

EVENING SITTING  
COMMITTEE OF FINANCE

Motions for Interim Supply

**The Chair:** — I invite the Minister of Finance to introduce his officials and make any opening comments.

**Hon. Mr. Cline:** — Thank you, Mr. Chair. With me to my left is Mr. Ron Styles, who is the deputy minister of Finance. And to my right is Kirk McGregor, who is the assistant deputy minister of taxation and intergovernmental affairs. And right behind me is Glen Veikle, who is the assistant deputy minister of the Treasury Board branch. And behind Mr. Styles is Mr. Dennis Polowyk, who is the assistant deputy minister in charge of treasury and debt management division. All of these officials work for the Department of Finance.

And, Mr. Chair, I would like to move resolution no. 1:

That a sum not exceeding \$924.416 million be granted to Her Majesty on account for the 12 months ending March 31, 2003.

And I so move.

**Mr. Krawetz:** — Thank you very much, Mr. Chair. Welcome this evening, Mr. Minister, and all of your officials. This evening the opposition would like to ask a few very general questions regarding the budget and regarding how the interim supply fits into that. We'll also be looking at some specific questions from some of the critics, Mr. Minister.

We had the opportunity to review the budget in the last two weeks, Mr. Minister, and we note that, you know, maybe even the budget had many changes in it from what we assumed to be sort of the normal pattern of accounting and reporting. And we note, Mr. Minister, that your first request for an interim supply is in fact two-twelfths of an interim supply. That seems to be a bit of a deviation from the normal one-twelfth.

Could you explain to the Assembly why that process of two-twelfths is required rather than a one-twelfth so that we would have the opportunity to look at the kind of spending that this government does in a short period of time?

**Hon. Mr. Cline:** — Mr. Chair, requesting two-twelfths is consistent with what this Assembly has been doing. This will be the third year that we've requested two-twelfths, and the opposition agreed to that two years ago and also last year.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, I appreciate the fact that you've sent over a copy of each department, and I haven't had a chance to study it. So I'd ask you, Mr. Minister, are all departments listed on your form, and is the two-twelfths allocation exact for all departments?

**Hon. Mr. Cline:** — The answer is yes, after the statutory amounts are deducted first.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, we

see economic projections for the country and for the province of Saskatchewan, and we note that interest rates have some effect on the budget and of course the interim supply.

Could you indicate what the projection for interest rates over the next few months is, as far as the projection for your budget?

**Hon. Mr. Cline:** — Yes, Mr. Chair, the budget is based upon 3 per cent short and 6 per cent long term.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, in listening to economists from the Bank of Montreal who were in Saskatchewan not too long ago, and I believe Royal Bank economists are indicating this as well, that the current short-term rate, or overnight rate I believe is how some financial institutions refer to it, will rise by as much as 2 per cent by the fall. So that would mean that that short-term rate that you have put forward of 3 per cent could be in fact 5 per cent by your three-quarter financial statement that you would have.

Mr. Minister, if we do see a 2 per cent rise in interest rates on those short term, and I guess on the long term as well, will that have any very serious effect on your budget?

**Hon. Mr. Cline:** — Yes, Mr. Chair, a 1 percentage point increase in interest rates for a full year from levels assumed in the budget, which are 3 per cent short term, 6.5 per cent long term — I should correct myself — would increase the estimated costs of servicing government gross debt in this fiscal year by approximately \$6.3 million. So I take it that if interest rates went up two per cent, then our debt servicing costs would go up approximately \$12.6 million.

**Mr. Krawetz:** — Thank you, Mr. Minister, for that explanation. Mr. Minister, while we look at the interim supply as being nearly a billion dollars, being one-sixth of the total budget, we also have to take a look at the revenue side. Mr. Minister, for those people who don't understand the interim supply and the payments of government, could you explain the revenue projections and whether or not you see revenue coming in or does Finance base their cost of operating on the fact that they also receive, over the course of the next two months, approximately two-twelfths of their revenue or will there be a position where you ... the Treasury will actually have to borrow money?

**Hon. Mr. Cline:** — Generally speaking, Mr. Chair, I'm advised that we get about one-twelfth of our estimated revenue each month.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, in the revenue columns for non-renewable resources, we've seen a significant change in a couple of the areas — most specifically in natural gas — and while you indicate that one-twelfth of that revenue should be available this month, it is noted in the budget document, Mr. Minister, that last year's estimate for natural gas revenues was \$167 million and now you're projecting about 87 million, a significant difference.

Is the difference based on the price per gigajoule in that it's changed that dramatically? Is it based on consumption? What

calculations did you use, or did your department use, to arrive at an \$87 million projection for revenue in natural gas?

**Hon. Mr. Cline:** — Yes, Mr. Chair, the estimate of a lowered amount of revenue from natural gas is based upon lower prices being projected.

**Mr. Krawetz:** — For purposes of *Hansard*, Mr. Minister, could you indicate what your document has used as far as the price for natural gas and the price for a barrel of oil as well?

**Hon. Mr. Cline:** — The budget assumes, Mr. Chair, a world price of oil, West Texas of \$20.50, and natural gas an average field gate price of \$2.98.

**Mr. Krawetz:** — Thank you, Mr. Minister.

Mr. Minister, in light of the Middle East crisis as we see it now and the announcement by various leaders in the Mid East, especially the ruler of Iraq, indicating that there may be some limiting of oil resources as far as the amount sold, we've seen a tremendous change. I believe today's price changed by as much as 70-some cents per barrel. We see now the West Texas price in excess of \$26.

Have you built in anything into the budget to indicate that, as we move along, if the price indeed continues to skyrocket and it may be doing that as well, will we see a change in your budget as far as a mid-term, or will we be waiting for your mid-term report to indicate that we in fact may be, you know, the beneficiary of windfall oil and gas royalties?

**Hon. Mr. Cline:** — Well the projection is as I stated. But of course if the projection changes because the price changes, bearing in mind that it's very volatile, then as we release the quarterly statement for the first quarter of the year, which would be some time this summer, and then the mid-year financial statement in the fall, if the price remains high then we would revise our projections for oil and natural gas upwards, presumably, and other things may be revised downwards.

I think what we've seen in the last year or so is that prices are very volatile and they can go up rapidly. They can come down rapidly as well.

**Mr. Krawetz:** — Thank you, Mr. Minister. Besides relying on of course non-renewable resources, there are a number of tax revenues. One of them of course is tobacco and the changes that were listed there.

Mr. Minister, you've indicated in documents that were made available to the opposition — and I want to thank you first of all for making those documents available, indicating the various components of tax — you indicate that the liquor consumption tax for the province which was changed from 7 to 10 per cent was going to produce a revenue of approximately \$52 million, Mr. Minister.

And last year your forecast — which is not an estimate, it's pretty accurate — is under \$35 million which would suggest that for each point of liquor consumption tax there is a revenue generator of about \$7 million. You're now looking at in excess of \$52 million, Mr. Minister. Are you suggesting that there will

be more consumption and more tax arrived at or is it as your projection for tobacco in that we're going to see less revenue for government even though the sales tax has been increased a proportionate amount? So, Mr. Minister, the 52 million seems to suggest that we're going to expect more revenue at the same amount of tax.

I wonder what your comments are.

**Hon. Mr. Cline:** — We expect approximately \$1 million in additional revenue due to increased consumption and the rest is due to the tax increase.

**Mr. Krawetz:** — Mr. Minister, one other explanation is necessary and that's in the provincial sales tax area, the 6 per cent. You've indicated that last year's forecast is going to be at about 767 million and you're now projecting 799. Could you indicate the breakdown of that additional 33 million and where the treasury expects to receive 33 million from additional sales tax when the sales tax base has not been expanded and of course the PST (provincial sales tax) was not increased.

**Hon. Mr. Cline:** — We believe there will be approximately \$3.7 million from increased tobacco tax because the sales tax is on top of the increased price of tobacco, \$3.6 million due to better compliance measures, and the other growth because of growth in the PST base we project will result from higher retail sales in a growing economy.

**Mr. Krawetz:** — Mr. Minister, am I right in looking at your document that suggests that your department is projecting a 1.2 per cent retail sales growth? Is that accurate?

**Hon. Mr. Cline:** — We project growth in retail trade of about 1.6 per cent. The sales tax base is also affected by business expenditures and a 9.3 per cent increase in private investment in Saskatchewan is projected for the fiscal year; so that also would increase sales tax revenue.

(19:15)

**Mr. Krawetz:** — Thank you very much, Mr. Minister. Mr. Minister, your revenue projections for the upcoming budget of course are based on significant transfer of dollars from Crown corporations. You look at . . . I believe you're declaring a \$300 million dividend for CIC (Crown Investments Corporation of Saskatchewan).

Could you indicate to the Assembly and to the people watching as to what you expect the profits for CIC to be in the coming year, and more importantly especially the large corporations? What do you expect the profit to be in those larger corporations for the current fiscal year that we're in?

**Hon. Mr. Cline:** — The Department of Finance, Mr. Chair, does not have that information. Those detailed questions would be more appropriately addressed to the minister in charge of the Crown corporations.

But I will say to the member that the dividend we project includes \$100 million of deferred dividend which we didn't take for the year 2000 and which we intend to take this year along with a more regular dividend of \$200 million.

**Mr. Krawetz:** — Mr. Minister, while I do understand that, you know, the Minister of CIC would be responsible for that department, there must have been discussion between your officials and CIC.

Are you expecting that the CIC corporation for this fiscal year will generate at least a 200 million — or 300 million I guess if we're not talking about that deferred 100 million from a couple years ago — will their profits of CIC corporations be at least 300 million?

**Hon. Mr. Cline:** — Well those . . . There of course have been preliminary discussions between the Department of Finance and the Crown Investments Corporation. But we're only into the new fiscal year and we're only into the third month — the fourth month actually just beginning of the Crown corporation calendar year — so the . . . But in any event, we think to take a regular dividend of \$200 million is warranted.

And we think now is the appropriate time to take \$100 million of deferred dividends that we didn't take in the year 2000 because we didn't need the money. But we believe that we should take the money this year as an alternative to increasing, for example, the PST, which you'd have to do if we didn't have successful Crown corporations that assisted the people of the province.

**Mr. Krawetz:** — Mr. Minister, I'm sure your officials have also taken a look at what might be options as you've indicated. We're just into the new year and we have no way of looking ahead to March 31 of 2003. But, Mr. Minister, has your department looked at the possibility that Crowns may not generate \$300 million worth of profit for this year?

What would your backup plan be if in fact \$300 million was not available in profits? Would you be changing the amount of dividend that you would be requesting from CIC?

**Hon. Mr. Cline:** — We're quite confident, Mr. Chair, that the \$200 million regular dividend, as well as \$100 million in the deferred dividend that can be paid to the people of the province this year, is within the reasonable range of what we can expect the Crown corporations to achieve.

