorts of things where we're going to look for spending and concerns that we may have there. The questions, most of them that I have, were provided to your office in advance in order to speed the estimates process. And we haven't received all of the answers, so some of these questions are the ones that we did present to you in that situation.

First of all, could you detail for us the educational leave and professional development programs within your department and the purposes of those?

Hon. Mrs. Teichrob: — Mr. Chairman, for clarification, I'm not just sure that we heard the question correctly. Did you ask about educational programing in the department or people on educational leave?

I'm advised that we don't have anyone on educational leave.

Mr. Heppner: — Thank you, Madam Minister. And I guess I would start off by saying that's probably good, because if we're looking for places to keep expenditures down, that's a good place to start.

Could you give the totals of the payments of RRSPs (registered retirement savings plan) and other contract benefits provided to any employees that are outside the benefits provided to the Public Employees Benefits Agency.

Hon. Mrs. Teichrob: — Mr. Chairman, the answer to that question is that we have none that are outside of those provisions.

Mr. Heppner: — We're just getting some great answers here, or at least answers that we rather like.

Could you list in detail, cost of club memberships, season tickets, etc., held by the department, and detail the costs of all other entertainment expenses incurred by the department.

Hon. Mrs. Teichrob: — Mr. Chairman, we have no such expenses. Affiliations cover that kind of costs for any employees in the department.

Mr. Belanger: — Thank you again. I apologize to the minister. I asked a question, the last question I asked in reference to Stony Rapids, I was cut off by the Chair, and so he's asked me to ask the question again in terms of as to a specific date as to when Stony Rapids can expect to see water and sewer for their community, Madam Minister.

Hon. Mrs. Teichrob: — Mr. Chairman, I'm not able to commit to a time frame for such a project at this time.

Mr. Heppner: — Thank you. Could you detail leaves or secondments of department employees for charitable and other volunteer events, and state whether those particular leaves were paid or unpaid.

Hon. Mrs. Teichrob: — Mr. Chairman, the answer to that question is that we have no employees in that category or that were given leave for those purposes.

Mr. Heppner: — Question. For each terminated employee, could you answer whether the individual has been relocated to another job within the government or Crown sectors, and if yes, what those positions are?

Hon. Mrs. Teichrob: — Mr. Chairman, this will be over . . . for the fiscal year April 1, 1995 to March 31, 1996, and it would be pretty well in the normal course of percentage of turnover on an establishment that size. And I'm just looking at a list and it says, resignation, resignation, there's one, two — two lay-offs in that period. There's returned to school, work assignment completed, but for the most part they're all simply resignations. And there would be about 70 during the course of that year in all of those categories.

Mr. Heppner: — Thank you. A question dealing with SAMA (Saskatchewan Assessment Management Agency) and the reassessment that's been taking place, especially in rural areas. With the reassessments that are taking place, there would be a larger requirement in the agricultural sector to cover the costs of municipal operations because of the lessening of the cost to the oil industry. And I'm wondering what sorts of precautions or things are in place to help those municipalities that are going to be caught with fewer dollars?

Hon. Mrs. Teichrob: — Mr. Chairman, I'm not sure yet, not confident, that it's a given that there will be that kind of a shift,

because the tax policy in terms of the assessment rules has changed, but so also have the range of tax tools that municipalities will be given within the context of the legislation to deal with that. Say for example, the assessment in one property tax class changes, but there's a variable mill rate that the province has to set a percentage of value for that where that work hasn't been concluded yet, should be very soon. But there will be variable mill rates available.

There will be a phase-in available — a three-year phase-in period — to assist with adjustments. And together with the percentage of value, the variable mill rate, it's quite possible . . . well I think that the shifts will not be of the magnitude that some people are predicting. I mean obviously, if the tools were used to bring everything back up to the status quo that exists right now, there wouldn't be much point in doing the exercise.

But I don't think it's a foregone conclusion that there will be those shifts. And I don't think that we should speculate on them until we have all the information and all the tools at hand to deal with the changes and challenges that will be presented by the renewing and modernization of the system.

(1945)

Mr. Heppner: — Thank you. I guess estimates that we've heard on the shift to the agricultural sector range in the 100 to 200 million, but that could be disputed.

A question I would like some more clarification on, when you're talking about the variable mill rate as it relates to RMs (rural municipality) or rural sectors, how much variation might there be in the mill rate that might apply, let's say, to one particular quarter section of land on a percentage basis?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, it hasn't been determined yet whether or not there will be caps on the spread that municipalities will be able to use. There is one school of thought that says there should be caps on the variable mill rate to prevent wide swings from one municipality to another.

Then there's another school of thought that says no, that people at the local level have enough common sense to apply the variable mill rate, even if it was left wide open, in a way that reflects common sense and finds the correct balance between commercial, residential, agricultural properties in a municipality.

So that's still an open question, but again I think that we should be very careful not to speculate, and most rural municipalities at least have expressed the view that if possible, once they get all the information, once they have all the information at hand, it would certainly be their preference to use a single mill rate and not use the variable mill rate unless they feel they have to, to find some equilibrium. Their preference is to use a uniform mill rate.

Mr. Heppner: — Okay, and I guess the variable mill rate is one of those sorts of tools that's out there. Do you see a problem with a variable mill rate creating situations where you might have, in one municipality for example, hog operations

being taxed at a substantially different rate than in another municipality, which could in fact steer those operations out of one RM or into another one?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, of course these are the kind of things that we have to guard against. There are a number of examples that you could cite where misuse or abuse of the tax tools could be very detrimental. Like for instance, if a municipality decided — a very small village, for instance, or a small town — decided that their main source of revenue, which is the truth in a lot of cases, was their elevators, and they decided to tax them more, it might be an incentive for them to close, in which case they lose the tax base altogether.

Same thing with the example that was cited earlier, of in the oil patch. I think municipalities are very cognizant of this, that the alternative, if they make the oil and gas activity uncompetitive because of property tax rates, one alternative would be for the wealth to be shut in, in which case they lose all the economic activity and the jobs that they might have for their young people and so on for that area.

But I have . . . as I say, the rules aren't completely fine-tuned yet. But I have, in the long term, faith in local people to make those decisions in a common sense way. And no doubt there will be some exceptions, but I think that most municipalities, large and small, rural and urban, will know how to manage the system so that they can maintain the balance of activity and have the property tax burden as equitably shared amongst the constituents that they serve, as possible. I'm sure they'll be able to do that.

Mr. Heppner: — Thank you. I'm probably leaving that line of questioning for the moment.

A question on equipment used by your office, the minister's office. The question is, is all the equipment that's been purchased within the last year, is that always tendered?

Hon. Mrs. Teichrob: — Mr. Chairman, I mean I would like to be able to answer that question, but as you know, the outfitting and equipping of the offices in the legislature is a responsibility of SPMC (Saskatchewan Property Management Corporation). So the question of whether they're leases or purchases for equipment and furniture would be more appropriately directed to them. I'd answer if I could.

Mr. Heppner: — A question also dealing with the minister's office. If you could detail any and all credit cards, gas cards, those sorts of things, phone cards, that are held by the minister's office. And then also, which staff members have access to those services, and if they do, how they're charged for those services.

Hon. Mrs. Teichrob: — Mr. Chairman, that's a relatively simple question to answer because we certainly have a bare-bones operation in that respect.

I myself have one American Express card which is used very seldom. It's the type that has to be paid in 30 days. If I make a purchase — say for instance, gasoline or hotel room or meal or

whatever — I have to pay it and then submit the receipt for the paid account for reimbursement. So I pay it personally first and then I'm reimbursed.

I have a telephone credit card which is used only for business purposes — actually I have two, as you would probably know — you have two numbers, two credit cards. One relates to my constituency office in my home constituency and is used for calls related to the constituency; the other one relates to ministerial office duties and is used only for calls relating to that. Of course there's an itemized bill every month for each of those. And the cellular phone service that I use very seldom, but have, also is billed on that same card.

My senior staff has a similar credit card related to my ministerial office; that too has an itemized account. Then there is a credit card, CVA (Central Vehicle Agency), Government of Saskatchewan credit card, issued with the car that's used strictly for gasoline and service for that particular vehicle.

And that would be the extent of any credit cards.

Mr. Heppner: — Thank you. A number of questions dealing with your office staff in particular. And the question is, have any terminations occurred within the minister's office during the past year, and if those will be hired any place within government or Crown sectors.

Hon. Mrs. Teichrob: — Mr. Chairman, I don't know how far back the member wants me to go. I can't really speak for other than my own tenure, and there's been three ministers in this portfolio within the last year.

I have at the moment in my office, six staff — three secretarial, and three ministerial assistants. And in keeping with the announcement that was made by the Premier, I believe in January, where we're reducing our ministerial support staff by 15 per cent, as of July 1, I will have five. The staff will be reduced from six to five, and it will be maintained at that level.

To the best of my knowledge, any of the people who would have served the minister just prior to my assuming the portfolio, I don't know whether the people moved into other positions, but I didn't hire any of them, and as far as I know they didn't go into government positions. They may have gone into other ministerial offices because there were six cabinet appointments, as you know, at that time. But other than the one reduction in my staff, which is about to take place on July 1, there have been no changes during my tenure.

Mr. Heppner: — A question relating to your particular staff that's similar to the one that I asked about the other employees earlier on. If you could list any payments to RRSPs or other benefits outside the Public Employees Benefit Agency that is extended to your particular minister's staff.

Hon. Mrs. Teichrob: — Mr. Chairman, I think my answer to the . . . in the first instance, as to were there any people on the department staff that had such benefits, the answer was no. And there's no one on my personal staff or ministerial staff that has that type of a benefit.

Mr. Heppner: — Thank you. Then moving off to some urban questions. Much of the urban infrastructure that exists in smaller town Saskatchewan, and I'm thinking particularly of sewer and water, those are infrastructures that are extremely expensive to update and replace. And those communities, whether they're stagnant in growth . . . that infrastructure is deteriorating.

If they're growing communities, they obviously need to expand those. And because of the high cost of that, and the older systems breaking down, what kinds of plans does your department have over the next numbers of years to help those smaller urban communities to maintain their infrastructure, especially with water and sewer, and maybe increase in size if they happen to be a growing community?

Hon. Mrs. Teichrob: — Mr. Chairman, really in the face of not only no new money but declining revenues in terms of revenue sharing, the circumstances that the member opposite refers to truly are a challenge. And this is one of the reasons why we have been talking and trying to engage the municipal organizations and individual municipalities in a serious discussion about a future vision for Saskatchewan because we do have . . . As you know, the landscape of Saskatchewan is changing. And we had developed, over the last 80 years, a level of infrastructure through the very extensive geography that we have in this province that is simply not affordable.

And this is why we need to have municipalities work together. We need to have them sit down and talk about what Saskatchewan will look like. And will we have a hand in designing the future and deciding what level of services we want to sustain? Or are we just going to sit back and let the future map of Saskatchewan be determined by the grain companies, based on where they decide to put their concrete elevators?

I don't think so. I think that there's a lot of initiative out there in rural Saskatchewan, the kind of initiative that our pioneers had that built this province. But we truly need to sit down and talk about, for instance, the fate of revenue sharing. Should we continue to give a base grant to very small communities having just, you know, several handful of souls. Good people they are, and they should be helped to stay there in their homes, which may be their only asset. This is a very sensitive area.

But on the other hand, should we be giving a base grant of \$3,600 to a community that only raises a \$1,000 in taxes on its own, and at the same time there's a growing community down the road that needs to rebuild its infrastructure? Should we be redirecting what revenue-sharing dollars there are away from smaller communities that don't even have a water treatment plant or a sewage treatment or that kind of infrastructure? And should we be directing that money instead towards a community that wants to rebuild their infrastructure? I mean these are the very profound questions that we need answers for urgently because you know the landscape is changing very quickly.

But we don't want to arbitrarily make those decisions. We want to talk to our partners in SUMA and SARM and the people who

are living and working, and will continue to live and work, out in those communities, about the quality of life that they feel is affordable there and how we can direct our priorities to make sure whatever limited funds are available are spent in the very best way that relates to the future vision that we all have for this great province.

Mr. Heppner: — And coming from one of those small towns, I'm very aware that in my case at least, and I think in many other cases, the water supply for example, the RM and the town work together and the town has a water outlet which is used by rural people, and the RM helps support that.

But back to that particular question, can those communities look for some form of financial assistance in upgrading some of that antiquated infrastructure, and allowing for that curve that you sort of threw, that we may have to look at some communities getting possibly a different amount of help than others, depending on whatever that consultation process arrives at, but can they hope to get some assistance, as they have in the past, for that infrastructure?

Hon. Mrs. Teichrob: — Mr. Chairman, as I said before, there simply isn't any new money. What we need to do is to carefully examine the situation, and together with our partners in municipal governments, to determine priorities so that we can direct whatever available resources there are to their highest possible use within the context of a long-term plan that will sustain the highest level of services possible to those communities.

