

EVENING SITTING

INTRODUCTION OF BILLS

Bill No. 86 — The Wood River Constituency By-election Act

Hon. Mr. Lingenfelter: — Mr. Speaker, by leave of the Assembly, I move first reading of Bill No. 86, The Wood River Constituency By-election Act. I suppose in brackets we could put the Yogi Bill, but we won't today. But, I so move.

Leave granted.

Motion agreed to, the Bill read a first time and, by leave of the Assembly, ordered to be read a second time later this day.

SECOND READINGS

Bill No. 86 — The Wood River Constituency By-election Act

Hon. Mr. Lingenfelter: — Mr. Speaker, by leave of the Assembly I move that the Bill now be read a second time; again, the Bill called Bill No. 86, The Wood River Constituency By-election Act.

Motion agreed to, the Bill read a second time and, by leave of the Assembly, referred to a Committee of the Whole later this day.

COMMITTEE OF THE WHOLE

Bill No. 86 — The Wood River Constituency By-election Act

Hon. Mr. Lingenfelter: — Thank you very much, Mr. Chairman. Joining us tonight is Darcy McGovern with legislative services in Sask Justice.

Clauses 1 to 6 inclusive agreed to.

The committee agreed to report the Bill.

THIRD READINGS

Bill No. 86 — The Wood River Constituency By-election Act

Hon. Mr. Lingenfelter: — By leave, I move this Bill now be read a third time and passed under its title.

Leave granted.

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

ROYAL ASSENT

At 7:08 p.m. His Honour the Administrator entered the Chamber, took his seat upon the throne, and gave Royal Assent to the following Bills:

Bill No. 65 - The Crown Corporations Amendment Act, 2000
Bill No. 47 - The Power Corporation Superannuation Amendment Act, 2000
Bill No. 19 - The Saskatchewan Telecommunications

Amendment Act, 2000
Bill No. 20 - The Saskatchewan Telecommunications Holding Corporation Amendment Act, 2000
Bill No. 74 - The Alcohol and Gaming Regulation Amendment Act, 2000
Bill No. 75 - The Alcohol and Gaming Regulation Amendment Act, 2000 (No. 2)/Loi n° 2 de 2000 modifiant la Loi de 1997 sur la réglementation des boissons alcoolisées et des jeux de hasard
Bill No. 70 - The Education (Elimination of Business Tax) Amendment Act, 2000/Loi de 2000 modifiant la Loi sur l'éducation (élimination de la taxe professionnelle)
Bill No. 14 - The Film Employment Tax Credit Amendment Act, 2000
Bill No. 22 - The Local Improvements Amendment Act, 2000
Bill No. 23 - The Planning and Development Amendment Act, 2000
Bill No. 6 - The Mentally Disordered Persons Amendment Act, 2000
Bill No. 16 - The Justice Statutes (Consumer Protection) Amendment Act, 2000
Bill No. 31 - The Police Amendment Act, 2000
Bill No. 34 - The Saskatchewan Evidence Amendment Act, 2000
Bill No. 79 - The Saskatchewan Centre of the Arts Act, 2000
Bill No. 61 - The Engineering and Geoscience Professions Amendment Act, 2000
Bill No. 49 - The Highways and Transportation Amendment Act, 2000
Bill No. 1 - The Farm Financial Stability Amendment Act, 2000
Bill No. 2 - The Animal Identification Amendment Act, 2000
Bill No. 24 - The Department of Agriculture Amendment Act, 2000
Bill No. 42 - The Cattle Marketing Deductions Amendment Act, 2000
Bill No. 25 - The Irrigation Amendment Act, 2000
Bill No. 52 - The Wildlife Amendment Act, 2000/Loi de 2000 modifiant la Loi sur la faune
Bill No. 53 - The Wildlife Act Consequential Amendment Act, 2000
Bill No. 5 - The Parks Amendment Act, 2000
Bill No. 60 - The Forest Resources Management Amendment Act, 2000
Bill No. 82 - The Income Tax Amendment Act, 2000
Bill No. 81 - The Income Tax Act, 2000
Bill No. 83 - The Income Tax Consequential Amendment Act, 2000
Bill No. 84 - The Education and Health Tax Amendment Act, 2000
Bill No. 85 - The Post-Secondary Graduate Tax Credit Act
Bill No. 50 - The Interpretation Amendment Act, 2000/Loi de 2000 modifiant la Loi d'interprétation de 1995
Bill No. 51 - The Interpretation Act Consequential Amendment Act, 2000
Bill No. 63 - The Legal Aid Amendment Act, 2000
Bill No. 80 - The Court of Appeal Act, 2000/Loi de 2000 sur la Cour d'appel
Bill No. 86 - The Wood River Constituency By-election Act
His Honour: — In Her Majesty's name, I assent to these Bills.

His Honour retired from the Chamber at 7:13 p.m.

Some Hon. Members: Hear, hear!

Hon. Mr. Belanger: — Thank you, Mr. Speaker, to ask for leave of the Assembly to introduce a guest.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Belanger: — Thank you, Mr. Speaker. In your gallery is one of my favourite cousins, my first cousin. His name is Rod Belanger. He's in the city here taking some training. He's also a customs officer being stationed in Saskatoon.

And I want to point out, Mr. Speaker, he's also wearing a TSN (The Sports Network) jacket, a jacket given to him by a great athlete, with him being one of the greatest non-athletes in the history of Saskatchewan.

So I would ask all members of the Assembly to welcome my cousin here to the Assembly this evening.

Hon. Members: Hear, hear!

(1915)

COMMITTEE OF THE WHOLE

Bill No. 55 — The Land Titles Act, 2000

Clause 1

The Deputy Chair: — I'm just going to invite the minister to introduce his officials formally.

Hon. Mr. Axworthy: — Thank you, Mr. Chair. I'd ask the Assembly to welcome the following officials: Ron Hewitt, on my right, who is a Q.C. (Queen's Counsel), who is the executive vice-president of Saskatchewan Land Information Corporation and has been involved in this project for a very long time. Behind him is Mary Ellen Wellsch, who is project manager in the program, policy, and law department of the Saskatchewan Land Information Corporation. Behind me is Darcy McGovern from legislative services, who has been here before.

And if I may, Mr. Speaker, just to recognize that Carl Shiels is also here, the executive director of the Saskatchewan Land Surveyors' Association, in the gallery.

Mr. Wall: — Thank you, Mr. Deputy Chair of Committees and Minister, and welcome to your officials here this evening. A few short, quick questions all in one to start it off perhaps, Minister. Could you just relate when the computerization project for the LAND (Land Titles automated network development project) project, if you will, began; its original budget and what it is currently budgeted to cost the taxpayers?

Hon. Mr. Axworthy: — Mr. Deputy Chair, in response to the member's question, the project began in 1996. At that time it was

called the Land Titles automated network development project, and that was estimated to cost \$20 million, Mr. Speaker. And that was, as the member will know, essentially the simple automation of the Land Titles system.

The budget to date is \$49.9 million. And the member will know that there's been a significant expansion of this project since 1996. And I'll just relate to him, for him and for the House, the expansions of that original project which accounts for the increase in budget.

In addition to the LAND project was the integration of the land titles system with the Geographic Information System — GIS. That was developed by Saskatchewan Property Management Corporation. And that included the integration of all survey functions and a conversion of maps. That was one big part of the project, Mr. Speaker.

The development, secondly, the development of an e-commerce and imaging system. Thirdly, the employee and organization preparation for the transition from the paper-based system to an electronic system. The purchase of a building to house documents and staff who will be converting the documents into electronic form, and additional monies as a result of increased information technology costs in our market. So a significantly greater project — significantly greater project — than was the case in 1996.

Mr. Wall: — Thank you, Mr. Minister, Mr. Deputy Chair. Which of those elements that you've just highlighted were not originally contemplated? All of them that you just listed were not originally contemplated by the project would be the first question. And second question is, you . . . you mentioned a building, a purchase of a building. And how much, how much is the building going to cost and was there not throughout government, SPMC (Saskatchewan Property Management Corporation) space somewhere else, somewhere in the city of Regina or else wherever it needed to be?

Hon. Mr. Axworthy: — In answer to the first question, Mr. Deputy Chair, all of the things I mentioned are additional to the original project so the original project was envisaged as just being a simple automation of the land titles system and has since been expanded into a major electronic commerce, electronic government, and even, really, relationships between individuals too. So a large electronic government electronic commerce system.

The purpose behind providing resources for buying a building is it can be capitalized and it makes much more sense for SLISCO (Saskatchewan Land Information Services Corporation) to buy a building rather than to rent one. There is nothing available from SPMC. It's a fairly major project in terms of size, both in terms of the imaging aspect which requires special technology and so on. And also for warehousing possibilities later down the line. But the money is for . . . for \$5 million to set aside to purchase a building. Whether we need that or not is another matter.