**Mr. Krawetz:** — Mr. Minister, when you are relying on a dividend as large as 200 or \$300 million, could you indicate how that affects CIC's ability to pay down its own debt?

**Hon. Mr. Cline:** — We believe, Mr. Chair, that the Crown corporations will stay within the debt-equity ratio that's appropriate for corporations of the type that they operate in. What that means is every business will have a certain amount of debt in order to pay for the infrastructure it needs to serve its customers. SaskTel in that regard will be the same as Bell Telephone. It would be normal business practice for Bell Telephone to have a certain amount of debt, and the other telephone companies too, and that would be considered the sort of industrial average of what debt should be. And we have the Crown corporations today in the appropriate range of what companies of that type should have as debt.

And as I've stated many times in the Legislative Assembly and also in the budget speech, our goal is to keep the Crown

corporations within a reasonable range for corporate debt. And they are there now, and we intend to continue to operate them on that basis.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, could you clarify the amount of transfer and when it occurs. You indicate that you're relying on 300 million of which 100 million is from a past dividend that was there. Could you indicate whether that \$100 million of deferred dividend is on deposit as a credit somewhere and indeed you're going to be withdrawing that money from an account at CIC? And the second part, Mr. Minister, does that \$300 million get transferred over 12 equal payments, or do you make the payment, that transfer of dollars, at the end of the fiscal year?

**Hon. Mr. Cline:** — The normal practice is that the dividend would be declared at the end of the calendar year. And it would be paid by March 31, that is, the end of the fiscal year. So normally that money would be paid into the General Revenue Fund next March 31 or thereabouts.

**Mr. Krawetz:** — Mr. Minister, the other part of the question was, the \$100 million of dividend that's been retained in CIC, will CIC be borrowing that money to indeed make that transfer to the General Revenue Fund at the end of the year?

**Hon. Mr. Cline:** — No. That money, as has been stated many times, is in the retained earnings of the Crown Investments Corporation, Mr. Chair.

**Mr. Krawetz:** — Mr. Minister, the gross debt of Crown corporations has risen over the last number of years and we now look at a projected Crown debt of \$3.656 billion, which is up from last year. When a Crown . . . the debt of Crown corporations is increasing and they are transferring dividends to the General Revenue Fund, is that on a straight cash basis or in fact are you as the General Revenue Fund, or is the government through its General Revenue Fund, going to have to pay that back, since obviously the debt of the Crown corporations continues to grow?

**Hon. Mr. Cline:** — Well the Crown corporations don't borrow money to make dividend payments to the people of the province. The Crown corporations borrow money to build their infrastructure. And so, for example, SaskPower's debt went up this year to build I think the cogeneration facility at the Cory potash mine and also to expand the Queen Elizabeth power station. Infrastructure improvements like that should not be financed on a cash basis, Mr. Chair. They should be financed over time and they should be paid for by user fees. And that is the way any normal business would operate; it's the way the Crown corporations operate, and it's the way that they should operate.

**Mr. Krawetz:** — Mr. Minister, the debt of Crowns has changed slightly this year even though you, in an article . . . and I believe you reported on it. You were quoted in the article back last fall that indicated that Cameco was in fact selling . . . that you were selling the remainder of Cameco shares.

And I note that last year the General Revenue Fund debt changed for the period March 31, and it seems like there was an adjustment of debt to the General Revenue Fund of the amount

of transfer of revenue from the sale of Cameco shares, yet that didn't occur within Crowns and it seems like it's occurring in this fiscal year. Could you explain to the people of Saskatchewan why you seem to have two sets of books dealing with the revenue from Cameco shares? In fact, that you applied a portion of the net profit to the General Revenue Fund in the last fiscal year, and you seem to be applying a portion of the revenue fund to the Crown debt side in this fiscal year.

**Hon. Mr. Cline:** — Mr. Chair, we're transferring \$180 million from the sale of Cameco shares from the Crown Investments Corporation to the General Revenue Fund, and that will be applied to debt — \$120 million was received prior to March 31, 2002 that has been applied to debt. And \$60 million was received early in this month and that also will be applied toward the debt of the province.

**Mr. Krawetz:** — So, Mr. Minister, on page 17 of your schedule of debt, your Crown Investments Corporation's debt forecast for this last year was at 175 million and it's dropping to 40 million, a change of 135 million. Your numbers that you just explained don't show 135 million. Could you indicate where . . . is this where the profit from the sale of Cameco shares, is this where it is being applied as far as CIC is concerned?

**Hon. Mr. Cline:** — The CIC proceeds are going to pay general government debt. With respect to Crown corporation debt itself, they have sinking funds from which they will access monies to pay down their debt.

**Mr. Krawetz:** — Mr. Minister, I'd like to look at your documents, actually not only this year's but last year's, because there seems to be a bit of deviation from what's normal.

Mr. Minister, in last year's document . . . on page 52 of last year's document there were five years of financial outlook — the previous year, the year that we were in, plus the next three years. This year, Mr. Minister, I notice that you've changed that system of reporting, and I refer to page 28 of your financial . . . of your *Meeting the Challenge for Saskatchewan People* document. On page 28, in fact, you've still included the year before so now we really have two past years, 2000-2001, 2001-2002, and the current year, and only one year of projections for the future.

That's a marked deviation from the projections that your officials used to supply to this House. Could you explain why you have now decided not to show projections for two or three years in the future and have only changed that to one?

**Hon. Mr. Cline:** — Yes, mainly, Mr. Chair, because of uncertainties arising out of Ottawa. There has been a lot of fluctuation and volatility in terms of Ottawa telling us in Saskatchewan how much money to expect for corporate income tax and the like, and it has made it more difficult for us to project further into the future.

**Mr. Krawetz:** — Mr. Minister, thank you for that explanation. It's interesting that when we look at plans and we look at building this province, to now you're only looking one year into the future whereas the numbers that you supplied before used to be at least three years.

Mr. Minister, I want your comments about certain numbers provided on page 28. Mr. Minister, I note that your expenditure for this current year, the operating expenditure, is listed at \$5.686 billion as far as the expenditures before interest. And I note, Mr. Minister, that for next year, your projection is \$5.686 billion, the exact same number.

Mr. Minister, that would suggest that your expenditures for next year are in fact frozen. You are indicating that there will be no change to expenditures, and I recall, Mr. Minister, you were critical of policy that stated that there should be no freeze, that we should make sure that we allow for changes. Mr. Minister, if you are suggesting that all departments for next year, that their spending is frozen, that we recognize that we have a number of negotiations under way — negotiations with some professionals in the health care area, negotiations with teachers — I'm sure that that will have significant impact on contracts. Yet you state that the expenditure line is frozen, Mr. Minister.

I think you're sending mixed messages to third parties. Could you explain why your government is budgeting that or estimating that next year's line items for all departments are frozen?

**Hon. Mr. Cline:** — Well actually nothing could be further from the truth. The level of expenditure next year will be held to this year's level, Mr. Chair, if that is what is required. But frozen would imply that all of the departments would remain the same. In fact, some of them will have to go up in that event, and some of them will have to go down. This is what we've done this year.

This year the amount of money we're spending compared to last year actually goes down, but we're spending more on health care and education, and this is the crucial difference. We have made a choice, Mr. Chair to spend more on health care and education at a time when we're spending less overall, but that's meant in some departments we have to spend even less. We will spend more in some areas, less in others, and we'll make those choices with emphasis on health care and education.

(19:30)

And yes, I have been critical of the opposition and its policy in the last election which was to basically freeze health care and education spending. This government does not agree with a freeze on health care or a freeze on education spending.

So my answer to the member opposite, Mr. Chair, is that we will make the appropriate changes, as we did this year. We actually reduced spending this year, but put more money into health care and more money into education, but in some areas we're putting less.

And next year, if the global sum is the same, if we hold the line on spending as we're doing, there will be some areas where we will spend more. I anticipate every year we'll probably spend more on health care and probably more on education, but some areas we'll have to spend less.

And those are the choices that we'll make, those are the priorities of our government — health care, education, fixing the roads, some of the other things — but we'll have to allocate

the money that's available between different departments. Our policy is not a freeze, as has been advocated by others.

**Mr. Krawetz:** — Mr. Minister, very clearly the Saskatchewan Party was not advocating a freeze in health and education, and we were looking at the normal costs of operation. We're looking at the changes that occur in the consumer price index.

Mr. Minister, while I understand your commitment to health and education, and I agree with you, Mr. Minister, but when you start to look at the potential for the kinds of contracts that are coming down in health, which is 100 per cent financed by the government through the taxpayers of this province, and then you look at education, which is not entirely financed through grants from governments, in fact, it's very far from that and we're now looking at a ratio of about 60 to 40 per cent.

Mr. Minister, as you look towards next year and you suggest that there will be branches and departments that will get significant cuts, that will be reduced in cuts, are you looking at further downloading onto municipalities and education as one way of balancing that additional revenue that you see necessary for one of the departments like Health?

**Hon. Mr. Cline:** — Well actually, Mr. Chair, I think the opposition could see this year we're holding spending level, but we're actually putting more money into education and municipalities. So the policy of freezing municipalities or freezing health care or freezing education has not been advocated by this side of the House. I think from time to time it's been brought up by the other side, but that is not our policy.

Our policy is, as I've explained it, to hold the line on spending but to choose those things which are most important to Saskatchewan people. We think that includes health care, education, fixing the roads. And certainly this year we also recognize that it includes a little more money for municipalities, and we actually increased municipal revenue sharing grants by 18 per cent at a time when we're holding the line on spending.

So again, no, we're not the advocates of freezing spending to these sectors. Others may advocate that but this government does not.

**Mr. Krawetz:** — Mr. Minister, through you, Mr. Chair, one of the departments that you've changed dramatically is the Department of Agriculture. And I look at your numbers, Mr. Minister, when you talk about commitments to a department, you've looked at a fact that agriculture's been reduced from last year's estimated numbers of 333 million down to \$291 million, Mr. Minister.

That's a reduction of \$42 million to the expenditures in agriculture. At the same time we see so dramatic changes in the removal of the \$25 million property tax assistance. Mr. Minister, while you may have thrown a few pennies towards municipalities and expect people to be happy with that small amount of money in education and in municipalities, you have affected one of the areas of the province that is hurting right now.

You have affected the agriculture community by taking away \$42 million. How do you explain those numbers?

**Hon. Mr. Cline:** — Well, Mr. Chair, I think the member should know that the Canada-Saskatchewan agriculture program, which is a one-time program of \$25 million, was funded last year. That's \$25 million of the 42 million. Also the education property tax rebate program was a two-year program which was \$25 million per year. That came to its natural end as of the end of the fiscal year.