(2000)

Mr. Heppner: — So when this consultation process is over with, and a round table or whatever we choose to discuss it . . . is there a commitment to a new formula that municipalities would be able to work with for the next numbers of years as they do their planning over 5 to 10 years?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, that's what we are hoping that these discussions will lead to. And as I say, we need to make these decisions but we don't want to make them arbitrarily. And that's why we want to take the time to consult with those who will be affected, so that we can have the best possible outcome.

Mr. Heppner: — Thank you. Question along a different road here for a while. Could you list the charitable and other donations given by the department within the last year and whether those funds were given as a donation or as a sponsorship of a particular individual participant as a consideration for a sponsor, or that type of advertising.

Hon. Mrs. Teichrob: — Mr. Chairman, in terms of the Department of Municipal Government, there would be no payments that would fall into that category.

Mr. Heppner: — Continue with questions on your particular office. Could you detail for us the travel by your office over the past year, including most of the main purposes and people accompanying.

Hon. Mrs. Teichrob: — Mr. Chairman, in terms of my own travel, for the fiscal year '95-96 shows \$6,688, of which 2,592 would have been CVA vehicles, either monthly billing or car rentals to make specific trips. Executive Air, \$1,158 — oh, no, sorry, sorry, sorry, that's the other Carol.

CVA is 3,708; out-of-province expenses is zero; Executive Air is 2,980; for a total of 6,688. So the majority of it is . . . well the CVA and the Executive Air are pretty well evenly divided, with the car winning. There's a few bus trips in there too.

Mr. Heppner: — Could you list for us all the fees and charges that your department is authorized to levy, and then also whether those fees go into the Consolidated Fund or into another source.

Hon. Mrs. Teichrob: — Mr. Chairman, the schedule of fees and charges that would relate to the operations of Municipal Government would be really fairly extensive, and I don't know that they would be consolidated all in one place, because there would be things like inspection fees relating to the public safety part of the portfolio, like boilers, fire inspections, elevator inspections, the Fire Commissioner's office, all of those things. Not large fees in any case, but they all do go into the consolidated revenue fund, as far as I'm aware. So they're all, they're either . . . there's not profits on these. Basically to be on a cost-recovery basis, and then the revenue flows to the General Revenue Fund.

So most of the licences would be things like such as I have already mentioned — gas boilers; fire; and then there's The Amusement Ride Safety Act; The Electrical Licencing Act; elevators I mentioned. And I'm not sure that there's . . . there's a budget amount total for all of these fees and charges, each relatively small, for a total of \$24.455 million for the year.

Mr. Heppner: — Thank you. Would you be able to table that document you were reading from as well for our benefit?

Hon. Mrs. Teichrob: — Mr. Chairman, there is no problem with tabling it. I'd just like to ask a page to make a copy of it and then send it over.

Mr. Heppner: — Could you detail all the legal actions in which your department is presently involved, either as a plaintiff or as a defendant?

Hon. Mrs. Teichrob: — Mr. Chairman, there is a complexity here in terms of privacy of persons when you're talking about legal actions. So if this would suffice, I could tell you this, that most of the legal costs, which would not likely exceed about \$35,000 a year, which is pretty small in a department this big, most of them would relate to actions in the housing portfolio relating to such things as mortgages, sometimes garnishees when there's a problem with rent collections.

There's also some fees in . . . from time to time in connection with the collections in the home improvement program — if you recall the one in the '70s, the borrow money and build your home. The costs of that are reducing; it's finally winding down, but there are some legal costs there.

But all in all, it's not very large. I wouldn't want to . . . the document doesn't exist but I wouldn't want to pull it together in terms of individual actions because of the privacy issue. But it's not major except in the housing portfolio. And really in the size of the portfolio, I wouldn't call that amount on an annual basis a great deal. But in the normal course of business, we do use the services of solicitors, and that's about to the extent.

Mr. Heppner: — Thank you, Madam Minister. That basically takes care of most of the questions I had. I'd like to underline the support that I stated earlier on for making sure that there weren't expenses in some of those areas. It was good to see. The member from Cypress Hills has a number of questions, after which I believe the member from Saskatoon Sutherland also has a few questions.

Mr. Goohsen: — Thank you, Mr. Chairman. Madam Minister, welcome to you and your officials. Certainly I can say I think in all honesty that you have some good officials with you. Some of the faces there, and not to want to point too many fingers, but they have been around for a long time. And certainly the fact that there are very few problems in the Department of Municipal Government probably is largely due to the work of the people that you have that are experienced and have the knowledge to keep a very steady hand on the matters of Municipal Government.

I want to also say this evening that we're happy to see the Premier taking such an interest in municipal affairs and Municipal Government. And we know that he does that because this is the unsung hero of all of the cabinet positions, most important probably to the entire province, although it gets probably the least credit and notability. And of course the reason you don't get a lot of notoriety is because you do have a good department that has worked well.

Unfortunately though, Madam Minister, we do see some serious problems that are going to be challenged and need to be addressed in the near future. The SAMA situation that my colleague alluded to has far deeper worries and repercussions I think than what his questions reflected. And so I think I need to delve into that a little bit further.

I need for you to think a little bit about the impact of the changes in assessment from production-based assessment to the market-value base. Cattlemen — and I'll give you this as an example so you can have something specific to deal with — cattlemen in my area are very concerned about the switch in the way the things are going to be done, because to them it becomes very unfair. And it's easy to see, because a couple of years ago, cattle are selling for probably \$1.30 to \$1.50 a pound for calves in the fall. That meant that their incomes were significantly higher than they had been for a long time.

On the basis and the strength of those cattle prices, lots of people went out and bought a quarter section of grass from a neighbour or from someone leaving the industry, and of course they would naturally be able to bid a little bit higher and there would be competition from the other neighbours. So the price of that land went up significantly at that time when the cattle prices were higher.

We also had the Indian land claims situation that has gotten into the picture of valuation of lands, and especially in the south-west the land claims seem to have concentrated on grasslands more than farm lands.

So because those monies were available and because they're . . . always when there are two parties wanting to bid on the same lands basically, the price goes up. And we've nothing against that. But it is a reality then that by moving to the market-value system for assessments, the cattlemen that are in our area find now that the assessments are going to be based on that period of time when they bought some of those lands at very high prices as compared to what the market will now reflect. Because we're in a downturn immediately following in the cattle industry, and at the moment we are probably 50 cents a pound average across the board for cattle, cheaper than they were at that time.

Now the problem being of course that when the new assessment comes in, it's going to be based on when those prices were high, yet the cattlemen have this lower price of return for their product. How do they manage to pay their taxes based on a system like that? And how can you justify that? How fast is this system going to roll over so that those inequities get caught up with before you put probably half the ranchers in south-west Saskatchewan, maybe in the whole province, out of business because of the high taxes that they won't be able to pay?

So could you explain to us how this process is going to work, in fairness for those people that get caught in this very fast-turning, up-and-down cycle of the markets?

Hon. Mrs. Teichrob: — Mr. Chairman, that's a very good question. I'm really glad to have the opportunity to respond, because I think it will really help to clarify some of the provisions that will be in the new system, and answer some questions for some people out there.

For one thing, the legislation that we're going to be asked to consider within the next few days here, which has already been tabled, allows for an update every three years. So when it's passed and when it's implemented in 1997, next year, it will be using data from 1994 as its base. So in the particular example that you cite, they would be using 1994 values as a benchmark. That would be pretty well before the blip in land values that you refer to. I think that that started really maybe a bit later, maybe about that time.

But on the other hand, what you lose on the merry-go-round you can make up on the swings, because in the year 2000 we'll be using 1997 and so forth. So the system will always be renewing itself.

(2015)

And I know exactly what you speak of because our family is in the cattle business ourselves, and it's not just the price of calves. Even a cow for instance that four, five, even up to three years ago would have brought 12 or \$1500 say, in the fall, last fall it went down to 450. And so it has been a very profound drop in the cattle market. But I think that the three-year renewal

will reflect that and will be of some assistance there.

The other thing is, actually at some point in time, a cattle farmer may be in a situation of good profits, but, because of the benchmarking for the assessment system being assessed on lower land values, then there will be the tools that the local municipality can use. And that's why it's so important to put those tools in the hands of the local people who understand the conditions and who understand the farming practices of the people that they've been elected to serve.

So for example, if there should come a time when high land values would be captured as the base year at a time when cattle prices were very low, a municipality would have the ability to use variable mill rates for the range land category which could alleviate some of those problems. And while your colleague before referred to municipalities perhaps discriminating against a certain kind of intensive livestock development by using a higher variable mill rate, but on the other hand — we hope they wouldn't do that — on the other hand, the example that you cite is one where the local council could use those tools available to them in the variable mill rate to mitigate some circumstances for a certain class of producers, in this case cattle producers caught at a bad time in the production and price cycle.

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Madam Minister, the truth of the matter is that each segment of agriculture will at some time fall into this cycle and be in the wrong turn.

But looking at your numbers, you say you're going to use 1994. And of course cattle prices were significantly high in that period of time, so there will be some of that peak livestock price influence on the value of lands at that time. You say you're not going to trigger that until 1997, and there's a review in the year 2000.

That seems to me, Madam Minister, to be a six-year cycle, not a three-year cycle, and precious little comfort to those ranchers who are going to benefit after the six-year turn of that cycle, as a result of getting back in on the other swing of the cycles, if they are already broke. If they already have had to pay taxes on land that can no longer support the value of the taxation, then there will be no comfort to them knowing that in the future whoever happens to land up with their land might be getting a break in the cycle. So the variable rates then are the option that might save the day for us, but I haven't heard you say that you are committed to variable rates and that they are in fact a tool that is guaranteed to be in place to be available to be used at this time.

Hon. Mrs. Teichrob: — Well, Mr. Chairman, the provision for using variable mill rates for the phasing-in for all of the tax tools that we talked about are in the legislation that is not before us now, but that has been tabled and that we will be considering in Committee of the Whole. We are committed to giving municipalities those tax tools. And they are in that legislation. When it's passed, the regulations will be developed, and the percentages of value will be set. The property classes will be set, and municipalities will have much more flexibility to deal with the kind of situations that you cite in the future under the

new legislation.

And there will be a three-year . . . it will be a rolling average because there will be a reassessment; not to the extent that there is now. We'll never be in this box again because now we're catching up for 30 years. But every three years, it will be sort of . . . to the extent of the annual pick-ups that there are now, where there are, you know, some changes. Somebody builds something. Some acres are flooded and weren't seeded, so it's reduced for that year and that sort of thing. But those adjustments will take place every three years from now on so that the system will always be renewing itself.

And of course as you know, the production cycles and the price cycles are not confined to the cattle industry. I know that's a particular concern in the area of Cypress Hills that you represent. But we have the very same thing in grain prices for example, where grain prices are moving up and people are paying more for land. And it would be nice to think that this would be the situation that would prevail for ever and a day, but those prices go up and down as well. So this is why the variable mill rate and the separate property classes for grain-producing land and range land will give local municipalities the tools that they need to at least mitigate the circumstances if ever the cycles should collide to the detriment of their ratepayers.

Mr. Goohsen: — Well thank you, Madam Minister. The answer does alleviate some of the concerns we have, because obviously if this legislation passes that you are talking about and if the variable option is then guaranteed in legislation to be available, then of course the people will have that right to use it.

But that in itself, while it solves one problem, brings to mind questions of other problems. What are you going to do with municipalities that may possibly . . . and I'm sure that most people never do this. But sooner or later, somebody is going to think of using everything for some ill-gotten purpose and racial discrimination, a word we're not supposed to use in politics probably, but the reality is that it's out in the world to some extent.

What happens if your variable mill rate suddenly is used to discriminate against certain particular groups of people or certain industries within our society? How are you going to control that?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, we have made many statements to the effect that we have complete confidence in the common sense of the people who are elected to local government in this province to make common sense, rational decisions on behalf of the people who elected them and the people that they serve. And I certainly continue to have that confidence. But there are some checks and balances because the property classes are set provincially. So it would not be possible for a municipality, for instance, to single out an individual.

But I know what you mean — certain groups. I don't see why that should happen. And of course we haven't changed the municipal . . . provisions in the urban or rural Act. There's lots of other amendments, but we haven't changed any of the

provisions with respect to elections. And as you know, this is . . . coming from local government yourself, as I do, that this is the ultimate check, is at the ballot box. And in rural government particularly, there's elections every year.

And so I think that we can count on local governments to be fair and equitable in the application of these new tools and the new flexibility that this Act will give to them.

Mr. Goohsen: — Well, Madam Minister, certainly we live in hope, but we'll die in despair. Because the reality is that as confident as you are in people to be fair, and as confident as I am that most of the people will be, there will always be exceptions.