Mr. Wall: — Thank you, Mr. Deputy Chair, and Mr. Minister. You can imagine how . . . notwithstanding some of the things that you've highlighted that were over and above what was originally planned for the project, you can imagine some of the questions that people will have given the fact the original

budget was \$20 million, and we're now basically at \$50 million. Thirty million dollars certainly is not insignificant, and as it relates the original cost of the project it's . . . perhaps that understates it somewhat.

And so I think that you've mentioned in the course of media interviews that there may be also some chance for revenue generation as a result of this project. Could you please highlight what those opportunities are and what progress the department has made to date to market this project around the world or across the country?

Hon. Mr. Axworthy: — Mr. Deputy Chair, first let me just reiterate. The member's quite right that a significant increase in budget brought about by a significant increase in capacity and scope raises some issues, and I hope we can allay those today. But first of all, the member will know that an improved service and significantly better turnaround on Land Title services will flow from this project as it's carried out throughout the province. So we'll have very quick response to people's needs which is certainly an important aspect.

With the integration of GIS, there will be a seamless system for mapping the province that integrates these two previously unrelated or separate systems, and the value to business and real estate developers and mineral exploration firms and so on will be quite significant. And their support has been important in the development of this project. And similarly taxpayers will also get the development of an e-commerce and imaging system which should also constitute significant advantages to them.

And the system which we're developing to aid in the integration of land titles and GIS will have significant numbers of applications that will mean improvements in other government departments and services. And it can be sold to other jurisdictions, other provinces, and other countries, and to private industry. All of which will constitute a direct benefit to the people of the province.

So the member should know that other government departments and the other operations of government will benefit from this service, and they have all shown interest. Other provinces have shown interest in this project also, because this project is significantly more advanced than would be the case in any other province.

Other countries, in particular developing countries, have shown an interest. All of . . . well, significant numbers of the large computer and consulting companies have an interest in participating in this process, as have other components of the private sector.

The member asks what have we done so far to move into these opportunities, and, as he will know, the corporation was established on January 1 and to date significant discussions with potential partners have taken place. And, as he will know, we have great hopes for this corporation.

Mr. Wall: — Thank you, Mr. Minister. Mr. Minister, I guess, when do you anticipate the . . . when do you anticipate to roll the project out, for it to be fully operational? And, well we'll get into the whole question of Crown Corporation versus some other mode of delivery, but maybe you could start with that.

When do we expect to have it roll out?

Hon. Mr. Axworthy: — Thanks, Mr. Deputy Chair. I take it the member from Swift Current is particularly interested in the roll out of LAND Project, Land Titles Offices. Would that be right?

And the project schedule is as follows. The first office to be brought on line will be Moose Jaw in May of 2001, May 7; Humboldt, June 18, 2001; Regina, July 9; Battleford, November 19; Prince Albert, January 7; Saskatoon, March 25; Yorkton, June 10; and — this is really no reflection on the member — Swift Current, July 8.

Mr. Wall: — Thank you, Mr. Minister. Mr. Deputy Chair, what do the other provinces do in terms of . . . Most of the other provinces I understand have a computerized LAND system in place. Obviously if they've done it earlier, it may not be as current as ours will be, we hope. But the question would be, what sorts of models do other provinces use?

Do some other provinces have . . . have some of the provinces contracted out this kind of a service? And did your department at least explore other alternatives rather than setting up yet another Crown corporation in the province of Saskatchewan?

(1930)

Hon. Mr. Axworthy: — Mr. Deputy Chair, in response to the member's question, the other provinces have a computerized land titles system. We actually will be last in implementing that. The member's quite right that with the fast advance of technology the most recent technology is not only the most expensive but the most effective.

So we have benefits flowing from that which of course with the advance of technology presents other challenges. There were significant consultations with other provinces about their process. And those consultations and those recommendations were given serious consideration when this project, our project, was in its planning stage and its implementation stage. And those recommendations are embodied — from other provinces — are embodied in the corporation which we are discussing today. And in addition to that, the extra components in this project are of significant interest to other provinces as well. So they recommended, the other provinces recommended that we follow this approach significantly.

And they also . . . there was significant consensus on the need to ensure that this corporation would be a Crown corporation. And the rationale behind that primarily is that it is important that Land Titles be a public program. It's always been the case that the province has stood behind Land Titles in the province, and it's important that that security be available to citizens of the province from now into the future.

The creation of a Crown corporation however enables that security, that protection to the public, to be part of the corporation while also providing a corporate structure that can take advantage of commercial possibilities as they become available through the development of this technology. And the creation of a Crown corporation to manage and deliver the project establishes a new business enterprise that will have a mandate to pursue strategic alliances, both with public and

private sector. That will offer a wider range of products and services on top of the land information system and will enable us to market those products and services both inside the province and outside province.

Mr. Wall: — Thank you, Minister, Mr. Deputy Chair. What have you contemplated in terms of the structure of the corporation? For example, what will be its capacity to borrow money and carry debt?

Hon. Mr. Axworthy: — The Crown corporation, as the member will know, was established by an order in council. That corporation answers to CIC (Crown Investments Corporation of Saskatchewan) and its borrowing limits and powers are set down in the order in council. I don't have that number with me right now but I can get it. We can probably get it for you quickly, can we? Or tomorrow . . .

An Hon. Member: — Just tomorrow, Mr. Minister.

Hon. Mr. Axworthy: — We can get it for you tomorrow if that's okay.

Mr. Wall: — Thank you, Minister and Mr. Deputy Chair. How many employees are currently involved and working in the areas that are going to be contemplated by the new LAND project and what will be their status after rollout in all these different locations?

Hon. Mr. Axworthy: — Mr. Deputy Chair, I think the member is referring to the Land Titles staff, and if he is, there are about 220 employees working on the paper-based Land Titles system at the present time. Plainly, moving to a computer-based system will reduce the needs in terms of numbers. We would anticipate about 80 employees being needed to operate the computer based system. And we've essentially known that since about 1997. And that information is being shared openly with the union affected.

There's been significant discussion about employee assistance for those who will no longer be required for the new system, lots of consultation with the union in question, and lots of work to ensure that the employees, present employees, will have other opportunities. Indeed, one of the six principles of the LAND project is a commitment to employees, and I'm sure the member can understand that. Without committed employees in a very complex, fast moving area of this sort, the corporation would be certainly in a less advantageous position than would previously be the case.

So really there's about 126 positions which will no longer be required.

Mr. Wall: — Have these employees guaranteed work elsewhere in the government?

Hon. Mr. Axworthy: — I can say to the member that while no one is being guaranteed positions, there are already many transfers which have taken place, in particular to the Department of Justice. The matter is discussed extensively and openly with SGEU (Saskatchewan Government and General Employees' Union). And every effort is being made to ensure that those employees will be taken care of. The employees

themselves know this and are participating in the discussions which will seek other alternatives for them.

Mr. Wall: — One of the elements of the LAND Project that I think everyone would agree with, and myself as an economic developer in a previous life, understood the impatience that entrepreneurs had and business people had with how the paper system works. The turnaround drove people crazy, and of course by and large small business people and entrepreneurs are impatient, and that would compound the situation. So everyone's looking forward to some, you know, improvements in terms of efficacy with this system.

And I would ask that question, I guess, if you could give us a for-instance on a, you know, a . . . I'll give you some parameters, I guess. I got one acre commercial transaction for a commercial project. What kind of turnaround would we be looking at after the system in place versus what's there now? And also is there any fee increases contemplated as a result of the new system that will have to be borne by people utilizing the new LAND system?

Hon. Mr. Axworthy: — Mr. Deputy Chair, in response to the member's question, for the last six months, Land Titles have been keeping to their target of a turnaround time of about seven days. That's been consistent over the last few months.

Once the system is implemented, it is anticipated that the turnaround time would be between 24 hours and 48 hours, and once the on-line registration is in place . . . (inaudible interjection) . . . Almost. Once the on-line registration is in place, then the registration will be instantaneous.

Now the member said, would there be any fee increases? Well there haven't been fee increases, as he will know, since 1990. So there will be fee increases, but there will also be significant differences in services — on-line searches, for example, merging with GIS, a whole bunch of extra opportunities for people which will reduce the fee increases. And in addition to that, significant, significant commercial opportunities for SLISCO which will ensure that fee increases can be kept as low as possible.

Mr. Wall: — Just one final question, I guess, as you head into the . . . as you get into the final stages of the project. And it's similar to a discussion we had on another Bill as it relates to the security of the system.

And I wonder if you could confirm for the members of the committee what measures the department has taken, what the department has done to ensure that this system is absolutely and totally secure. Because of course we're dealing with very sensitive information and we all know that we live in a world where these systems can be easily compromised. So what measures has the department taken to ensure that won't happen?

Hon. Mr. Axworthy: — Mr. Deputy Chair, in response to the member's question, we discussed this as he says recently with another Bill, the electronic commerce Bill, and the issue of security is a critically important one to all of us.

And the member can be assured, and indeed so can the residents of Saskatchewan, that the most comprehensive, sophisticated

technology is in place here to ensure both the accuracy and the security of the system. And it is always a possibility that certain people could gain access to any computer data base, and they're reported from time to time in the newspapers.