So that's \$50 million of spending that, you know, fell out of agriculture without any decisions being taken by government because those decisions had been taken to end those programs before.

So actually when you consider that, the agriculture budget has \$8 million extra. And of course we are funding crop insurance to a larger degree. Also the adaptation program is being funded with this budget.

But that's the explanation. Those programs were coming to an end in any event.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, I guess we'll allow some of my other colleagues the opportunity to question the Minister of Agriculture at the appropriate time because, very clearly, I think your government has abandoned agriculture this ... for a long period of time and most significantly this year.

Mr. Minister, let's turn to another area that has been a dramatic change. And, Mr. Minister, I'd like your explanation as to why you have decided to take capital projects for education — both K to 12 education and for post-secondary — off the books as we see it in the General Revenue Fund and moved them out into Crown corporations. Could you explain to the people of Saskatchewan what prompted you to make that move?

**Hon. Mr. Cline:** — Well we certainly don't intend to move it out to Crown corporations, as the member suggests, if he's suggesting the Crown Investments Corporation. We would certainly keep any kind of financing of schools and universities under the auspices of the Department of Finance, perhaps through a Treasury Board Crown corporation like the Municipal Financing Corporation.

But the explanation is, Mr. Chair, as I've stated in the budget speech and many times, that we see a need on this side of the House to give more support to the school boards and the universities to build schools and build university buildings, and we don't have \$90 million cash to put into the construction of schools and university buildings this year.

Therefore, rather than cut back the school boards and universities to probably one-third or less of that amount for capital, we are substantially increasing the amount of construction we're doing this year for schools and universities. We believe that when interest rates are low, as they are, and when people need work, as they do, and when there is schools that are needed and university buildings that are in need of repair, as a society we should be moving forward to do some of those things. So we're doing a lot of extra work this year.

As I've stated many times, when you're building something, it can be appropriate to finance that building over time just as

people would if they bought a house. I would say to the member that if he and his colleagues are opposed to this method of financing university capital and school board capital — which I might add is supported by the universities and supported by the school boards — it also means that they are opposed to building the schools and building the buildings at the university because the province does not have the ability right now to fund all of that construction on a cash basis.

So they can oppose it, as I understand they do, but they also should be prepared to say to the school boards and the universities that they cannot build these needed buildings because that's what the question amounts to.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Chair, the question that I posed has nothing to do with opposing construction, Mr. Minister. Mr. Minister, your document clearly shows that you spent \$54 million last year building those schools and building those capital buildings on various colleges and university campuses, Mr. Minister. So 54 million was a line item in this budget for debate here in this Legislative Assembly.

Mr. Minister, my question is this. You have now taken all of that 54 million and added another 36 million to that number and now moved it out of the control of this Assembly to a Crown corporation. Mr. Minister, that is a different way of accounting. And my question to you, Mr. Minister, is this: if that \$90 million was still in this budget document, how would you account for that expenditure in this budget document?

**Hon. Mr. Cline:** — Well, Mr. Chair, this is a bit curious. The member is suggesting that what we're doing somehow would not be the subject of debate in the Legislative Assembly. Well obviously that's not true because we're debating it right now. Everybody watching on TV can see that the member is entitled to ask questions about it; we will debate the matter. Nothing is removed from the auspices of the Legislative Assembly. Nothing could be further from the truth as the member's own question indicates.

In answer to the member's question, just because we spent \$54 million last year on a cash basis doesn't mean we would have \$54 million to spend this year. In fact, we don't. But we want to work with the school boards and the universities to build schools and build university buildings. The only way we can spend \$90 million this year is to allow the school boards and the universities to finance that.

And you know, I have to say, Mr. Chair, I have spoken to hundreds of people from all over the province since the budget came down including, on two occasions, groups of accounting professionals — the chartered accountants, the certified general accountants, and the certified management accountants — and we have specifically discussed this matter of financing buildings over time. And I have to say, Mr. Chair, that aside from some aspects of the media, the opposition, and one or two retired politicians, when I talked to the general public, Mr. Chair, the general public says look, that's just like if I need a house and I can't pay cash for it I take out a mortgage, but I have the value in the house. It's a reasonable thing to do.

That is how most people who are reasonable and fair-minded think about the idea of mortgage financing some buildings.

They understand the concept. Business people understand the concept. Accountants understand the concept. The opposition has difficulty with the concept, Mr. Chair, but I go with the wisdom of the ordinary people of the province who think that we need to build the schools, we need to build the universities, the interest rates are low, people need work. Let's get on with the job and let's not quibble about it as the member says.

But if the member wants to quibble about it and doesn't support it, that's fine. I guess the only thing I would say is we shouldn't say that it's not the subject of debate in the Legislative Assembly at the same time as we're debating it, Mr. Chair.

**Mr. Krawetz:** — Mr. Minister, there is a need to clarify what your government is doing for the people of Saskatchewan so that they understand. And, Mr. Minister, what I'd like to ask you to explain . . . because you seem to suggest that the funding of schools in the K to 12 system has received such a dramatic change that if you didn't do this type of funding it would not be possible.

Mr. Minister, could you explain to the people of Saskatchewan that indeed school division boards right now do fund their portion of the cost of building schools over a period of time but that they have the responsibility to budget on an annual basis for the length of debentures that they choose — something that you haven't put forward in this Legislative Assembly, Mr. Minister.

We need to see the kind of changes that you're suggesting because, Mr. Minister, if you have moved \$90 million worth of cost into a Crown corporation and next year if you're speaking that the continued construction must occur, you're going to put another \$90 million worth of debt into the future. And you'll do that the following year, and maybe you'll grow that to \$100 million worth of capital projects.

Mr. Minister, there will a very short period of time when the debt of your children and my children is going to be huge. So, Mr. Minister, you need to explain to the people of Saskatchewan the fact that school boards currently for numbers of years have been following a debenture process where they allocate their debt over a period of years because you're right. At the school board level when a school division is responsible for 60 per cent of the construction of a school, they don't have 60 per cent of that money available to them right at the moment. So they have that process in place, and you've only made reference to municipal funding as if sort of the school board type of funding didn't exist. Mr. Minister, it does exist, and in fact school divisions use that to ensure that their debt is paid off and they do not deficit budget.

Mr. Minister, on this other side, your government is deficit budgeting. You're projecting expenses for school boards and universities for this year, next year, and you're putting that into the future. You haven't brought into this Assembly a plan for how this debt is going to be repaid. So are we just waiting for some magical year when there'll be windfall oil and gas royalties and now we'll have \$200 million to repay the two or three years of capital debt? Is that your plan? I would suspect that we should hear that plan, Mr. Minister.

(19:45)

**Hon. Mr. Cline:** — Well I think the public should carefully note the words that the member is saying in the legislature, Mr. Chair, because first he says a few minutes ago, well you're doing something we can't debate in the legislature and here we are debating it. So the public can see that what he's saying isn't true.

Then he gets up, Mr. Chair, and he says, there's something wrong with what we're doing. And then he says, but this is the way school boards have been financing schools for a long time, through debentures . . . (inaudible interjection) . . . and now he says, that's correct. And, Mr. Chair, the . . . (inaudible interjection) . . . no, it is correct. My point, Mr. Chair — the member keeps interjecting and I'll give the member his chance to get up again — but my point is the member says we're doing something wrong in one breath and the next breath he gets up and he says, well schools have been financing school buildings over time for a long time. Well we're not . . . this is what I've been saying, Mr. Chair, and the member is now supporting my argument.

We're not doing anything differently, in so far as school construction goes, than has been done for a long time at different times and in different circumstances or is done by municipalities. Most reasonable and fair-minded people, Mr. Chair, understand that to build a house you take out a mortgage, you pay for it over time. They understand that there's a difference between borrowing money to build . . . you know, to buy hot tubs or fix your rec room or whatever, as some have done in the past, and the idea of borrowing money to build something that has value and which will help the young people of today and tomorrow get an education.

But I want to say also in answer to the member's suggestion about debt, that it's true that this involves going into \$90 million of debt. But I want to point out, because it's important for the public to understand, that debt of the province this year will go down, not up. That's what we're projecting for this fiscal year is it will reduce our debt, but we're not near bankruptcy as we once were. I want to point out that we used to be the worst province in the country, or very close to the worst — maybe tied with Newfoundland — in terms of the size of our debt. Now we're the third best province in the country.

And this government supports . . . When interest rates are low and people are in need of work and we need to build some of these school buildings, our government is supportive of building more schools and helping the universities, working with our partners in education. Those that are opposed to this kind of capital investment have got to answer the question, why they are opposed to doing this kind of work that is much needed at a time when interest rates are low and people are in need of work, Mr. Chair.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister . . . and I apologize for interjecting and not allowing you to finish. But, Mr. Minister, I do want to make a couple points.

Under Crown corporation debt, Mr. Minister, you have placed the corporation, this newly created corporation called Education Infrastructure Financing Corporation . . . and the debt of that particular company plus all of the others, Mr. Minister, is going to have a higher debt at the end of this fiscal year than the past

fiscal year. So, in fact, Mr. Minister, debt is up.

And you must also recognize, Mr. Minister, and I'm sure the people of Saskatchewan do, that Cameco . . . Cameco shares, as you just responded in a question a few moments ago. In your answer, you indicated that there was a significant transfer of revenue from the sale of Cameco shares to the gross debt or against the gross debt of CIC. And as a result of that very significant transfer of revenue, Mr. Minister, your debt . . . the gross debt of Crown corporations is higher this year than last year. Would you clarify that for the record, Mr. Minister?

**Hon. Mr. Cline:** — Yes, but I'd like to point out in the . . . first of all in the schedule of debt under Crown corporation debt, the list of corporations includes CIC Crown corporations like SaskPower and also Treasury Board Crown corporations like the Municipal Financing Corporation. And with respect to the Municipal Financing Corporation and the Education Infrastructure Financing Corporation, those are not CIC Crown corporations. Those are Crown corporations that are counted under the General Revenue Fund, so that if CIC debt is going up — this is very important for the opposition to understand — that isn't because of the Municipal Financing Corporation or the Education Infrastructure Financing Corporation. Their debt is part of the GRF (General Revenue Fund) debt. It has nothing to do with the CIC debt. Any CIC debt that is going up is going up because they're building, you know, high-speed Internet or power lines or whatever.

Yes, there will be debt through the Municipal Financing Corporation and the Education Infrastructure Financing Corporation, but that will be part of the General Revenue Fund or tax-supported debt, not part of the CIC Crown corporation debt, and that's a very important distinction that should be understood. In other words, it's part of the government debt, if I can put it that way, and that debt is going down this year, not up. Some of the Crown corporation debt may go up slightly this year, but that will not be because of school financing. Those two items have nothing to do with one another. And I hope I've clarified that for the member, Mr. Chair, but if I haven't, I'd be happy to, you know, to go into it again, but it has nothing to do with the CIC Crown corporation debt.