And realistically, people like the Hutterites, who I represent a lot of in south-west Saskatchewan, have come under some very serious attacks over the past numbers of years, not only in Canada I guess, but basically wherever they've gone in history. And it becomes very easy for people to target folks like this without any real justification. Because of course they work in different ways than many of us understand.

I guess there's a whole host of reasons why, and that's not important. But we do recall the situations where, at one point, municipalities actually passed by-laws, under their zoning by-laws, that would stop the Hutterite people from being able to move into certain municipalities. That was clearly the intent. It ended up having to go to court in order to be straightened out, and we respect those decisions. And I think, for the most part, those things have been resolved.

However, with a variable mill rate, I'm wondering if that same type of situation isn't going to occur. And is the solution then that people are going to have to end up back in the court system? Are they going to have to be going to the Human Rights Commission? Are they going to have to be calling on the Ombudsman or Dale Goldhawk? Are we opening up this whole kind of process to a lot of potential abuse?

What are these safety measures that you talk about that you believe that you are building in? How effective can they possibly be? Where is the check and balance that you talk about? And if you put checks and balances in, then also at the same time, where is the freedom for municipalities to make those choices that they will have to make? And who's going to say which one's fair and which one isn't? It looks really tough to me.

Hon. Mrs. Teichrob: — Mr. Chairman, this is an interesting situation. And I certainly can recall, in my personal experience, some of the circumstances that the member refers to. And I'd certainly just like to take this brief moment to set the record straight.

Because I remember some of the controversies where, amazingly enough, a large number of people in Saskatchewan were under the impression, somehow, that Hutterite colonies didn't pay property taxes. And I'd just like to say on the record that all the Hutterite colonies in Saskatchewan pay their full property taxes and their full school taxes like every other farmer

in Saskatchewan does, based on the assessment of their land and based on the current mill rate. And in return, by and large, they request very few services from the municipality in which they live and farm.

But you see, I still have more confidence than you do. But it's based partly on this too, that property classes will be limited. The province will set out what the property classes are and they will not be infinite. For instance, there wouldn't be a property class for colonies. There would be at most, and we haven't got this fine-tuned yet, but there would be at most a class for arable farm land, a class for range land.

And so in the context of a colony, if part of their land was cultivated, then that would fall into the arable land. And if part of it was on the side of a bench or whatever, and it was being grazed, and they were in the cattle business, then it would fall under the range land category. And they would be assessed and taxed in the very same way that other equal . . . you know, land of equal productivity would be taxed.

So the province will not create a separate category for certain users or interest groups, certainly not for Hutterite colonies. And by the same token, the municipality, the local council, would not have the facility to create classes of their own or subclasses of their own that they could apply different variable mill rates to discriminate. So there will be lots of flexibility, but not the kind that could lead to the sort of abuse that you describe. So I hope that puts some of your fears to rest.

Mr. Goohsen: — Thank you, Madam Minister. And certainly while I use the colonies as an example, there are several other groups of people that can be clearly identified as sort of unique, I guess would be the word, to other types of operations in different municipalities. And that can vary throughout the province, and of course it can be alluded to the land claims situations or to other religious groups or whatever.

And while you have comforted me to some extent, I still wonder if this variable mill rate can be used, for example, to assess higher. Now you say we're okay with land classifications. A piece of land is good for grass, it's good for growing goats, it's good for maybe growing cows, and it's maybe good for growing wheat and maybe it's good for growing canola. That's fine. You've got four different segregations of different kinds of land or whatever way you're going to do it.

But what about things like numbers of people on one quarter section of land? Does that change the ability of the RM to change the variability of the mill rate on that particular quarter? Or does the amount of land in a land base controlled by one religious group or by one individual or by one corporation allow for the variable rates to be used to decide different tax levels for those people on different sizes of operations?

And what about intensive livestock operations? Are we having this variable rate going to be able to be used? Suppose . . . let's use some numbers like 500 hogs per year or less has one rate, and 5,000 or less has another rate and 50,000 has another rate. Is that the kind of approach that variable mill rates will be

allowed to take? Will those kinds of things be allowed to be manipulated by the councils through the use of the variable mill rates?

(2030)

Hon. Mrs. Teichrob: — Well, Mr. Chairman, in this new system, being modernized for the first time in 30 years, it's no doubt that we will have to work our way through some wrinkles. And we will monitor it very closely. I mean we've done the best we can to get it right, so it will be as fair and equitable as possible because that is the objective, after all. But we will certainly be ready to act if municipalities or administrators bring to our attention anything — any wordings — that need to be fixed, any untoward abuse because of some loophole that has been inadvertently created.

But I'd certainly like to refer to the two examples that you gave. For instance, whether density, the number of people on a holding and so forth . . . And that wouldn't be affected by assessment; that would be more a question of the type of zoning by-laws and what kind of development is permitted in the land-use planning area.

And in intensive livestock, I can tell you I sure hope we're not going back to that, because we've been through that, as you know, where we had the changes to the rural municipalities Act in 1989, I believe, that started to assess buildings and then facilitate the deduction of the building assessment by the value of the land. And that's when this business of the intensive livestock permit price, or assessment if you like, based upon the numbers of livestock . . . which put the whole thing totally out of kilter. We got rid of that.

And so hopefully we're going to monitor the operation of this, with the view to having it be as fair and equitable to all classes of producers and users of land and buildings as possible. And if we see any of these aberrations creeping in, then we will certainly be prepared to act upon advice to fix any problems that may arise.

Mr. Goohsen: — Well, Madam Minister, I think the simple answer there was yes, but maybe I missed something. But anyway I think probably that's what we have to read out of that.

Couple of points I want to make here. Oil prices have varied from \$16 a barrel probably up to 25 over the last year and a half, so the cycles don't necessarily simply tie themselves to the ag industry. Petroleum industry and gas industry certainly do work in cycles as well, according to world markets and that sort of thing, and they're probably even a little more sensitive to that than we are in the ag industry. And I say we, because I'm involved directly with the ag industry, not the oil industry.

But I was talking to an oil man from Alberta a short time ago, and he said to me that at \$16 a barrel, most oil companies can make a pretty decent go of it. At 25, he said, they're in somewhat of windfall situation. And yet I don't see where this new change in the assessment process ties the price of their taxes to the value of their product. And if it does, explain how it does, because right now we have a situation where we value

basically the equipment. But in the new process somehow that's all changed. And I wonder if you could explain that to me.

Hon. Mrs. Teichrob: — Mr. Chairman, there are some changes. And basically it's between the balance to be found between production and extraction, machinery and equipment in the oil and gas industry and the value added, the refining and so forth.

Basically what triggered the change is the analysis that was done was looking at the competitive aspect. We have a large number of wells in Saskatchewan that produce under five barrels a day, so it's not triggered to the current world oil price, it's comparing the viability of a well in Alberta with a marginal well in Saskatchewan. And the alternative in some of those — actually hundreds of wells that produce under five barrels a day in Saskatchewan; we have more of those marginal wells than Alberta does — and unless we provide a competitive property tax regime with the property tax in Alberta, the alternative is for those wells to be shut in.

So what we've tried to do is to try to find the balance that will keep the industry here but still provide an assessment base for the local municipality in which it operates, to give them . . . maintain their access roads to the industry and so on.

Again, variable mill rates for those property classes will be available to municipalities. So I would just urge municipalities not to panic but to wait until all the information comes out. There will be workshops in the fall for administrators and other interested people, and I'm sure that by the time the dust settles that it will be agreed that we have a better, fairer, more equitable system.

Mr. Goohsen: — Well, Madam Minister, I will suggest to you that municipalities should panic before they get run over by a truck. It's always better to jump out of the way before you get hit. And if they hadn't panicked on The Service Districts Act that would become law this year, and now apparently it won't . . . so I can't accept your argument that municipalities should not panic. I think you should panic, and they should be looking at this very closely, and it might be time to panic over the SAMA changes because I see some serious inequities that are going to develop.

You make a good point when you say that five-barrel wells in the petroleum industry should be protected, and that there should be some balance in the system, and there's no problem in your argument there. However, again there are lots of wells that produce more than 5 barrels. There are some wells that produce 100 barrels. There is even a few that produce 600 barrels a day. So then if you're going to apply the principle that fair market value, and the value of things like productivity, and the value of the properties and things like that are good for agriculture, why wouldn't a 600 barrel a day well also apply then for the same principle, to be taxed higher?

Now does your variable rate allow that to be done on individual wells that are productive over five barrels and at varying levels? Is that kind of fairness built into the system, you know, or how did you make these decisions? You know, I've got a ton of

questions, but I've got to let you answer one at a time, I guess.

Hon. Mrs. Teichrob: — Well, Mr. Chairman, the decisions weren't made on the basis of individual wells, and no, there will not be separate property classes for wells of different production levels.

But again, there are other tools that we haven't mentioned. On a 600 barrel a day well, the flow lines will be taxed. In a battery system, the municipality has got the facility to enter into road maintenance agreements if it's a heavily used area. So I mean there are a number of provisions.

And again I say that we shouldn't speculate. We have to assess the information as it comes out. We have to listen to each other. You do honest consultation, as you referred to the legislation that we are not proceeding with this year. It's because we're sensitive, we listen, we're responsive. And we would do the same thing as we work our way into the new assessment in taxation regime.

If problems are created, we will move to fix them. We have done the best we can, consulted widely, worked very hard on the development of the provisions in the legislation. If we haven't got every tit and toddle exactly right, we will move to fix it.

So I think all in all if we work together — don't get excited, you know, keep on evaluating it and talking and listening to each other — that we will end up with a fair and equitable system and the kind of system that we want.

Mr. Goohsen: — Well, Madam Minister, you may be using the term "we" loosely because I'm not too sure that the people out in the municipalities are in total agreement that your changes are what they want.

It worries me when you start to circle this thing in a political way and say that you have things that you can use as tools to correct the problems like road maintenance agreements. Now having been involved with municipal things, I've already been through road maintenance agreements and we find them to be not only cumbersome, but extremely hard to put into place with any degree of fairness from one individual operation to another. It is a nightmare to figure out how to be fair about it.

And not only that, then your school boards had better take a hard listen because immediately when you have road maintenance agreements, oftentimes they are assessed on the value of damage to the municipal problems and there are no education taxes collected on that vehicle. Whereas an assessment on a well-head or on the production of a well on the site, in the past always associated an education tax portion with it and automatically the education system got its share of the taxes along with the municipal share.

So when you start wandering away from that principle, you now open the door for the potential for municipalities to use some of these new tools and these new vehicles to circumvent collecting taxes for the school units. Is that not correct? And what are you going to do to make sure that all of these rules and

tools aren't abused in some way to circumvent those tax problems?

And I also want to know, while you're up, could you tell us what are these new tools in terms of a comparison of how they differ from the old tools that municipalities had available?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, I am very surprised, coming from the local governments sector — which is the experience in the reeve's chair that the member opposite has — that he would be so suspicious about what councils might and might not do. My goodness, when I was a reeve I never contemplated doing any of these evil things that the member opposite is afraid will happen.

But I really think that there will be . . . For instance, on the school tax, I want to clarify that, that the portion of the school tax, by a formula that will be or has been developed, at least modelled, will be guaranteed. And so there won't be the kind of manipulations that you refer to — will, by and large, not be possible.

But I continue to have faith in local governments, and with assistance, through the workshops and so on, because it is a radically different system, that they will educate themselves. They will be conscientious and it will work. I feel confident about that.

We have interesting times ahead of us, and it's going to be a lot of hard work, but I guess we shouldn't get mad at each other. We should just ask, I guess, where those people are that should have done this 30 years ago. But we're doing it, and we'll come out of it okay I'm sure.

And as you know, Municipal Government as a department used to do assessment. It was public servants from the department that went out and did it. It was municipalities who told the local government finance review commission in 1984 that they wanted to own the system, that they didn't want Municipal Government department doing assessment any more, and that led to the creation of the independent agency. So it's been a process of evolution. But by and large, it was, by any administration at the provincial level that looked at it, a response to what municipalities were saying they wanted.

So this is their system. We will help them fine-tune it, we'll listen to them, but it is their system. It's what they said they wanted and I have confidence that they will use it to achieve fair and equitable ends.

Mr. Goohsen: — Thank you, Madam Minister. A couple of real quick points that I want to make. First of all, I feel no animosity towards you so I hope you're not getting mad at me, because what I'm really trying to do is to flush out this whole issue in order to bring some direct answers back to municipalities who have asked me these questions. Now I may not be wording them exactly the way that they have presented them to me, but I guess as we proceed we'll probably get the meat of the matter put together so that they can know and understand what they're getting involved in and what to expect.