So every reasonable effort has been taken to ensure that access to the LAND data base is not possible. That means fire walls and other security devices such as virus detection and so on will be employed to protect the data. As well the system will know of and report any unauthorized access by anyone or by any computer.

And the member should be aware, and I think this is important with regards to most of these kinds of computerized systems, the security will be much better in this system than is the case today in our paper-based . . . in our paper-based system in which actually somebody could break into an office at night — maybe we shouldn't be talking about this — and change the title without the knowledge of anyone.

(1945)

Clause 1 agreed to.

Clauses 2 to 566 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 56 – The Land Titles Consequential Amendment Act, 2000/Loi de 2000 apportant des modifications corrélatives à la loi intitulée The Land Titles Act, 2000

Clauses 1 to 24 inclusive agreed to.

The committee agreed to report the Bill.

Hon. Mr. Lingenfelter: — Mr. Chairman, by leave, to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Lingenfelter: — Thank you very much, Mr. Chairman. With us tonight is a very special group of young people, in particular, who are with us from the constituency of Athabasca. They are here to lobby and work with government members and a number of staff people, talking about the South Bay annual youth conference. And they're seated in the Speaker's gallery.

And if they would stand as I introduce them. In the group is adult Allard Merasty, youth Brennan Merasty, Shane Laliberte, Tyrone Ratte, Ryan Ratte, and Dan Lee Mispounds. And they are here, and this is a very special day because they are spending two days in Regina, lobbying and working with us. And I wish you the very, very best in your endeavours and look forward to meeting with you later.

I hope all members will join with me in welcoming them.

Hon. Members: Hear, hear!

COMMITTEE OF THE WHOLE

Bill No. 57 — The Land Surveys Act, 2000

Clause 1

Mr. Wall: — Thank you, Mr. Deputy Chair of Committees. Mr. Minister, just a few questions on this Bill. It is part of the LAND project as well.

Some specific questions as it relates to surveying, because we have had some concerns on the part of surveyors who've contacted us, and whom we've contacted to discuss the Act.

It appears that procedures for conducting surveys have not been described in the Act. And it appears that the Act empowers the Lieutenant Governor in Council or the cabinet to prescribe procedures in the legislation. And is this true, and if so, why was that course taken?

Hon. Mr. Axworthy: — Mr. Deputy Chair, the member asks why significant portions of this process would be left to regulations — well, the original Land Surveys Act also would have had significant aspects of the process left to regulation.

Times change, and these are detailed provisions which are best addressed by regulation rather than in legislation which, if required to be changed, would have to be done through the procedures in this House rather than the quicker and simpler process of changing regulations. And that argument prevails today, Mr. Deputy Chair, that these are provisions which are better left for regulation rather than in the statute itself.

Mr. Wall: — Thank you, Mr. Minister. Mr. Deputy Chair, one question where we've also heard and I'd like to ask to the minister, and it is a detailed question in respect of sections 31 and 34 — talks about the establishment of a controller of surveys. What happens if this controller does not approve the surveyor's restoration or re-establishment survey? Is the survey invalid or non-binding?

Hon. Mr. Axworthy: — Mr. Deputy Chair, in response to the member's question, I should first introduce to my far right, Ed Desnoyers, who is the controller of surveys.

The member asks, I think, what would happen if the surveyor's survey was not recognized by the controller of surveys. And the surveyor's work, of course, is his or her professional responsibility. And in the event that the controller of surveys did not accept the surveyor's report, then the surveyor would have to go and make the matter right. The controller of surveys is, after all, rather like the Master of Land Titles who makes the final decision as to the efficacy of the documents before him or her.

(2000)

Mr. Wall: — Thank you, Mr. Minister, Mr. Deputy Chair of Committees. We're also getting some questions about section 48, the boundary confirmation, and I think a lot of people would have to deal with this issue from time to time. That deals in general with boundary monuments that are placed in error, and the occupation and developments on the land based on those

monuments. While there's a need for mitigation in such circumstances, I think there must also be an absolute assurance that the landowners of the properties involved are an integral part of the process. What assurance can you give them that they will indeed be a part of the process of determining the correct boundary?

Hon. Mr. Axworthy: — Yes, Mr. Deputy Chair. We can make the commitment that . . . I can make the commitment that landowners will indeed be involved and will have the opportunity should they be of the view that a monument is wrongly placed to pursue appropriate remedies for that error to be corrected . . . I mean through such processes as mediation but finally on application to the registrar, and the registrar could also take measures to ensure that an improperly placed boundary was correct.

Mr. Wall: — Mr. Deputy Chair, Mr. Minister, I appreciate that assurance but I think you'd agree that nowhere in the Act . . . the Act itself doesn't provide that assurance. In fact, and please correct me if I'm wrong, but it strikes me that there's a possibility that the process could go ahead totally within the confines of government without land owners being aware of this, the fact that the boundaries have changed and the fact that they may have needed to be able to provide some input to the proper authorities to make their case. Is that true? Can you give assurances that this legislation does indeed assure that people will have some input into this under these kinds of decisions?

Hon. Mr. Axworthy: — Mr. Deputy Chair, the concern the member raises is dealt with in section 45 to 50 and 51 to 56 of the Bill which is titled an "Application for Boundary Confirmation." So in the event, Mr. Deputy Chair, that there is some problem, section 46 provides for the registrar of titles on his own initiative to initiate an application to confirm the location of a boundary. And section 47 also then would permit either or both of the following to be done: an investigation to be conducted and a survey to be conducted and a report prepared appropriately.

So in the event that there is some question, then the registrar can pursue this matter, and section 51, Mr. Deputy Chair, provides that anyone who wishes to object to the location of a boundary shall register that objection with the registrar of titles. So there is in the Bill itself ample provision for addressing any concerns about inappropriately placed boundary monuments. And lastly, if any person is unhappy with the result, they can always appeal through the normal process to courts, and that's provided for in section 58.

Clause 1 agreed to.

Clauses 2 to 96 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 58 — The Condominium Property Amendment Act, 2000

Clause 1

Mr. Wall: — Thank you, Mr. Deputy Chair of Committees, and Mr. Minister. What assurances can you give that — to developers specifically who now have to submit their plans through this plan processing before they receive approval —

can you give them some assurance in terms of how timely the process is going to be that it won't unduly cause a delay in the approval process?

Hon. Mr. Axworthy: — Mr. Deputy Chair, the . . . there's no expectation that this will take any longer than presently is the case. Indeed we would anticipate time savings once the whole process is in place.

So I don't think that anyone . . . any corporation thinking of establishing a condominium should expect any delay at all, other than what takes place now.

Mr. Wall: — Thank you, Mr. Minister, Mr. Deputy Chair. Will there be any other costs either to government or developers as a result of the process?

Hon. Mr. Axworthy: — In response to the member's question, Mr. Deputy Chair, there won't be a significant change in fees. The process for reassessing fees in the land titles system as a whole we've discussed briefly, but this process should be, as I say, no more time-consuming than is presently the case, and no more expensive.

(2015)

Mr. Wall: — Well, Mr. Deputy Chair, Mr. Minister, that concludes the questions that we have for that Bill. And let me thank you, Minister, and through you to your officials, thank them for their help this evening.

Clause 1 agreed to.

Clauses 2 to 59 inclusive agreed to.

The Deputy Chair: — I'd like to invite the hon. Minister of Justice to report the Bill without amendment.

Hon. Mr. Axworthy: — Thank you, Mr. Deputy Chair. Let's then before I do that thank the officials for being here this evening and indeed thank all those involved in the development of this project and indeed the expanded project into SLISCO. This indeed is an exciting project for the province, one which holds great opportunities for us, and one which has required a great deal work and effort on behalf of the officials.

And I note that the member from Swift Current appreciates that too and mentioned that at the beginning of the session. And I want to thank the member for his questions. This is a complex set of statutes covering complex issues, and he raised some useful points, and we will respond to the question that we were unable to respond to, tomorrow.

And I would extend to the member once again an invitation to be briefed on this project with any of his colleagues. It is — I think he will agree once he's had that briefing — a project which holds great hope for the province and indeed for employment in the province in particular in these high-quality, high-skilled jobs, and we look forward to great opportunities. And with that, Mr. Speaker, I move that the committee report Bill 58 without amendment.

The committee agreed to report the Bill.

Bill No. 64 — The Fiscal Stabilization Fund Act

The Deputy Chair: — I'd like to invite the Minister of Finance to introduce his officials.

Hon. Mr. Cline: — Thank you, Mr. Deputy Chair. I have with me, to my left, Dr. Paul Boothe, who's the deputy minister of Finance. And behind Dr. Boothe is Mr. Terry Paton, who is the Provincial Comptroller. And behind me is Ms. Joanne Brockman, who's the executive director of the economic and fiscal policy branch of the Department of Finance.

The Deputy Chair: — Thank you, Mr. Minister.

Clause 1

Mr. Krawetz: — Thank you very much, Mr. Deputy Chair. And welcome, Mr. Minister. I know we pulled you off some very important duties and I want to welcome your officials as well this evening.

