

The Assembly met at 13:30.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Elhard: — Thank you, Mr. Speaker. Mr. Speaker, today I present petitions several pages long on behalf of producers from the community of Cabri. The prayer reads as follows, Mr. Speaker:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to take the necessary steps to have Saskatchewan Crop Insurance reverse the 2003 premium increases and restore affordable crop insurance premiums to our struggling farmers.

As in duty bound, your petitioners will ever pray.

I so present, Mr. Speaker.

Mr. Stewart: — Thank you, Mr. Speaker. I rise to present a petition signed by citizens concerned with the dangerous and deplorable condition of Highway 43. And the prayer reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to repair Highway 43 in order to address safety concerns and to facilitate economic growth in rural Saskatchewan.

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

Mr. Speaker, this petition is signed by individuals from the communities of Gravelbourg, Lafleche, Assiniboia, and Moose Jaw.

I so present.

Ms. Harpauer: — Thank you, Mr. Speaker. Mr. Speaker, I rise today with a petition of citizens concerned about the deplorable state of Highway No. 20. And the prayer reads as follows:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to repair Highway 20 from Nokomis to Strasbourg in order to address safety concerns and to facilitate economic growth in rural Saskatchewan.

And the signatures, Mr. Speaker, are from Govan, Duval, Lanigan, Guernsey, Nokomis; Riding Mountain, Manitoba and Neepawa, Manitoba.

I so present.

Ms. Eagles: — Thank you, Mr. Speaker. Mr. Speaker, again today I rise to present a petition on behalf of people very concerned about the condition of Highway 47. And the prayer reads as follows:

Wherefore your petitioners humbly pray that your Hon.

Assembly may be pleased to cause the government to take immediate action and make necessary repairs to Highway 47 South in order to avoid serious injury and property damage.

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

Mr. Speaker, this is signed by folks from Estevan, Moose Jaw, Bienfait, and Macoun.

I so present. Thank you.

Mr. Dearborn: — Thank you, Mr. Speaker. I rise today to present a petition on behalf of the citizens of west central Saskatchewan concerned with the state of health care in the area. And the prayer reads as follows:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to take the necessary steps to ensure continuation of the current level of services available at the Kindersley Hospital and to ensure the current specialty services are sustained to better serve the people of west central Saskatchewan.

And as is duty bound, our petitioners will ever pray.

Mr. Speaker, this petition is signed by the good folks from Kindersley.

I so present.

Mr. Weekes: — Thank you, Mr. Speaker. I also have a petition for fairness to Crown leaseholders. The prayer reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the provincial government to take the necessary steps to ensure current Crown land lessees maintain their first option to renew those leases.

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

Signed by the good citizens of Biggar and district.

I so present.

Mr. Lorenz: — Thank you, Mr. Speaker. Mr. Speaker, I present a petition on behalf of the citizens and their concern with Highway 14.

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to cause the government to recognize the deplorable condition of Highway 14 from Biggar to Wilkie and to take the necessary steps to reconstruct and repair this highway in order to address safety concerns and to facilitate economic growth in rural Saskatchewan.

As in duty bound, your petitioners will ever pray.

Signed by the good citizens of Wilkie and Plenty.

I so present.

READING AND RECEIVING PETITIONS

Deputy Clerk: — According to order the following petitions have been reviewed and are hereby read and received as addendums to previously tabled petitions being sessional paper nos. 12, 13, 18, 36, 41, and 120.

NOTICES OF MOTIONS AND QUESTIONS

Ms. Harpauer: — Thank you, Mr. Speaker. Mr. Speaker, I shall give notice on day no. 54 ask the government the following question:

To the Minister of Agriculture: how many applications have been received by the department under the farm family opportunities initiative program announced on March 27, 2002; and how many of these applications have been approved?

INTRODUCTION OF GUESTS

Mr. McMorris: — Thank you, Mr. Speaker. Mr. Speaker, through you and to you to the rest of the Assembly, I'd like to introduce 26 grade 11 and 12 students seated in your gallery from Sedley High School, about 30 miles southeast of Regina here.

They're accompanied by their teachers, Sandi Robertson and Alison Deters. I was talking to Sandi before we came into the Assembly and she said her students were going to work on some real tough questions because I'll be meeting with them after. So hopefully I have a better chance at answering those questions than the government seems to when we ask them the tough questions.

Anyway, I'd like the Assembly to welcome them here today.

Hon. Members: Hear, hear!

Mr. Wakefield: — Thank you, Mr. Speaker. I would like to introduce to you and through you to the members of the Assembly, some students in the east gallery that have come from an opposite direction from the students from Sedley. These are 20 grade 8 students from the school at Turtleford, Saskatchewan. They have taken the six-hour, or more, drive to come here and I commend them for the interest that they have taken in coming here, seeing the procedures, and touring the Assembly.

I'd like to extend a welcome to the teacher, Carmela McNinch, and also their six chaperones. Would all welcome them . . . these people to the Assembly.

Hon. Members: Hear, hear!

Mr. Harper: — Thank you, Mr. Speaker. Mr. Speaker, I'd like to introduce to you and to all the members of the House, a former member of this House, Mr. Dale Flavel, who's sitting at the back of the chambers here.

Dale has served this House very well as the member from Last

Mountain-Touchwood for two terms. And as many of his extra duties of this House, I believe he served for a while as the Deputy Speaker of this House. So I'd ask all the members to offer Dale a very warm welcome.

Hon. Members: Hear, hear!

STATEMENTS BY MEMBERS

Canadian Environment Week

Mr. Weekes: — Mr. Speaker, I rise in the Assembly to tell you and my colleagues about Canadian Environment Week. According to Environment Canada this is a week devoted to environmental issues and activities which focus on the preservation, protection, and restoration of the environment.

There's also a couple of days this week that coincide with Environment Week. Wednesday, June 4, is Clean Air Day. It has been proclaimed by Ottawa to increase awareness on action on both clean air and climate change. Mr. Speaker, June 5, this Thursday, is World Environment Day. It was proclaimed by the United Nations 31 years ago. The theme of this day is Give Earth A Chance.

There are a number of ways to take part in Environment Week. The Environment Canada Web site states getting involved is the first step. Other ways include telling your children about Environment Week and ways to conserve energy. The Web site also suggests adopting a park, visiting a park, or maybe subscribing to an environmental magazine.

Mr. Speaker, there are many ways to observe National Environment Week not only for this specific week, but for 52 weeks a year. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. McCall: — Thank you, Mr. Speaker. I too would like to draw to the attention of the House the fact that June 1 to 7 is Environment Week. Some of the information may seem a little recycled but that's entirely in keeping with the theme, Mr. Speaker. It's a time for us to contemplate the gains that we've made to achieve a healthy and sustainable environment and a time to assess what more needs to be done.

Mr. Speaker, one activity taking place across the country as part of Environment Week is the Commuter Challenge. This will be going on from Monday to Friday to encourage the use of transport that will reduce air pollution and greenhouse gas emissions associated with climate change. So instead of one person in one car, people are asked to use greener methods such as carpooling, taking the bus, walking, jogging, biking, or in-line skating.

Mr. Speaker, this is just one of the many activities that one can get involved in during Environment Week. I encourage everyone to participate in these activities and ask all my colleagues to join with me in renewing our commitment to achieving environmental health and sustainability.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

New Inductee to University of Saskatchewan Sport Hall of Fame

Mr. Lorenz: — Thank you, Mr. Speaker. Mr. Speaker, congratulations are in order for Shannon Kekula-Kristiansen, originally from Marsden, now living in Saskatoon. She was inducted into the University of Saskatchewan Sport Hall of Fame on Saturday, April 5.

Mr. Speaker, Shannon has been involved in the sports world for quite a few years. She has won a various number of awards including Saskatchewan Female Athlete of the Year, the first gold medal for Canada in the winter games, recognized as the number one Canadian shot putter in track and field for many years.

Mr. Speaker, Shannon has outstanding academic and sports abilities. She is currently coaching and managing track and field sports for Sask Sport. Shannon is a very worthwhile recipient of this award.

Mr. Speaker, join me in congratulating Shannon on her induction into the University of Saskatchewan Sport Hall of Fame.

Some Hon. Members: Hear, hear!

Increasing Interest in Saskatchewan Tourism

Mr. Trew: — Mr. Speaker, in Saskatchewan it's Tourism Week. In addition to generating increased interest in Saskatchewan as a travel destination, Saskatchewan's tourism industry is helping to create a more positive perception about our Saskatchewan.

A survey following a recent short-haul marketing campaign targeted at residents in Alberta, Saskatchewan, and Manitoba shows that the number of people who were impressed by Saskatchewan rose from 69 per cent before the campaign all the way up to 81 per cent after. Apparently, Mr. Speaker, there were a few members of the Sask Party that were polled in that campaign.

As well, when asked the first province or territory that came to mind when planning a Canadian vacation, those who named Saskatchewan more than doubled from 13 to 27 per cent.

Mr. Speaker, I ask my colleagues to all join me in congratulating Tourism Saskatchewan, the local tourism branches, and the many tourism businesses that are located throughout Saskatchewan, ask that we congratulate them for the great job they're doing in promoting our wonderful province and in inviting people from other places to celebrate Saskatchewan with us.

Some Hon. Members: Hear, hear!

Seager Wheeler Seeding Demonstration

Mr. Heppner: — Thank you, Mr. Speaker. Mr. Speaker, last week was the Seager Wheeler seeding demonstration and that's

a demonstration that's unique to this particular province.

Seager Wheeler, as we all know, was an award-winning seed grower and won many national and world awards in that area as well. The part that we're probably more aware of, with the last couple of years of drought, is that he was a great soil conservationist as well.

The late Larry Janzen, past president of the Seager Wheeler Society used to talk about the fact that on Seager Wheeler's land when you did a soil profile, even in today's times, you would see that the soil profile was much better than the area around there where they hadn't used his practices.

This year the seeding demonstration was in memory of Larry Janzen. And it's always interesting to watch the seeding demonstration, Mr. Speaker, for those people who haven't done it. You have all the big new equipment is lined up and they all take off at the same time to go across the field. There's 100 to 1,000 farmers standing behind there and as soon as the equipment starts to move, Mr. Speaker, they just converge on the soil behind. They get down on all fours scratching the ground. Must look strange to people who don't understand what they're doing. They're checking the seed placement, the fertilizer placement, and the depth, and it's a very valuable demonstration.

Took place again last week, Mr. Speaker. Well attended and very worthwhile effort on behalf of the farmers of Saskatchewan. Thank you.

Fourth Annual SGI CANADA Charity Road Race

Mr. Harper: — Mr. Speaker, yesterday morning hundreds of people participated in the fourth annual SGI CANADA Charity Road Race, and I'm pleased to say that I was among them.

Mr. Speaker, the road race is a part of the Timex Road Race series and features a 5 and 10 kilometre race as well as a 2 kilometre family fun walk. This year the event raised funds for the Kids Help Phone.

The Kids Help Phone line has been committed to being there for kids in Saskatchewan since 1989. It's Canada's only 24-hour, toll-free, bilingual and anonymous phone and Internet counselling and referral service for troubled and abused children and youth.

Mr. Speaker, I would like to take this opportunity to thank all the volunteers from the Kids Phone Line and the SGI for putting on this great fundraising event, raising some \$7,645 in support of this very worthy cause. I ask all the members of this Assembly to join with me in the commitments to the efforts of these fine folks. Thank you very much, Mr. Speaker.

Some Hon. Members: Hear, hear!

Bovine Spongiform Encephalopathy

Mr. Elhard: — Thank you, Mr. Speaker. The public announcement regarding the discovery of a BSE (bovine spongiform encephalopathy) infected cow in an Alberta herd is now two weeks old.

The Saskatchewan Party has worked with our provincial government to develop and maintain a united front on behalf of the beef industry. There's been too much at stake to take partisan stances on this matter, especially when reopening the American border to our exports ought to be number one priority of all provincial governments.