The truth of the matter is that you have used the radical word a couple of times and you've used the term, revolution and evolution, and I think devolution is the word that seems to come to my mind. And it just seems like we are getting ourselves in a devilish kind of process here that's going to cause just a whole lot of trouble.

Now maybe in terms of your need to create jobs in this province so that you can meet your job target numbers for the year 2000, you might be on the right track, because I think you're going to have a whole string of new board members on your boards for determining the appeals and to hear all the appeals. Because as I heard — and I was somewhat surprised earlier today that we discovered — that there are 500 appeals presently in the old system that are on the books, that are being looked at. And while that's not a lot for a province the size of Saskatchewan, truly it is quite a few when you think that the system hasn't really changed all that much for a long time. So what's causing 500 people to be upset?

Well if little things are upsetting folks that much that they're going through that much trouble in our present process, I can kind of see in my mind's eye a prediction coming that you're going to have a million cases when you get this new piece of legislation into place and start bringing in this new process. So I can see why you wanted to pass the legislation earlier today that allows you to have only one board member at each meeting constituting a quorum for your appeal boards, because obviously they're going to be very busy.

So, Madam Minister . . . and I don't think that's a reflection on yourself trying to do a good job. But I do think it's a reflection on the need that we seem to be getting into to have some kind of a change in order for people to put a mark on the world that they existed . . . at this period of time.

In other words, I'm saying we are changing for the sake of change rather than for the sake of necessity, and the sake of change may necessitate going back into systems that have been proven not to work well in other places and perhaps even treading into new areas where we really don't seem to need them.

(2045)

I haven't seen any municipal governments talking to me lately about how they see a radical need for a change or a need for radical change in the way that assessments are done. It just hasn't come from the grass roots. I haven't had any reeves or councillors come to me and say you know, member, go to the legislature and see if you can talk the government into changing the way we assess our land. It just hasn't been there.

I've seen some people say we should update and get closer to the true values of today, but they didn't say switch the whole formula in the middle from market value . . . or to market value from production value, for the direct example. They didn't say that. They said sure, maybe we shouldn't be at 1935 levels, maybe we shouldn't be at 1965 levels. Maybe we should be at 1994 and 1996 levels of valuation of properties and that sort of thing to be up to date. That I have heard, but these radical

changes, I believe, are driven more from the top than from the bottom. And I see just a whole lot of calamity coming ahead.

Now maybe that is a politically wise thing to do, is to have people so confused about these, out in the hustings, problems, they won't be able to concentrate on the financial problems of the government at the provincial level. So maybe you're doing your job, I don't know. But the truth of the matter is that I really think that you ought to give this whole matter some more serious consideration. And maybe it might even be time to take another look at offering municipalities the option of being able to go back to having the SAMA matters handled as they were before.

Now true enough, the municipalities wanted to have some control and they asked for that. And that's a fact of life. I was there when that sort of process went on. I watched it being debated in the SARM conventions. But to be quite honest with you, Madam Minister, they never got what they really asked for. They got a process that they really are not in control of.

They got a process where after they asked to have a system that they would have control over rather than have the government run their business for them, but now they've got a process that even though it is one step outside of government, is not controlled by the SARM or by municipalities. They simply have not got enough representation on there to be able to claim that they have any real, direct control over what's happening.

And the costs in themselves have sky-rocketed so much that many municipalities are telling me these days that they want to opt out of the whole system. They simply can't afford it any more. And it's no wonder the costs have gone through the roof when we start wasting all of our time making radical decisions to make changes that nobody truly, really wanted or asked for.

And so, Madam Minister, I guess I'll let you respond, because this was a kind of a politically rhetoric kind of a comment, so you will obviously want to take a shot back, and go ahead. But remember, the municipalities are the ones that are listening more than I am.

Hon. Mrs. Teichrob: — Well, Mr. Chairman, now that the member opposite has described his own words as rhetoric, I'm not too sure how seriously I should take them in response. And he uses . . . he talks about me, he's talking about evolution and devolution. And then he uses words like calamity. My goodness. I think it's not really that serious, Mr. Chairman.

First of all I want to say, on the question of SAMA, I know there is a letter writing campaign; I acknowledge. The member opposite has not referred to this, but I know he's aware of it because I've received a large number of letters from his corner of the province from councillors, from people who are ratepayers in that area, but mostly from council members and administrators about the costs of SAMA.

Now I think it's very important to remember that when people told, in submissions written and oral, the Local Government Finance Review Commission in 1984 that they wanted the assessment function moved out of government and into an

independent, arm's-length agency, they got what they asked for. Last year 85 per cent of the local municipal representatives at the SAMA annual meeting voted in favour of proceeding with the reassessment on track and setting 1997 as the date to do that. So it is something that municipalities wanted.

Now what's happening is the provincial government is making a \$4 million core contribution to SAMA on an annual basis to make sure that the integrity of the database province-wide is assured. But the actual field services are being charged to the individual municipalities because they are the ones who use the field services.

And municipalities that are considering opting out, if they're considering that, must remember that they can opt out of the SAMA field service system but they can't opt out of the Saskatchewan assessment system. I mean if they can go and hire some other consultant to come and do their field services, using the standards that SAMA has set and that the province is also continuing to maintain, so be it. But nobody can opt out of the Saskatchewan assessment system. They simply don't; that option isn't available to them.

And we know, on the appeal process as well, always when there are changes . . . As you will know yourself, the member from Cypress Hills, in the early '80s when there was a reassessment of farm land in the province and the values essentially doubled and the mill rates essentially halved, but people did have a sort of a semi-panic and there were a large number of appeals in those years. When the dust settled and they realized that their taxes weren't going to double just because the assessment doubled, it quieted down.

But I think, based on that experience, that it's prudent to at least prepare ourselves for a number of increased . . . an increase in the number of appeals in reassessment year. So that's what we're doing by appointing some additional members and increasing the . . . and providing for an increase in the clerical staff at the Municipal Board to make sure that they will be in a position to handle whatever appeals come in and not create a backlog.

And I guess lastly, I just want to say that we all recognize that property taxes . . . and from some of the questions you've asked and the comments you've made, you do understand that property tax is the least progressive tax of all. It's based . . . it's an *ad valorem* tax, supposedly based upon the value of what you own. And somehow or other this is supposed to reflect an ability to pay.

But we know it really doesn't. It's based upon, okay, what is the ability of the oil company to pay when the fluctuations in oil prices? What is the ability of the cattle producer to pay as the cattle price cycle swings? It varies. But the property tax goes on.

Same thing in your house, on your dwelling. I mean it's not like income tax. This is why I say it's the least progressive tax. If you get old or unemployed or sick, the taxes on your residence don't decrease, and those situations are not a basis for appeal. And that's why it is so important that property tax be as fair and

equitable as possible — because it doesn't respond to ability to pay.

So I think that's why it's urgent — and I think municipalities recognize that — to update the system, to try and make it more fair. And that's the job that we've embarked on together with them and that's the point that we hope to reach.

Mr. Goohsen: — Well, Madam Minister, now you just made my whole point for me, and I'm glad you did that because it shows that you understand — you just haven't decided how to solve the problem.

You've just said, and stated my whole case for me, that the taxes should be fair and they should be based on ability to pay. And ability to pay has to be tied to production, what you can produce, not the market value, because there are so many outside forces that can drive market values out of skew with what the production value of product produced on land really is.

And that's why I'm saying that your system, this new system, is fundamentally flawed and I do believe that in the end it has to fail or else it's going to cause so many problems that we're going to just sort of muddle through it from year to year, and I guess that's the direction you're determined to go. But it's not going to be an easy or pleasant transition time and it's not going to be a pleasant or easy time for people to live through in terms of SAMA and assessments and taxation on properties.

I want to just run back though for a minute to the areas that we were discussing earlier with regards to how discrimination occurs and can occur in real life now. And with the variable taxation rate options available, I'm still concerned and I'm still worried about the potential for these systems to be abused.

Now my colleague has pointed out to me that in the Humboldt area, there's a hog operations by-law in the municipality. And apparently that by-law reads something to the effect that you have to have no residences within two miles of a hog operation, where it's built, and you have to have them 16 either miles or kilometres apart. Now if you already have, under our present system, those kinds of laws, then — believe me — variable rates of taxation also become a tool for those municipalities to use to further extend their decision not to have certain kinds of industry wherever they don't seem to want them.

That can also then follow through unfortunately — but nevertheless it can follow through — to the kinds of people that are particularly interested in being in certain spots. And again I will allude to the native land settlements and to the Hutterite colonies and to other church groups and those people that stand out in our society. And I do believe that we're opening the door for an awful lot of trouble. So how are you going to control that, and how do you square the things that are going on in Humboldt?

Hon. Mrs. Teichrob: — Well, Mr. Chairman, first of all the separation distances for instance that the member opposite refers to between proposed or existing livestock operations and other residences and other farming operations is not a matter for

assessment or taxation. It's a matter of land use and zoning by-laws. And of course when it's livestock, there are some . . . The Agricultural Operations Act has some influence there.

But for instance, in the case that you cite, intensive livestock or buildings used, barns used for intensive livestock operations — be it hogs, poultry, PMU (pregnant mares' urine), whatever — they're not assessed. So they're not available to the municipality to apply those mill rates or tax tools to because municipalities can only apply those tax tools to assessments. So if something is exempt from assessment, then its tools can't be applied at the municipal, at the council, level. So I think there are various ways of trying to make sure that the system is and remains fair and equitable. And as I say, we'll monitor that and do whatever is required.

Mr. Goohsen: — Well thank you, Madam Minister. I guess the fact of the matter is that we will agree on many things, but we will have to agree to disagree on some things. And I would hope that I could be an optimist and think that this whole process could resolve itself, and I guess from the point of view that I know that people in Saskatchewan are resilient and that they have always learned that no matter what comes in the morning, the sun comes up in the east and in the evening you will call it a day, and go to bed and sleep and refresh yourself again and life goes on.

So irregardless of what the political structure is, or what kinds of problems we have in the world, life will go on and we will survive. However, I believe that there are ways we can survive more easily than with other ways. And I do believe that this process is a complicated process that is going to make life more difficult for people in Saskatchewan.

And I also anticipate that there is in this, another one of these deceptions that you might as well hear about now because another one of these deceptions that one of the local councillors brought to my mind, is the fact that he believes that you have given this sweetheart deal to the petroleum and gas industry. This is his opinion now. He believes that this is a sweetheart deal for them that they have agreed to open-heartedly and very readily because obviously it is a windfall for them for a period of time.

They have done that knowing full well that the royalty structure for the provincial government is going to be increased down the road, so that the provincial government will have more money with which to buy favourable responses from the electorate before the next provincial election. So if that is the plan of government, one of my council friends out in rural Saskatchewan has figured you out and he wants me to let you know that we're on to you. Thank you, Madam Minister.

(2100)

Mr. Koenker: — Thank you, Mr. Deputy Chair. Madam Minister, I'd like to ask a few brief questions about the Trans Canada Trail system here in Saskatchewan. As you will know, the Saskatchewan Parks and Recreation Association has facilitated the development of the Trans Canada Trail system so far, and the province has basically, for all practical purposes,

said that it will remain a voluntary initiative, that government will not be putting funds into the trail system in our province.

What I'd like to explore a bit with you though tonight, is the need for a mechanism within government to respond to the many different issues that are . . . that need to be dealt with in terms of putting the trail system together. I understand that Municipal Government chairs a coordinating committee within government comprised of the departments of Agriculture, Economic Development, Environment, Highways, and Municipal Government. But it's very unclear to me, in speaking with people in the civil service within these departments, as to how this coordinating committee is functioning and when it was last convened. Can you enlighten me a bit on this?

Hon. Mrs. Teichrob: — Mr. Chairman, your observations and comments are accurate in terms of the coordinating committee that has been set up. It is chaired by Bill Werry from the recreation branch which would have the relationship with SPRA, the Saskatchewan Parks and Recreation Association, which is forming the volunteer umbrella group to shepherd this initiative along. So Bill Werry from our department then is the chairman, and there are members from Agriculture, Economic Development, Environment, and Highways.

They have met once, and there are certain members of the committee that are now charged with developing an action plan, and they will continue to meet again.

As you can appreciate, it is very complex because, for example, part of the trail is proposed to go on abandoned trackage where in some cases the rails have already been removed, and it seems like a relatively simple thing, but there is no agency in the province that has undertaken to take ownership of the railway bed.

So there are a great number of complex issues in what seems like it could be fairly simple. But this committee will work its way through these issues and come up with their action plan, and I have no doubt that people of Saskatchewan will be hearing more about this. I have spoken of it in some of the municipal meetings that I have attended, and I've tried to give the issue some profile in other venues so that people will continue to talk about it and in their own communities and in whatever way they see fit, as it is a volunteer effort, to do fund-raising and so forth.