**Mr. Krawetz:** — Thank you, Mr. Minister, and I would like to add that if people take a look at page number 17 of your document, Mr. Minister, they'll clearly see that last year you estimated the combined debt, and, Mr. Minister, you have to look at it as a combined debt. It's General Revenue Fund debt; it's Crown debt, and you refer to it as Treasury Board and non-Treasury Board. As you indicated, it is the province of Saskatchewan . . . it is the Government of Saskatchewan's responsibility. And who are we responsible to, Mr. Minister, or who is the government responsible to? Taxpayer. There is only one taxpayer in the province of Saskatchewan who . . . Last year we were supposed to have a debt of \$11.188 billion. I look at the bottom of page 17. That debt which we were estimating for the year 2002, just year-end just passed, grew to 11.449 and you're expecting it to hold very nearly the same. There is a slight reduction which you've indicated to \$11.413 billion.

Mr. Minister, that is also at the time, as you've indicated in this Assembly just a few minutes ago, that your government has received over \$200 million worth of revenue from the sale of a

Crown asset, in this case Cameco shares. Had that sale not taken place, Mr. Minister, the debt of this province would be in excess of \$11.6 billion, the debt of the taxpayers of the province of Saskatchewan. So, Mr. Minister, there's no question that the debt of this province is rising.

Mr. Minister, we've been talking about the municipal . . . or the Education Financing Corporation, but . . . and this is the first time that you've indicated that monies weren't available for the 54 million that you had as an expenditure last year, so you've decided to go ahead and you've moved that out.

Mr. Minister, when we look at your budget document, we see that under the sections, capital, there's still a projection of \$280 million worth of capital in various things like the Saskatchewan Property Management Corporation, highways, the environment, etc. Mr. Minister, do you foresee for next year, if the revenue projections that you've looked at are indeed going to be far worse than what you anticipate in your projections, do you expect that your government will indeed move additional capital expenditures from the General Revenue Fund out into a Crown corporation?

**Hon. Mr. Cline:** — Well if the implication of the earlier part of the question, Mr. Chair, is that the province can't afford to build these schools and university buildings because of increased debt, I just want to point out to the public, as I think is well-known, that actually we've made considerable progress in reducing the size of the debt, especially relative to our economy. We've gone from being about the worst province in the country in terms of per capita debt to being the third-best in the country.

So I'm not an advocate that we should go into debt in a crazy way, but yes, I'm an advocate, and I don't apologize for it, that it's okay to borrow some money to build schools and to build university buildings when you don't have the money to finance it on a cash basis. I will defend that, Mr. Chair. If I'm asked, am I doing that — absolutely. I'm proud that we're doing it. I think it's the right thing to do.

In terms of the member's other question, we are doing this debt financing in co-operation with third parties such as the school boards and the universities. I think that the fact that we're doing that does not imply that that should be done in every area. Things should be done in a balanced, reasonable way, and that's what we propose to do.

Because it's part of the hallmark of our government for the last 10 years that we've been reducing the amount of government debt in absolute terms and relative to the size of the economy. In fact interest payments have gone from a high of \$862 million, I think, down to about \$621 million in the last fiscal year.

So we're making some progress and we want to keep doing that. But it's not going to prevent us from building the schools and building the university buildings, if those things need to be done, when interest rates are low, and people need work, and the economy needs a boost, and people need to get an education. We're not going to stop.

But in answer to the member's question, we're not necessarily

going to adopt an approach that would see borrowing of money in every area. We believe it's appropriate with respect to the school boards and the universities where those parties have asked us to work with them to allow them to access that money so that we can build some schools at a time that it's actually quite difficult, Mr. Chair, to do a lot of building. Because we've had a drought; the economy's been slow.

But we say we want to give the people some hope. We want to move forward on several fronts, like fixing the roads, and we want to build more schools as well.

**Mr. Krawetz:** — Mr. Minister, you made reference to school boards and their abilities to continue with construction. And I've indicated to you, as you've agreed with me, that there has been a plan in place to deal with debentures.

But, Mr. Minister, one of the main differences between school divisions and how your government is operating, by creating this \$90 million education fund, is that a school board must each and every year indicate within its budget the expenditure for debentures that come due that year plus the interest costs.

Those are, I guess, Mr. Minister, if I could compare a school board's budget, it's like your General Revenue Fund. Indeed that we would see in the General Revenue Fund the amount of money that has come due at the bank if you like in the way of a debenture. And it is a repayment of debt that the school board has allocated over a period of years — whether it be a five-year debenture, an eight-year, or a ten-year debenture, Mr. Minister.

Mr. Minister, in announcing the Education Financing Corporation you indicated that this was a debt for the future, that it might continue year after year, and that debt is going to continue to grow. When will you introduce to the legislature a repayment plan that is going to address how the current General Revenue Fund is going to deal with paying back that debt of the future?

**Hon. Mr. Cline:** — I think, Mr. Chair, while none of these financing scenarios have been done yet with the school boards and universities, but I think, generally speaking, what we need to do is to match the length of a loan with the useful life of an asset so that you don't end up owing money longer than the asset can be used. And we would want to make sure that any loan that is made is made to actually build something that has value and that will outlast the term of the loan.

**Mr. Krawetz:** — Mr. Minister, will we then see in next year's General Revenue Fund expenditures for the Department of Learning a repayment plan to indeed pay back — and as I indicated I think the maximum for school boards is ten year debentures — are you looking at that type of repayment system to be introduced within the Legislative Assembly here for the General Revenue Fund line items for the Department of Learning?

**Hon. Mr. Cline:** — Well, the plan to repay would be a plan to repay by the school board or the university, and a plan would be arrived at when the financing was approved. And of course the school boards and universities would look at the cost of repaying those loans, and they would want those costs probably to be included in a global way in their global funding from the



provincial government. And we would continue to fund the school boards and the universities as we do now.

**Mr. Krawetz:** — Mr. Minister, your answer has changed my understanding very significantly. I understood in comments by the Minister of Learning — not the current person sitting in the Chair, but the Minister of Learning — when he indicated that the facilities department was still going to handle the expenditures for schools, and currently schools are funded on various cost breakdowns and various ratios in that one school board may be required to put up 40 per cent of the cost and the government would put up 60. And in fact it's the opposite in some instances where a school division is required to put up 80 per cent of the cost and the government only 20.

Mr. Minister, as I understood your creation of this financing account, you indicated that \$40 million is now being set aside in this special fund for school board use in constructing new and obviously renovation of schools — that is the government portion, Mr. Minister.

(20:00)

So my understanding is that school boards are still going to continue with their own financing of their own portions. This portion is strictly the government's portion that you have committed to over the last years through a direct line item within the General Revenue Fund. Now you've moved that into the future and no accountability here in the Legislative Assembly.

Mr. Minister, can you clarify for the people of school divisions, especially, whether or not this is a change and now you're expecting 100 per cent of the cost of constructing a school to be borne by each school division board?

**Hon. Mr. Cline:** — Well, it is listed as a subvote under Department of Learning in the Estimates, Mr. Chair.

**Mr. Krawetz:** — Mr. Minister, are you expecting that 100 per cent of the cost of a school to be constructed in a school division will be financed through the new department, and that the school board will be responsible for paying back 100 per cent of that debt?

**Hon. Mr. Cline:** — No, not necessarily. That would depend upon the arrangement arrived at with the school board or the university.

**Mr. Krawetz:** — Mr. Minister, are you suggesting that current arrangements that exist with school board and the Department of Education, the K to 12 branch, which has a formula in place for determining the amount of capital costs that is paid for by the school board and that is paid for by the government, are you suggesting that that formula and that those types of agreements, as you called it, are changing?

**Hon. Mr. Cline:** — No, that is not changing.

**Mr. Krawetz:** — Mr. Minister, could you then explain your remarks of a few minutes ago that said that the school division will be required to pay back all the costs to the municipal . . . or to the Education Financing Corporation?

**Hon. Mr. Cline:** — Well, because they will be financing the portion that they have been doing up until now as they always have, as the member said, and they also will be financing the other portion, but they'll be doing that with the support of the Education Infrastructure Corporation. That money will be a debt which will have to be paid back by the school boards, but they will expect that the government will be assisting them with respect to the annual principal and interest costs, and I imagine the universities will have the same expectation.

**Mr. Krawetz:** — So Mr. Minister, just for simplicity sake and to make sure that we understand and everybody understands you, I'll use a situation where a school this coming year is going to be constructed for \$10 million of which both the school board and the government have equal shares of responsibility, in other words, 50 per cent of the cost. That \$10 million will now be borrowed from the Education Financing Corporation, but that the school board will still only be responsible for its \$5 million share and that your government, through taxpayers' dollars, is going to continue to fund the remaining \$5 million worth of capital over a period of time. Is that accurate?

**Hon. Mr. Cline:** — Well in dealing with the universities and the school boards, we will commit with them that, with respect to the part of the capital that is being funded through the Education Infrastructure Corporation over and above what was formerly funded through debt financing by the school boards, we would work with the school boards and the universities to make sure that they had sufficient resources to pay the principal and interest on an ongoing basis.

**Mr. Krawetz:** — Mr. Minister, I would suggest that school boards especially have to call your department very quickly to get a clear understanding about whether or not they're going to be responsible for the entire debt of a newly approved project because your answers are different from one question to the next, Mr. Minister, and I think that your officials and maybe the Department of Learning maybe need to clarify that for school boards.

Mr. Minister, when we take a look at the kind of funding that has occurred — and you've said that there wasn't monies available so therefore you've put that expenditure for schools and university construction into the future — some might suggest that that's a way of getting around your balanced budget legislation, and indeed that is a violation of your very own Act, the balanced budget legislation.

In your opinion, does this type of funding, by allocating a current expense that people would . . . that you did have in your Estimates last year, now spreading it out over the future, is this type of debt financing meet with the requirements of your Balanced Budget Act?

**Hon. Mr. Cline:** — Yes, we believe it does, Mr. Chair. We don't think there's any problem with that at all. We're not changing accounting procedures. We're changing the method of financing so that we can build more schools and universities.

But I want to say also, in answer to the member's suggestion that the school boards should be talking to the Department of Finance, I want to make it clear to the public I've met with the

president and the executive director of the Saskatchewan School Trustees Association, and I've met with and talked to the presidents of the universities of Saskatchewan and Regina on more than one occasion, and they are quite pleased with the arrangements that we've arrived at to build more schools and university buildings.

**Mr. Krawetz:** — Thank you, Mr. Minister. And I wasn't suggesting they contact the Minister of Finance, I was suggesting they contact the Minister of Learning, since that is where the two departments are controlled.