On Thursday last week the Saskatchewan Party moved a motion which received unanimous support in this legislature condemning the Prime Minister's deliberately provocative musings at a most sensitive time in the BSE border-closing saga.

(13:45)

But that's where the unanimity ended. That same day the whole country learned that Ontario's Ag minister was floating the idea of closing their provincial borders to Western Canadian beef. So too were others in the Quebec area and the Maritimes.

And what was the response of our Ag minister? Well rather than contacting his Ontario counterpart for confirmation or clarification, our NDP (New Democratic Party) minister came to her defence, all the while attacking the opposition for having our facts wrong. Rather than defend Saskatchewan cattle producers, our minister chose to put his faith in the Ontario Ag minister.

Now it must have been quite a surprise, Mr. Speaker, to our provincial government when on national TV last Friday night, the Ontario Premier, Ernie Eves, was publicly apologizing to the province of Alberta for the misguided musings of his own Ag minister, while here in Saskatchewan our minister still didn't know what she had said.

The cattle producers of Saskatchewan deserve much better performance from the NDP government than they saw last week. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Cory Cogeneration Project

Hon. Mr. Melenchuk: — Mr. Speaker, this past Thursday we were all pleased but not surprised to read in our esteemed daily newspapers the statement by Ms. Nancy Southern, CEO (chief executive officer) of the ATCO Group. She said of Our Future is Wide Open campaign, and I quote:

I think the marketing campaign Saskatchewan has undertaken is first class. It's terrific, and it's going to be terrific for the economy here . . . It should be highly commended for the new opportunities being developed.

Now, Mr. Speaker, Ms. Southern was here for the official opening of the Cory cogeneration station in my constituency. The Cory project is a solid example of what she was talking about — a significant accomplishment that shows Saskatchewan merits as a place to attract investment and do business.

The Cory project is a world-class, 228-megawatt facility that is a 50/50 joint venture between SaskPower International and

ATCO. And it is only fitting, Mr. Speaker, that during Environment Week we recognize this partnership as an environmentally progressive station which will provide additional safe and reliable electricity at competitive rates. The greenhouse gases are about one-third of more traditional coal-fired power stations.

As well, Mr. Speaker, the construction phase alone provided about 460 person-years of employment for Saskatchewan tradespeople and resulted in purchases of \$69 million of Saskatchewan goods and services.

In other words, Mr. Speaker, Ms. Southern of ATCO, other smart business people from across the country, and members on this side of the Assembly know that projects like the Cory cogeneration station are proof that we are on the move and that our future is indeed wide open.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

ORAL QUESTIONS

Federal Response to Distress in Beef Industry

Mr. Hermanson: — Mr. Speaker, my question is for the Premier. Despite the fact that the discovery of BSE in an Alberta cow two weeks ago has driven the beef industry in Western Canada to a standstill, the federal government is still refusing calls to waive the two-week waiting period for Unemployment Insurance applications for workers affected by the case.

It is my understanding that the Minister of Labour had a discussion with the federal Minister of Human Resources on Friday and could not convince the minister to reverse her decision. But this weekend two members of the federal Liberal government were in Regina, and both Ralph Goodale and Paul Martin indicated their government was missing the boat on this.

Mr. Speaker, in light of this new-found support within the federal Liberal government, what steps is the Premier taking to press this issue further with the Prime Minister and to achieve this concession for workers who have lost work due to the BSE case?

Some Hon. Members: Hear, hear!

Hon. Mr. Calvert: — Mr. Speaker, I was pleased to see that our efforts of last week, the Minister of Labour's effort, the efforts of this government, efforts of the opposition, and efforts of other provincial governments and premiers, seems to have moved some of the thinking in the federal cabinet. Clearly the minister from Saskatchewan now is sharing the view that we have, that the two-week period should be waived, and I am pleased to see that the next prime minister of Canada shares this same view.

Today, Mr. Minister, building on this, I have been in contact — and will be throughout the rest of the day — with my colleagues, the four Western premiers, particularly as we prepare to meet in Kelowna next week. And I have this day sent

yet another message, another letter, to the Prime Minister of Canada — who we know is not in the country but I am confident will get the message — that given the statements made now by the minister of Saskatchewan and the next prime minister, that he should instruct his minister to reverse her decision on the two-week period.

Some Hon. Members: Hear, hear!

Mr. Hermanson: — Well thank you, Mr. Speaker. And Paul Martin may be the next prime minister, but that's going to be well into next year and these people have just been laid off their jobs now, so we need action a little quicker from the Premier.

Because even today during question period in the House of Commons, the Deputy Prime Minister who's here in the country, and the federal minister, Finance, John Manley, suggested waiving the two-week waiting period on UI (Unemployment Insurance) claims for workers in the beef industry would be irresponsible. He once again suggested that the seriousness of the BSE impact on workers was not as significant as the impact on people unable to work because of the SARS (severe acute respiratory syndrome) outbreak.

Mr. Speaker, clearly a stronger message is needed to get through to the federal government. What does the Premier plan to do before Paul Martin becomes prime minister to impress that this help is immediately needed for workers affected by the beef industry slowdown?

Some Hon. Members: Hear, hear!

Hon. Mr. Calvert: — Mr. Speaker, perhaps I need to repeat. Perhaps the Leader of the Opposition was not listening. The fact of the matter is, today I am speaking with my colleagues in Western Canada. Today I have again communicated with the Prime Minister, the Prime Minister of Canada today, encouraging him to have his minister reverse this mistaken, this mistaken opinion.

I am confident of course, Mr. Speaker, that the Leader of the Opposition today has written to the federal government and to the Prime Minister and to his colleagues in the House of Commons. I'm confident that's happened as well.

Some Hon. Members: Hear, hear!

Consequences of Occurrence of Bovine Spongiform Encephalopathy

Mr. Hermanson: — Thank you, Mr. Speaker. Mr. Speaker, it has been widely hoped that the trade bans on Canadian beef would be lifted quickly. The CFIA (Canadian Food Inspection Agency) is progressing in their search for the source of the BSE outbreak and their testing of related herds and animals. In fact it is hoped that the testing might be completed and confirmed by this weekend.

Mr. Speaker, the Minister of Agriculture was involved in a conference call with his counterparts from across the country this morning. What, if any, new timelines for the possible removal of trading bans on Canadian beef are now being stated as realistic by the federal Minister of Agriculture?

Some Hon. Members: Hear, hear!

Hon. Mr. Serby: — Mr. Speaker, what I said to the press over the lunch hour, Mr. Speaker, is that in our conversation with the Agriculture ministers across Canada, Mr. Vanclief . . . It's Mr. Vanclief's view that as we approach the conclusion of our scientific work — which should reach a very significant point in the next 36 hours — once we reach that point, Mr. Speaker, and it continues to appear that we do not have any other positive findings other than that one individual cow, it's our view that then we should be in a position to be able to convince the US (United States) government that we should be lifting the ban on all of the export into the US. And that's the position that Mr. Vanclief shared with us today.

It's the next 36 hours that will be the significant pieces as the tests come in from the farms in which all those animals were put down over the weekend. We're getting a bit of trickle in from some of those farms, Mr. Speaker, and they're all testing negative.

Some Hon. Members: Hear, hear!

Mr. Hermanson: — Thank you, Mr. Speaker. And we of course are encouraged that the discovery of only one animal remains the only one testing positive to BSE.

Mr. Speaker, late last week Canadian and American government officials discussed the possibility of a partial lifting of the US ban on Canadian beef. Now we agree with the Ag minister that we would like to see a total ban so perhaps he could comment on this. Federal Minister Lyle Vanclief said the two sides discussed possibly opening the border for specific cuts of beef or for younger beef animals although it is desirable, as I said, that the ban be lifted entirely. Some movement would be an encouraging sign and might serve to relieve some of the pressure on our industry.

So, Mr. Speaker, what can the Minister of Agriculture tell us about this situation? Are there federal discussions for a partial ban either by allowing young beef animals or particular cuts of beef to cross the border and will the minister support and encourage this development or is he opposed to it?

Some Hon. Members: Hear, hear!

Hon. Mr. Serby: — Mr. Speaker, we would be very much in favour of starting to see the movement of younger animals into the US. Our greatest pressure today is in the feedlot industry. Any animal that's between the ages of 18 or 21 months right now would nicely fit into that time frame where we began our identification and tracking process of 2001.

If there are no other animals that are found to be positive in the next 36 hours, it's our view that this would be an excellent strategy to start to move those animals out of the feedlots into the US. This would hugely, hugely reduce the kinds of pressures that the feedlots are experiencing today and would start to signal that the industry is regaining its confidence again and moving back on its feet. Because not only would the livestock out of the feedlots start to move, the trucking industry would start to move, the packing industry would start to move, Mr. Speaker, and that's clearly the position that Minister

Vanclief has put to Secretary Veneman.

Some Hon. Members: Hear, hear!

Mr. Hermanson: — Thank you, Mr. Speaker. And we certainly also agree that we hope that the borders begin to open to Canadian beef again going south.

Mr. Speaker, as the cattle industry enters its third week of dealing with the BSE case, there is now talk of an industry-wide compensation package to help the industry weather the ban on beef imports by the US and other international trading partners.

The Alberta beef industry alone estimates it's losing \$6 million a day while the slowdown continues and we would anticipate that the losses in Saskatchewan are also very significant. And, Mr. Speaker, Alberta cattle producers intend to present their recommendations for compensation to their minister today.

Mr. Speaker, has the minister received any recommendations from Saskatchewan's industry advisory committee, which he created, regarding compensation for farms or businesses affected by the BSE case?

Some Hon. Members: Hear, hear!

Hon. Mr. Serby: — Mr. Speaker, as many will know, because I reported on Friday that I'm meeting with the industry committee today, the industry committee has been meeting through the course of the last two weeks. I'm meeting with the industry committee this afternoon. Compensation is one of the issues that they have been working on.

I also have had work done within my own department. There has been dialogue between departments across the country as to what compensation packages should look like.

We've always recognized that the most significant piece that needs addressed initially will be the feedlots and it's there where we've spent much of our time. Those discussions are going on, not only in Saskatchewan with my industry committee, but they're also going on at the national table.

I met this morning with the Chair of the Canadian Cattlemen's Association while attending the stock growers' meeting in Yorkton. Mr. Yahnke continues to take the position that this needs to be a national strategy.

I'll have somebody attending my meeting today, here in Regina, who will have all of the detail that came out of the national meetings so that we can nicely coordinate the work that's going on at the national table and what's happening at the provincial level.

Some Hon. Members: Hear, hear!

Investment in FarmGro Organic Foods

Mr. McMorris: — Thank you, Mr. Speaker. Mr. Speaker, my question is for the minister responsible for Crown Investments Corporation.

It was announced today that the assets of FarmGro Organic

Foods Inc. have been sold for \$3.4 million. FarmGro was an organic flour operation located just outside of Regina and went bankrupt last December. And, Mr. Speaker, you can add FarmGro to the long list of NDP, multi-million-dollar-losing businesses that we've been seeing that this government has invested in over the last couple of years.

But that's because since 1999 the NDP has spent \$1.75 million, of taxpayers' dollars, to buy 27 per cent of FarmGro. And that's not all, Mr. Speaker. Between 1999 and 2001, the NDP also loaned FarmGro \$3.7 million.

Now that FarmGro's assets have been sold, will the minister tell the legislature how many millions of dollars of taxpayers' money has this NDP government lost in its failed investment in FarmGro Organics?

Some Hon. Members: Hear, hear!

Hon. Mr. Sonntag: — Thank you, Mr. Speaker. As members are probably aware, on the weekend, I should say more specifically on Friday, the deal was struck to sell FarmGro to Paterson, a well-known company based out of Manitoba, Mr. Speaker. And it is the expectation that . . . I should say, first of all, let me back up by saying that we're pleased that the mill will be sold as an ongoing and a continuing operation. So for that we are appreciative.