Mr. Koenker: — I appreciate the fact that you recognize the complexity of this, because in dealing with the situation earlier this spring, brought to my attention by a constituent, concerning the possibility of using an abandoned rail line where the track had been removed, it was very, very difficult to get any kind of coordination within government, let alone the local municipalities that were affected — the villages, the towns, and the RMs that were affected by this abandoned RM.

I would just point out for the public who are listening in this regard that the project of the trail impacts on quite a number of different public policy areas or issues, and this leads to the kind of complexity that I'm concerned about.

First of all, we have the potential use of Crown lands or public parks. Secondly, we have negotiating the purchase of abandoned railway right of ways. We have the issue of highways and road right of ways. Safe crossings, in that regards. The use of the Borden bridge for example, the old Borden bridge, as a possible crossing of the Saskatchewan River. We have environmental issues. We have the complexity of issues between local government and rural municipalities and the province in this regard.

Some people have talked about the possibility of the province — and this has apparently been done in Prince Edward Island — looking at the creation of a linear park. Do you know of any consideration being given to that idea here in Saskatchewan whereby in some fashion, for example, the province might integrate this into the park system? Not necessarily that it would be owned by the province, but that somehow the province would facilitate cutting through the nexus of all of these complex issues.

Hon. Mrs. Teichrob: — Mr. Chairman, starting with the last first. I'm not sure whether the concept of a linear park has really been considered, but I'll certainly pass on your comments and consideration of the concept to the committee.

I agree with you that there, you know, are some costs. Like the railways want market price, which makes it expensive, for their abandoned trackage. Some farmers want to farm the land. Some of the areas are subject to environmental review.

But I think, like, we shouldn't let those barriers get in the way. Instead of looking for ways not to do this or support it, I think we should look for ways to support it and use our imagination because in some of . . . You mentioned Prince Edward Island, and then there are some places in Europe that don't have any more favourable climate than we do where there's a really good development of this kind of trail, and it would open up opportunities for bed and breakfasts, for rest stops, for tea rooms, and all kinds of tourist amenities along the trail.

And I think given the beauty of the landscape in Saskatchewan in the summertime particularly — in the winter, they're often used for skiing — that it's something we should be positive and proactive about and start looking for ways to do it. And I think if it were possible . . . and I've mentioned this to Saskatchewan Parks and Recreation Association, that if they could identify an area of the province — and as you know, they have identified a tentative route across the province — if they could identify an area where there was very strong support and where some of these hurdles that have been mentioned are not quite so high and put together some miles of a pilot project, sort of a demonstration project, so that people could see for themselves the development that would give them a picture, a vision of what the whole project could look like, that it might be easier for us to move forward. Just a suggestion.

Mr. Koenker: — Well I'd certainly hope, Madam Minister, that you could help to facilitate that in terms of cutting through some of these issues again on a demonstration basis as you suggest.

Finally I'd like to urge you to have the coordinating committee, since it's chaired by Municipal Affairs, by your department, to examine the issue of rail line abandonment. There are rail lines that are being abandoned as we speak, that are scheduled for abandonment, that are golden opportunities for use . . . integration into the trail system and that's part of the tentative route that has been identified by the parks and recreation association.

And yet there really is no mechanism within government or within the parks and recreation association to deal with the complexities, forget everything else we've talked about, the complexities of dealing with the abandoned rail lines.

So I would urge you to instruct your officials to activate a particular committee or sub-committee to deal with that rail line abandonment issue. I've talked to officials in the Department of Agriculture who indicate that their relationship to abandonment has changed in the last number of years, and in large measure, government departments seem out to sea on this issue and need to get their sea legs again. And if you could help them do that I think it would be very helpful in terms of getting the parks . . . the Trans Canada Trail system built across Saskatchewan.

Hon. Mrs. Teichrob: — Mr. Chairman, we will undertake as the sponsor a chair of the committee to make those inquiries and to try and move this project forward.

Mr. Koenker: — Thank you very much for your attention to this issue and just urge you to do everything you can. And I think your idea of a demonstration project is a very sensible one, and hopefully we get something going yet this year. The deadline or the target date is to try to have something in place by the year 2000. I don't see, given the obstacles that we have, how we're going to get that done by 2000, but I'd like to think that we could get a start. As you say, think positive in this next year, in the next six months, and get the ball rolling here in Saskatchewan.

Thank you very much.

Mr. D'Autremont: — Thank you, Mr. Deputy Chair. Madam Minister, I have some questions along the same line as the member from Saskatoon Sutherland, dealing with the abandoned rail lines.

What's the current process? Is the current process one where the rail lines are abandoned, the federal government then has the option to acquire those lands, they can then be transferred down to the provincial government, and then down to the municipal government? Is that basically how things go? They go through the various levels of government until such point in time as they can either be given to — not given, but transferred — to the individual landowners or to some other entity?

Hon. Mrs. Teichrob: — Mr. Chairman, I suppose these things can always be revisited and we will attempt to do that.

But I think that a decision was made some four or five years ago that the railways didn't . . . preferred not to deal with the province and wanted to deal with individual clients. And in fact

some sections, if you like, of former rail line where the rail has already been removed have been sold to individuals. And I guess this is one of the complications, is that they want market value, which makes it very expensive for any use. So there's a lot of the rail bed laying there that is idle.

Mr. D'Autremont: — Thank you, Madam Minister. The reason I ask this is because I'm one of those fortunate landowners then, perhaps, who had the opportunity to acquire the rail bed that went through our farm. And it was simply a matter of paying the transfer costs of the title from the municipality to ourselves for that.

But at the time when this was happening there was a group trying to gain access of this to create a wildlife preserve, or a biosphere preserve, that was 99 feet wide and 33 miles long. Unfortunately the possibilities arose that if that were to happen, the only access across that strip of land — that 99 feet and 33 miles long — would be at each road allowance. So a farmer who happened to live in the middle of a section with the railroad track next door would have to drive all the way around to get across because it wasn't his property. And the owners, had it been transferred over to someone else, could have denied him access.

A further complication was the control of noxious weeds, and insects that could be bred and move out from that area.

So I think, Madam Minister, if you are looking at a project of providing some other entity, some ecological entity, Trans Canada Trail or whoever else it might be, that there are a number of issues that affect the local landowners that live along those abandoned rail lines and their interests and concerns need to be given very serious considerations on that . . .

An Hon. Member: — We'll do it. Take it as done.

Mr. D'Autremont: — I'm glad that the House Leader says, you bet; we'll look after that.

I have one other question then because it seems that the House Leader, your House Leader, is in a hurry to get some place or something. I wonder, Madam Minister, if you could detail for me whether or not your deputy minister or any of your heads of departments utilize CVA vehicles, or are they on personal mileage for travel?

Hon. Mrs. Teichrob: — Mr. Chairman, I'm advised that the deputy minister has a CVA and that the other members who are so eligible have opted for the car allowance instead.

Mr. D'Autremont: — I wonder, Madam Minister, then for those other individuals, if you could detail who they are and what is the cost for personal mileage for those individuals.

Hon. Mrs. Teichrob: — Mr. Chairman, it only affects two employees. And we don't have the figures here, but we would undertake to supply them, if you wish, without any hesitation.

Mr. D'Autremont: — Thank you, Madam Minister. Along with the costs, I wonder if you could give an indication of the

number of kilometres driven. I suppose that would be reflected in the actual cost, but it would be advantageous to gain an understanding of how much usage there is for those private vehicles.

Hon. Mrs. Teichrob: — We would undertake to comply with that request without any problem, Mr. Chairman.

(2115)

Mr. Toth: — Thank you, Mr. Chairman, Madam Minister and to your officials . . . a couple of questions and it comes to the road structure that we have in this province. And certainly I see it on a daily basis. Now the fact that No. 48 . . . and the Minister of Highways has failed to really address the concern about the condition of 48 from Kipling to No. 9.

As a result, there's a fair bit of traffic that has moved on to a grid road system that goes right by our property. Madam Minister, my question basically comes to this. In view of the fact that we are seeing a substantial change in how grain is moved and some of the heavy hauls that are now moving on to the rural roadbed system — and I believe Manitoba is requesting some of the Crow benefit to be put into a fund to help maintain that road infrastructure — I'm wondering what your government, what Municipal Government, has done to date to address some of the concerns that have been raised specifically by SARM regarding the rural roadbed and the fact that there is going to be heavier traffic on that roadbed.

And whether or not you have approached the federal government about some funding or some assistance, or even some of the Crow benefit to be put into a program to meet the needs of maintaining this road infrastructure.

Hon. Mrs. Teichrob: — Mr. Chairman, as the member opposite will know, while the rural revenue-sharing pool that is . . . the money that's used to distribute to rural municipalities for building and maintenance and gravelling and regravelling of roads is contained in Municipal Government's budget, it's really administered by the Department of Highways. And the Department of Highways, the Minister of Highways, is engaged in consultations with SARM and the federal government on those questions that you raise.

And I think that no decisions have been made yet, but I know they're actively meeting and trying to resolve these issues. And I know that they're also talking with rural municipalities about coming up with some kind of a rationalization of the planning process for the road transportation system in Saskatchewan that municipalities will have input into, but we will make sure that the haul roads are a priority.

Mr. Toth: — So if I understand you correctly, Madam Minister, basically all of this funding for roads comes through the Department of Highways, that Municipal Government is not involved in managing any of the funds or involved in any of the discussion or the debate regarding road infrastructure?

Hon. Mrs. Teichrob: — No, Mr. Chairman, we do have some interface with municipalities obviously on the details of it, but

. . . And the money, as I say, is in our budget as part of the rural revenue-sharing pool, but it is administered by the Department of Highways. And the negotiations between the province and the federal government on the Crow payment and the future of the transportation system, our department is not involved in those discussions. We're aware of them, but we're not at the table.

Mr. Toth: — But I would trust that your department is certainly keeping abreast and raising the concerns. Because I'm sure that basically you're responsible for the SARM and SUMA and on many of those requests and concerns, I'm sure would be brought to your attention. Therefore even though the Department of Highways administers it, that you're raising it and are actively involved.

Another question I would have, Madam Minister, is with regard to grants in lieu of taxes in view of the changing demographics in this province with regards to Indian land entitlements. What is your department doing to impress upon the federal government that they do have a responsibility, that municipalities are losing big time, especially on specific land claims versus the reserve status lands?

Hon. Mrs. Teichrob: — Mr. Chairman, on the previous issue, the negotiations with the Department of Highways and the federal government — yes, we're not at the table, but we certainly are being apprised on a regular basis of the status of negotiations. So as I reported to you, they haven't reached a conclusion yet, but we know that they're actively talking.

On the matter of the treaty land entitlements and the specific land claims, this too, while the negotiations are not within the purview of my ministry, because of the profound effect that this issue has — or the lack of resolution on this issue, if you like — for the long-term financing of municipal governments, the minister for SIMAS (Saskatchewan Indian and Metis Affairs Secretariat), who is involved in this, in the negotiations, and myself met very recently, this spring, with the federal Minister of Agriculture to impress upon him . . . and ask him to arrange a meeting with the Hon. Ron Irwin of . . . I forget the name of the portfolio but anyway the Indian and Metis ministry.

And we certainly raised all those points, that the costs to municipalities are exactly the same, whether it's a treaty land entitlement, regular type or a specific land claim . . . has the same impact on municipalities. We feel that a commitment was made as to the level for compensation. We know that it could set a precedent for other parts of the country, which creates a problem for them. But we are continuing to communicate with them and urge them to solve this pressing problem in the affirmative for municipalities as soon as possible.

Mr. Toth: — Thank you, Madam Minister. I think it's imperative, Madam Minister, that your department as well keep really on top and really impressing the federal government that they have a responsibility here. Otherwise the province is going to be left with a fairly heavy burden when it comes to these specific land claim entitlements and the fact that there's going to be a reduction in the taxes.

And quite frankly, I'm not exactly sure if I'd put a lot of faith in the Minister of Agriculture. He may be a representative from the province of Saskatchewan, but when I look at what Saskatchewan has received in the last couple years . . . I look at what's taken place with regards to the Canadian Wheat Board. I see what's happened in the beef industry.

In a recent article, a study done by the federal government where they've increased the import of offshore beef by 17 million tonnes more than what was actually agreed to under NAFTA (North American Free Trade Agreement), one has to wonder, does the federal government . . . are they really concerned about western Canada? And you would think that an Agriculture minister from this province would start standing up and fighting.

So I think, Madam Minister, while it's probably appropriate to go to Mr. Goodale, it seems to me like you might have to start barking up somebody else's tree in order to let them know that Saskatchewan is still part of Canada. It's not a place you fly over from Vancouver to Toronto.