Mr. Minister, in clause no. 4 and clause no. 7, those clauses refer specifically to the objectives of the fund and the reasons for the creation of the fund. And they also talk about a balance in the fund, the fact that as minister you must lay out a four-year fiscal plan.

Mr. Minister, when we see a percentage of 5 per cent, that doesn't mean a whole lot to individuals. Could you give us an example of what you feel would be the revenue that you would be looking at as a result of a 5 per cent figure? And, Mr. Minister, a further question to that is, when you look at the General Revenue Fund, will you be using the entire number that is in the General Revenue Fund that would include transfers, for instance, from the federal government? Will you be looking at that as a full percentage?

Hon. Mr. Cline: — The answer to the question, Mr. Deputy Chair, is yes. We would be looking at all revenue to the province of Saskatchewan whether from taxation we impose ourselves, transfers from the federal government, miscellaneous fees, licenses and so on. And that would be approximately — let us say for purposes of debate — \$5.6 billion. Five per cent of that would be roughly \$270 million. We would have a target of, in effect, setting aside \$270 million each year to meet any unforeseen expenses or anything that may happen as a result of volatility of commodity prices, farm prices, oil and so on.

Mr. Krawetz: — Thank you, Mr. Minister and Mr. Deputy Chair. You refer to the fact that there should be a balance in the fund at the end of the fourth fiscal year, Mr. Minister. Are you suggesting then that the balance at the end of the fourth fiscal year would be \$250 million or that you would increase that each and every year by \$250 million?

Hon. Mr. Cline: — Mr. Deputy Chair, the answer is we mean the balance would be 5 per cent so that we would aim to have 5 per cent of the annual revenue kept in a savings account.

But let us say that at the beginning of the first year we said that we were setting \$270 million aside but that we didn't have any problems throughout that whole year, so we didn't draw it down. Then the next year, we would not be taking any money

out. We would just leave the money we had put in. We wouldn't need to transfer any money in because we would have set aside the money.

So in other words, it's not cumulative. We won't set aside a billion dollars over four years. We'll set aside the \$270 million in year one, and if we don't use it, it will stay there, and we won't put anything else in it the second year because it's already there in which case I would think that that would mean that you would use the revenue you have available to you either for program expenditures . . . you might spend the money, improve the highways, health care, whatever, or you might cut taxes. Or you might pay off debt, something like that. But the answer is you just put the money in on a one-time basis. If you spend it, you put more in; if you don't spend it, you leave it as it is.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, in clause no. 4 it indicates that the purpose of the fund is to help in the stabilization of the fiscal position of the Government of Saskatchewan. And you've just indicated that 5 per cent works out to about 250 to 270 million. Do you think that that is sufficient amount in a fund to stabilize the fiscal position of the Government of Saskatchewan?

Hon. Mr. Cline: — Based upon the level of historical fluctuation in revenues that we have had in terms of the swings that we may have, yes. That amount of money gives us sufficient insurance that we would be able to in effect pay our bills with that much money. And we've looked at, with the officials from the Department of Finance, historically what may happen to us. And if we save 5 per cent, that will protect the taxpayers from sudden tax increases or program cuts which may arise if suddenly we are short of revenue.

Mr. Krawetz: — Mr. Minister, in clause no. 6 it indicates that interest or earnings on investment must not remain within that fund. And it says very specifically, "must not be credited." Is there a legal obligation why that interest monies do not stay in the fund and in fact have to be transferred back to the General Revenue Fund? Could you explain the reasons for that clause?

Hon. Mr. Cline: — Yes. The purpose of the fund is for fiscal stabilization. And it's set at a certain amount. It's not designed to invest or to earn a lot of interest. It's simply designed to provide a stabilization reserve.

So our thinking was that it wasn't necessary to put the interest in because basically our target is 5 per cent and that's a statutory target set by the legislature. And anything else should be paid into the General Revenue Fund which I think is consistent with the principles announced by the Gass Commission in the early '90s which said that any revenues you have, generally speaking, should be paid into the General Revenue Fund and available for either program expenditures, tax reductions or debt paydown.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, in section 9, in the two clauses there, you referred to both the money going from the General Revenue Fund to the so-called stabilization fund as an expense and then in clause (b) I think it's . . . The clause refers to the amount that would be transferred from the stabilization fund back to the General

Revenue Fund. It says that that is deemed to be revenue of the General Revenue Fund.

Could you explain that?

Hon. Mr. Cline: — Yes. If the monies that are in effect in a savings account are used by the government, then they should be accounted for as if they are used by the government, which would be the case.

In other words, that section simply means that if we take that money out of the Fiscal Stabilization Fund, we have to report that to the legislature as if we had received that money as tax money, and it has to be fully accountable in the *Public Accounts*.

Mr. Krawetz: — Mr. Minister, instead of referring to that as revenue to the General Revenue Fund, wouldn't that be . . . wouldn't it be much more efficient and probably, through accounting principles, wouldn't it be just an inter-fund transfer? Wouldn't that be a more logical step to take, rather than calling it revenue a second time?

Hon. Mr. Cline: — Well, it wouldn't be really recording it for a second time. To maintain accountability, we believe that deposits to the Fiscal Stabilization Fund will be recorded as an expense to the General Revenue Fund, so that you have an expense item. And it's logical that if you withdraw from the Fiscal Stabilization Fund you will then record that as revenue to the General Revenue Fund.

In fact, I don't think there is a better way to do it. I think you expense it when you pay it out; you must treat it as revenue when you bring it in.

And bear in mind that under some circumstances you may be paying it out as an expense in year one, let us say, and if we do well, we may not be drawing that fund down for five years. So suddenly money comes out of the Fiscal Stabilization Fund into the General Revenue Fund. We have to treat that as revenue and fully disclose that to the Legislative Assembly.

Mr. Krawetz: — Thank you, Mr. Minister. While I agree that there should be accountability and full transparency, I think the suggestion here is, of course, that when we look at this year's budget, you have revenue that you have indicated as the source as being the Saskatchewan Liquor and Gaming Authority, net earnings. Or whether they're the net income or whether they're the retained earnings — all of these funds have been declared as revenue already in this fiscal year.

You are going to make a transfer, and there's going to be 405, if my numbers are correct, 405 million in the Fiscal Stabilization Fund. Now suppose next year you needed to transfer some money back from the Fiscal Stabilization Fund. You would now, by your answer, you're going to again call that revenue to the General Revenue Fund. So I see that as two indications that that has become revenue twice, this year and again whenever you transfer it back. Is that not accurate?

(2030)

Hon. Mr. Cline: — Well that is accurate, Mr. Deputy Chair.

It's true that it would be recorded as revenue twice, but you must remember that you're dealing with two separate fiscal years. In the first year the member referred to, Mr. Deputy Chair, that is money being paid from the Saskatchewan Liquor and Gaming Authority fund to the General Revenue Fund. That's recorded as revenue.

But the second recording as revenue occurs in a subsequent fiscal year in the question that the member posed. So the only proper way to do that is to have two recordings of revenue because you're dealing with two separate fiscal years. So there is no other way to record the revenue other than reporting it in each year so that the matter can be fully and properly disclosed to the Legislative Assembly.

Mr. Krawetz: — Thank you, Mr. Minister, and Mr. Deputy Chair. To the Minister, I'm looking at a document that was released by the Manitoba government, and I'm sure your staff have had the opportunity to look at this. This is a summary of the changes proposed by the Finance minister of the province of Manitoba, Mr. Greg Selinger.

And Manitoba, as I understand, has had a Fiscal Stabilization Fund for a number of years, and there have been a lot of concerns raised by the Provincial Auditor of Manitoba about the fund. And I'd just like to read a couple of quick paragraphs to you, Mr. Minister, and see what your response would be. It says this:

For many years, it was the government's practice to double count funds in the Fiscal Stabilization Fund as revenue. First they were counted in the year they were placed in the fund; then they were counted a second time when withdrawn from the fund to balance an operating account shortfall. This practice was out of step with generally accepted accounting principles.

Further paragraph says:

To address the problem, the proposed legislation would end the practice of classifying transfers from the Fiscal Stabilization Fund as revenues. This change is in keeping with recommendations made by the Provincial Auditor over many years.

And his final comment is that from . . . this is a direct quote from Mr. Selinger, the minister, he says:

Counting FSF (in other words the fiscal stabilization fund) withdrawals as inter-fund transfers is an important step for financial accountability and transparency.

So the reason for the questions that I'm leading to, Mr. Minister, over the last few minutes, has been that the Provincial Auditor of Manitoba recognized this double-recording as revenue of funds. And what he suggested, I think, over the last number of years to the governments of Manitoba and to the Finance minister, is that there shouldn't . . . this shouldn't be, we should not be following this type of practice in Manitoba.

And as I see your Bill, and I see the set-up that the Minister of Finance in Manitoba has reacted to, it's exactly the same thing. And I'm wondering if we're not going to have, a year or two or

three down the road, the Provincial Auditor of Saskatchewan saying the exact same things about the fund that you are creating, and then we'll have to make the changes. If that is accurate wouldn't it be more appropriate to make those changes now by way of an amendment to ensure that we're not calling it revenue twice.