Mr. Minister, one of the items of discussion over the course of this afternoon was Municipal Financing Corporation and the creation of a new water corporation, a new water authority, a watershed authority.

Mr. Minister, do you see the watershed authority being very similar to the Education Financing Corporation in that it will be allowed to borrow large amounts of money to proceed with infrastructure changes in this province?

**Hon. Mr. Cline:** — No, I don't foresee that. Mr. Chair, I wonder if the member isn't confusing the watershed corporation with the Saskatchewan Water Corporation. The watershed corporation, as I understand it, will be responsible for overseeing the watersheds in the province; also some infrastructure like dams and so on. If the member is talking about the infrastructure that a community might need for its water system, I'm not . . . I don't believe that would be within the purview of the watershed corporation, I think that would be in the purview of the Saskatchewan Water Corporation.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, there has been a lot of discussion and a lot of questions being asked since the release of the document on Friday in North Battleford. And we heard a number of members on the government side of the House making reference to Municipal Financing Corporation and the fact that funds are available to the people of Saskatchewan, the various municipalities to apply for.

Mr. Minister, I've been looking at the last three years of your budget documents to try to get an understanding of Municipal Financing Corporation and the amount of debt. Mr. Minister, in looking at those documents, I look at the Municipal Financing Corporation. And I know Minister of Learning made reference today; I think member of . . . Municipal Affairs minister made reference to that.

In the 2000-2001 document the debt of the Municipal Financing Corporation was just under \$60 million, 59.575. In 2001-2002, that debt was 24.575 — significantly reduced, approximately \$35 million. And I note that in the revenues, under receipts, that in fact that's payments that the government receives from municipalities that are making that payment.

I note also in this document that we're dealing with this year, Mr. Minister, that the Municipal Financing Corporation debt is now down to \$13.391 million. So it has dropped dramatically from \$60 million about a year and a half, two years ago down to 13.

Your ministers, Mr. Minister — your colleagues I should say —

made reference to the fact that municipalities have this ability to apply for huge amounts of monies to meet their needs. Mr. Minister, I don't see anywhere in the documents that indeed you have made available huge amounts of money. I do see that on page no. 16 that \$4 million is the amount that's set aside for the borrowing for Crown corporations. Amount of money set aside last year, zero.

So, Mr. Minister, could you explain to municipalities and to people who are experiencing difficulty with actually hauling water while they wait for this government to move, could you explain to them how the combined debt of Municipal Financing Corporation has dropped from 60 million down to 13? And you in fact are projecting revenues this year of \$15 million. So that will automatically wipe out that entire debt. No spending last year and this year only \$4 million, Mr. Minister.

Explain to the people exactly how much money is available through the Municipal Financing Corporation that they can start applying tomorrow. Like the community in my constituency, the village of Arran, is in serious difficulty and they need to get in place an infrastructure that meets their needs. Is there a fund of money that is somewhere within this document? I'd ask for your explanation.

**Hon. Mr. Cline:** — Well, Mr. Chair, I think the member needs to have a better understanding of the Municipal Financing Corporation and how it works. And the member says he wants me to give it to him. I will. Because the member does not understand the way the corporation works. So I'll try to explain it very carefully.

The amount of money that municipalities can access through the Municipal Financing Corporation, Mr. Chair, is not determined by the government per se; it is determined by the municipalities themselves coming to the Municipal Financing Corporation and asking to borrow the money. The reason the amount of indebtedness at the Municipal Financing Corporation, and debt that is thereby listed, has gone down is simply because municipalities have not been coming forward to finance projects in that way to a large extent in the last number of years.

However some have. And the point is this, Mr. Chair, and I want the member to understand this, municipalities can come to the Municipal Financing Corporation — this is nothing new, this has been in place for decades — and they can apply for funds to build sewer and water systems and those will be funded 100 per cent through the Municipal Financing Corporation. In other words the money is borrowed at government rates, which are fairly good; the money is then given to the municipality; they do the project; and then they charge probably user fees but in some cases it could be taxes for people to pay it off.

In answer to the member's question, there's no budgeted amount that we would borrow on behalf of municipalities. We would borrow the amount that municipalities applied for and that were then approved by the Municipal Financing authority. So if municipalities want to fix their water and sewer systems and finance it through the Municipal Financing Corporation, they can make application to the authority. If we get a lot of applications for indebtedness, beyond what is stated in the

budget documents — because it's not a budgetary item, it's a debt item — if people want to finance more projects, we will borrow the money, make that money available to the municipalities.

And I want to stress, Mr. Chair, this is nothing new. This is something that has gone on for decades. The money is available. I think normally projects are funded . . . 50 per cent of the cost can be funded through the corporation. In terms of sewer and water I think it's a long-standing policy that 100 per cent of the costs can be funded.

And if municipalities want to do tens of millions of dollars of work, or even 100 million dollars of work, through the Municipal Financing Corporation, fix the water system, the Municipal Financing Corporation will accommodate those requests, Mr. Chair. It's quite clear, it's a long-standing policy. Nothing new. The money's available. I hope that clarifies the matter for the member opposite.

**Mr. Krawetz:** — Thank you, Mr. Minister. It does. And I've just one more question. As far as the borrowing, over the past and into the future, is it cost shared? You indicate that the project is only like 50 per cent available. If the money is borrowed, is there any cost sharing between the taxpayers at the municipal level and the Government of Saskatchewan?

(20:15)

**Hon. Mr. Cline:** — Under the Municipal Financing Corporation, no, not really. Although, sometimes the government ends up in effect subsidizing the interest rate because the interest rate will be kept low for the municipality, but it may be that interest rates rise and sometimes the circumstances are such that the government may be paying some of the interest on behalf of the municipality. Or in other circumstances, as is happening now, interest rates are coming down and the municipalities have borrowed at a higher rate. And one of the reasons the debt is coming down is they are paying off their indebtedness at the higher rate because interest rates have come down. But the Municipal Financing Corporation is left to continue paying the long-term debt at the higher rate, and therefore the corporation sometimes will operate at a loss because in effect it will subsidize the cost of interest for the municipal governments. So that is how financing is available for sewer and water.

But I want to add that, through the Canada-Saskatchewan Infrastructure Program, some of the cost of some of the projects for sewer and water are being met and will be met in that way so that a municipality may not have to borrow all the money because they can apply to the Canada-Saskatchewan Infrastructure Program to fix their sewer and water systems.

And I might say that dozens of communities in the last few years . . . We didn't just start trying to fix the water system this year or even since North Battleford. For the last few years, we've been fixing water systems through the Canada-Saskatchewan Infrastructure Program.

And in addition, we've added 11.5 positions to SERM (Saskatchewan Environment and Resource Management) — that's the Environment department — to increase inspection.

We've added 4.5 positions to the provincial lab to monitor the water. So we're monitoring the water, inspecting the water more than we did in the past. That's been going on for the last few years.

We're building some projects through the Canada-Saskatchewan Infrastructure Program. Last year \$12 million was approved for 42 projects for water supply and 15 waste water projects; 2002, 3. This upcoming year, we believe there will be 73 water supply contracts and 31 waste water projects recommended for approval so . . . well that's a total of over 100 water supply systems that had been funded through the Canada-Saskatchewan Infrastructure Program this year and the upcoming year, and another 46 waste water projects, so there's a lot being done in water and sewer.

But the program probably doesn't get to every community that needs it because they prioritize. But those communities can certainly go to the Municipal Financing Corporation and we will work with them to finance a water project and have people pay a user fee which we do in communities around the province. And in addition, the system will be better monitored because we've added the positions to do that. So we'll certainly be moving forward, and are moving forward, to fix the water systems; but it can't be done all overnight or at one time. And sometimes it does involve the community fixing their water system, as many communities have done.

**Mr. Krawetz:** — One more short little question on this topic, Mr. Minister. Last year, as I indicated, you had no money as far as a Crown corporation loan for the Municipal Financing Corporation. This year there's 4 million. Could you indicate why you expect that difference from last year to this year?

**Hon. Mr. Cline:** — I'm advised that the corporation is refinancing a debt that is coming due in the current year.

**Mr. Krawetz:** — Mr. Minister, to a different area, and that is the Forest Fire Contingency Fund. Last year you introduced legislation in this House to create the Forest Fire Contingency Fund, and we understand that \$40 million was set aside. Mr. Minister, based on the fact that your document says that no monies will be set aside in this fund, not even two-twelfths as we're debating today, could you indicate why there is no expenditure on that line item?

**Hon. Mr. Cline:** — I believe for the current year there will be about \$29.5 million in the Forest Fire Contingency Fund.

**Mr. Krawetz:** — Are you . . . Mr. Minister, your number of 29 million, is that the balance that's in the fund and that you're not going to replenish it back to the \$40 million level? Is that your answer?

**Hon. Mr. Cline:** — No, we're not replenishing the fund this year. We're going to see what happens in this fiscal year. And the reason for that is because we have tight financial circumstances. But if indeed the forest fire season is bad and all 29 million of the fund are used for escaped fires, which is what it's for, then they'll still have to put out other fires. So we'll do what we've done in past years, when we've had no Forest Fire Contingency Fund, and that will be to allow the fires to be fought, and at the end of the year sometimes a special warrant

for that money. So we have a cushion of some \$29.5 million. In past years we've had no cushion. Last year we started out with a cushion of \$40 million, I believe. And that will be our cushion for this fiscal year.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, that \$29 million, is it on deposit, or is it very similar to the Fiscal Stabilization Fund?

**Hon. Mr. Cline:** — It will be managed with normal cash management as the Fiscal Stabilization Fund is, as all governments and every prudent corporation would do as well.

**Mr. Krawetz:** — Thank you, Mr. Minister. Mr. Minister, a very specific question about one of the government's announcements in the last little while regarding the establishment of a safe house here in Regina, and your government is committed to \$300,000.

Mr. Minister, as we debate interim supply and we look at two-twelfths expenditures — you've indicated that 300,000 is available for that type of project — will that kind of money be available in a lump sum to the people that are working on creating this safe house, or will it be allocated in shares over the course of 12 months?

**Hon. Mr. Cline:** — It will be allocated as it's needed, and the money would be accessed through the Department of Social Services. So they would have one-twelfth of their budget, and they would allocate it to the safe house as is appropriate.

**Mr. Krawetz:** — Mr. Minister, in my remarks on the budget I made reference to a letter that was sent to me from the mayor of Preeceville, Saskatchewan, regarding the facility that they're planning. And he made reference to the fact that the Minister of Health has indicated that no decision has been made, and we don't know what's going to be happening regarding capital funding.

And, Mr. Minister, I understand as Finance minister you may not be aware of this, but this is one of the capital projects that's been on the go for a number of years. The community of Preeceville was told to ensure that it had its portion of the revenue necessary to do this capital project in place, and they do by the commitment of many individuals in Preeceville and area. And now they're waiting for the government's commitment. And, Mr. Minister, you've made reference tonight a number of times to the fact that you want, your government wants, construction to continue on schools and the post-secondary areas.