So I just want to impress upon you and your department that it's imperative that, working together with the minister responsible for SIMAS, that these concerns are raised and that Mr. Irwin is aware that it is a substantial problem to the province and to rural governments across the province of Saskatchewan. Regardless of how much they endeavour to work together to provide services and cut their administration, it still is a problem for them.

So I just would encourage you to continue that effort.

Hon. Mrs. Teichrob: — I would just comment, Mr. Chairman, that we haven't had a face-to-face meeting with Minister Irwin yet, but we certainly have followed up our meeting with the Minister of Agriculture with letters to relevant federal ministers. And we will continue to do that.

Item 1 agreed to.

Items 2 to 12 inclusive agreed to.

Vote 24 agreed to.

**General Revenue Fund
Saskatchewan Municipal Board
Vote 22**

Item 1 agreed to.

Vote 22 agreed to.

(2130)

**Supplementary Estimates 1995-96
General Revenue Fund
Saskatchewan Municipal Board
Vote 22**

Item 1 agreed to.

Vote 22 agreed to.

**General Revenue Fund
Finance
Vote 18**

The Chair: — I will invite the minister to introduce her officials.

Hon. Ms. MacKinnon: — Thank you, Mr. Chairman. On my left is Gerry Kraus, the Provincial Comptroller. Next to Gerry is Len Rog, the assistant deputy minister of the revenue division. On my right is Larry Spannier, the executive director of the treasury board branch. Behind Larry is Jim Marshall, the executive director of economic and fiscal policy. Behind me is David Pratt, analyst for taxation in Intergovernmental Affairs. And next to David is Bill Van Sickle, executive director of administration.

The Chair: — Thank you, minister. And I remind committee members that the Department of Finance has been here on April 29, May 13, May 17, and May 29, a total of some more than six hours.

Item 1

Mr. Toth: — Thank you, Mr. Chairman. Mr. Chairman, I might remind you that six hours isn't a lot when you're talking about the type of money we're dealing with in Finance. But, Madam Minister, just recently you reported to this Assembly that there was a group who had given the province an upgrade as far as a credit rating. And I believe, Madam Minister, you were quite ecstatic about it and I certainly . . . I can appreciate that fact as it would indicate there is some confidence in the financial community. There certainly is some confidence in the fact that we've got back to where we were at least in 1991.

I'm wondering, Madam Minister, with an upgrade in your credit rating, in view of the current debt and what the costs are, what would that mean to your department as far as financing costs for the debt just by having an upgrade in credit rating? And certainly I think interest rates at the present time are quite positive as well. What does that mean to the people of Saskatchewan and what kind of a savings do we get as a result of this?

Hon. Ms. MacKinnon: — Mr. Chairman, I thank the member opposite for that question. I think it was a very proud moment for all people in Saskatchewan because they all contributed to the results that led to the upgrade. The immediate impact is that the government saves about \$1.75 million annually — that is each and every year — on interest costs just from that particular decision.

Mr. Toth: — Madam Minister, you mentioned \$1.75 million in savings. I noticed, I believe, it was about a month ago where STC (Saskatchewan Transportation Company) came out — I believe it was STC — had a substantial loss in its business-related activities in this province again.

I'm just wondering, Madam Minister, we've seen a number of

the Crown Corporations have had substantial profits over the past number of years which have resulted in significant dividends that have been paid to the province, to the general account, which have certainly assisted you in providing services to the province of Saskatchewan.

What is your department anticipating that you may have next year as far as dividends out of the Crowns? And do you have kind of a long-term strategy in place as to what you may feel would be available on an ongoing basis to . . . that would be available to you to use in the general fund and in providing services to the province?

Hon. Ms. MacKinnon: — Mr. Chairman, to the member opposite. The dividend from the Crown Investments Corporation is estimated to be \$50 million.

And I should explain why it is at that level. Because although you have Crowns over there such as the big four — SaskPower, SaskEnergy, SGI (Saskatchewan Government Insurance), and SaskTel — that do make profits, what also is over on the Crown side are the megaprojects which we inherited from the previous administration. Some of the deals signed in the '80s, which have to be subsidized in one way or another, either require direct subsidies or you have interest costs associated with the debt that the government has assumed. So a lot of the profits that are made by the Crowns just actually go into subsidizing the deals that we are still managing from the 1980s.

Mr. Toth: — I think, Madam Minister, when it comes down to it there are a number of projects that are actually doing . . . bringing in excellent revenues for the province. Certainly the privatization of PCS (Potash Corporation of Saskatchewan) has money directly coming through taxation and royalties that wasn't there before, a losing entity. Weyerhaeuser is a substantial job creation in the province, making money, paying royalties and taxes that wasn't there before. Saskferco has become a major economic engine in this province.

And we take a look . . . I think when you take a look at it, the substantial losses are coming from Crowns such as the STC and a number of the other Crowns, Madam Minister. So I don't know if we should just be talking about megaprojects. Certainly the Crown sector, I think, is in dire need of review. And as you heard in question period today, I trust that the review that is currently taking place with regards to the Crowns, that there is a whole, objective view being put forward, and that the public of Saskatchewan do take the time to come and address the concerns regarding the Crowns.

Because I think when it comes down to it . . . a letter just in front of me from an individual who is quite concerned about the fact that she has a major increase in . . . A pensioner in her mid-seventies is facing a major increase in her SaskEnergy bill while at the same time she notes the corporation is spending over \$200,000 in novelty items.

So I think these are some concerns that at the present time, where we're talking about a debt and talking about maintaining an infrastructure for the public of Saskatchewan and for this dear widow lady who is seeing a major increase, it would seem

to me that these Crown corporations should be passing on some of their savings and some of their profits to the people they're serving rather than just continually drawing from them so that you can use it as an income and as a revenue on one hand and then on the other hand tell us that you haven't reduced taxes.

So I think, Madam Minister, it's important that we differentiate and that we exactly let the people, the public of Saskatchewan, know exactly where the funds are coming from.

And with that I really don't have any further comments.

Hon. Ms. MacKinnon: — Mr. Chairman, I'd like to answer the member's question. I would point out, first of all, the position that I think you're taking right now is contradictory to the position that I heard you taking in question period. That is, you said in question period, \$50 million on assets of \$7 billion is hardly a reasonable return. I hear you saying tonight, \$50 million is too much to take from the Crown utilities. I mean you can't have it both ways.

What I would say to the member opposite in terms of a logical view of what we're doing with respect to the Crowns is, in the budget, each and every year we publish tables in which we look at the cost of utilities across Canada — cost of basic utilities and basic cost of living. And Saskatchewan comes out to be the least expensive place in all of Canada in which to live. So I think the idea that somehow or another our utility costs here are onerous has to be taken in context.

I think the other point that has to be made is your point today — \$50 million on assets of \$7 billion is hardly onerous, especially when you consider that if these were private corporations they would be paying taxes that Crown corporations do not pay. So in a sense the dividend is payment to taxpayers in lieu of taxes. So I think it's quite reasonable to be taking a dividend of that size. And I think the utility rates, the basic cost of living that exists in this province, makes it a very, very attractive place in which to live.

And you look at some of the commentary coming out across Canada. One comment in the *Canadian Business* magazine:

If you want to invest in real estate in any place in Canada, come to Saskatchewan. Saskatchewan — one of the best places in all of Canada in which to live.

And I think it's related to a number of things, including the cost of living here.

Mr. D'Autremont: — Thank you, Mr. Deputy Chair. Madam Minister, I passed over a set of questions to the House Leader. I believe he's passed them over to you. I wonder if you could confirm that you will be answering these questions for us, please.

Hon. Ms. MacKinnon: — Mr. Chairman, I don't see any problem with those questions.

Item 1 agreed to.

Items 2 to 9 inclusive agreed to.

Vote 18 agreed to.

**General Revenue Fund
Finance — Servicing the Public Debt
Government Share
Vote 12**

Item 1 — authorized by law.

**General Revenue Fund
Debt Redemption, Sinking Fund and Interest Payments
Votes 175, 176, 177**

Items 1 to 3 inclusive — authorized by law.

**Supplementary Estimates 1995-96
General Revenue Fund
Budgetary Expense
Finance
Vote 18**

Item 1 agreed to.

Vote 18 agreed to.

Mr. D'Autremont: — Thank you, Mr. Chairman. I'd like to thank the minister and her officials for coming in this evening and answering our questions. Thank you very much.

(2145)

**General Revenue Fund
Labour
Vote 20**

The Chair: — We'll start by having the minister introduce his officials.

Hon. Mr. Anguish: — Thank you, Mr. Chairman. With me tonight I have Brian King to my left, who is the deputy minister of Labour. To my right is Noela Bamford; she's the executive director of labour support. Directly behind me is Ted Boyle; he's a special adviser to the deputy minister. And to his right is John Boyd, the director of planning and policy.

Item 1

Mr. Gantefer: — Thank you, Mr. Chairman, and welcome to the officials. Minister, I would like to particularly thank you for the global information that you provided to us and I would like to . . . I don't know if you have a copy of this but I would like to draw your attention to, I guess the best designation I can make looks like Committee of Finance No. 2-7 on these globals. And I notice on the top of new employees, '95-96, a Shiela Bailey as the chairperson of the family friendly workplace, that was hired on January 16, '96 at what I assume is a monthly salary of \$8,358. And then I notice on Committee of Finance No. 2-4 that what seems to be the same Shiela Bailey was terminated by lay-off on March 28, 1996, some 73 days later . . . 71 days later with a severance package of

\$73,000. I am sure that there is a logical explanation for what seems to be an illogical situation.

Hon. Mr. Anguish: — Well the way you describe it, it does seem illogical but there actually is an explanation for it and I'll endeavour to provide you with that.

Ms. Bailey was appointed as the Chair of the Public Service Commission in May of 1992, and she served in that position up until the point in time where a number of people, I think maybe even including yourself, thought she would come to the Department of Labour to work as the director of family friendly workplaces, which is a new initiative within the Department of Labour. But she decided to decline the job.

The severance is not associated with the job at the Department of Labour because she did not actually take that job. The severance will be in regard to her work at the Public Service Commission and she would receive the standard public service benefits. So it wasn't attached to the Department of Labour actually although it may appear like that there. It is actually attached to the Public Service Commission.

Mr. Gantfoer: — Minister, you indicated that she came to the department and decided not to accept the position. I'm not sure then even why she'd be on the department's payroll for 71 days at \$8,300 a month. I don't quite follow that.

Hon. Mr. Anguish: — It actually works out. There's a mathematical way to work that out. The amount that's allocated to the department is just part of the flow-through of her severance from the Public Service Commission. Ms. Bailey never actually arrived and worked at the Department of Labour.

Mr. Gantfoer: — Then, Minister, it seems to, aside from the severance then . . . I'm putting that aside and accepting your argument for that. Was she in the employment of the department on January 16 where it showed her as a new employee until the time she was terminated on March 28? There's some 70-odd days there that it looks she was on the employment and at \$8,300 a month; that's still 16 or \$17,000 for not being there. I don't quite follow.

Hon. Mr. Anguish: — Well technically she was transferred over but in terms of her physically coming to the Department of Labour she did not come there. She was still performing her role and going through her separation at the Public Service Commission during that time. So she was in the employ of the government. There was technically a transfer to the Department of Labour but for her to physically have arrived there, that never was the case and she did not perform work within the Department of Labour.

Mr. Goohsen: — Thank you, Mr. Deputy Chair. Welcome, Minister, and welcome to your officials. It's been a fair while since we've gone nose to nose on labour issues in the province of Saskatchewan. But while it has been awhile I suppose some might say it's high time we got back at it, but on the other hand the issues really haven't changed and I suppose the tone of the questions probably won't differ a whole lot either.

Nevertheless the problems are still there so I guess until we get the problems resolved we'll have to keep on restaking whatever old ground is necessary in order to get to where we have to go. Where we have to go of course, I think probably, is to have a better business climate in Saskatchewan, and of course your department is what we see from this side of the House the biggest deterrent to that happening in Saskatchewan at the present time.

I think it would be nice for you to pass this kind of responsibility on to one of the other ministers for awhile so I'm going to suggest to you that there's a way for you to have an easy out. And that of course would be to cancel the union-preference tendering policy.

And if you were to stand up in this House, I would suggest maybe about Monday morning, and announce that, I think your life might get a lot easier to live and somebody else would be seen as the dark and heavy minister in the cabinet.

Now I'm not suggesting that you're the darkest or heaviest necessarily from everybody's point of view, but certainly from the point of view of business who are looking for a level playing-field with which to play on in terms of competition in the world around us.

Unfortunately times have changed, Mr. Minister. And while some of us would like to live back in the 1950s because '57 Chevies were great and life was wonderful and mostly because we were probably young, the truth of the matter is that times have changed; so has the world around us.

And while your policies at the present time might have worked in the '50s and '60s and back in those days when we weren't really concerned too much about international markets and we weren't really considered a competitive province in terms of manufacturing and getting business done, really we now are in a new age.