Hon. Mr. Cline: — There is a difference between Manitoba and Saskatchewan in this respect, I think, and that is that Manitoba is moving toward having not just their General Revenue Fund statement but also a summary financial statement. And Saskatchewan has had a summary financial statement since the early 1990's.

And the difference is that I think the member, Mr. Deputy Chair, is correct with respect to the observations that the Provincial Auditor might make in Saskatchewan consistent with what has been said by the Provincial Auditor in Manitoba. But that criticism by the Provincial Auditor would not apply with respect to disclosure in the summary financial statement. And so the officials advised me that, because we have the summary financial statement that we have, that the matter would be fully disclosed in answer to the criticism of the Provincial Auditor in the summary financial statement which may not be true in the province of Manitoba.

That doesn't mean to say that the Provincial Auditor would not have the same criticism with respect to the treatment of the matter in the General Revenue Fund statement, but the Provincial Auditor in Saskatchewan would be able to give a clean bill of health to the summary financial statement notwithstanding that kind of objection.

And I would add this, that I believe that the — I don't want to speak for the Provincial Auditor although I did have a discussion with the Acting Provincial Auditor with respect to this Bill — and I don't believe that this Bill would necessarily answer every criticism that the Provincial Auditor or his officers might want to levy with respect to fiscal stabilization.

But I think that the Provincial Auditor's office would probably view it as a step in the right direction. And they probably would have criticism or suggestions in the future for how to improve fiscal stabilization.

But it doesn't take away from the point that I think they would regard this as improvement over what we have now. And I think that's the important point.

Could it be improved upon in the future? Perhaps. And we need to look at that. Is it an improvement over what we have now? I think definitely it is. And I think from my conversations with the Provincial Auditor they would see it as an improvement.

But in specific answer to the question, the difference between Manitoba and Saskatchewan is that our summary financial statements fully disclose all of the revenues and expenditures are not qualified by the Provincial Auditor. And the same would apply with respect to treatment of this matter.

Mr. Krawetz: — Mr. Minister, my final question is connected to the paragraph that I read to you,

Mr. Minister, where I still have difficulty understanding the suggestion for Manitoba that using or calling the transfer from the stabilization fund to the revenue fund as a revenue is not within . . . it says here, that it is not . . . it is out of step with generally accepted accounting principles. Okay, it's not the auditor raising a concern.

And I'm wondering if that is indeed true. If the suggestion by accountants in all situations, whether they're Saskatchewan or Manitoba or wherever, if the accountants are suggesting that this is out of step — that you would call it revenue twice — if that's true, then will we be forced to make some changes?

Hon. Mr. Cline: — I'm advised, Mr. Deputy Chair, by the officials that the problem the member refers to, raised by the Provincial Auditor in Manitoba, would be corrected in the summary of financial statements that we have in Saskatchewan; that that objection would not apply to the summary of financial statement that we have in Saskatchewan and that the Provincial Auditor would find the treatment acceptable notwithstanding the criticism with respect to the General Revenue Fund statement.

And I won't repeat my previous answer, but I'm advised that what corrects it in Saskatchewan is the summary financial statement.

Mr. Krawetz: — Thank you, Mr. Minister, and Mr. Deputy Chair. To the minister, I guess we'll look forward to the first opportunity that the auditor has to analyze the fund and to see how it's been set up and whether it works within those principles. And I want to thank you and your officials for the answers this evening.

Clause 1 agreed to.

Clauses 2 to 12 inclusive agreed to.

Hon. Mr. Cline: — Thank you, Mr. Deputy Chair. I'd like to thank the members of the official opposition for their co-operation with respect to the Bill and their questions. And I'd also like to thank the officials from the Department of Finance for their assistance not only throughout the year but also today and this evening with respect to this Bill. And with that I'd like to move that we report this Bill without amendment.

The committee agreed to report the Bill.

Hon. Mr. Lingenfelter: — Thank you very much, Mr. Chairman. And with that I would move the committee rise and report progress and ask for leave to sit again.

THIRD READINGS

Bill No. 55 — The Land Titles Act, 2000

Hon. Mr. Lingenfelter: — Mr. Speaker, I move that Bill No. 55 be now read a third time and passed under its title.

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

Bill No. 56 — The Land Titles Consequential Amendment Act, 2000/Loi de 2000 apportant des modifications corrélatives à la loi intitulée The Land Titles Act, 2000

Hon. Mr. Lingenfelter: — Mr. Speaker, I move that Bill No. 56 be now read a third time and passed under its title.

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

Bill No. 57 — The Land Surveys Act, 2000

Hon. Mr. Lingenfelter: — Mr. Speaker, I move that Bill No. 57 be now read a third time and passed under its title.

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

Bill No. 58 — The Condominium Property Amendment Act, 2000

Hon. Mr. Lingenfelter: — Mr. Speaker, I move that Bill No. 58 be now read a third time and passed under its title.

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

Bill No. 64 — The Fiscal Stabilization Fund Act

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

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

(2045)

COMMITTEE OF FINANCE

**General Revenue Fund
Fiscal Stabilization Transfer
Fiscal Stabilization Fund
Vote 71**

The Deputy Chair: — I'd like to invite the Minister of Finance to introduce his officials.

Hon. Mr. Cline: — Thank you, Mr. Deputy Chair. They are the same officials I had with me earlier. Dr. Paul Boothe, the deputy minister of Finance; Mr. Terry Paton, who is the Provincial Comptroller; and, Ms. Joanne Brockman, who is the director of the economic and fiscal policy branch of the Department of Finance.

Subvote (FS01)

Mr. Wakefield: — Thank you, Mr. Deputy Chair of Committees, Mr. Minister, and good evening to your officials. Once again I'm looking forward to clarifying some of these points. I didn't ask any of these in an earlier committee because I think they can be handled here just as well.

Just for clarification, Mr. Minister, when we're talking about the

Fiscal Stabilization Fund, we're setting up a new fund here, you're transferring money into this fund. And in fact from our earlier conversation there isn't going to be an actual fund set aside. I think the fund is in name only and it becomes then a budgetary or an accounting item. Can you clarify that again for me please, for the record?

Hon. Mr. Cline: — Yes, Mr. Deputy Chair, what the member says is exactly correct. When we have excess funds available in the Government of Saskatchewan we do not keep them separate. We actually use them and we create in effect an account payable of the General Revenue Fund if it draws on the fund and an account receivable of the Fiscal Stabilization Fund. Which in effect is the same as if I deposit my money in the bank, the bank doesn't necessarily have the money sitting there for me but I have an account receivable from the bank, they owe me the money. And the bank has an account payable, they owe me the money.

One might wonder well why don't we just keep the money separate. The reason is that if we keep the money separate we would then have to go out and borrow money and pay interest in order to run the government. What we do instead is use the money that we have, void the payment of interest and that way we save the taxpayers of the province some interest payments. So it works out to the benefit of the taxpayers. And I hope I've explained that adequately for the member.

Mr. Wakefield: — Deputy Chair, Mr. Minister, thank you. That explanation is very similar, of course, to the one that we talked about earlier.

The question I would have then and I'm really going back to the Bill that we had just passed and for clarification. But it talks about establishing this fund and amounts can be transferred in. Transferred means it's put in there in a budgetary or an accounting manner I assume. But when we get down further into the Bill where it talked about assets of the fund may be invested. Here we're talking about finite amounts of money because we're talking about investments.

And I'd like to get a clarification as to what is meant then by investing funds that are only there in a budgetary sense and the earnings on these investments.

Hon. Mr. Cline: — The investment of the fund would be an investment in the General Revenue Fund. The intent of the legislation is to say that it would be invested in the General Revenue Fund. In other words, it would be made available for use by government to meet the day-to-day operations of government.

And I might say that this is considered by all large organizations, whether our government or any other large organization, to be proper cash management. That if you have a cash fund, that that cash will be used as opposed to just sitting there, and you will try to minimize your interest charges.

Mr. Wakefield: — Thank you, Mr. Minister. The word "invested" maybe causes a bit of a problem there, but in the next part of that, 6(2), "any interest or other earnings" — and I'm not sure what is meant by other earnings on these investments. In other words, we're talking about a specific amount of money again that goes into the general revenue. Well if you put the money into . . . or use it in the General Revenue

Fund, and apparently it must earn an interest; otherwise it wouldn't be talking about depositing this interest or other earnings in General Revenue Fund. That's the part that's confusing for me.

Hon. Mr. Cline: — I'm advised by the officials of the Department of Finance that the lawyers in the Department of Justice have advised that the section should be worded this way to clarify that if there is any interest or earnings of the fund that those would have to be paid into the General Revenue Fund.