In addition to that it will stay functional by operating both as an organic mill and also then converting to speciality crops.

Mr. Speaker, the total investment by CIC (Crown Investments Corporation of Saskatchewan) was six and a half million dollars, Mr. Speaker.

Some Hon. Members: Hear, hear!

(14:00)

Mr. McMorris: — Thank you, Mr. Speaker. Mr. Speaker, the question was, FarmGro Organic was sold for \$3.4 million. That's money to be distributed through all the investors. The government has invested over \$6 million. What does the government expect to realize out of this 3.4 that it sold the FarmGro Organic to Paterson? What does the government expect to realize from that? What is the net loss? Is it \$5 million, \$4 million? What is the next loss?

Some Hon. Members: Hear, hear!

Hon. Mr. Sonntag: — Thank you, Mr. Speaker. Well I've told the member what the investment was by way of equity and loans and he's described for the public what the losses were. I think it's fairly easy to do the math.

Mr. Speaker, in addition to that, what does the province intend to earn from this, Mr. Speaker? We are absolutely thrilled, Mr. Speaker, that the operation will be continued as an ongoing operation, Mr. Speaker. This will mean jobs, this will mean potential, Mr. Speaker. This'll mean potential for additional jobs in that community, Mr. Speaker. It will mean potential and a future for organic grain growers. And I think into the future there is a strong market as what we've seen go on in the world

for organically grown flours, Mr. Speaker . . . or for flour, I should say, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. McMorris: — Thank you, Mr. Speaker. Mr. Speaker, a former Chair of FarmGro Board of Directors said the big problem with this company was that they built a \$12 million plant without securing a market for any of their organically grown products.

Mr. Speaker, the build-it-and-they-will-come approach may work in Hollywood, but this NDP government is nowhere close to having it work successfully for them. Mr. Speaker, the NDP government has now gambled over \$6 million of taxpayers' money in an organic flour mill that has gone bankrupt in December without a business plan, Mr. Speaker, and without any due diligence as far as contracting markets for their products. What is the . . . Can the minister tell me, how much money did FarmGro put back into government for interest payments or dividends to the government in 1999 to 2002? Not one dime — is that true, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Sonntag: — Thank you, Mr. Speaker. Well that question clearly would be a question that should be directed specifically for Crown Investments Corporations. Mr. Speaker, Mr. Speaker, when I have the specific information I'll get it for him.

But, Mr. Speaker, let me say, and let me add to this, Mr. Speaker. We are thrilled that the Paterson group is buying this operation and continues to run the mill. I should say it is interesting as well that the Sask Party would be critical of this investment, Mr. Speaker, and not critical of the private sector investors who also, Mr. Speaker, were in the same situation as we are, who believed that this was a good investment, who believe that there is a great future, and who continue to believe that there's a great future for organically milled flour, Mr. Speaker.

Why is it that he is only critical of Crown Investments Corporation? We continue to support, we continue to support the communities, Mr. Speaker, across our province. We believe that there is a future in organically milled flour, Mr. Speaker, and we will continue to support those communities.

Some Hon. Members: Hear, hear!

Mega Bingo

Ms. Bakken: — Thank you, Mr. Speaker. Mr. Speaker, my question is for the Gaming minister. Many questions remain unanswered about the NDP's \$8 million mega bingo scandal. Wascana Gaming was paid \$1.7 million to supply two things — a linked bingo game and electronic cash and paper management system.

Last week in Public Accounts Committee, Gaming officials confirmed that Wascana Gaming never delivered the cash and paper management system, yet they were paid for this work. Mr. Speaker, why did Wascana Gaming never deliver this part

of the contract and why were they paid for work they never finished?

Hon. Mr. Osika: — Thanks, Mr. Speaker. Well, just for the edification of the member from Wood River, and the hon. member for Weyburn-Big Muddy, Mr. Speaker, I don't know how many times I've answered the same questions over and over. I have submitted, I've tabled documents, a complete report of expenditures, what it has cost to try and develop this mega bingo project to help charities at the request of bingo hall operators and charities, Mr. Speaker.

So I'm going to send this report over to the hon. member and if she goes through it, it's all in there, Mr. Speaker. I've shared it with the media. I've shared it with the public. It's here, Mr. Speaker — all the answers are here in this document. I'd like to send it over to the hon. member.

Some Hon. Members: Hear, hear!

Ms. Bakken: — Thank you, Mr. Speaker. Mr. Speaker, the NDP's \$8 million mega bingo bust was a disaster from start to finish. Eight million taxpayers' dollars down the drain, and the government and bingo hall operators have nothing to show for it, not even the new cash and paper management system that was part of their original request for proposal.

Mr. Speaker, the government paid hundreds of thousands of dollars for Wascana Gaming to deliver a cash and paper management system, but that never happened. To the minister: will he answer, why did Wascana Gaming get paid for part of their contract that they never, ever fulfilled?

Some Hon. Members: Hear, hear!

Hon. Mr. Osika: — Thank you, Mr. Speaker. I guess we go over all this again. When the SLGA (Saskatchewan Liquor and Gaming Authority) examined what was happening in Alberta and the bingo operators said, look, if we make more money, our charities will make more money; would you consider going to a mega bingo project here in this province — we did, Mr. Speaker.

We asked our Western Canada Lottery Corporation people to act as agents. They sought out, on the basis of a request for proposals, people that could accommodate the needs of what a project would entail here in this province, Mr. Speaker. They engaged different people.

You know, that member has continuously maligned — maligned — well-known corporations. She's maligned the people that work at SLGA. She's maligned this minister for not supplying information, asking questions about why reports weren't submitted last year when in fact they were, Mr. Speaker. I don't know what else, how else to help her out. The answers are in the document I sent her.

Some Hon. Members: Hear, hear!

Ms. Bakken: — Mr. Speaker, there's a lot of issues that do not make sense. Liquor and Gaming never got a cash and paper management system out of this deal but the owners of Wascana Gaming did. One of those owners, Vikas Khaladkar, now owns

a company called TouchStar Systems. If you go to their Web site, one of the main products they are marketing is an electronic cash and paper management system for bingo halls.

Mr. Speaker, SLGA paid Mr. Khaladkar hundreds of thousands of dollars to develop this software, but SLGA never got the software and now Mr. Khaladkar is selling it.

How does this work? Why did SLGA pay for a product that was never delivered and why did the software not belong to SLGA?

Some Hon. Members: Hear, hear!

Hon. Mr. Osika: — Well, Mr. Speaker, any time software is developed on behalf of an organization that pays for it, they own the royalties for any of that software if it's used anywhere else. I would hope that that member would understand that.

I mean, when that cash and paper . . . When the mega bingo failed, the cash and paper system was not needed to be implemented. It was hoped that mega bingo would have in fact paid for that cash and paper system, Mr. Speaker. Now that software was developed. It exists. And if it's sold elsewhere, SLGA will get royalties.

Some Hon. Members: Hear, hear!

Ms. Bakken: — Mr. Speaker, this is unbelievable that this minister stands up in this House today and says that somehow SLGA is getting royalties for a cash and paper management system which his officials told us last week at Public Accounts, never existed, that they never, ever finished.

This software is in the hands of Wascana Gaming. If you go to Mr. Khaladkar's Web site, it says he obtained patents for the cash and paper management system. If he was paid by SLGA to develop this technology, why was it never delivered to Saskatchewan Liquor and Gaming, and why did Mr. Khaladkar end up with the patent?

Hon. Mr. Osika: — Mr. Speaker, when the request for proposals were issued, and the . . . Wascana Gaming sought out people that could contribute towards preparing, in response to an RFP (request for proposal), the type of programs that were required to try and initiate this cash and paper, along with the mega bingo, Mr. Speaker. When that failed, the entire project failed and was put on the shelf, Mr. Speaker.

And once again, if in fact there is that cash and paper system that was paid for, they would then have the responsibility to acknowledge the owners of that cash and paper program software, Mr. Speaker, and that's SLGA.

Some Hon. Members: Hear, hear!

Ms. Bakken: — Mr. Speaker, every time the minister of Liquor and Gaming stands in this House and answers a question, it just opens the door for more and more questions around the whole mega bingo issue and about Wascana Gaming.

And who was the person that initiated this? Who gave approval for this to go ahead without any business plan, with \$8 million lost, no cabinet approval, no ministerial approval, and no

ceiling on the expenditure? And today we find out that not only did they spend this money, they do not have any rights to the cash and paper management system. It is solely owned and patented and used by Wascana Gaming. They are the beneficiaries, yet the people of Saskatchewan paid for this.

Mr. Speaker, if the cash and paper management system was part of the original request for proposal issued by Liquor and Gaming, why was this project never completed for Liquor and Gaming? Why was Wascana Gaming paid for a project that was never completed? And why did Vikas Khaladkar wind up owning the patent on this software instead of Liquor and Gaming and the people of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Osika: — Mr. Speaker, once again the member says there was no cabinet approval. There was cabinet approval, Mr. Speaker.

So I think some of the facts and some of the information that that member is indicating in this House, and continuing, Mr. Speaker, to make accusations and allegations, that I would welcome to be made outside of this Chamber. Because it's going a little bit beyond, Mr. Speaker, maligning people, maligning our long-term civil servants, people that made an honest effort to assist charities through a mega bingo project that hotel . . . that the operators were asking . . . Mr. Speaker, the information is all documented in the document that I released to the media, to the people of this province, and I just sent another copy over to that member if she'd care to read it.

Some Hon. Members: Hear, hear!

Ms. Bakken: — Mr. Speaker, I would like to read a quote from *Hansard* from 1997 and the quote is:

Could this be another example where it's simply best for government to simply run the province and stay out of business? It could very well be, Mr. . . . Speaker.

And guess who made that comment in *Hansard* in 1997? The minister of Liquor and Gaming today, Mr. Ron Osika, made that comment.

What this government needs to understand is that they need to get out of running business and regulate — that's what Liquor and Gaming is supposed to do — and keep out of running private business, as they do in Alberta.

In Alberta we have a satellite system, Mr. Speaker, and it works. And it has raised millions of dollars for charity and it cost the people of Alberta nothing. And in Saskatchewan we've got nothing but a disaster and lost millions of dollars and not raised one dime for charities.

Will the minister explain to the people of Saskatchewan how he can justify losing \$8 million and losing money for charities and not gaining one dime in return?

Some Hon. Members: Hear, hear!

The Speaker: — Order. Just before the minister speaks . . .

Order. Before the minister speaks I would remind the member about the use of ministers' and MLAs' (Member of the Legislative Assembly) names. It was not clear if it was a quote, but I would just remind her at this time.

Hon. Mr. Osika: — Well thank you, Mr. Speaker. I guess it's got to be clearly evident to everybody that the intent of that Saskatchewan Party is to sell all the liquor stores and refuse to help any charities in any way, shape, or form. That was the intent, Mr. Speaker, to help charities that relied on bingo revenues.

Alberta was experiencing some successes in that particular area, Mr. Speaker, with the linked bingo game, and in fact drawing people from this province to Alberta. That's why the Alberta experience was examined to determine if we were able . . . we were going to be able to draw as many people to increase the funding that would not only go to bingo operators, Mr. Speaker, but in that case also go to the charities.

Mr. Speaker, as I indicated, the documents have relayed all the costs involved. We've been up front. And again, I really take exception to that member maligning good, hard-working civil servants in this province trying to do good for everybody in this province.

Some Hon. Members: Hear, hear!

(14:15)

MINISTERIAL STATEMENTS

Increase to Licensed Child Care Subsidy Now In Effect

Hon. Mr. Hagel: — Thank you very much, Mr. Speaker. Mr. Speaker, I'm pleased to rise in the House today to draw attention to the fact that the increase to the monthly licensed child care subsidy took effect yesterday, on June 1.