We're in a new age where international competition is a reality, where we can't simply lock ourselves in — isolationism is no longer an option that is available to us. If we try to go to an isolation status in Saskatchewan, you being a brilliant fellow, as you are — otherwise you couldn't be in cabinet, I'm sure — you will know that with isolationism you are sentencing our province to stagnation; no development, no growth. I don't really think that your government, as it has shown in its direction in other policy areas, is really consistently wanting to do that. So I'm saying to you that I think your department is the department that is out of the consistent context of the direction that your government has set and it is attempting to flow.

So you impede the whole possibility of your government succeeding in turning around the direction that our province is embarking on, and that is to get away from stagnation, to get away from simply staying as we are or perhaps even going backwards. You have to know that if you recognize that international trade and international market-places and international competitions — if they are realities — then you have to know that our first competitor has to be our closest competitor that has to be dealt with, and of course, that's

Alberta.

I almost get tired of hearing myself say that things are better in Alberta, but the reality is that it is. It's a pure fact of life. Every time I go over to visit my kids, and unfortunately most of them are over there and so I always have to keep heading that way to go see them, and every time I get there they complain about the government and how bad things are, and then they take a look at what we got and I say, well how about coming back home, and they say, sorry but we're going to stay over here because it's better there.

Well, Mr. Minister, having that reality in front of us, we have to deal with it and we have to get on that level playing-field, otherwise we really won't in Saskatchewan, grow and develop, as I'm sure that all of you people want to have happen.

Now there's a price to be paid and we recognize that and we know it's not an easy price for you to pay. Offending your union buddies puts you into the same position that Bob Rae was in in Ontario and that's not easy. Certainly you don't want to go down flaming to defeat the way he did. But he tied an awful lot of things, actually his baggage, to his government other than labour relations, and those were the things that sunk his ship as much as labour relations.

I believe, quite honestly, that you might succeed to form government again after the next election, even if you did the right thing in this area. Now I'm not guaranteeing that, and of course we're going to work to try to prove that wrong, but at least, I think, you could probably have the province grow and maybe people would recognize that as a reason to elect you rather than to simply have the old guard of union bosses go out and dictate to people how they're supposed to vote.

So let's get to work on this Crown Construction Tendering Agreement with its union preference policy, and let's discuss for a little while what it really is doing to our province and to our businesses. And maybe as you explain to me your vision of how it's supposed to work, maybe some place between my thoughts and yours, there is a balance that can be struck. And I'm looking for a balance and I'm looking for that desperately, Minister, because I know that at this point you've gone so far that you have to find a way to get a compromise that will save face for your department, yourself, and your government.

And I understand egos — I've got one myself. Everybody likes to have their egos stroked a little and everybody wants to make sure that theirs isn't destroyed. You're no different and we acknowledge that. So we'll try to help you to find a way out. So let's look for that way out.

Next week you're going to be faced with some meetings, I understand. And after that of course, your review has to be completed on this agreement. You've promised the people of this province that there would be a review. You've told us in the Assembly here during question period in your answers that the review is ongoing and that that review will be revealed to us and the results of it will be shown to the people shortly.

I suspect that the reason that you've had to stall is that you're

not really getting people to agree all that readily behind closed doors and you're having some problems. So let's stand out here in public and talk about the problem areas, and maybe that in itself will help people to understand the need for some kind of a balance and compromise in order for this province to continue to go ahead.

So, Mr. Speaker, in that context I want you to tell us what you think you are accomplishing for the province of Saskatchewan with your union-preference tendering policy.

(2200)

Hon. Mr. Anguish: — Well the member, Mr. Chairman, would know that the policy to which the member refers is not one of the Department of Labour's. The appropriate place to pose that question would be to the Crown Investments Corporation or the minister who's responsible for that.

Having said that, I suppose to respond briefly to what the member has asked, the answer would be — is — that we're trying to prepare for a more proactive type of relationship between employers and employees within the province. The onus within our department over a historical period is one that is complaint driven. We want to be more proactive in terms of helping provide services to employees and employers so that they know their rights and can resolve some of the issues before they become issues that disrupt the workplace.

In specific, the Crown Construction Tendering Agreement, we tried to achieve a balance there between the business community and organized labour within the province. And it's not uncommon to have similar types of agreement. Mind you, not every clause is the same, but there were similar types of agreements in place to build the Bi-Provincial upgrader which occurred under the previous administration.

The generating stations in the province have operated under similar agreements for years under governments of all stripes. And we tried to find that balance in Crown tendering in terms of the capital projects, some of which qualify under the Crown Construction Tendering Agreement.

There are items in there that are very attractive, things that labour themselves have given up. For example, one would be that — it's not talked about, the public don't hear about it very much — is that on a project under the Crown Construction Tendering Agreement there's a no-strike provision. While they're in that contract, they cannot go out on strike. The job is completed as per the contract.

And is the agreement perfect? Well obviously, from what you say and what we've heard from other people, it's not a perfect agreement. And quite often when you're dealing with labour legislation you do have to make sure that there's not exploitation of workers within the province, and I think you would agree with that. There should be a fair day's pay for a fair day's work. People should be protected to make sure that they have safe workplaces. And I think that the employers in Saskatchewan want that in fact to be the case. We want to make sure that injured workers are helped. We want to make sure that

employers can't be sued by injured workers, therefore the compensation system.

So I think that what we've tried to do is find a balance. It's an agreement that was signed for five years. You're correct that there are negotiations ongoing now to see if we can find a better balance within the agreement. I'm not sure whether there'll be changes to the agreement. I can't make a commitment today one way or the other. And again I would emphasize that it's not within the Department of Labour. That particular agreement comes under the Crown Investments Corporation.

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Mr. Minister, at least we've got a start.

Now I recognize that technically CIC (Crown Investments Corporation of Saskatchewan) is promoting the union-preference tendering policy. However, I think we all recognize that you as Minister of Labour are probably, by perception at least, responsible for standing up for the working people of the province. And that's your job, and it's not an easy job, but certainly you should, even within your own cabinet. If you have to go against your own cabinet ministers, you should stand up and fight and work hard for the workers of this province. Somebody's got to do that.

And because that is, by the nature of your job, one of the challenges and is probably the most important part of your job, union-preference tendering policy, while it may be applied to a lot of other folks, becomes more critical to your department and more critical to the people that you are supposed to directly represent in society because, after all, every one of those people that are workers, who do belong to unions, now do of course look to your department to defend their needs in society.

And obviously then that would put you in a position of having to listen to the unionized workers when they say, we want this type of program to go ahead. And you would have to say, well okay, give me the reasons why it's so good for society and you would defend that position, and you just have. So we now recognize that you are a big stakeholder in the union-preference tendering policy, probably as much as anybody, even though it directly concerns each minister in charge of whatever Crowns there are — in fact all of them.

So now that we recognize that you are a stakeholder and have a lot at stake in this process, there's no question that you will be deeply and personally involved in every negotiation that goes on with regards to this policy. And recognizing that, then you would probably have as good an understanding if not a better understanding of the intricate workings of the process, probably even better than the minister in charge of CIC. And that's why we have saved these questions for you, because we believe that you have studied this thing and that you have a deeper understanding, perhaps, of how it works.

So now we have a situation in your home town, the town of North Battleford, where a company, I think it was called Peak Manufacturing, has just found itself, through the legislated Bills that you have put into place over the past four years in your government, through that legislation they have found

themselves a vehicle with which to have their company unionized with only twenty-five point something per cent of the people actually having bought party cards . . . or union cards. And then they went to the certification process and they were granted union status with only twenty-five point something per cent.

Now, Mr. Minister, how do you go back home and say to the owners of that manufacturing company that that is fair? And if that isn't what's going on, then please take this opportunity to correct the record and tell us that this is not so.

Hon. Mr. Anguish: — I'll take your last point first and that's the one with Peak Manufacturing. Peak Manufacturing, the employees were put under an organizing drive by United Food and Commercial Workers. Where there is a differentiation here in terms of what you're saying is that the law in Saskatchewan says that you must have over 50 per cent of the employees to certify. If you get over 25 per cent, you can to the Labour Relations Board, and if everything's in order, the Labour Relations Board can order a vote. But when that vote occurs, unless the union gets over 50 per cent of the employees to vote in favour of certification, then the certification cannot occur.

Going to the first item that you were talking about in your previous statement and questions in regard to the Crown Construction Tendering Agreement, I would say that the government have received complaints from contractors who have not got jobs with the government, either because they didn't apply for them or they didn't meet the qualifications or they weren't the low bidder.

I can tell you in terms of the department protecting the working men and women of this province, we do protect the working men and women of this province. We have an obligation to do that. And I would say that we have not had one complaint on wages not being paid, on any of the labour legislation or the labour standards. We have not had one complaint from any employee since the Crown Construction Tendering Agreement came into place on a Crown construction job where it was awarded under the Construction Tendering Agreement.

Some of the benefits I would also say that we need to look at a little more closely is, that where there is a union shop in place on a construction project, they make sure that the apprentices are indentured. And that is not always the case in all construction sites in Saskatchewan.

We have a skill shortage in many areas within the province, and one of the things that a union job site does, it makes sure that the people who are working there get credit for the hours that they work, and they work towards being indentured, they work towards becoming a journeyman in the particular field of which they're working. And they also receive benefits. There are many benefits to having a unionized workplace.

At the same time though I can understand the frustration of the member and others who are opposed to unions, don't see the usefulness of a union, and they have every right to express that. But in my opinion as an individual minister, the Crown Construction Tendering Agreement has not worked all that bad.

Mr. Goohsen: — Well, Mr. Minister, I'm sure that the business people in Saskatchewan will be interested in hearing that kind of a comment because obviously there would be a few down in Swift Current who wouldn't bid on your contracts that you put up for tender. Nobody would bid on them. And there will be some people in Yorkton that probably will be interested because they of course did the same thing. They just simply, flatly refused to bid on your contracts.

Now there are several of these instances around the province, and you're well aware of them, better than I am; you've probably got a list of them in your hand. The truth of the matter is, Minister, that it's immaterial how many.

The signal there and the message there is very clear. And that is that these people don't agree with you, they don't agree that your policy is good or fair or right. And if they did agree, they'd be bidding on these projects. They would be willing to go to work for you and help you to get your government doing the things that it says it wants to do, which is to create prosperity, I suppose, and to build jobs and all that sort of thing. These people are not interested in playing by your rules because your rules are not fair.

And the truth of the matter is that when you say that we have the right to stand up here and oppose unions and say that they're all wrong and they're all bad, the truth of the matter is that's not what we stood up here and said. What we stood up here and said is that you have allowed unions to become what they were never intended to be. They were never intended to become the political masters within a society, driving the government perhaps, and using the rudder of the ship — philosophy or metaphors — in order to accomplish their goals.

The truth of the matter is that unions were developed in the world to protect the workers' interests. They were not designed to become the political power of a nation or of a province. So they have overstepped their bounds of the reality of why they were originally conceived and put into place. No longer do unions protect the workers. They more protect the leadership power struggles that occur within the union leaderships. It has very little to do with the common, ordinary worker.

If you wanted to have a union protecting the workers they would be saying to you, let's work on this union hall hiring aspect so that people in towns like Swift Current and Yorkton can get workers out of their own communities, instead of having to come to Regina or Saskatoon and work through the union hall process and take workers for their projects that may or may not understand the job that's at hand, that needs to be done; may or may not want to travel to those communities to work, but simply will have to because if they ever turn a job down they too end up being discriminated against. And that's something that the union bosses don't talk about much.

They end up being discriminated against because they get put at the bottom of the list, or get blacklisted. And that's a term that you people don't like to use, but the truth of the matter is that lots of workers are blacklisted. They're not allowed to get jobs. The process is manipulated so that they are drummed out of the process and not allowed to work any more. We even know of

cases where people at least claim that they feel they've had to leave the province because of that process.

Now you can argue with that and you can quarrel with it, and there'll be no documentation ever to prove it, because these things are all done through the back door and through the back of the system.

So, Minister, if your system is so good, how come these contractors, how come the people that are supposed to work with the process, why aren't they bidding on your projects? What has happened that's gone wrong? You seem to think it's all great and wonderful, and obviously other people are not. So there's a breakdown in communications or understanding, and that breakdown of course is something we have to work on.

And until we do resolve some of those problems, I don't believe that this province is going to go ahead. And I don't believe that we can expand our tax base and all those things that would help people out.

So let's deal with the specific of the union-preference tendering policy so that we can get down to brass tacks here. Let's talk about the 21 cent an hour charge that every employer has to now pay for each employee for every hour that they work; 21 cents an hour, not for the unionized workers alone, every worker on the project, unionized or non-unionized; everyone has to have 21 cents an hour as a payroll tax taken by the employer and put into a pot. Where is that pot, Mr. Minister? Who gets that money? How much has been collected over the last . . . since this program's been in effect? And where has it gone to, and who's getting it?