Mr. Minister, also in your health budget you have set aside a fair amount of money for capital construction. When will communities like Preeceville . . . and I know my colleague from Moosomin is looking at the same situation. There are many communities in this province, Mr. Minister, that are waiting for approvals. They are waiting to go ahead. When will you be authorizing the Minister of Health to go ahead and allocate those capital dollars?

**Hon. Mr. Cline:** — Mr. Chair, it does not depend on any authorization from me. The Minister of Health will proceed in whatever way the Minister of Health and his department and the

committee of health people that advise him on health capital issues, you know, want to proceed. There's nothing that I have to approve for them to proceed.

In terms of the timing of approval of capital projects, that is the question that should properly be addressed to the Minister of Health in his estimates.

**Mr. Krawetz:** — Mr. Chair, thank you to the minister. Thank you very much for your responses this afternoon or this evening. I look forward to reviewing them in *Hansard* tomorrow to ensure that your responses are as I understood them by listening to them. I want to thank you for answering my questions this evening.

**Mr. Hart:** — Thank you, Mr. Chair. Mr. Minister, I listened with a great deal of interest as you explained or attempted to explain how this new Education Infrastructure Financing Corporation is going to work. I just wonder if you could indicate whether my understanding of the operation is correct.

I understand you to say that, in the past when school boards were building a new school they would have to, of course, put up some of their own money that they raised through their various means and the Department of Education would also put some money into the project. Now under this new arrangement, the school boards will have to put their own money up as they always have in the past. And then instead of getting money from the new Department of Learning, they will be actually borrowing the money from this new Crown corporation. Is that correct, Mr. Minister?

**Hon. Mr. Cline:** — Yes.

**Mr. Hart:** — Thank you for your short answer. So now, Mr. Minister, how are the school boards to come up with the money to make these repayments on these new loans that they . . . Now they're not only borrowing money for their own portion of the expenditure, but they're also having to borrow from this new corporation. Where are they going to get the money to make those additional payments on these capital projects?

**Hon. Mr. Cline:** — From the government.

**Mr. Hart:** — Mr. Minister, that's quite an interesting answer. I recall being on RM (rural municipality) council a number of years ago when the policing costs were picked up by the government. They were paid entirely by the government. Then your government made a change and said, look, you're going to have to pay the policing costs, but we're going to give you a grant so you don't have to worry about it; you're going to get a grant to cover those costs. And for the first year, they did get the grant. After that, there was no more grant. The RMs are entirely responsible to pick up the entire costs of policing.

Is this how this new funding of schools is going to work too, that you're going to perhaps give these school boards a grant for one or two years and after that they get to pick up 100 per cent of the costs?

**Hon. Mr. Cline:** — No.

**Mr. Hart:** — Mr. Minister, what guarantees do school boards

have, or matter of fact universities have, that you in fact will make money available to them to make the loan payments?

There's nothing . . . we see nothing in anything that you've said, that there's any guarantee. In fact some of these new arrangements are just coming to light here this evening, Mr. Minister. And why should the . . . given the past experience of other local governments, why should they believe you?

**Hon. Mr. Cline:** — Well I think what the member has to understand, Mr. Chair, is that the universities and the school boards have themselves asked the province repeatedly over a number of years to enter into these kinds of financing arrangements with them so that they can access more capital. And they are willing to work with the province in partnership to build the schools and build the university buildings. We're willing to work with them in partnership.

And the answer is, we're proceeding in good faith. And the fact is, Mr. Chair, that operating grants to the school boards have increased by, I believe, 24 per cent in the last four years. So we're doing more to work with our partners in education to build schools and to operate schools. And we hope to continue to do our level best to do so, as we have been doing the last number of years.

And we're all proceeding in good faith. We're proceeding to build more schools because we have faith in the future of the province. And it's the future of the province that is the guarantee that schools we build today will be paid for in the future.

**Mr. Hart:** — Mr. Minister, is your government prepared to enter into a written contract with the school boards and the universities, those people who will be borrowing from this new corporation, that in fact those monies that are required for payments to repay these loans, that in fact you will guarantee in writing that those various municipal and local governments and universities will have that money year after year until those loans are paid?

**Hon. Mr. Cline:** — We will be working with our partners in education as I have described, Mr. Chair.

**Mr. Hart:** — So, Mr. Minister, does working with your partners, does that mean you're actually downloading more responsibility to boards of educations and downloading more costs to the universities, and those downloaded costs will be picked up by property owners in the form of additional taxes, and also the students at our universities will be picking up those additional costs in the form of increased tuition fees?

**Hon. Mr. Cline:** — No.

(20:30)

**Mr. Hart:** — A very short answer, Mr. Minister, but it's certainly . . . I would fear, if I was in a position of responsibility at either the universities or the boards of educations, to take these answers as simply no. When I asked you whether you'd be prepared to put your commitment in writing, you said you're going to be working with them. That's not a yes answer. You're very quick to give a no answer, but a simple question — are

you prepared to put it in writing? — a yes answer would certainly alleviate a lot of concerns, Mr. Minister.

**Hon. Mr. Cline:** — Well this proceeding is transcribed in writing, Mr. Chair, and I've said to the member and I'll say to the public — as I've agreed with the school boards and the universities — we will be working with our partners in education to build these schools and university buildings. And we will be working with them, as we have for the past several years, to provide them with the finances to cover the cost.

**Mr. Hart:** — Will the minister make the commitment to provide the funding? Will he put that in writing or does he mean by working with our partners in education, we're working so that they pay more and we pay less as a government? Is that what you mean, Mr. Minister?

**Hon. Mr. Cline:** — No, that is not what I meant, Mr. Chair.

**Mr. Hart:** — Well, Mr. Minister, you certainly didn't answer the question and again that gives no assurances to those people who are making these decisions.

In this budget you made no provision to help with repayment of these loans. We, I think, we on this side of the House and the general public felt that this was a . . . that the borrowings would be the responsibility of the government. Now we're finding out it's the responsibility of the universities and the school boards who will be actually taking on more debt, Mr. Minister.

So what you've effectively done . . . In the past year you had \$54 million in capital funding. This year you virtually have nothing and you barely managed to balance your budget. In fact, as I said earlier today, if you just remove some zeros and bring this budget down into a context that families can understand, a \$63,000 household budget at the end of the year has a 45-cent surplus. That should give the school boards and universities a lot of confidence that there will be money there, I'm sure, Mr. Minister.

**Hon. Mr. Cline:** — Well I'm glad that the members opposite and in particular the member who just asked the question, Mr. Chair, finally acknowledges that it is a tight financial situation. And the reality is that in that situation, Mr. Chair, it is a good thing that we have found a way to fund the schools and fund the universities to a much higher degree. That's what we're doing.

And what I would say to the member is that he should sit down with the University of Saskatchewan and the University of Regina as I have. And he should sit down with the school boards as I have. And they would tell him, Mr. Chair, that they wish to work with the government to build the schools and build the university buildings in the way that we have described. In fact, they have been asking us to do this for a number of years, Mr. Chair, to allow them to access the capital.

If the members opposite do not support this method of financing under the tight financial situation that the member just alluded to, it means that we cannot build the schools, and we cannot build the university buildings. And that is what the public, I think, understands, Mr. Chair, because I've been out talking to a lot of people.

Most reasonable people understand that when times are tight — and they are — that if we can do something to finance the building of more schools or university buildings and continue to fix the roads, as we're doing, and put more money into health care and not raise the PST and not raise income taxes, those are good things to do when times are tight. And we've had a very positive budget because we're prepared to move forward to finance the schools in this way.

And if the opposition does not support that, I want to make it very clear it means the schools will not be built; the university buildings will not be fixed. And if that was funded on a cash basis, it also means probably another point on the PST.

I don't think the people accept that, Mr. Chair. I think that they understand the concept of mortgage financing, and that's what we're proposing to do, and we're going to build those schools in that way.

Motion agreed to.

**Hon. Mr. Cline:** — Yes, thank you, Mr. Chair. I want to thank the opposition for their questions and their co-operation this evening. And I also want to thank the officials from the Department of Finance for their assistance.

And I'd like to move resolution no. 2:

That towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 2003, the sum of \$924.416 million be granted out of the General Revenue Fund.

And I so move.

Motion agreed to.

The committee reported progress.

#### FIRST AND SECOND READING OF RESOLUTIONS

**Hon. Mr. Cline:** — Mr. Speaker, I move that the resolutions be now read the first and second time.

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

#### APPROPRIATION BILL

**Hon. Mr. Cline:** — Mr. Speaker, by leave of the Assembly, I move:

That Bill No. 22, An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year ending on March 31, 2003, be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill read a first time.

**Hon. Mr. Cline:** — Mr. Speaker, by leave of the Assembly and under rule 55(2), I move that the Bill be now read a second and

third time.

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

#### ROYAL ASSENT

At 20:42 His Honour the Administrator entered the Chamber, took his seat upon the throne, and gave Royal Assent to the following Bill:

Bill No. 22 - An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year ending on March 31, 2003

**His Honour:** — In Her Majesty's name, I thank the Legislative Assembly, accept their benevolence, and assent to this Bill.

His Honour retired from the Chamber at 20:44.

#### SECOND READINGS

##### Bill No. 3 — The Correctional Services Amendment Act, 2002

**Hon. Mr. Thomson:** — Thank you, Mr. Speaker. I rise this evening to move second reading of The Correctional Services Amendment Act, 2002. The Correctional Services Act provides authority to operate correctional facilities and administer correctional programs. Changes are proposed to make our corrections system more responsive to the needs of victims.

We are adding a new provision that requires corrections officials to consult the victims of an offence when the inmate who has been incarcerated for that offence is being considered for an authorized absence from the correctional facility for humanitarian or rehabilitative reasons. A corrections official must also advise the victim of the offence after an authorized absence has been granted.

(20:45)

An amendment provides that rather than automatically being credited with remission of a sentence, inmates will now be able to earn this reduction in their sentence by the conduct in the facility. Inmates must obey the rules of the correctional facility and participate in appropriately rehabilitative programs.

I know the members opposite will be particularly interested to know that these programs are designed to reintegrate inmates into the community, and in order to return to the community before the end of their sentences, they will have to actively participate in these programs.

Another amendment updates the probation provisions to reflect the roles and responsibilities of probation staff in relation to offenders serving conditional sentences.

Amendments also ensure that provisions respecting probation orders are consistent with changes to the Criminal Code within the past five years and will continue to be consistent with future changes to the code.