Mr. Speaker, Saskatchewan is a province filled with opportunity — one of the best places on the earth in which to live, work, and raise a family. Our economy is on a roll and all signs point to continued strong growth.

We've had 12 straight months of job growth with nearly 13,000 more people working in April of '03 than April of a year ago. The number of full-time jobs increased by 12,000 over April of 2002.

Now as we have moved ahead with the redesign and delivery of our income security programs, our primary focus has been on reducing barriers to employment for families with children. We've done this, Mr. Speaker, because we believe the path from poverty and dependence to prosperity is jobs. And, Mr. Speaker, through our Building Independence strategy and our career and employment services program, we are supporting thousands of Saskatchewan people experience the sense of pride and self-worth that comes from working and supporting their families.

But, Mr. Speaker, many of these people have told us that one of the barriers they face is finding quality and accessible child care that is affordable. The hon. members of this House will know,

Mr. Speaker, that Child Care Saskatchewan recently announced the single largest investment in child care in the history of our province. As a result of that investment, we will develop 1,200 new licensed spaces over the next four years, 500 of them in this fiscal year.

Along with that historic investment, Mr. Speaker, we made the decision to increase the monthly child care subsidy by an average of \$20 per child per month effective June 1. It ranges from \$10 per child per month for school-age children to \$30 per child per month for infants. We knew this was the right thing to do because we listened to parents and the child care community when they expressed concerns about the affordability of child care.

Furthermore, Mr. Speaker, not only will families currently using licensed child care see an increase to their subsidy. Under the new rates, more families will qualify. There is no doubt that Saskatchewan families want to work and our economy is increasingly making available the jobs they need.

By increasing parent subsidies for licensed child care, Mr. Speaker, we are helping more young families move into the workforce or enhance their education so that they can take full advantage of Saskatchewan's wide open future. Thank you very much, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, to respond to the ministerial statement that has just been presented to this Assembly by the minister regarding child care subsidy and the increased subsidies.

No doubt, Mr. Speaker, young families across this province and especially families who are facing difficult financial times and trying to find gainful employment have discovered that over the period of time it's been difficult to find meaningful employment, especially when they've had difficulty in being able to obtain good, quality child care and didn't have the wherewithal in order to pay for that child care program.

So, Mr. Speaker, we understand where the government's coming from when they talk about increasing child care funding because of the needs of Saskatchewan families and the fact that while the government talks about the greater opportunities we continue to see a need in this province for support programs.

I must add though, Mr. Speaker, looking at the ministerial statement, the minister talked about believing the path from poverty and dependence to prosperity is jobs. And I'm thinking that the minister has been looking very closely at the Saskatchewan Party plan to build Saskatchewan and create more quality jobs.

And I will agree with the minister that at the end of the day what we do need to see in this province is some quality job opportunities so that individuals can, in the end — achieving these job opportunities, finding the jobs — will find meaningful, gainful employment that pays them a salary that allows them to provide for the children's needs in the way that they feel would be most beneficial to them.

So I want to compliment the minister for recognizing at this time there's a need. We trust down the road we will find that individuals themselves, through the greater opportunities in the future, will not have to rely on governments and other agencies to provide for the needs that they themselves would like to provide. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

ORDERS OF THE DAY

WRITTEN QUESTIONS

Mr. Yates: — Thank you, Mr. Speaker. I'm extremely pleased today to stand on behalf of the government and table responses to written questions 569 and 570.

The Speaker: — Responses to 569 and 570 have been tabled.

Mr. Yates: — Thank you, Mr. Speaker. I'm very pleased to stand today on behalf of the government to convert for debates returnable, questions 571 through 609 inclusive.

The Speaker: — Questions 571 to 609 inclusive have been converted to orders for returns (debatable).

GOVERNMENT ORDERS

ADJOURNED DEBATES

SECOND READINGS

Bill No. 39

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Osika that **Bill No. 39 — The Municipal Revenue Sharing Amendment Act, 2003** be now read a second time.

Mr. Lorenz: — Thank you, Mr. Speaker. Mr. Speaker, speaking to Bill 39, amendment to The Municipal Revenue Sharing Act — speaking in particular I guess to the \$10 million that was put into the revenue-sharing pool for 2003 and 2004 — I guess we need to recognize that the contribution of this \$10 million only brings the commitment to about 50 per cent of where the revenue-sharing pool was at from '88 to 1990. There's been an awful lot of, I guess, downloading, awful lot of responsibility that the municipalities have, needing to pick up on, to look after the infrastructure needs and the needs of services within the community as well. And we need to recognize the value of the \$10 million in the sense of what it's given to the communities in that respect.

I guess we have the communities now starting to look, the municipalities in particular, starting to look at alternate revenue sources and the need to be looking at alternate revenue sources as well. I guess the commitment of the revenue-sharing pool just isn't adequate enough for the sense of providing the services and providing the needs of the municipalities. We're seeing the grants in lieu of taxes haven't changed; we've seen the assessments going up. So that's been an offsetting of responsibility, an offsetting of costs and values for those properties as well. And the municipalities are needing to pick

those costs and needing to fund those expenditures through the property tax base which would seem to be rather unfair to the taxpayers as a whole.

There are other programs that are out there as well. We have the CSIP (Canada-Saskatchewan Infrastructure Program) program that the municipalities have been applying to from 2001 to 2004. But when you look at that whole opportunity that that money is being made available for, there's about 80 per cent of the dollars that come out of CSIP go into the water system. That leaves very little dollars in the sense that need to go into the infrastructure program which the revenue-sharing program is just falling short of looking after those needs.

In the sense of what's happened with CSIP, in 2001 and 2002 there was 535 applications, and of those there's only 91 of them that could be approved that year; 2002 to 2003 there was another 452 applications, with only 142 being approved for that application period as well; 2003 and 2004 we had another 324 applicants, with only 52 applicants being approved through that period of time. So we've had well over 1,000, actually 1,311 applicants that have come through that program over the last three years and only about 285 of those applicants were approved.

So about 21, 22 per cent of the actual need out there for infrastructure that's not being looked after. And the majority of that infrastructure just is in the water system alone so we're not even addressing the other needs that are required within our municipalities where revenue sharing needs to address that area of need for those municipalities.

And I guess if you turn that into real dollars, we have an average of about \$120,000 per application and when you have over 1,300 applications that are made with 285 being approved, that leaves you well over 1,000 applications short. So there's well into \$1 billion worth of need out there for infrastructure that's not being addressed.

And I guess if we're going to have a wide open future and if we're going to grow the province, we need to have some dollars within the municipalities to be able to provide that ability to have adequate services being provided within the municipalities and having a standard of living within the municipality as well, and having businesses look at our province and say that we have some real opportunity here and we have some real advantages when we come into these communities and come into these municipalities to grow our businesses as well.

We see also in the Bill that there were some changes and additions made in the sense of the funding of the granting to the rural municipalities. And there has been a bit of formula that's been worked out in the sense of how the dollars are going to be spent with rural municipalities and it talks about spending about 85 per cent of that money that goes into the rural roads and into their infrastructure. There's another 15 per cent of that money that's going to be used to be taking a look at special projects and it's going to be used as an equalization formula that can take a look at some particular needs, especially heavy-haul roads in that regards, which again is a requirement in the sense of traffic flow within those municipalities. So that's very important to recognize as well.

There is going to be a regulation that's going to be set in the sense of how that 15 per cent is going to be expended. And it's always a little interesting when a regulation comes in how a regulation's actually going to impact the usage of those dollars. And we don't always have the ability to work with setting regulation that . . . the 15 per cent actually impacts the area of need within those heavy-haul roads as well.

We've had quite a change in the environment of economic development in rural Saskatchewan and within all the municipalities, but in particular rural Saskatchewan. And we need to bring that whole road structure up to the need of what's happened out there with the hog barns, with the inland terminals that are being built out there, with the feedlots that are being proposed as well.

We need to recognize and have some future planning and such. And that I think is one area where obviously the government has fallen short in the sense of doing some long-term planning because you've seen some opportunities come up and be developed but the infrastructure for the road system isn't always there.

And it's almost a knee-jerk reaction when the dollars come into place, when you've got to pull it out of revenue sharing to satisfy something that should have been planned over extended period of time and that could have been in place as the whole structure of economic development starts changing within the province as well.

So there is one area that we still need to have a better understanding of how that equalization, that 15 per cent, is going to work and how that's actually going to address the needs of the agriculture producer and looking after the infrastructure of the roads out there.

And I guess the other question is, what happens when you put these heavy-haul roads in there, what happens to the highway systems? Are they offsetting some of the traffic flow that's coming on the highway systems, the thin membrane highways that are out there? Is that starting to become more of the responsibility of the rural municipalities as well, that they're starting to carry that cost and that burden? And 15 per cent then of the dollars that are allocated in there, if that's the direction of highway traffic flow that is going to take place, it becomes questionable if that's going to be adequate for the future as well, if you've got those amount of dollars in there, in that respect.

But I think in the overall picture, we're still seeing that we're dollars short. We're many dollars short in the sense of where we were in the late '80s and early '90s in the sense of where the needs of infrastructure need to be. And if we can recognize that those are the kind of dollars that we needed to develop infrastructure needs in the municipalities in that period of time, why you would not realize that those dollars are required in the system today, that we can have an adequate delivery service and an adequate infrastructure system that's out there as well.

(14:30)

So there's still a lot of dollars that need to be put into the system to adequately fund the needs of the municipalities out

there. And I guess when you hear the comments from the SUMA (Saskatchewan Urban Municipalities Association) and SARM (Saskatchewan Association of Rural Municipalities) people after the budget when they were terribly disappointed in the sense of the way the dollars came out — they were insulted; it was unfair; they were angered — you can understand the fact that there is frustration there, that there's needs there.

And you keep going back to the only one source of money that's out there for those municipalities is the property tax base. And if you keep wanting to go back to that property tax base . . . And we know that needs to be shared with education. And that pressure hasn't come off and it hasn't alleviated the municipalities to allow to be able to use that tax base. Again, now they're starting to look at alternate revenue sources.

And when the question was raised as far as sharing some of the 15 cents on fuel tax, that was an area there was some opportunity to use those dollars and use them in the sense of the road system and infrastructure system, which we can justify those dollars being used there, but there didn't seem to be an interest at all to provide some of those dollars out of the fuel tax base at all to go into the road structure system at this time at all.

So they're looking at other ways of trying to generate dollars. And it becomes I guess very complex and becomes very difficult to justify needing to go into other revenue sources to try and bring dollars out of that in another taxation form. And when you have a tax, a form of taxation from the property tax, if the pressure can be taken off of the property tax from education and other sources, that you can justify using those dollars in the . . . and providing the services that are needed for the municipalities as such as well.

And revenue sharing needs to recognize in the sense of the dollars that are coming in there that it needs to either put more dollars into revenue sharing or it needs to take the pressure off of property tax from the other areas that the property is being taxed on as well.

There's also other areas that the municipalities are now starting to have pressure in downloading come down as well. You see in the health system that any infrastructure needs that are being developed there as well, there is a huge pressure that comes back to the municipalities that they are required for capital expenditures — even capital equipment expenditures. If you're needing to replace equipment and such, it's the responsibility of those communities and those municipalities to generate those tax dollars. And where do you go? You always go back to that same source, is back into the property tax to try and find those dollars as well. So those are other pressures that are out there in that respect as well.

The VLT (video lottery terminal) was another system that was looked at to saying that there's dollars available there. And I know it went through the different conventions and there never was a clear understanding of how that VLT money was going to be moved across to the municipalities.

So it was very difficult for SUMA and SARM to identify that they could readily accept the fact of either rejecting or accepting the VLT dollars that came through. But that was, in a sense, initially a way that there was going to be some dollars made

available for municipalities that never did materialize as well, and that's just gone back into the general coffers of the government as well.