But I'm also advised, Mr. Deputy Chair, that the expectation is that there won't be any interest or earnings of the fund because those funds will be made available to the General Revenue Fund. However, the lawyers for . . . so that there's no misunderstanding by anybody, the lawyers have advised that the section should be drafted this way to specify that really the only money that this fund will have is money that will be paid from the General Revenue Fund into the Fiscal Stabilization Fund. And the intent of the section is to say that's the only money that fund is entitled to. If there's any interest, if they tried to earn any interest — which they shouldn't be doing — or if they had any earnings, that has to be credited to the General Revenue Fund. And that's the intent of the section, that it just won't become an issue.

And I'm advised that when I ask, well, we're not anticipating any interest or earnings, so why are we worrying about it, that the lawyers, being lawyers, say, well just to ensure that it doesn't have any money other than the money that's appropriated by the General Revenue Fund and budgeted for and announced in the budget. Anything they have has to be returned to the General Revenue Fund. That's the intent of that section.

Mr. Wakefield: — Mr. Minister, Mr. Deputy Chair, in all deference to lawyers, it's certainly baffling to somebody like myself that hasn't had that kind of experience. Again, going back to my colleague's earlier comment, a transfer from one fund to another would in my view have been much more simple to understand, maybe to execute as well.

Let me proceed from there, Mr. Minister, just to try to establish or clarify some of the things about this particular fund. I noticed in this year we're talking about the establishment of \$405 million in the Fiscal Stabilization Fund. And I noticed from the general statement of revenue in the budget, and I'm looking at page 12, that transfers from these Crown equities . . . There's two items — transfers from the Saskatchewan Liquor and Gaming Authority, net income; Saskatchewan Liquor and Gaming Authority, retained earnings. One is 310 million and the other one is 695 million. Is it my understanding, then, that the transfers from those two entries, Liquor and Gaming Authority, about \$1 million, part of it is going to be going into the General Revenue Fund per se and 405 million is going to be assigned — is that the right word? — assigned to the Fiscal Stabilization Fund?

Hon. Mr. Cline: — Yes, all of the money in the Liquor and Gaming Authority fund will be paid into the General Revenue Fund, and \$405 million will be paid into the Fiscal Stabilization Fund. And in the future, all monies received by the Liquor and Gaming Authority will be paid into the General Revenue Fund,

which will be an improvement in accountability in the sense that the money simply goes now from liquor and gaming into the General Revenue Fund. Then the amount of money you set aside for Fiscal Stabilization will be as approved by the Legislative Assembly in accordance with the plan that will be set out in the budget.

Mr. Wakefield: — Mr. Minister, just for clarification you said all the money from the Liquor and Gaming Authority would go into the General Revenue Fund. Are we talking about the net amount of money or all the money as you have indicated . . . just the profits from the liquor and gaming? When you referred to all the money, it's a bit confusing.

Hon. Mr. Cline: — On an annual basis it would be just the profits from liquor and gaming that would be paid into the General Revenue Fund.

Mr. Wakefield: — Mr. Deputy Chair, Mr. Minister, can you tell me why, when we were earlier on in our session we were looking for money that we may be able to suggest go to help farmers or whatever the case, there was an indication that there was not that kind of money available. And yet at this budget we see there's a retained earnings of \$695 million. That seems to be money that was in that fund but not identified. Is that correct?

Hon. Mr. Cline: — Yes, Mr. Deputy Chair. The answer is with respect to the \$310 million, the current year revenue. You have to bear in mind, Mr. Deputy Chair, the member has to bear in mind that we've always taken that into revenue on an annual basis, so that's nothing unusual or new. The question has been: with respect to the retained earnings, how much do you draw down?

So you're really only talking about the retained earnings, which are the \$695 million, I think it was, and that's a lot of money for sure. But I would refer the member to page 50 of the budget address book and answer it simply this way, that the revenue for this year is \$6.4 billion basically. The expenditure will be \$5.3 billion. And that leaves an operating surplus of approximately \$1.09 billion. So there is a surplus there. But of that, we have to service the public debt, that is, paying interest on the public debt which this year will be \$677 million.

So you look at your revenue, 6.4 billion, your expenditure, 5.3 billion. You have a surplus of 1.1 billion, but you're paying \$700 million servicing the debt. And that leaves you with about \$414 million. That's all we have left after we pay the government expenditures and servicing the debt. We've set \$405 million aside. It leaves us with a surplus of \$9 million.

So my answer is the current year revenue into the liquor and gaming fund, that's already accounted for each and every year. There's nothing new about that.

(2100)

The surpluses . . . or the retained earnings, I should say, is being drawn in as part of the revenue. It results in an operating surplus. But once you pay the interest on the debt and pay for the expenditures that are included in the budget which have to be approved by the legislature, then all you have left is the

amount we're putting into the Fiscal Stabilization Fund.

There's no money that's gone missing or available for expenditure. It's all completely accounted for, down to the last dollar. And everything, all the money we have, is described in the budget, in the *Estimates*. It's all going somewhere, subject to approval by the Legislative Assembly. There's no slush fund. There's no money available, other than we believe we should set \$405 million aside as a stabilization fund so that the people of the province have something in the bank, in effect. We think that something should be left in the bank.

Mr. Wakefield: — Thank you, Mr. Minister. I noticed on page 12, going back to the general statement of revenue, that there was going to be an estimated transfer in 1999-2000 of 295 million and more. But then the forecast was for no transfers until we get to the estimated 2000-2001 of the 310 that we're talking about.

It would seem to me that the 310 has come from somewhere that I'm having difficulty putting my finger on. Could you just clarify that again please?

Hon. Mr. Cline: — The answer is that we, Mr. Deputy Chair, we got higher than anticipated revenues last year largely because of the higher than expected oil prices. That was one factor. Also higher than expected tax payments from the federal government with respect to income taxes. And higher than expected federal transfers.

Mr. Wakefield: — Well thank you, Mr. Deputy Chair, Mr. Minister. Just a couple more questions if I could then and mainly again for clarification.

This particular fund has been set aside for fiscal stabilization. I think you said 5 per cent would be on an ongoing basis — about 250, \$270 million. After this budget there'll be 405, so I'm anticipating that we won't have to see an addition to this fund in the coming years if it's not drawn down. Have I got that correct?

Hon. Mr. Cline: — Well that's exactly right, Mr. Deputy Chair. I should note that in the budget document, page 51, we note that the Centenary Capital Fund, or the Centenary Fund as it's now called, will be drawn down \$30 million a year in each of the three years subsequent to this fiscal year. So that's \$90 million. And then next year, \$25 million will be used to pay for the second year of property tax relief for farmers.

But beyond that, that will leave us with approximately 5 per cent of estimated revenue and the money will be there. That money's there if we need to draw it down because of an unanticipated event. Then we'll have to replenish the fund. If we don't need to, then that money will simply be there: next year we won't have to add to the fund.

Mr. Wakefield: — Mr. Minister, we have this fund that this is there. I guess you'd call it protected money in that fund. It's a budgetary item that's out there. The money however is being utilized, as you explained earlier, for day-to-day operations that are costing us interest on an ongoing basis.

My question I guess is, why was there . . . why 400 million set

aside even though the money is still being used? You've actually protected that budgetary item against other items that could have used a larger budget, I'm sure. And I'm thinking particularly of highways. I'm thinking particularly of health care, maybe even education. Those budgetary items could've gone there. Even if you had protected 250 million, there's still that \$150 million that could've been allocated to a budget in another area.

At the same time, local health boards are running deficits, as you know, and municipal governments are struggling to keep their equipment and their expenses in line. That's a bit of a problem for me when I see that amount of money budgeted and set aside when it maybe could've been utilized for things that are so desperately needed right now.

Hon. Mr. Cline: — Mr. Deputy Chair, the answer to the question is that our feeling was that we had more revenue last year than we had anticipated, but we could not guarantee to the people of the province that we would have that level of revenue each and every year thereafter. So some of it we considered to be one-time money that we would have this year, but not necessarily next year.

Therefore given the fact that the revenues of Saskatchewan are fairly volatile because we're dependent in part on oil and in part a large part on farm products, we felt it was best to not assume that we would have that money each and every year when the advice we have from our officials is that we won't have it. And so we thought it would be better to put that into expenses that were not of an ongoing nature, and so we created the Centenary Fund and the two-year program for property tax relief for farmers. And that's the reason that we didn't feel that we'd have that level of revenue each and every year.

And we're trying to really protect the taxpayers from a situation where we might go into deficit or debt or have to increase taxes; therefore we thought we should save some of that money in the Fiscal Stabilization Fund as I've described.

Mr. Wakefield: — Thank you, Mr. Minister, Mr. Deputy Chair. I'm going to, if I could, I'm going to defer to my colleague from Canora-Pelly. But I would like to thank, before I do, I'd like to thank you, Mr. Minister, and your officials for helping us here.

Mr. Krawetz: — Thank you very much, Mr. Deputy Chair. Mr. Minister, I'd like you to clarify a couple of things, and I'm referring to page number 12 of your budgetary statement when you talk about the transfers from Crown entities. And you've indicated that your officials have told you that next year there will not be the sources of revenue that you described — and rightfully so because, as you've indicated, you are transferring the entire retained earnings of the Liquor and Gaming Authority, you're transferring all of that out of the Liquor and Gaming Authority into the General Revenue Fund. And we see a figure of 695 million.