The search and seizure provision is updated to allow urine analysis to be used to monitor an inmate's progress with respect to correctional services programming where this is relevant. For instance, where the inmate is participating in a substance abuse treatment program, urine analysis can be used to ensure that the inmate is not using these substances.

The Act also makes several minor amendments to streamline and update the legislation. For example, terminology is changed so that it's consistent with changes respecting young persons in the Youth Criminal Justice Act which was passed by the federal government on February 4 of this year.

Mr. Speaker, I am indeed pleased to move second reading of An Act to amend The Correctional Services Act.

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

**Mr. D'Autremont:** — Thank you, Mr. Speaker. I can tell already that the members opposite are enthusiastic and waiting breathlessly for my comments on this particular Bill. And I'm glad that they have stayed, Mr. Speaker, to listen to this.

Mr. Speaker, there are parts of this Bill that we believe are good and appropriate. There's also other parts of the Bill, Mr. Speaker, that we have some questions dealing with. And, Mr. Speaker, I believe those questions the minister has not answered in his speech about the Bill. It's a fairly comprehensive Bill, Mr. Speaker, at least more comprehensive than a lot of the legislation the government has put before us already. In fact it even runs, I believe, to page 6.

So, Mr. Speaker, some of the issues that we believe the minister needs to clarify further on this particular Bill, Mr. Speaker, deal with statements by victims and how they are going to be dealt with by the correctional system. It talks about allowing victims to have some input into the release of clients of the correctional services. And what impact, though, are those statements going to have, Mr. Speaker? Will they have an impact on early release or will they not have an impact? Those sorts of questions, Mr. Speaker, need to be clarified.

Mr. Speaker, there's one interesting piece of this legislation — I'm not exactly sure why it fits in this particular Bill — but it deals with Boxing Day, Mr. Speaker. And it's kind of a violent sounding name for a day, Mr. Speaker, but it talks about the statutory holiday known as Boxing Day and that the . . . this Act changes the allowances for having Boxing Day as a statutory holiday to having Boxing Day and any other day as established by the chairperson of Public Service Commission.

So I'm not exactly sure why this particular piece of legislation is changing in that context, Mr. Speaker. Perhaps, for the correctional services, Mr. Speaker, they're planning on declaring a lot more holidays. It would certainly be of benefit to the people who are employed in that area because you get paid often time and a half, double time on stat holidays. So perhaps this is some sort of a revenue generation, improve the economy type of thing by the minister of correctional services. Simply, Mr. Speaker, I'm not sure why that particular piece of . . . this clause is in this particular piece of legislation.

So perhaps, Mr. Speaker, to give the minister a chance to

consider those types of questions so that he can come back to the House with an explanation as to why Boxing Day or any other statutory holiday are included in this legislation, to give him that time, Mr. Speaker, I would move that we adjourn debate.

Debate adjourned.

### **Bill No. 10 — The Tax Enforcement Amendment Act, 2002**

**Hon. Mr. Osika:** — Thank you, Mr. Speaker. I rise today to move the second reading of The Tax Enforcement Amendment Act, 2002.

The Tax Enforcement Act provides the framework through which municipalities seek remedies for unpaid property taxes. Currently the Act specifies that municipalities seeking remedies for unpaid taxes for properties with a value of less than \$2,000 do not require permission from the Provincial Mediation Board prior to proceeding.

Mr. Speaker, amendments to this Act will give the Lieutenant Governor in Council the authority to set the property value I just mentioned in regulation. With the province moving to a four-year cycle for reassessment, it is beneficial to set the amount under which Provincial Mediation Board approval is not required in regulation rather than in the Act.

Following each reassessment there is the potential that the amount will be inappropriate because properties values have either risen or fallen. Setting the amount in regulation will provide the provincial government with the flexibility to meet the changing needs of municipalities promptly if such a change proves necessary. Our initial consultations with various municipal organizations determine that the appropriate amount should be reviewed and determined after each reassessment. Therefore following the amendments to the Act my officials will consult further with municipal organizations to arrive at an amount before amendments are made to the regulations.

Mr. Speaker, our actions on this issue once again illustrate the government's commitment to meeting the needs of municipal administrations while balancing the interests of Saskatchewan's property owners.

Mr. Speaker, I move second reading of Bill No. 10, The Tax Enforcement Amendment Act, 2002.

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

**Mr. McMorris:** — Thank you, Mr. Speaker. It's a privilege to talk about this tax enforcement Act, Bill No. 10, that was just mentioned by the minister.

And when he starts talking about unpaid property taxes, which is becoming I believe a greater and greater issue in many of the small communities and even in some of the RMs around the province . . . a lot of the small towns are struggling. The services aren't there, and some of the properties are left vacant. And whether the taxes are being paid or not is a bigger and bigger issue.

Along with the fact — coupled with the fact, I guess — that when you start seeing the increased responsibilities put on school divisions for funding education and so much of that education is funded through the property base that there are probably more and more properties throughout the province, not just urban but rural properties, that there are unpaid taxes on, Mr. Speaker.

Now this talks about the assessment process also and when properties go through reassessment and how that's going to vary the threshold of these properties at the tax rate in which they can be . . . pre-proclaimed I guess.

Mr. Speaker, I think that with the reassessment process in itself there are so many questions on that. So many people after reassessment the last time are questioning how they ever came up with that figure of . . . on my property. So there are a lot of questions, Mr. Speaker, when you start dealing with property tax in this province and when you start introducing an Act like this.

The minister also said in consultation . . . they did a lot of consultation. Well, Mr. Speaker, I think more consultation needs to be done because the property tax issue is a big issue. So, Mr. Speaker, I move that we adjourn debate on Bill No. 10 until we have more input from the interested parties.

Debate adjourned.

#### **Bill No. 11 — The Urban Municipal Administrators Amendment Act, 2002**

**Hon. Mr. Osika:** — Thank you, Mr. Speaker. On this occasion I rise to move the second reading of The Urban Municipal Administrators Amendment Act, 2002. The Act was passed by the legislature in 1981 and established the Urban Municipal Administrators' Association of Saskatchewan, more commonly referred to as UMAAS, as a body corporate.

The standard UMAAS sets and maintains for its membership ensure that the people working as urban municipal administrators are qualified to perform their very important role. The proficiency, knowledge, and skill of urban municipal administrators respecting the performance of their professional duties are greatly improved through the standards and examinations UMAAS provides.

The amendments being introduced were all requested by UMAAS and are essentially housekeeping in nature. But specifically the amendments will, Mr. Speaker: first, give UMAAS the flexibility to create different classes of membership; secondly, extend the voting privileges to associate members; and thirdly, update wording in the Act to reflect current practices.

The UMAAS executive has reviewed the changes being proposed and agrees with them. Mr. Speaker, passing these amendments will contribute to the continued efficient operation of UMAAS. Passing these amendments will also show the people of Saskatchewan that this government is committed to working with the municipal sector to bring about necessary change and improvement.

Mr. Speaker, I move second reading of Bill No. 11, The Urban Municipal Administrators Amendment Act, 2002.

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

**Mr. Weekes:** — Thank you, Mr. Speaker. It gives me great pleasure today to speak on The Urban Municipal Administrators Amendment Act or UMAAS as the minister has said.

He has mentioned that this body has requested these changes, and it seems on the face of it that these changes have increased the flexibility of the organization and possibly brought a little bit more self-regulation into their group. And it's of interest that the minister says this law was passed or this Bill was passed originally in 1981. It brings to mind a number of governments have in the past have sunset clauses on a number of Acts and Bills, and it is of interest to know that changes need to be updated and looked at in the future.

And it's of interest that maybe it's something like a sunset clause should be put on a number of Bills and brought forward at a certain time and date in the future. On the face of it, these are amendments that UMAAS has requested. We will discuss that with that grouping to make sure there is nothing else that needs to be added to this Act, and at this time I would like to move to adjourn debate.

Debate adjourned.

#### **Bill No. 6 — The Horned Cattle Purchases Amendment Act, 2002**

**Hon. Mr. Serby:** — Thank you very much, Mr. Speaker. Mr. Speaker, at the end of my remarks I would like to move second reading of the amendments to The Horned Cattle Purchases Act. The amendment to The Horned Cattle Purchases Act, Mr. Speaker, will assist the cattle industry's efforts to reduce the number of horned cattle in Saskatchewan.

Provisions of the Bill will increase the deductions for selling horned cattle, modernize our existing legislation, and update the organizations advising the minister in the areas of better reflecting today's cattle industry. Mr. Speaker, this Bill is a result of the requests from cattle industry stakeholders. Following these requests, further consultations with the cattle industry show a widespread consensus for these legislative changes and the interests of new efforts to reduce the number of horned cattle in Saskatchewan.

(21:00)

Through these amendments, Mr. Speaker, Saskatchewan is taking the leadership role in working with the cattle industry to reduce the damage that horned cattle can cause to other cattle, resulting in losses in the cattle industry.

Industry has recommended that the current deduction of \$2 be raised to \$10. Industry has also recommended, Mr. Speaker, that the organization advise the minister be updated to reflect changes to the industry as well.

As a result of these amendments, Mr. Speaker, the Horned



Cattle Purchases Act Advisory Committee will now include representation from the Saskatchewan Cattle Feeders' Association as well. The following organizations will continue to have representation on the advisory committee, Mr. Speaker: the National Farmers Union, the Saskatchewan Association of Rural Municipalities, Saskatchewan Cattle Breeders' Association, the Saskatchewan Stock Growers' Association, a member from an organization representing the dairy producers of Saskatchewan, and a representative of the ministry.

Mr. Speaker, the funds collected through the deduction go to a producer account and are used to support research design and benefit the cattle industry. This Bill will also clarify the deduction process for delivery of the horned cattle to points outside of Saskatchewan. This Bill allows also for the exemption of purebred cattle used for breeding and clarifies administrative functions for dealers and inspectors.

Mr. Speaker, the members of the Legislative Assembly, I encourage you to adopt the amendments of The Horned Cattle Purchases Act, and therefore I move that amendments to The Horned Cattle Purchases Act be read a second time.

Thank you, Mr. Speaker.

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

**Mr. McMorris:** — Thank you, Mr. Speaker. It's again a privilege to stand and discuss horned cattle in the Legislative Assembly again.

Mr. Speaker, I remember different times where this subject has come up, and they've put through amendments to this Act. It's interesting though, Mr. Speaker, that as we on this side too and many of the members on this side of the legislature are directly involved in the cattle industry . . . A lot of the members on this side are involved in the cattle industry, Mr. Speaker, and so they are very interested in this legislation, this amendment to the Act. And any time you can reduce the number of horned cattle in the province, we think that's a good thing.

But, Mr. Speaker, when you look at the fact that they are increasing the fee by 500 per cent, Mr. Speaker, that seems quite significant. They've gone from \$2 to \$10 per horned animal. And, Mr. Speaker, we think that is quite a large increase in cost to producers.