You're also seeing that there's development of regional waste authorities needing to look after the waste that's comes from household, it also comes from commercial, and it comes from industry as well. And there too we see there's dollars being generated through SARCAN and those dollars end up in the general coffers as well. There's probably something in the neighbourhood of about 7 or \$8 million that is actual recycled dollars that are generated from recycled products that should come back into the system of paying for the whole recycling program as such.

We have the paper stewardship program that really hasn't got off the ground, and it's very costly to run that system. But you have dollars going into the government's coffers and into the government's other expenditure areas which should come back to the municipalities to help them look after the sense of developing the whole system of waste management and such.

And you hear the Minister of Environment always talk and acknowledge the fact that, I guess, in theory that's the direction where they would like to go. They would like to create the regions and they would like to promote the regional concept as such in this stewardship program as such.

But when you've taken the dollars off the top of the program, the real good dollars that you could be working with within that system and not using them for the purpose of what they're there for, and downloading that back down onto the municipalities, that they're required to quit burning. They're required to be more environmental friendly in the sense of management within the system, but they're not given the dollars that the system generates to really be working with. That becomes a little unfair for them to start making those kind of changes and having to go back again to the property tax to try and find those dollars to make those changes and develop that whole system as well in that regards.

So I guess seeing that the dollars aren't being spent in maybe in the wisest way that the government of today is spending those dollars, we're seeing dollars being spent out of the province and out of the country and we're always coming back to the property tax base within the province for the municipalities, that you can see and you can ask why we can't use those dollars and why those dollars aren't made available for the municipalities. For the municipality just asked for \$20 million in 2002 and 2003. And now they're asking for \$15 million for the urban municipality sector in particular and finding that they only receive a third of that. The monies are spent elsewhere.

You could see the frustration that comes from these leaders and these mayors in particular in the sense of how they have to go back to their councils and how they need to go back to their taxpayers and ask them for more dollars. And when you're seeing mill rates going up 3, 4, 5, 6 per cent to adjust for the expenditures for their current operating year for these municipalities, it becomes very difficult for them to justify that back to the taxpayers.

And I guess we need to spend some more time getting some

extra clarification. We have SUMA and SARM still looking at the Bill, reviewing it, and identifying where some of their concerns are and waiting for some of those comments to come back as well. So I guess, with those comments, we look forward to having more discussion on this Bill so I'll adjourn debate at this time.

Debate adjourned.

Bill No. 30

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Cline that **Bill No. 30 — The Pawned Property (Recording) Act** be now read a second time.

Mr. Huyghebaert: — Thank you, Mr. Speaker. Mr. Speaker, I'm pleased to stand today and talk about Bill No. 30, The Pawned Property (Recording) Act.

Mr. Speaker, Bill No. 30 is an Act that will legislate the recording of information and subsequent reporting of information pertaining to property pawned in the province's pawnshops to police.

Mr. Speaker, the recording of information by pawnshop proprietors is nothing new. Pawnshops in this province have been recording information pertaining to items pawned, as well as the individuals who are pawning these items, for years. And this is done, Mr. Speaker, for a tracking record and also in the event there are stolen items involved.

What this legislation proposes to do is that all pawnshops must record and report this information. And it's also assumed in this legislation that with the technological age that we're living in, that the recording and reporting will be done through electronic means.

Now, Mr. Speaker, I believe there is some pawnshops in this province right now that are not computerized. And what this Bill, if enacted, would result in forcing pawnshop operators to get into the technological age and have computers and put everything on computer storage so that they could transmit this information.

According to the press release issued by the Department of Justice on this Bill, the legislation will create the framework for the implementation of a computerized registration system to be used by pawnbrokers to report pawned property directly to the police at the time of transaction.

Mr. Speaker, this government is also touting the legislation as a means to enhance both crime prevention and detection through improving the speed, accuracy, and consistency with which pawnbrokers provide police services with information.

Mr. Speaker, there's a question about . . . that you have to think about it for just a second is if the pawnbrokers, the onus is on the pawnbrokers to record all of this information to identify stolen goods, who, who is left with the responsibility of providing information on stolen goods? Is it actually the pawnbrokers or is it the police system?

And also of note, Mr. Speaker, it looks like a huge drive to cure

the transmittal or the selling of stolen goods is why the big push for this Bill; where in fact, according to the pawnbrokers' estimation, there's less than point five — again I repeat, less than point five — of 1 per cent of transactions that pawnbrokers deal with goods that actually have been stolen.

Mr. Speaker, when it comes to this Bill, The Pawned Property (Recording) Act, some of the main stakeholders will see a significant change in the way they do business in this province. It's extremely important that we are here to express the views of these people and we bring it up in front of the House.

Before I discuss the concerns that this organization raises, though, there's some of them that are not . . . that are definitely not related to the recording of information or submitting it to the police because as I've already stated, the pawnbrokers already record the information and it's available for the police. And also there's a lot of them that are on electronic filing already so the Saskatchewan pawnbrokers association is not opposed to the electronic filing of data and they're on record as saying that.

Mr. Speaker, the SPA, the Saskatchewan pawnbrokers association, their concern more is about more of the software system and the company that provides the system that may be used to execute these transactions. To date the majority of proposals for legislation and bylaws from various police forces across Saskatchewan invariably involve a corporation called Business Watch International, BWI. And as we know and as we've heard in this House before, BWI is 93.1 per cent owned by SaskTel.

We also know that most police forces are requesting that whatever recording system will be used should be compatible with CPIC, Canadian Police Information Centre. And I think this is only natural that one should be compatible with CPIC. But it's been pointed out that CPIC restricts access to and has granted access only to BWI. Thus a monopoly has been created and all competitors are excluded.

So just to follow on that, BWI is the only company that has access to CPIC. And now when police departments are saying that there must be access to CPIC, it thus reads that BWI is in a monopoly position.

Now let's just look a little bit at BWI. In the 2002 report, BWI's technology leverages the Internet to enable pawnshops to register their transactions into a database. Prior to 2001 when SaskTel purchased most of BWI, BWI and SaskTel jointly developed this Internet-based service with trials in Regina. And again I reiterate, as at the end of 2002 SaskTel owned 93.1 per cent of the corporation.

The next information the report relates is rather interesting. According to the annual report, BWI is expected to be cash positive, cash flow positive, by 2005. Well if it's not going to be cash flow positive until 2005, that would mean that they're losing money now. And I believe we've heard it in SaskTel's testimony and in the House here, that BWI has lost in the neighbourhood of \$1 million in the last year.

I'd like to put a couple of quotes into record if I could. Randy Burton of *The StarPhoenix* notes in his May 1, 2003, column

that what this means is that BWI, and I quote:

. . . is losing money too, but SaskTel won't say how much.

And that's from *The StarPhoenix*.

The other interesting piece of information coming out of SaskTel's annual report is the following, and I quote:

Execution of the business plan depends in part on the speed of adoption of a legislated environment for the pawn and second-hand industry.

(14:45)

Mr. Speaker, this has a little bit of an odour to it, I would suggest. Here we have a SaskTel subsidiary losing money. It's a Crown corporation and now we have a government legislating the fact that pawnbrokers would have to use this company to comply with the terms of this Act. There's something a little bit fishy about that. Really when you look at it, it sounds like maybe the NDP government has found a way to prop up one of its money-losing ventures and that's through legislating that all pawnbrokers have to use this system.

Mr. Speaker, BWI charges up to \$1 for every transaction made at a pawnshop, no matter how many times an item is pawned or how many times a person comes in. And I've spoke to people in the pawnshop business and they're quite outraged with this \$1 because basically it's a \$1 tax on the customer.

And in Saskatoon alone there's in excess of 100,000 pawn transactions per year, so that throws another \$100,000 into the coffers of BWI in a feeble attempt to try and make it a solvent company.

Now if you multiply that \$1 figure out throughout the rest of the province, you're really looking at millions of dollars that will be generated for BWI because of this legislation. So it's very easy to see why the pawnbrokers association is quite upset with it because this again is being passed on to the customers.

And if you look at it, no wonder that in SaskTel's report they talk about BWI becoming cash flow positive by 2005. If this legislation comes into being and everybody is forced to use this BWI software at a buck a head, surely by 2005 they would become cash flow positive just because of the direction of this Bill. And, Mr. Speaker, it's basically on the backs of the people that are seeking the use of pawnshops and those are the people that usually don't have that extra money to actually pay that \$1 per transaction tax.

The Saskatchewan pawnbrokers association believes that the use of BWI necessitates the charging of fees to the customers to pay for policing work, generating substantial profits for BWI as I mentioned. Most people who use pawnshops, Mr. Speaker, as I mentioned, are already financially strapped and they're going in for some quick money by taking an item in to pawn and to hold, and they're the ones that need the money and then this is just adding another tax to it.

And I'd like to just put a couple of items in the records. The Winnipeg pawnbrokers association as well as a number of

anti-poverty spokespeople in the city voiced similar concerns. In an article entitled, "New system 'tax on poor': pawnshops balk at transaction fee," by Ross Romaniuk in *The Winnipeg Sun*, November 19, 2001, these people stated that, and I quote:

Although the proposed fee is only \$1 . . . that surcharge is enough to break the financial backs of inner city residents who don't use banks.

The Cash Canada Group out of Alberta says, and I quote:

The fees BWI want to charge for their service are already exorbitant . . . our fear is that if BWI gains a legislated monopoly, they might begin a series of increases that will even more unfairly burden both the pawn store owners and their clients.

They go on to note that, and I quote:

BWI have an agenda and are definitely under pressure by their shareholders to find somewhere to implement in Canada.

There are a number of other alternative software systems, and I'll just use one — it's called i.e.a.d.s on-line — that provides similar service at much less cost to the pawnbroker and the client. The British Columbia Pawnbrokers Association notes that BWI is only one such company that can provide the service as required and that, and I quote, "They are the most expensive."

Mr. Speaker, I think you can visualize what's going on here. Again we have another one of the investments by this government that's going south, and one way to bring it out of the doom and gloom of the financial woes that it's in is to legislate a Bill directing that all pawnbrokers will use this system at a rate of \$1 per usage, per transaction, which basically is a tax on the people that really can't afford that tax.

And, Mr. Speaker, I think you can see by my comments that there's a number of questions that need to be raised on this issue. We will be speaking again with the pawnbrokers association and other stakeholders on this Bill. So at this time I'd like to adjourn debate.

Debate adjourned.

COMMITTEE OF THE WHOLE

Bill No. 26 — The Income Tax Amendment Act, 2003

Clause 1

The Chair: — I would recognize the Minister of Finance to introduce his officials.

Hon. Mr. Melnychuk: — Thank you, Mr. Chair. To my immediate right, I have Kirk McGregor, the assistant deputy minister of Finance. To my immediate left is Arun Srinivas, the senior tax policy analyst for the department. And behind Arun is Brian Smith, the executive director of PEBA (Public Employees Benefits Agency). And those are the officials that are here with us today to discuss the Acts from the Department

of Finance.

Mr. Krawetz: — Thank you very much, Mr. Chair. Good afternoon to the officials with you, Mr. Minister.

Mr. Minister, I think there are three or four significant areas in this Bill, things that require changing regarding the post-secondary tax credits. We look at the small-business tax changes that you proposed and a couple of areas that, I guess, seem to catch up to the federal income tax. And I know in your document that was circulated as explanatory notes, you referred to a number of things as technical changes required to correct references to the federal income tax.

And that's where I'd like to begin, Mr. Minister, is to actually move you to section 5, which is the M&P or manufacturing and processing profits. And the explanation there is that this section needs to be changed because of a technical change to correct references to the federal Income Tax Act.

Could you explain to the House the reason, the technical reason, for these changes? Are we moving to move in accordance with a federal change or is this a provincial reference to include a different definition? Could you give us explanation as to why we require section 5?