You also have indicated that the net income for this year of 310 million . . . And I think that sort of contradicts what you said at the very beginning, Mr. Minister, when you said that each and every year we transfer the income from the Liquor and Gaming Authority, when in fact last year, for the fiscal year '99-2000,

none of the net income of the Liquor and Gaming Authority was transferred. Is that accurate, Mr. Minister?

Hon. Mr. Cline: — That's true, Mr. Deputy Chair, that we did not transfer the income last year. But it is the officials' opinion that that income will have to be transferred this year and every year hereafter.

Mr. Krawetz: — Thank you, Mr. Minister, and Mr. Deputy Chair. We see as indicated there by those two numbers, that's a billion dollars worth of revenue that the General Revenue Fund has acquired from the Liquor and Gaming Authority. And I guess what we need to look at, if we're going to look at future years when you talk about whether or not the Fiscal Stabilization Fund will require any further monies, I look back at last year's and I see that there's a dividend transfer of 125 million and that there were other enterprises and other funds of 28 million. So we saw \$153 million worth of revenue for last year. This year, we see \$1.2 billion.

And of course that revenue is not going to be the same but if we look at the dividend fund that you're using this year, the dividend transfer that you're using of 150 million, and projected, I understand, for next year . . . I'm sure you're projecting at least 300 million of revenue from the net income of the Liquor and Gaming Authority each and every year. So will not this fund, no matter what happens, if you just keep the transfer from CIC, the dividend transfer of 150 million, will you not see at least a half a billion dollars in this revenue source each and every year?

Hon. Mr. Cline: — Well I think it's fair to say, Mr. Deputy Chair, that yes, we have seen approximately \$300 million a year from Liquor and Gaming to the General Revenue Fund and I think that will continue. And we see a dividend of about \$150 million from the Crown Investments Corporation. So that's a total of about \$450 million.

That is revenue that comes to the General Revenue Fund. It's reported in the documents. That's why the member knows about it. It's there; it's transparent. That money comes into the budget.

I think the question the member is asking is, well therefore isn't there a whole bunch of money that we could use to spend on things that presumably we're not spending on it now. And I would say to the member, well there's not just \$450 million or half a billion dollars of income coming into the province of Saskatchewan. There's in fact \$5.6 billion a year. And where's it going?

Well it's going to the things that are disclosed in the budget which we all know about. If the question is, is there a whole bunch of money sitting out there unaccounted for that we can do other things with? I'm very sorry to report to the member that no there isn't because nobody would be happier than me if there were hundreds of millions of dollars available to do other things because believe me, Mr. Deputy Chair, I'd like to have some extra money.

But unfortunately the money is accounted for. The money is disclosed in the summary of financial statements which are audited by the Provincial Auditor. There isn't hundreds of

millions of dollars out there unaccounted for that we can do other things with. I wish it were so, but unfortunately in the real world it is not so.

Yes, there's revenue coming into the province of Saskatchewan. There are things that we do with that revenue — 2 billion for health care, 250 million for highways, so on and so on. It's all accounted for.

Mr. Krawetz: — Thank you, Mr. Minister, and Mr. Deputy Chair. I was not suggesting that it was not accounted for. Mr. Minister, my questions were around you clarifying, and I think you did very well in clarifying, the fact that in the Crown entities transfers each and every year we will probably see at least a half a billion dollars. And I think you left the impression with the people of Saskatchewan and with the official opposition that indeed there wouldn't be any additional monies coming into this fund because everything had been transferred out.

And I think you've clarified that we'll be seeing at least a half a billion dollars if the Liquor and Gaming Authority continues to produce the revenue that it does and \$150 million as a dividend from CIC and the other fund I'm assuming that it will range around \$38 million.

So we do see a half a billion dollars that will be there and you're indicating that, of course, that's revenue that you're going to be held accountable for and it will be used to fund all of the expenses that you have. And I thank you for that response.

Subvote (FS01) agreed to.

Vote 71 agreed to.

(2115)

General Revenue Fund Agriculture and Food Vote 1

Hon. Mr. Lingenfelter: — Thank you very much, Mr. Chair. And with me tonight for the estimates are my officials from Agriculture and Food. Seated here with me, Ernie Spencer, acting deputy minister of Ag and Food; Susie Miller, assistant deputy minister; Stan Benjamin, executive director, planning and development; Hal Cushon, director of policy program development; Jack Zepp, director of administrative services branch; and Ross Johnson, manager of operational services.

Subvote (AG01)

Ms. Harpauer: — Thank you, Mr. Chair. Mr. Minister, I have a couple of questions concerning production of organic milk in the province.

I have forwarded to you a couple of written questions and they were answered that your department had looked into the production of organic milk and they were interested . . . or they had looked into the program that was offered in BC (British Columbia). And is that a possibility in our province?

Hon. Mr. Lingenfelter: — Yes, there is potential for organic milk my officials tell me. It would have to come under the Milk Control Board though, the same as any other milk production so you'd have to have quota. But certainly if there is a demand for organic milk production, if you have producers who are interested, they should contact us and we would help them through the hoops as how to go about the process.

Ms. Harpauer: — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, yes I'm aware that they have to have access to quota and apparently there is no quota available right now in the province.

The BC Agriculture department told me they accessed a special quota pool from the federal government for specialty products and so that they accessed this pool — they have that in BC — and organic producers then purchase the milk from that pool. And it's done differently, it's marketed a little bit differently.

So yes, I have a number of organic producers and an organic processor who is interested in this and they would be more than happy to meet with your department.

The one other question that I have in the organic line, because it's definitely an upcoming market, it's a growing market. There has been articles and different literature circulating that the Canadian Wheat Board would like to take control of the organic market of grains and herbs and spices.

Does your government condone this or would they be in favour of the Wheat Board having control of the organic market?

Hon. Mr. Lingenfelter: — Just on the issue of organic grains, first of all the Wheat Board would have no jurisdiction or authorization over herbs and spices of any kind, including organic. And it's my understanding they don't have an interest in being involved in that area.

In fact as it would relate to organic grains under their jurisdiction they are very interested in working with producers and being flexible in terms of their production as well.

But the member's absolutely right, organic consumption in the United States is growing somewhere between 15 and 30 per cent a year. So there is a huge demand and I think quite a huge opportunity for producers to look at that area.

Ms. Harpauer: — Thank you, Mr. Minister. Mr. Chair, and Mr. Minister, basically I would like to know though what your government stand is in . . . are you in favour of the Wheat Board having control over that? Or do you feel it should be marketed through some other method through the farmers or through organic boards?

Hon. Mr. Lingenfelter: — Any changes to the Wheat Board that would extend the grains under the jurisdiction of the Wheat Board would have to be at the producers' request. So in my opinion obviously is clear that I support the jurisdiction of the Canadian Wheat Board as it now exists, but any expansion potential of the Wheat Board certainly would have to come at the request of the producers of that commodity.

Mr. Brkich: — Mr. Minister, is there any funding, grants, or

assistance to aid farmers who wish to farm organically?

Hon. Mr. Lingenfelter: — Yes, we don't have grants as such but the extension services in agriculture certainly is there to help producers, and also I guess as with other producers who were involved with research and development and trade policy. So we do those three categories but not direct grants for any organic production.

Mr. Brkich: — Thank you, Mr. Deputy Chairman. For this fiscal year do you have any . . . set aside any funding for organic research?

Hon. Mr. Lingenfelter: — Well there's two areas that we're looking at this year. One is through the ADF (Agriculture Development Fund) program, some research money for organic. I think over this year and next, probably in the area of \$100,000. It's not a lot of money but it's something.

And we're also looking at crop insurance being able to differentiate organic versus non-organic as it would apply to grains and oil seeds under the crop insurance program.

Mr. Brkich: — Thank you, Mr. Deputy Chairman. Mr. Minister, do you have . . . Is there any money in, I think it's called Cangro Processors Ltd. from the Saskatchewan government?

Hon. Mr. Lingenfelter: — Not through our department.

Mr. Brkich: — Thank you, Mr. Deputy Chairman. I have one question from my constituent. He wants to know: does the government provide education to warn farmers and workers of the dangers of pesticide spraying? He wants to know if there's any money set aside this year or do you have any programs like that?

Hon. Mr. Lingenfelter: — Yes, within the Department of Agriculture there are training programs for pesticide applicators. That would be for commercial applicators but any individual farmer could come to those sessions as well.

Mr. Brkich: — Thank you, Mr. Minister. I've had some calls from my office too, people interested in user fees. Could you supply me a list of all the user fees related to Agriculture through your department?

Hon. Mr. Lingenfelter: — We can supply it again but there was a written question earlier that asked — I think it was a written question — where we gave all of the increases and those that stayed the same. But I can provide that for you because I think I've got it in my office in my file.

Mr. Brkich: — Minister, just one more question. The province had appointed a special advisor in Agriculture. Is that through your department? Is he funded through yours?

Hon. Mr. Lingenfelter: — No, the individual is on staff but it's through the Department of Finance, not through Agriculture.