Mr. Speaker, I realize the fact that horned cattle do, do damage to hides and that type of thing in the cattle industry, but such an increase needs to be looked at and needs to be . . . we need to consult with a number of the organizations, a number of the organizations that this minister had spoke about. Although maybe perhaps the organization as a whole are in favour of it, there's a lot of producers under those organizations that will be directly affected by this 500 per cent increase on horned cattle in the province, Mr. Speaker.

So until we are able to consult with a number of the producers, the direct producers, the producers of those cattle, Mr. Speaker, we'll move to adjourn debate.

Debate adjourned.

## **Bill No. 7 — The Electronic Information and Documents Amendment Act, 2002**

**Hon. Mr. Axworthy:** — Mr. Speaker, I'm pleased to rise today to move second reading of The Electronic Information and Documents Amendment Act, 2002.

Mr. Speaker, these amendments will clarify the departments, government agencies, and other public bodies can engage in electronic communications without the need to formally designate legislation or regulations under the government filing provisions in part III of The Electronic Information and Documents Act.

A public body's consent to use electronic communications cannot be inferred but must be expressly authorized. If an enactment is designated under the special rules for filing electronic documents with the government under part III, the general rules in part II will not apply to the filing or registration of information under the enactment — as if anybody would think they would, Mr. Speaker — and that consumers will continue to be entitled to a paper copy of a document when conducting Internet sales unless they expressly agree otherwise.

Mr. Speaker, members will recall that Saskatchewan was the first province in Canada to introduce legislation to provide a basic legal framework for electronic-based commercial relations—the first. Since proclamation on November 1, 2000, nine other provincial and territorial jurisdictions in Canada have introduced companion legislation in an effort to normalize labour relations in this new and ever-expanding medium.

Mr. Speaker, the Saskatchewan Act, based on both the UN (United Nations) model law and the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada, provides in part II for basic rules to ensure equivalent treatment of electronic- and paper-based documents and information — general principles that will apply to electronic communications and rules for particular electronic transactions including the formulation and operation of contracts, the use of automatic transactions, corrections of errors, and presumed time and place of the receipt of messages.

Part III of the Act currently provides for more specific legal framework to support initiatives with the actual electronic filing of information with the government.

Mr. Speaker, there's more. The Bill before this Assembly today is, in large part, a recognition that government bodies are becoming increasingly comfortable with the communicating with their clientele by electronic means.

While there will continue to be a need for the specific filing requirements set out in part III, these changes will provide better flexibility under part II to government agencies in dealing with less-formal communication.

Mr. Speaker, it's important to note that the central principle of this Act will remain that it is only where the parties agree to using electronic documents that they may be used. Indeed this core principle is enhanced by an amendment that will require that even Internet consumers will continue to be entitled to a paper copy of a document when conducting Internet sales

unless they expressly agree otherwise.

Mr. Speaker, I'm proud that Saskatchewan was the first province in Canada to advance legislation to provide a basic legal framework for electronic-based commercial relationships, and with these minor changes we will continue to be in the forefront in this regard.

Mr. Speaker, I am pleased, as you can imagine I would be, to move second reading of An Act to amend The Electronic Information and Documents Act, 2002.

**Mr. D'Autremont:** — Thank you, Mr. Speaker. Mr. Speaker, we believe that there is indeed a need for Internet commerce, electronic commerce in the province of Saskatchewan. We just wish that there was more of it. But under this government, we understand that development of economic activity is truly difficult, Mr. Speaker.

The minister was talking about how government is getting more comfortable with the electronic age, and as I look across I can tell that the government is indeed comfortable but I'm not exactly sure how flexible they are, Mr. Speaker.

Now, Mr. Speaker, there is a number of issues in this particular piece of legislation that I think need to be pursued and investigated more thoroughly. It talks about the public bodies not . . . that they can't presume to have consented to receive information, and yet it seems to imply that persons are consenting to receive information when it comes to them without having to give any indication that they have so accepted.

And I think there needs to be some clarifications there, Mr. Speaker, just how a person shows their consent to receive a piece of electronic information and just what has to happen on behalf of a public institution, a public body to show that they have received the information.

We know that when it comes to mail, snail mail, Mr. Speaker, if government sends out a notice, the person it's being sent to is deemed to have received it. How is this going to apply, Mr. Speaker, to electronic mail? If the government sends out a document in e-mail to someone, are they assumed to have received it, therefore have been served their notice on whatever the case may be? Or does that person have to respond in some way, shape, or form before that document is actually deemed to have been received legally, Mr. Speaker? On the other side, what does the public body, the institution, have to do to show that they have consented to receive a particular piece of information?

There are a lot of questions here, Mr. Speaker. We are entering into a new field the last few years, of electronic commerce, and new pathways have to be developed. So we need to see just what the minister intends to do, how the general public is viewing this, whether it serves them well or whether it doesn't go far enough, or does it go too far, Mr. Speaker. So we need to talk to those people who are interested, who are already availing themselves of the Internet and electronic commerce, to discover how this Bill will actually apply to them.

So, Mr. Speaker, I would move at this time that we move

adjournment of Bill No. 7.

Debate adjourned.

**Bill No. 8 — The Family Maintenance Amendment Act,  
2002/Loi de 2002 modifiant la Loi de 1997 sur les  
prestations alimentaires familiales**

**Hon. Mr. Axworthy:** — Thank you, Mr. Speaker. I rise today to move second reading of The Family Maintenance Amendment Act, 1997.

Mr. Speaker, The Family Maintenance Act currently has one section that deals with child maintenance until age 18 and another that deals with child maintenance after age 18. This amendment will tie the two sections together and confirm that an order for child maintenance is to continue until the child is no longer eligible for maintenance under the Act. This change will mean fewer court applications will be required by families.

Mr. Speaker, under the Divorce Act, maintenance continues past age 18 until the court determines or the parents agree that the child is no longer a dependant. By making this Act consistent with the Divorce Act, all orders for child maintenance will be treated in the same manner.

Some people may suggest that maintenance shouldn't continue past age 18. However, this amendment doesn't create the right to maintenance after age 18; it merely confirms that the intent that maintenance continues until a son or daughter no longer qualifies for maintenance under the Act. It will prevent unnecessary litigation or disputes between parents.

Mr. Speaker, I am pleased to move second reading of An Act to Amend The Family Maintenance Act, 1997.

**Mr. Weekes:** — Thank you, Mr. Speaker. It's with great pleasure to speak on the amendment to The Family Maintenance Act, 1997, as the minister outlined that it ties the two sections together.

It brings to mind a couple of concerns and questions about who is affected by this and how that criteria is determined and what standard and who sets the standard of the individual that may fall into this category. And also is there any responsibility towards the individual under this Act and how that develops as far as in the family situation and in society as a whole?

And I would like to discuss this with the stakeholders and review this with my colleagues.

And at this time I'd like to move to adjourn debate.

Debate adjourned.

**Bill No. 9 — The Real Estate Amendment Act, 2002**

**Hon. Mr. Axworthy:** — Thank you, Mr. Speaker. I rise today to move second reading of The Real Estate Amendment Act, 2002.

Mr. Speaker, the purpose of this Bill is to update and modernize Saskatchewan's real estate legislation. In addition a number of

the amendments harmonize the provisions of our legislation with legislation of other jurisdictions.

The first amendment deals with confidentiality and information sharing. The Saskatchewan Real Estate Commission acts as the primary regulator of real estate brokers in Saskatchewan and the Superintendent of Real Estate oversees the activities of the commission.

Both of these regulators have a need to share information in certain circumstances with other regulators, law enforcement agencies, and real estate commissions. This power is important as real estate brokers and salespersons may carry on activities in more than one jurisdiction and relocate from one jurisdiction to another.

The proposed information-sharing provisions update and modernize the restrictions on access to information and are common in regulatory legislation. Provisions accommodate the regulator's need to share information while providing assurance to brokers and salespersons that this sensitive information will only be shared in certain limited circumstances.

(21:15)

Mr. Speaker, today's Bill also allows the commission to enter into agreements with other regulators for the purposes of allowing interprovincial mobility of brokers and salespersons and encouraging interjurisdictional enforcement. The proposed amendments will also allow the commission to share licensing information with other regulators. This is important as brokers and salespersons are increasingly seeking to be registered in more than one jurisdiction.

Further amendments include provisions relating to errors and omissions coverage, disclosure requirements, and reporting requirements. The amendments dealing with errors and omissions insurance allow regulations to be passed requiring real estate brokers and salespersons to carry errors and omissions insurance coverage with specified minimum allowance and coverage from a specified carrier.

In the area of disclosure, the amendments authorize the commission to enact bylaws which will provide further detail as to the disclosure that must be made by real estate brokers and salespersons to parties and potential parties concerning real estate transactions.

In addition, the amendments will allow the commission to enact future bylaws which provide detail as to the type of information that is required to be disclosed and the forms of disclosure to be used.

Mr. Speaker, in reviewing this legislation, we've consulted with the Saskatchewan Real Estate Commission, the Saskatchewan Real Estate Association, and the Superintendent of Real Estate. The results of the consultation have been positive. I appreciate very much the time, effort, and co-operation which these groups have contributed to the development of this Bill.

Mr. Speaker, I move second reading of An Act to amend The Real Estate Act.

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

**Mr. McMorris:** — Thank you, Mr. Speaker. Mr. Speaker, Bill No. 9, the Act to amend The Real Estate Act, is a piece of legislation that, on the surface, looks like it's very positive. I mean any time you can kind of open up the borders a little bit so that real estate agents can deal on both sides of the border, whether it's Saskatchewan or Alberta, is a great idea.

I know the people from Alberta and many of the real estate agents from Alberta would just love to be able to get a one-up on the people in Saskatchewan here because so many of us are moving to Alberta all the time that if we could just kind of open up the borders and make it a little bit easier.

But, Mr. Speaker, I'll take that one step further. A lot of the real estate agents that we've been talking to most recently are saying, open it up because once there's a Saskatchewan Party government many of those people will be moving back and they want the opportunity to also bring those people back into Saskatchewan, Mr. Speaker.

Mr. Speaker, there is a couple of other issues in this Real Estate Amendment Act that draws some concern, and one is the fact of the real estate commissioner, I believe, buying — superintendent — buying insurance. And when we look through the Act . . . and there has been some concern already that there must be one insurer for this whole process. In other words, we're questioning who that insurer may be. It seems like they're looking for a bit of a monopoly in this situation. And so we want to talk to a number of the real estate agents along with the commission and the interested parties that this Bill will be affecting, Mr. Speaker.

So at this time I would move to adjourn debate on the Bill No. 9, An Act to amend The Real Estate Act.

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

Debate adjourned.

The Assembly adjourned at 21:20.