Hon. Mr. Melnychuk: — Mr. Chair, as the member opposite knows, and from the second reading speech, that certainly the purposes of this Act are twofold really. It's to enshrine the small-business tax reductions that were introduced in the 2003 budget and to provide for several technical amendments to the Act.

Now the specific one that he's referring to with regards to M&P profits, this is related to a change in the federal definition which was amended in 1996 and in 2001. And what the Act does is incorporates the provincial definition as amended to restore consistency with the federal legislation. So these are the reasons for this technical amendment, and obviously the member opposite is right on in terms of the technical issue that was highlighted. So thank you, Mr. Chair.

Mr. Krawetz: — Thank you for that explanation, Mr. Minister, Mr. Chair. The other area as you've highlighted of course is a change in the small-business tax. First by way of an introduction, Mr. Minister, there have been significant moves in the area of defining what is a small business. We've seen numbers change from 200,000 to 300,000. Could you supply an answer to . . . or two-part answer I guess to a two-part question?

First of all, what is the current definition for people in the province to have an understanding of what is meant by small business? And based on that definition, how many businesses actually are completing returns that would indicate that they are a small business?

The Chair: — Why is the Minister of Intergovernmental Affairs on his feet?

Hon. Mr. Lautermilch: — Mr. Speaker, I would like to ask for leave to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Lautermilch: — Thank you very much, Mr. Chairman. I'm going to attempt to use my strongest voice today, which isn't very strong. And I hope the students from Prince Albert, W.J. Berezowski School, can hear me. I have a bit of a sore throat so I'm going to do my best.

I want to introduce to you and to all members of the House a group of 37 grade 3 and 4 students from W.J. Berezowski School, and that's in East Flat in Prince Albert and it's the best school in the whole city, I'm told.

They are accompanied by Mr. Strelloff, Ms. Jaseniuk, and Ms. Shewchuk and I see some parents along with them. I'm going to be meeting them for drinks in room 255 very shortly, and I'm looking forward to all of the questions that are going to come from the students at W.J. Berezowski, so look forward to seeing you in a couple of minutes.

Hon. Members: Hear, hear!

(15:00)

COMMITTEE OF THE WHOLE

Bill No. 26 — The Income Tax Amendment Act, 2003
(continued)

Clause 1

Hon. Mr. Melnychuk: — Thank you, Mr. Chair. The member, the Finance critic for the Sask Party, has put two questions forward in two parts, and would like two answers.

The first question was with regard to the current definition of what would be called the small business. And what a small business in Saskatchewan would mean would be a Canadian controlled, private corporation that would be eligible to apply the small-business rate up to a threshold of 300,000 of taxable income.

So I guess the key feature here is it's not a public corporation, not publicly traded. This would be a Canadian controlled private corporation.

And the estimate for Saskatchewan is that roughly 27,000 businesses, in that ballpark, would fit into that particular category within the province of Saskatchewan.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, your government is proposing that on January 1, 2004 the small-business tax rate of 6 per cent that is currently in effect will be reduced to 5.5 per cent. Mr. Minister, that obviously has some financial impact on revenue for the government.

And I note in your department's forecasting of the various components of corporation income tax, you indicate that the small-business reduction for last year, and I'm assuming that's those 27,000 eligible businesses that used a 6 per cent rate because their threshold was less than 300,000 of taxable income, they would have, combined, resulted in an \$80.1 million reduction in revenue of income tax — corporate income

tax — to the Saskatchewan government.

For this fiscal year 2003-2004, which would include three months of a new rate of 5.5 per cent since your government's fiscal year is until March 31, you are forecasting that that small-business reduction will be increased to 106.4 million. In other words, we're seeing a change of about \$26 million.

Now I'm suspecting that that total isn't all the fact that we're going to see a huge increase in the number of businesses growing in Saskatchewan because of a half a per cent reduction. But I'm sure that your officials have done some forecasting, Mr. Minister, and when you've looked at that reduction of 26 million, how do you account for such a significant difference in what your government actually reduced small-business taxes last year in relationship to this year? The numbers don't seem to correspond unless you're forecasting a huge growth in the number of businesses that are actually going to be growing in Saskatchewan and taking advantage of that 6 per cent or 5.5 per cent tax rate.

Hon. Mr. Melnychuk: — Mr. Chair, the simple answer is that it's a calculated number based on federal estimates. So what happens is we get our federal forecasts initially, then we get the revised forecast, then our share is applied of that revised federal forecast to give us the gross number and then within the province we assume of that gross number that roughly 35 per cent would apply to small business. So that is what that end estimate result is.

So it's really the federal forecast, the adjustments that are then applied from CCRA (Canada Customs and Revenue Agency) in terms of the revised forecasts, the application of our share in terms of the gross corporate income tax system, and then the 35 per cent assumption with regard to small business is how we come up with that number, Mr. Chair.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, one other component in the table that's included for the components of corporation income tax are that there are prior year adjustments. Listening to your explanation just now, when you look at the forecast that you have put forward or your officials have put forward, is that there . . . for last year there was an adjustment of 43.3 negative dollars, okay, so . . . and for this year there was a proposed positive adjustment of \$46.9 million. If you look at the two numbers together, that's a difference of about \$90 million.

Now is that the same type of adjustment that you're indicating? That this is a federal estimate for what will happen in Saskatchewan and as a result . . . I'm assuming that this is not just for small business, that this is for all corporations, and that the change for Saskatchewan is about 90 million. And could you explain why your forecast seems to indicate that we're going to have such a significant impact for prior year adjustments?

Hon. Mr. Melnychuk: — Well, Mr. Chair, the answer is that all of these estimates related to corporate income tax and how they apply into the estimates for '03-04 are basically catch-up. And that would apply also to '02-03.

So when we look at the weakness of 2001 in the national CIT

(corporate income tax), the adjustments related to that weakness on that are not made until the subsequent year.

So when we look at the '02-03 forecast that indicated a prior year adjustment of 43.3, this would have been related to the weak assessment numbers from the federal government in terms of 2001. And the '03-04 is providing the catch-up related to not only recovery but a stronger assessment base and also a higher share related to the overall corporate income tax structure.

So it's a combination of several technical events that would indicate that the program or process is that when the federal government gets its information and provides that information to us, that's their initial assessment. There's a subsequent assessment and then we get the final estimate . . . or the final numbers from the federal government; usually a lag time of at least one year and sometimes longer. So that's why these numbers need to be corrected on an ongoing basis, Mr. Chair.

Mr. Krawetz: — Thank you, Mr. Minister, Mr. Chair. Thank you for that explanation. And while we understand that 2001 had a . . . there was a negative growth here in Saskatchewan there was, according to the Dominion Bond Rating Service with numbers published here just a couple weeks ago, we've had two negative numbers.

So if I'm to use the same analogy then for this year, if they're going to do a prior year adjustment for a 2002 year, which is last year, we should still be in a pretty negative position. Yet we seem to have jumped to a very positive position. Your explanation about why we had a negative number last year is based on 2001, and now for this year it doesn't hold true for that same negative number that Dominion Bond Rating Service has reported for Saskatchewan. Is there an explanation as to why that's different, Mr. Minister?

Hon. Mr. Melenchuk: — Well, Mr. Chair, first off as stated before when we've been discussing estimates for the Department of Finance, there is no direct, one-to-one correlation between real GDP (gross domestic product) and the revenue forecast for the province of Saskatchewan. And as we saw, and as indicated by the member opposite, in last year we had a decline in our real GDP of 1.4 per cent, yet our revenue growth was significantly higher than we had estimated in the budget.

So the simple answer is that we are quite confident today we are dealing with 2002 data that is based on actual income tax collected. And we recognize that in 2002, and of course even today, the amount of oil and gas profits were much higher than expected and certainly much higher than we'd seen traditionally in the previous five to ten years. And of course that means increased revenue for the province of Saskatchewan in terms of corporate income tax paid. The main reason is that there is no direct correlation between the real GDP estimate in this year for 6.8 per cent, or the negative 1.4 per cent last year, and the actual revenue projections for the province of Saskatchewan, Mr. Chair.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Chairman, to the minister, the largest number of sections in this Act pertain to the post-secondary education tax credit, graduating tax credit.

I guess, Mr. Minister, it was my understanding, and I think probably the understanding of most people in the province of Saskatchewan, that there was to be only one post-secondary credit per individual over a course of a lifetime. And is it correct to state, Mr. Minister, that the changes that you have proposed in the various sections in this Act are indeed clarifying that? And then secondly to that, Mr. Minister, is this clarification required because there have been examples of maybe some abuse where there was an attempt to obtain more than one credit?

And the following part, Mr. Minister, of course is the estimation from your department, I believe, is that the post-secondary graduation tax credit results in about \$3 million worth of credit being given to students. Is that a growing number or is that remaining constant since this program has been introduced?

Hon. Mr. Melenchuk: — Well, Mr. Chair, first off I think that the intent of these amendments are designed mainly to simplify compliance with the Act and also to improve filing for students.

(15:15)

There has been no abuse of the graduate tax credit because the CCRA has been administering this since its introduction and has been applying the one credit, one graduate rule for some time.

So really these technical amendments just improve and simplify compliance. It improves the filing requirements for students and ensures that we will have one graduate tax credit per student.

In the province of Saskatchewan, we've been looking at roughly between 9, almost 10,000 — in the neighbourhood of 9,500 to 10,000 graduates each year. The overall cost related to this program is, as indicated, that \$3 million range, Mr. Chair.

Mr. Krawetz: — Just a quick question there, Mr. Minister. When you say there are \$9,500 . . . 9,500 graduates, is that people who are actually taking advantage of the tax credit and are applying for it? Or is that just the total number of graduates who might be eligible?

Hon. Mr. Melenchuk: — For the first year of the program, and the data that we have that is absolutely concrete, is that there were 10,000 certificates that were applied for and passed on to students. Of those 10,000 certificates, 7,000 certificates were actually included with their income tax filing requirements. So there's 10,000 certificates but 7,000 filers.

And the certificates can be carried forward an additional four taxation years. So obviously the students who had received 3,000 of their certificates do not feel it appropriate to apply that certificate for that tax year. They can apply in a subsequent year up to four years forward.

So we don't expect that every student who has a certificate would wish to apply. Many of them would go on to post-graduate training where their income may not warrant taking the tax credit at that time, so they can then use that tax credit in a subsequent time when it is more appropriate for their personal circumstances, Mr. Chair.

Mr. Krawetz: — Mr. Minister, the final section, clause no. 9, indicates the various coming into force of various sections. I'd just like a quick explanation. Section 7, you're indicating that this Act will be retroactive, or this change will be retroactive to July 1 of 1995. What is significant about July 1, 1995, for the basis of ensuring that this Act, amendment, is applicable and retroactive to that date?

Hon. Mr. Melenchuk: — Mr. Chair, that was the date that the new language related to the M&P profits was introduced and this requires a change in the wording of the definition in the old Act. And that's why the retroactivity in terms of coming into force going back to July 1, 1995, Mr. Chair.

Clause 1 agreed to.

Clauses 2 to 9 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 21 — The Superannuation (Supplementary Provisions) Amendment Act, 2003

The Chair: — Does the minister have new officials? Okay. Then I don't think we need to introduce the officials unless . . . (inaudible interjection) . . . Okay, I recognize the minister.

Hon. Mr. Melenchuk: — Thank you. Thank you, Mr. Chair. I have with me the one necessary official for this Act and that is Mr. Brian Smith, the executive director of PEBA.

Clause 1

Mr. Krawetz: — Thank you very much, Mr. Chair. And welcome to Mr. Smith. And I know I've had many discussions with Mr. Smith about pension issues and I want to thank him for sharing his knowledge because I do believe that Mr. Smith understands a lot about the pension issue.

A couple of quick questions, Mr. Minister. This is a change of course that's going to benefit the family members that are left in the case of the passing of a superannuate. Is this a request being made across Canada? Is this a specific request to superannuates here in Saskatchewan or are we keeping in line with the rest of Canada? That's the question.