Mr. Brkich: — Mr. Minister, I believe that's all the questions I have for now.

Mr. Boyd: — Thank you, Mr. Chair. Mr. Minister, and welcome to your officials. We have seen in the last few years, a number of years, an escalation in the number of . . . a substantial expansion in the hog numbers in this province. And we are asking on behalf of some folks that have questions in this area about the expansion of the hog industry as to what kinds of checks and balances are in place to ensure that runoff and air quality and manure applications and all of those types of things are handled in a proper fashion. So on behalf of those folks, I would want to ask you some questions about that, Mr. Minister. Primarily it's in the Good Spirit Lake Provincial Park area that people are concerned, the upper Assiniboine River basin.

I understand that Big Sky Farms has received approval to build three very large hog barns in the Rama area, in the RM of Invermay. This is located in the upper Assiniboine River basin. The water from the site areas drains into the Good Spirit Lake Provincial Park. The people of the area are requesting that an environmental impact study be done before the project commences.

Mr. Minister, is that what the plans are or could you ensure or give the people of that area some degree of comfort in knowing that any proposed facilities in that area will be handled in a proper environmental fashion?

Hon. Mr. Lingenfelter: — I think that's a very, very important question and we have had a number of individuals who have expressed interest, and in some cases concern, about the proposal that has been developed for that particular intensive livestock facility being built in that area. But what I can say is that in the province of Saskatchewan, as you would be aware because you've been very much involved in the debate around this, that we have extensive approval process, as strict or more strict I would argue than anywhere else in the world as it would relate to hog production.

We also have one of the lowest levels of hog production per acre of land than anywhere else in Canada or for that matter in North America. So we do not have the problems that might exist in countries like Denmark or the Netherlands where in a very, very small confined area they have many millions of hog production. We have, I think, 44 per cent of Canada's cultivated land and only about 1.2 million hogs at the present time.

And so when you consider the availability we have for injection . . . and much of the liquid hog manure is now injected into the soil so the washing or runoff problem that might have existed at one time simply isn't there any more. So we very, very carefully monitor the watersheds and encourage the farmers to be very careful in how they spread, and we monitor how that takes place.

So we are very, very comfortable that the laws we have in place will protect the watersheds and individual farmers and some of our very priceless recreation areas.

(2130)

Mr. Boyd: — Thank you, Mr. Minister. Some of these questions are of a fairly specific nature, and for that reason I would understand if you weren't able to answer them. But I

would ask that you and your department commit to being able to provide written answers to the questions, with regard to these very specific types of questions. I'll send them across after we've concluded here this evening.

But in most prairie ecosystems, phosphorus is considered the key factor in the growth of algae, including the toxic blue-green algae which could potentially affect Good Spirit Lake. If there were any kinds of adverse effects in the area or with respect to local farm water supply situations for personal or for farm use, who is responsible for any kind of damages or compensation in that respect?

Hon. Mr. Lingenfelter: — Maybe what I would suggest to the member opposite, that if he would just read all of the questions and then I would make a commitment to get the answers and get back to him. As he says, some of the issues are technical. I can get briefed here by my officials, but it would certainly save a fair bit of time of the committee if he would read the questions into the record, and then I would make a commitment within the next — let's say — 48 hours, to get the response back to you.

Mr. Boyd: — Fine, Mr. Minister, and Mr. Chair.

What proactive measures to prevent a Walkerton-type disaster in this province are taking place with respect to the contamination of well water, dugouts, and/or lakes and river systems?

Is the rate of manure application being adapted for our growing season?

Who will be liable for compensation of private land and any damage to the water supply?

Those are the questions that people had in this area.

We also have had some questions coming in with respect to the production of eggs and chickens and broilers in the province. And I would . . . they're quite detailed and lengthy, Mr. Minister, so rather than read through them to you and to the Assembly, I would ask that you and your department look these over and provide detail with respect to those as well.

And, Mr. Minister, the other questions we had were surrounding air quality. Is your department, when it comes to confinement of livestock operations, looking at any kind of new technology in terms of the waste air coming from those facilities? That seems to be an area of concern that people have when it comes to intensive livestock operations in the relatively . . . in areas where people may be living close by. I certainly am aware that there are regulations in terms of distance and those kinds of things.

But what work is going on with respect to air quality problems that people are experiencing?

Hon. Mr. Lingenfelter: — There is two jurisdictions that are involved here. If it's outside of the barns, air quality that may be emitted from the barns or from animal waste in an area would be monitored and the responsibility of SERM (Saskatchewan Environment and Resource Management).

Inside the barns though, where workers are involved or the actual operator of the barn, the Department of Agriculture is now starting to do some experimenting and testing and making sure that we know the air quality within the barns.

Although, this is a fairly new project, but we are ahead of other jurisdictions in Canada or at least on the cutting edge of that research to make sure that we have an understanding of — unlike when the old barns were there it meant maybe an hour or two a day in a barn — now we have people spending eight hours a day or a shift in a barn. It's very important to know about the air quality within the facility. So we are doing some experimenting and testing of that and that is the responsibility of Agriculture and Food.

Mr. Boyd: — Thank you, Mr. Minister. I think every one I'm sure province-wide is of the view that we want to see, at least we are on this side anyway, in favour of development and expanding our economy in Saskatchewan. However we have concerns and I think they are valid concerns that folks raise in this area of air quality, waste water problems, manure applications, all of those kinds of types of concerns that come forward with respect to any increase in livestock numbers in Saskatchewan.

And in order to ensure that they are being handled properly, air quality issues and all of those types of concerns, we want to ensure and we want your commitment from your department that these concerns that people have will be dealt with in a very forthright manner to ensure people all over the province that this is being handled in a proper fashion.

The concerns that people have are, I think, real in many ways. They have certain concerns about air quality that are real. They have concerns about runoff that are very real. No one wants to see the kinds of problems that they're having in other jurisdictions right now. And to ensure that that doesn't happen, I think we all have a responsibility to . . . and your department obviously has a responsibility to play a role in that. So we want to ensure that that's handled properly, Mr. Minister.

The last area of questions that we have for this evening are in the area of the AIDA (Agriculture Income Disaster Assistance) program, Mr. Minister. We have had all kinds of contact with farmers from across the province with respect to the program. Where it is going, what kind of changes are being made, what is happening with respect to the negative margins situation, what is happening in terms of the program right now, whether or not farmers are receiving a '99 AIDA benefits — we've heard all kinds of rumours whether your department is actually signed on for '99 or not and whether cheques are being cut or that sort of thing.

When producers phone into the program, they're getting very conflicting information. On one hand, we are being told that the process is taking place as it should. On the other hand, farmers when they phone in to see about the progress of their application are being told that Saskatchewan's dragging its feet in this area. So perhaps you can help us with this, Mr. Minister.

Hon. Mr. Lingenfelter: — Just going back to the issue that you raised about the air quality in hog barns, I just wanted to mention too that the prairie swine centre, which is a very

excellent barn and facility which does research in hog production, intensive hog production near Saskatoon, is doing some very excellent research on air quality in hog barns. And it might be worth your while if you're in that area sometime to just go and have a look because there's a lot of good work being done.

In the area of AIDA, it's fair to say that the program, as it related to the 1998 program which was money then paid out in 1999, there were huge and difficult problems. And in that year I think about \$147 million were paid out to Saskatchewan farmers. Our anticipation is for 1999 program, which is now being applied for and paid out.

The application form, as I understand, although I haven't had a personal chance to look at it, but is simplified in many ways. The federal minister who administers this program — I believe out of Winnipeg — is guaranteeing or insisting that the turnaround time will be much quicker than last year. And the amount being paid up has gone up from 147 million to Saskatchewan to 300 million. So my anticipation is that it will be a better program in 1999 or that money that's being paid out this year than it was last year.

But we are not very satisfied with the way the program has been administered in the past. It's taken too long. There have been too many mistakes made. And you will know as well as I that people waited up to five months to be told that they weren't eligible for the program. And this only adds to the sentiment that many farmers have of incompetence within the program. When you say, well why didn't you look at it one day and see that we weren't eligible and call us back and tell us within a week that we weren't eligible? What were your people doing in the federal administration looking at these forms for five months before they made up their minds that we weren't eligible? So there were some serious, serious programs.

I know that I just signed off a lot of letters to my staff in Crop Insurance thanking them for their program, the CSAP (Canada-Saskatchewan Adjustment Program) which they were responsible for which saw the turnaround time from the time an application came in until the cheques were in the mail of four or five days.

And I have sent a letter off to Mr. Vanclief challenging him to look at the way our program was administered here and asking him to apply some of the technologies that we use in Crop Insurance of getting the forms processed in AIDA.

Now I don't know whether they will take us up on that or not but I think it's totally unacceptable that we have \$300 million in an account to be paid out this year through AIDA and farmers are having to wait three or four months for the turnaround time.

So we're trying to do what we can, although, as you know, this program is administered by the federal government.

The committee reported progress.

The Assembly adjourned at 9:42 p.m.

TABLE OF CONTENTS