(2215)

Hon. Mr. Anguish: — Mr. Chairman, really these questions are not under the Department of Labour, and I'll answer as best I can. But the questions you ask we don't have available the answers that you're asking for tonight because it's not something that comes under the purview of the Department of Labour.

The questions you ask are all applicable to the Crown Investments Corporation. So I will try my best, but I don't have any specifics. My officials could go back to the department and they don't have the specifics that you're asking because it's not our department's responsibility.

Having said that, the 21 cents per hour check-off on the payroll goes into a training fund for some of the things I mentioned earlier. Any respectable union puts on training programs for the workers so that they are more skilled, better able to do the work that's expected of them. There are safety programs that are put on. There's a wide range of things that the 21 cents is used for. The amount collected, you'll have to ask Crown Investments Corporation that because I don't have those figures, and neither does the department.

The other questions that you ask in that regard about why, if it's so good, why people don't bid on it. Well there are lots of people who bid on these projects.

There are two classifications of people who have construction companies who won't bid on Crown construction jobs that fall under the CCTA. The first group put in vexatious bids because they're angry about the policy, and I don't blame them for being angry with the policy. That's their right to do that if they so choose. But they're vexatious in the nature that they do that to prove a point with the government. They know that they won't get the contract. In some cases they low ball their bid, and in other cases they know they don't qualify for the particular contract.

The other group of people fall under a category that I would say are afraid of unions. They don't bid on some of the Crown Construction Tendering Agreement projects because they're afraid that while they're on the job, the union people who are working within that project will try and certify their company. And if they don't want to go through that, that's their right. They don't have to bid on the contracts that are available.

As I said earlier, we've tried to find a good balance. We've tried to find a balance so it's fair for everyone in the province who has a construction company to bid on projects here in Saskatchewan. And the policy is an attempt to prepare for the 21st century of relations between the business community and the labour community in Saskatchewan. And I wish that more people would participate in it with a dedication to seeing how well it can work. There are too many people who spread doom and gloom on the Crown Construction Tendering Agreement without giving it that chance.

I would also want to point out that unions have not become political masters in Saskatchewan. The masters of politics in Saskatchewan are the people of Saskatchewan who come out in massive numbers, greater than anywhere else in North America, to elect members of the legislature, to defeat members of the legislature, and in the final analysis they elect a government.

The Crown Construction Tendering Agreement was in place before the last election. People chose to endorse our government again, rightly in my opinion, maybe wrongly in your opinion. But nevertheless, the masters of our society in Saskatchewan are no single group, no matter who they are, who they represent. The masters of politics in Saskatchewan are the people of this great province of ours and I think that they always will be. In fact I'm sure they always will be.

And in terms of whether we made the right decision or the wrong decision, we feel the people of Saskatchewan elected us to make the tough decisions in tough and challenging times; to prepare this province and the people who are going through the province now, growing up, going to school, filling the job market, creating businesses, creating wealth within the province; we're preparing to make sure that they have the society the way we want them to have within Saskatchewan.

Some of those decisions are tough decisions. We've made tough decisions. We'll continue to make tough decisions, but what is of the utmost importance, is that we've always tried to make the best decision for good public policy for the people of this province.

Mr. Goohsen: — Well, Mr. Minister, unfortunately there are a lot of contradictions in what you say. And first of all though, we want to get down to some of the specifics because there are people that are needing to know some specific answers. Now you have alluded to the fact that Peak Manufacturing in North Battleford is in a situation where the board has ordered a vote in order for the people who work there to become unionized employees. The question of course that comes to my mind is when is this vote to take place, and who of course will oversee the vote, and does the owner of the business have anything that he can contribute to this process. What is he allowed to do, what is he allowed not to do.

There are probably some rules that he will have to know whether or not he needs to comply with in order not to break the law. And I'm sure that he will want to be able to do that, because as he pulls up stakes and moves his business to Alberta, he won't want to be having any legal charges against him still in Saskatchewan.

And so while he pulls up, as many businesses have, and leaves this province, we want to help him not to leave under any kind of a cloud of legal responsibilities. Obviously I think from the statements that have been made, he is not prepared to allow the process to go ahead that you are forcing on him with your ill-conceived legislation.

And so, Mr. Minister, this is just a clear example of many things that are happening throughout our province. That's why we're talking to you tonight, trying to convince you that it's time that we work on getting a fair and level playing-field between Alberta and Saskatchewan because that is the first comparison people make. And every time that they make that comparison they pull up stakes and go to Alberta, wherever there's an opportunity. Even Safeway in Saskatoon is headed for Calgary.

I mean we've got to face the realities. I know it would be nice to duck; it would be nice to run; it would be nice to hide; it would be nice to ignore the problems. It would be nice to see a million people all of a sudden decide to come to Saskatchewan and all start businesses. None of that is going to happen unless our atmosphere here is conducive to attracting people and to encouraging them to do business here and to stay here.

If we can't keep the ones that are here, why would we expect new ones to stop? They fly straight over and go to Calgary as soon as they send a lawyer over to Saskatchewan to find what our labour laws are. They send out that same lawyer on to to Calgary. He asks over there. He also goes into Vancouver and finds out what it's like in B.C. (British Columbia). Where do they end up? In Calgary. Now there's got to be a message in that, Mr. Minister, if that's where folks are all ending up.

As far as your comments about contractors making vexatious bids, I think that probably those contractors should be insulted by that comment, unless of course they're guilty, which I don't believe they are. I don't believe that contractors spend \$10,000 or more preparing a very complicated, long, and expensive bid on a project in order to be, as you say, vexatious.

How many businessmen do you know that can stay in business by wasting their money making bids on projects that they know they can't win, just to play the games? I mean \$10,000 is a figure that I've heard from some people. I also have another project quoted to me as \$50,000 invested in order to gather the technical resource information that went with their bid in this province.

I've heard of a case as high as that, a case where nobody got the job ever. And you say that people would do that just to irritate you, just to be mean-spirited? Not a chance, Mr. Minister. Business people do not throw their money away like that in Saskatchewan when the door to Calgary is wide open. And even if the road is bumpy, they'll still get there.

Now, Mr. Minister, you've talked about a fair day's pay for a fair day's work. And I'm surprised to hear you say that because that's a philosophy that probably most of the people on your side don't really agree with and probably don't even consider. But it happens to be one that I like and I think it's a fair way to deal with life. And then you, in the same breath, talked about how there was an experimental sort of a program that went on with the upgrader, where people were actually put under a type of contract that's similar to your union-preference tendering policy.

Well I'll say this about it. I'm no expert on what happened up there, but I will say from what I have learned, and understood, and been told, and have listened to, that it was nothing — nothing — compared to your union-preference tendering policy. It was an experiment in a contract where people agreed to get paid a fair wage in return for not taking strike action at any point.

They were simply a contract where people were protected, where their interests as workers were protected, but at the same time the employers knew that the project would be completed without massive strikes or those kinds of problems. And that is totally different.

There was no union preference built into it, with people having to be dragged out of Saskatoon and Regina to work in Lloydminster when there were probably workers that were available in Edmonton or any number of other places over in Alberta, along with, of course, half the northern part of Saskatchewan. And I understand that workers came from far and wide.

And so none of the restrictions that you're talking about in this policy applied to that experimental process. So to compare the success of that simply defeats the arguments that you're making that we need to have this union-preference tendering policy. Because if that worked, then we didn't need this policy. We simply had to continue with that kind of process where you entered into a contract with people and agreed to do a job at a fair price which would be, of course, a fair day's pay for a fair day's work.

And that concept is good. There's nothing wrong with it. And we have said . . . and I think all along that the people in Saskatchewan who are in the contracting business would be

very happy to sit down and negotiate with you a binding contract. Not the kind of contracts that you people have alluded to in the past where you deemed them retroactively to be cancelled or non-existent.

These people are honest, upright citizens who would enter into a contract with you where they would commit themselves to giving fair pay at reasonable rates without all the strings attached to it and all the red tape and all the hoops and loops to jump through and over and the kind of things that basically just drives business out of Saskatchewan.

So, Mr. Minister, you are in a position now where you're going to have your back somewhat to the wall. So why not admit that you have gone too far and that a balance must lie some place between the two — some place between the contracts and the demands of the unionized workers — some place of course that only you could lead the province and only you have the ability now to resolve the problems that have been created?

So why don't we take a long, hard look at, first of all, identifying some of these little problems. Now you say that the 21 cents an hour — not a big deal. Well it is a big deal because on a major project where you have hundreds of thousands of hours of work, you end up with hundreds of thousands of dollars of money that are being collected. Now you say you can justify that because it's going into an educational program.

Unfortunately though while your argument and your statement is probably correct, the training program, according to the people who represent the contractors, only applies to unionized workers. The non-unionized workers, who are also required to pay that 21 cents per hour on their behalf or have it paid on their behalf, they are not getting any training programs. Now the people that represent these folks are the ones that have delivered that message to us and they say it doesn't exist. All right, where is it? Where is the fairness then?

Well if you can't resolve the fairness within the simplest little part of this program, probably the cheapest little part of it — the 21 cents an hour part of it — then how would you ever expect people to get along and agree on the more complex issues that are involved in this whole process.

I think you've got to go back to the drawing board and resolve these problems or else our province is going to stagnate, as it is, and we will never grow again. So, Mr. Minister, we've just got all kinds of problems.

I know that in the past we tried to resolve some of these labour issues with things like spin-off companies. You will know and remember the discussions that went on about spin-off companies. Unionized people and unionized workers disliked the spin-off company concept as much as contractors now dislike your union-preference tendering policy.

So what happened? When your government got into power and you were somewhat in sympathy with the unions and their position, you completely cancelled all spin-off companies and everything related to it. As far as I know, not one exists or is allowed to exist and I think you even made a law, I guess, that

prohibits them to exist.

What that tells me is that the pendulum swings all the way back and forth and never stops in the middle. One government put it in; you cancelled it all. Now what are you doing? You're putting in a policy here that for over a year now has been in place that does exactly the opposite and it has swung the pendulum totally to the other side. Is there no balance in what we can do in this province to get people to work together?

One government throws out spin-off companies; another one brings them in. One government brings in union-preference tendering policies and you know as well as the fact that I'm standing here right now that the next government, whoever they are if they're not you, will throw your union-preference tendering policy out and you'll be back to square one and the unions will have lost everything.

Now in all fairness to the unionized people who do need representation to protect workers, would it not be better to go back to the centre of the spectrum, to come up with a balance that everybody can live with and work with and have everybody more or less a little unhappy but more or less a little bit satisfied too, so that they can all keep working together, so that you don't have these extremes of changes every time a government changes. Is that healthy for our economy or is that healthy for our province, and most certainly, is that healthy for our workers and the unionized people?

You're defeating the very thing that they fight for, which is sustained security, and that is the number one thing that I hear coming from working people — is that they want security in their life. And you can't blame people for that. We all strive for that.

But how are they going to get that security when they know very well in their own minds that the policies that they've gotten won't last, can't endure the test of time — can't endure the test of time because they're so unfair to some other group in society that they won't be allowed to continue when that political spectrum revolves and turns around.

So, Mr. Minister, rethink your position for the sake of the unionized people. It's not just for the contractors. But you know very well that some day your government will not be in power. You can deny that statement as much as you like but we'll take you through history and no government has endured for ever. In a democracy, for sure they don't. Even in a dictatorship, dictators get old and die eventually. Or they manage to stumble down some stair step somewhere.

(2230)

But the truth of the matter is that as time goes by these things change. Here in Saskatchewan, it will change sooner rather than later. Do you really want to put the unionized people in this province in a position where they will lose, at one stroke of the pen, everything that they've gained throughout the years?

When people become so irritated and so frustrated with a total program that is absolutely leaning in one direction that they will

just throw the whole thing out and say we're going to start over, and then for a period of time, you will have nothing for people to be protected with.

The overkill potential is so great here that I can envision things that are as important as safety rules will get thrown out with it. Workers' Compensation Board rules will get thrown out. Everything will get thrown out. And there is no way, Mr. Minister, that the people of Saskatchewan can grow and prosper under these circumstances.

Unfortunately, Mr. Deputy Speaker, I do see that the hour is now 10:30 and I expect you will want to say something about that.

Hon. Mr. Anguish: — I do appreciate the comments of the member opposite. There is a definite concern that he expresses, and I'll be more than happy to pass those comments on to the appropriate minister.

Mr. Goohsen: — Point of order. Mr. Deputy Chairman, I do note that it's 10:30 and some of us have to get our beauty sleep.

The committee reported progress.

The Assembly adjourned at 10:33 p.m.

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