Hon. Mr. Melenchuk: — Mr. Chair, this is basically catch-up as compared to other jurisdictions of Canada. For example, Ontario, the Government of Canada, and New Brunswick have already moved to correct this provision within their own pension plans that they administer. So this is just more or less a catch-up, and as indicated in second reading speeches, designed to provide coverage for spouses in families where circumstances have changed, in a fair and equitable manner, Mr. Chair.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, in your second reading speech on May 7 you made reference to a number of defined benefit pension plans that are going to be affected. Could you indicate how many workers approximately are active?

You indicate that in your speech but I'm wondering what would

be the financial impact on those active members or plan members that will have a benefit change. Has there been any forecasting of what this amendment might do in terms of financial cost to the pension plans?

Hon. Mr. Melenchuk: — Well thank you, Mr. Chair, and as indicated, and I think maybe I'll just briefly go over the Acts that this Superannuation (Supplementary Provisions) Act would actually pertain to. This would include the Liquor Board Superannuation Plan, the Power Corporation Superannuation Plan, the Workers' Compensation Board Superannuation Plan, the Public Service Superannuation Plan which also includes the Anti-TB (tuberculosis) League Superannuation Plan, and the Saskatchewan Transportation Company Superannuation Plan.

And as indicated there are roughly, as of December 31, 2002, there were 2,772 active members participating in the pension plans.

And with regard to the question as to cost to have the new spousal provisions included, there is no cost to the plan, there is no cost to the GRF (General Revenue Fund) because the . . . once that new spouse is added into the program, the pensions are adjusted on an individual case basis, Mr. Chair.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, you've just stated that there is no individual . . . or increased cost, is that what you stated? And secondly, if that's true then are we looking at the same amount of benefit being divided up differently because there are changes to the children of a surviving spouse, and the . . . sorry, children of the deceased superannuate that might be eligible now for increased benefits. Would that not increase the costs to the plan?

Hon. Mr. Melenchuk: — Mr. Chair, we don't imagine that there will be a lot of differences but there is no direct cost to the plan. The value of the plan as itemized on an annual basis or that gross number in that global plan is the number. That number isn't going to change. There will be no additional dollars going into that; those numbers will be the same. But the number of beneficiaries will increase because of adding the new spouse.

So what that would mean is that there would be I guess literally a little less dollars available because there would be more people within the global amount, but the global amount won't change.

Mr. Krawetz: — Thank you, Mr. Minister, and I was anticipating that indeed that would have to happen. If more people are getting money and the pot is staying the same, obviously they're getting a smaller, smaller portion of the pot.

You mentioned the four plans. I think there are four sort of major plans of which you indicated that the one plan contains two subplans. In those plans — as you've indicated in your comments, all of the plans were closed to new members in 1997 — do each of those plans, do they contain an indexing clause?

Hon. Mr. Melenchuk: — All the so-called old plans were all closed in 1977. These were defined benefit plans. The plans at that time did not include an indexing clause so . . . But the legislation does anticipate that cabinet could actually do an ad

hoc adjustment for inflation. And I think over the past 38 years, there have been 33 adjustments made by cabinet for these old, defined plans, Mr. Chair.

Mr. Krawetz: — Thank you, Mr. Minister. My final question in this, pertaining to this Act, is that as an opposition, and I'm sure now as Finance minister, you have been lobbied by pensioners across this province to indeed have indexing as part of their plan.

And while you make reference to the fact that there have been significant number of cabinet changes, those changes don't necessarily always reflect the annual increase in cost of living. So therefore the pensioners are indicating that they're falling further and further behind.

And this Act of course adjusts the benefits that are payable to a spouse — or in this case now another spouse that can be added, as in case of a new spouse — but there's still 60 per cent of benefits. And that has long been something that has been I guess advocated especially by the Saskatchewan Government Superannuates Association, in that they want to see a couple of things. They want to see indexing on a firm and committed basis to all pension plans because they believe that they should be treated equally. And secondly of course, that the spouse's allowance of 60 per cent — and I think I made those comments in my reply to this Act a number of weeks ago — in that 60 per cent of a very small pension is in fact a considerably smaller amount, and when a superannuate passes on and leaves a spouse with most times the same bills, whether we're talking about operation of vehicle or operation of a home or the like.

And I know, Mr. Minister, in the last couple of years we've seen significant declines in the return on pension plans. And I think that has been one of the reasons that the government has used, periodically, to state that the pension plan is unable to provide an indexing for a particular year or unable to provide a significant increase on a given year.

Could you indicate how your government is looking at dealing with an unfunded pension liability that seems to be growing in other sectors, not just necessarily these. But when we look overall at the demand being placed by pensioners in respect to adding to the spousal allowance, but also looking at indexing because indexing can cause a negative effect on the return to an individual? Mr. Minister, I'd ask for your comments on that particular clause.

(15:30)

Hon. Mr. Melenchuk: — Thank you, Mr. Chair. I'm sure the member opposite is aware that there has been a class action suit that has been applied for by the superannuates related to this plan and the old plan members.

Certainly when we look at the difference between defined benefits and defined contribution plans, those old plans are all defined benefit plans. And at the time that those plans came into existence with the . . . most of them with the provision that it would be 80 per cent of the average of their top five years of earning forever when they retire, that a lot of the considerations . . . We were dealing at a time of low inflation and these were seen to be as very generous plans.

Now with these defined contribution plans that are out there where they're funded pension plans, they're a contribution from the employer, there's defined contributions from the employee. It's put into a fund that's managed by professional fund managers. Those gross dollars grow and the dollars are assigned to the individual plan holder. And at the time of retirement, whatever that number is, the pension benefits are allocated accordingly.

Well that's different. And the old plans that we have in existence today were based on situations of course in . . . prior to 1977. So is there . . . obviously demand. And as indicated by the member opposite, that there should be improvements to those old plans as they're compared to the new defined contribution plans. We believe, and we've always believed, that the legal framework for the old plans and how the provincial government has handled those is absolutely legally sound.

Certainly I can't comment any further with regard to the circumstances of whether they have a claim for improved spousal benefits or improved . . . or to have an indexing clause. That's before the courts. We certainly have believed that we have the legal framework that supports the ad hoc payments, for example, that we have been providing.

So I think with that, that's I think all I'd be prepared to comment at this time. But it's certainly, as the member opposite indicates, is an issue for many people in the province and it's an issue that we're aware of. And hopefully at some point it can be resolved, Mr. Chair.

Mr. Krawetz: — Mr. Chair, when . . . A bit of clarification, Mr. Minister. You talked about the defined benefit plans and I think you said that the plans were designed on the best five years and you've said 80 per cent. I believe that that's . . . A full pension would occur at 70 per cent with, of course, reductions from 70. Is that correct? Could you just clarify it since this is *Hansard*?

Hon. Mr. Melenchuk: — Yes, Mr. Chair, the member opposite is actually correct. If I said 80 per cent, I meant 70 per cent, and thank you.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

The committee agreed to report the Bill.

THIRD READINGS

Bill No. 26 — The Income Tax Amendment Act, 2003

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

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

Bill No. 21 — The Superannuation (Supplementary Provisions) Amendment Act, 2003

Hon. Mr. Melenchuk: — Mr. Deputy Speaker, I move that this

Bill be now read the third time and passed under its title.

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

COMMITTEE OF FINANCE

General Revenue Fund Saskatchewan Research Council Vote 35

Subvote (SR01)

The Chair: — I would recognize the minister to introduce his officials.

Hon. Mr. Cline: — Thank you, Mr. Deputy Speaker. With me today, sitting to my left is Dr. Laurier Schramm who's the president and CEO of the Saskatchewan Research Council. And behind him is Crystal Smudy who is the chief financial officer for the SRC (Saskatchewan Research Council). And behind me is Mr. Tom Ketterer who is the controller of SRC.

Mr. Wakefield: — Thank you, Mr. Chair. And, Mr. Minister, I'd like to welcome your officials here and it's good to see them again.

From the budget book, page 106, there's about one line and so we're going to have to find some other information. And I was able to find some information in the annual report and also in the supplementary information that is published on behalf of the Saskatchewan Research Council.

And so I would like to ask the first question. Mr. Minister, Dr. Schramm in his comments in the annual report 2000 — the last one I have by the way is 2001-2002, I don't think the next one has been published yet — but Dr. Schramm talks about a restructuring, a refocusing, a business plan, and a reporting scorecard.

Could you, Mr. Minister, just give me an outline as to what the business plan refers to? Does it refer to an operational plan? Does it refer to an economic plan? And the scorecard that Dr. Schramm was referring to, does that focus on stating accountability against either operational or finance?

Hon. Mr. Cline: — Yes, Mr. Deputy Speaker, thank you very much to the member for the question.

I should indicate that the operational and financial plan is an internal document that is prepared by management for the board, wherein management describes its business plan for the year and also the financial framework for that plan.

(15:45)

With respect to the measures, again that is an internal set of measures that management prepares, gives to the board, in terms of objectives that the SRC would like to meet. And that's presented to the board and then it is part of the accountability framework as between management and the board.

Mr. Wakefield: — Thank you, Mr. Minister. And I think it's

really critical to put business plans in place and to be able to use benchmarks to compare it. I mean that's the recognized corporate way of doing business.

So when this is done, can you explain to me how the public accountability enters into this factor? You have the business plan. You have, as Dr. Schramm calls them, the scorecard. Now we need to put some confidence in the public that the accountability is in fact there and what the business plan is saying is being followed, because the business plan I think is important to be shown publicly as well.

Hon. Mr. Cline: — Yes, Mr. Deputy Speaker, the accountability is of the management to the board, which is a public board appointed by the Lieutenant Government in Council, and then the accountability is from the board to the public through the Legislative Assembly. The board provides report to the minister, which the minister then submits to the Legislative Assembly and the Lieutenant Government by filing here in the legislature.

Mr. Wakefield: — Okay thank you, Mr. Minister. The whole idea of public availability and public scrutiny, I think, is really quite important.

How do other provinces, Mr. Minister, how do other provinces handle the Research Council function? Is Saskatchewan one of ten doing similar work or is it in fact unique in Canada? I think that's a question that would be of interest to the watchers.

Hon. Mr. Cline: — Yes, Mr. Deputy Speaker, I'm advised that there were originally eight research councils at provincial levels. There are only three today: the Saskatchewan Research Council; the CRIQ (Centre de recherche industrielle de Québec), which is in Quebec; and the ARC which is the Alberta Research Council.

The other five I'm told were more or less privatized and subsequently ran into financial difficulties, went bankrupt for want of a better word, and don't really exist in that form any more or in any substantial form, although there are remnants of some of them remaining.

But really there were eight research councils. There are now three left, SRC being one of them.

Mr. Wakefield: — Mr. Minister, I guess the question that I was going to be leading to was, in fact, is there a redundancy with other research that is going on in this province — critical research that really our future in this province depends on, there's no question about that — but there are other research functions. There is the National Research Council; there is other research that is done, say, in other provinces like Alberta. Maybe Quebec doesn't have the same application in terms of redundancy, but there is research certainly done at universities and in research parks where Saskatchewan Research Council is. In fact, there's private and industry research.

Is there a redundancy here? The budget altogether is an \$8 million budget and I'm wondering if there is a redundancy, and if research is being done elsewhere and maybe just replicated or again in a redundant way, we're spending dollars that we don't need to?

Hon. Mr. Cline: — I would say absolutely not, Mr. Deputy Speaker, in the sense that . . . I would describe it this way: it is not a case of redundancies, it is more a case of synergies. That is the Saskatchewan Research Council working with other research bodies — whether the University of Saskatchewan, perhaps sometimes with the National Research Council, perhaps sometimes with the private sector, because . . . not to mention individual academics — because there is no limit, no limit I would argue, to the amount of money you could spend on research.

And if it was the case that we could say that we were spending so much on a provincial level plus the money we access from Ottawa plus private sector contributions, we were spending so much that we were researching everything we should be researching, then I'd say you might run into redundancies. But I think the reality is that we're not. There are many, many more things that could be researched. So I don't think you'd get a lot of duplication of efforts. There's a lot that is undone.

Now having said that, I hasten to add that in the last number of years, the federal government has provided some leadership in terms of more funding for research at the universities and the provincial government has done likewise. And the result has been that at the University of Saskatchewan they've been able to attract more research money. I think for the first time they went above \$100 million. And the University of Regina, they went above \$20 million for the first time. And both of our universities in Saskatchewan have come up in their national stature, and I think that's because they have been able to access more research money.

Well the universities, that's a bit off point from the SRC but my point is this, the universe of what could be done in terms of where you could do research is very broad. The funding for it, even with improved funding, is narrower than that so . . . and they seek ways to work with other partners, to leverage money to go further.

And I think it's fair to say, generally speaking, that the Saskatchewan Research Council would not see itself as wanting to simply duplicate what somebody else is doing. If something else was being done adequately, they would want to say well, how can we branch out into another area to do more.

So I don't believe that there are redundancies because of the existence of the Saskatchewan Research Council or the work it does. I think that there are synergies to be gained with the university, with the National Research Council, with the private sector, and perhaps with other parties as well.

Mr. Wakefield: — Mr. Deputy Chair, Mr. Minister, if we're trying to focus and build on the synergies — which I think is the logical way to go because success is contagious in a lot of areas, research being one of them — who then sets the priorities? You talked about a very broad range of research and research requirements. Who sets the priorities?

I noticed in the annual report that has been circulated that there's areas that have been recognized as key areas of activity. There's agriculture and biology; there's energy; there's environment; manufacturing; value-added processing; there's mining minerals; there's a section on community. Who is the

one that sets the priority then as to what . . . how the money is spent? And is that done by the board, directed by the board? Is it directed by the funding agents like yourselves as the government, or is it in fact the direction of the president and CEO?

Hon. Mr. Cline: — The broad strategic plan, Mr. Chair, would be set by the board of directors and it would be implemented by the management.

Mr. Wakefield: — If memory serves, Mr. Minister, the board of directors was changed very recently in the SRC. And I think there was a focus on the divergence of opinion pertaining particularly to the PTRC, the Petroleum Technology Research Centre, I think is the right acronym.

If the board is the one that sets the priorities for research and the board can be changed at the will of the government, is it not the government's priorities that is being put in place then?

Hon. Mr. Cline: — Well generally speaking, Mr. Chair, the government would delegate the responsibility to the board. However, there may be public policy objectives that the government of the day wishes to achieve. Certainly one of them was the development of the PTRC in Regina, which we all support on this side of the House.

And the board certainly has to be accountable to the Government of Saskatchewan. The board receives its funding from the Government of Saskatchewan and the board is accountable to the Government of Saskatchewan. Normally the Government of Saskatchewan would want to leave decisions up to the board, albeit its plan would be reviewed by the Treasury Board of the government each year.

If indeed the government had an objective that it wished the board to proceed with, the board is funded by the public and the government has the responsibility to ask the board to pursue issues like petroleum research. And if the board does not agree with a particular policy objective of the Government of Saskatchewan, then it certainly is a prerogative of the government to say thank you very much for your service and we would like a board that indeed will carry out the public policy objectives determined by the Government of Saskatchewan.

In the normal course of events, one would expect that the board would be in place which would be able to implement the public policy research objectives and there would not be a disagreement with the government of the day. But in the event of a disagreement, the government of the day would prevail and change the board, because the government of the day is accountable to the taxpayers and funds the Research Council.

(16:00)

The government of the day is democratically elected and has the right to say if it feels this should be done, that the Petroleum Technology Research Centre will be supported in a particular way by the Research Council. And if that is the policy of the government and the board of the SRC does not agree with that, then it certainly is a prerogative of the government of the day on behalf of the taxpayers to thank the board for its service, but

to indicate that it is appropriate for a board to be put in place which will follow important public policy objectives of the Government of Saskatchewan.

And this would not happen very often but sometimes there would be an important issue that needed to be pursued. And the simple fact of the matter is that in Saskatchewan, of our oil reserves that are known, we can recover 15 per cent — that's one-five per cent only — of the oil that is there. And it's very important to the people of the province and to the industry that we find ways to recover the other 85 per cent. And when the government, in co-operation with the academic community and the industry has formulated a policy to try to do that, the government will ensure that that policy is carried out.

And I'm very pleased that that is also the objective of the current board of the Saskatchewan Research Council, and the CEO and the management. And it is certainly only appropriate that on an important public policy objective such as that, that those who are appointed by the government and funded by the government will carry out the wishes of the government in that regard.

Mr. Wakefield: — Thank you, Mr. Minister. I know it was a controversial issue at the time and there was a lot of unanswered questions, I think, that were still circulating. But it did appear that the board, from my recollection, the previous board, were certainly not wanting to diminish the research into the petroleum industry and try to achieve the recovery objectives that you had referred to.

But it also appeared to me that things like location and how the research was going to be carried out became a problem with the current government. And therefore the priority that was established by the board that you said earlier was the determining factor on the priority projects, that came in conflict and so the government decided to do what they ultimately did. But it was based on, as you say, circumstances that didn't fit with the government's objectives at the time and so they were replaced. Is that true?

Hon. Mr. Cline: — Well I would say this, Mr. Chair. I would say that unfortunately with respect to the PTRC there was really a breakdown of communication between the former management and the former board and the other partners in the PTRC, and there seemed to be an inability to move forward in terms of agreeing on a plan.

And generally speaking, the government was more supportive of the view of the parties other than the former SRC board and management than it was of the view of SRC and management. The government asked the board of the SRC and the management to co-operate with the other parties in a different manner. Basically they really didn't see eye to eye on it, did not wish to do so, and it seemed better to have a board and management which would have the same view as the government in terms of the need to have better co-operation at the PTRC.

And that's a perfectly legitimate role for government to play — to say to a board that government appoints and that is paid for by the taxpayers, that we have arrived at this policy determination, we want you to carry it out. And if there is a

reluctance to carry it out, then it's only appropriate that a board that will carry out the views of the democratically elected government will be appointed. That is what was done. And I'm happy to say that I believe with the current structure of the Petroleum Technology Research Centre that there is co-operation and the matter is proceeding along as it should.

Mr. Wakefield: — Mr. Minister, through the Deputy Chair, don't get me wrong. I'm very supportive of research in a lot of different areas and certainly petroleum research is an important item for the constituency that I represent. And in discussions with Dr. Schramm and others, research in fact is being done there.

I just wanted to, for the record, to make it clear that the accountability of the Research Council is important and the business plan that is put in place is also recognized as an accountability function. And if the business plan that's approved by the board of directors puts in place a particular priority, then I think that all adds to part of the transparency and accountability.

Now having said that, Mr. Minister, I want to change a little bit, while we have a few minutes left, to another area. And that is the budget numbers that I've been able to find in the annual report.

The total revenues and expenses this year — no, for the year 2002 — as reported in the annual report for that year, 2001-2002, shows a net loss of nearly \$200,000. And checking the three years previous there was substantive profits in each one of those years. Is there a particular reason that you can put your finger on to indicate why in 2002 it was a loss, revenue over expense?

Hon. Mr. Cline: — I'm advised, Mr. Chair, that losses for the '01-02 year relate primarily to a downturn in the economy and that the matter is much more in hand for the '02-03 year. And while the numbers aren't fully audited, that it's expected that on the operational side that the SRC will not have a loss for the latest fiscal year.

Mr. Wakefield: — If that's the case . . . And I want to get this question in because we've agreed to wind this down at a particular time. The question that I have is this. The restructuring that the president and CEO has talked about and the new approach of doing things, it would seem to me that the best way to show that would be to show an ongoing, if not an increasing profitability. I know you deal with partners and contracts; the economy has changed; there's those variances.

But when I look in the 2002 supplementary information to the '01-02 annual report, I noticed that, as an example, accommodations is an entity that is listed separately, accommodation charges, and I notice that they have increased from the year 1999-2000 to this year, over a three-year period, the accommodation charges increased over 40 per cent. Something tells me that there is a major change somewhere in the system that doesn't add . . . that doesn't give me any confidence that by doing the changes that we're trying to achieve a more stable operation than we had before.

Hon. Mr. Cline: — Yes. The reason for the large increase in

accommodation costs actually relates to the PTRC, the Petroleum Technology Research Centre, which is new. So that accommodation is included in that figure. If you took that out I'm advised that the increase in accommodation costs would just be sort of a gradual, nominal, inflation type of increase. So it really is the cost of the accommodation of the PTRC.

Mr. Wakefield: — Thank you, Mr. Minister. And then just one quick follow-up to that. Over those three years the cost of accommodation has gone up approximately point five to point eight million dollars each of those three years. And I'm wondering if that is in fact attributable just to that one entity.

(16:15)

And I also noticed that the charges to accommodation that are listed here in this supplementary report — and that's listed to SPMC (Saskatchewan Property Management Corporation) and SOCO (Saskatchewan Opportunities Corporation), which is natural — but under supplier payments there's also another half a million dollars that is indicated for SOCO and SPMC. I'm wondering why there's a redundancy there.

Those are the questions that have brought this whole transparency thing to the forefront. And that would be my last question, Mr. Deputy Chair.

Hon. Mr. Cline: — Yes, Mr. Chair, in answer to the question. With respect to the increased accommodation costs, I already indicated that part of it is the increase in accommodation for the PTRC; also it relates to increased costs of property taxes and utilities; also a new building for pipe-flow work that the SRC does. So again a new building, so more space, not just increased accommodation costs for the same space but actually more space.

In terms of the second part of the question, that is payments to SOCO, it's true that SOCO would receive money for accommodation but SOCO would also receive money that did not relate to accommodation. And there are some services that SOCO would provide to the SRC that they would be paid for including things like equipment repairs and maintenance, some consulting, and some architectural services which would not be related to rent. And so these other payments to SOCO would not be rent payments. They would be payments to other services that were provided.

And if the member wishes, I'd be happy to provide a detailed listing of the payments to SOCO and what those payments were for, and also the payments to SPMC that I haven't mentioned. So I'll ask the officials to prepare a detailed answer which then I will provide subsequently.

And since I understand that that was the member's last question, I'd like to thank the member for his helpful questions and also I'd like to thank the officials for coming here and assisting us in the way they have and also thank them for the very good work they do throughout the year as well. So thank you very much.

Hon. Mr. Lautermilch: — Mr. Deputy Chairman, I move that we report progress, quite a bit of progress actually on the Saskatchewan Research Council, and that we move to the

Department of Learning until 5 o'clock.

General Revenue Fund Learning Vote 5

Subvote (LR01)

The Deputy Chair: — I recognize the minister and ask the minister to introduce her officials.

Hon. Ms. Junor: — Thank you, Mr. Deputy Chair. To my left is Dr. Craig Dotson, deputy minister of the department. To his left is Dr. John Biss, executive director, university services. Behind Dr. Biss is Dr. Margaret Lipp, executive director of Saskatchewan Learning. Behind Dr. Lipp is Glenda Eden, manager of financial planning and corporate services.

In the back row next to Ms. Eden is Kevin Hoyt, director of finance and corporate services. In front of Kevin is Wayne McElree, assistance deputy minister. And behind me is Brady Salloum, executive director of student financial assistance. And behind Mr. Salloum is Nelson Wagner, executive director of facilities. Thank you.

Mr. Elhard: — Well thank you, Mr. Deputy Chairman. It's been some time since we've had an opportunity to discuss some very important issues with the minister and her dedicated staff and we appreciate their presence here this afternoon.

I notice though that time will probably slip away fairly quickly since we only have about 30 minutes. And some of the issues that I'd like to address today, I think, are significantly important that we need to really get a start on it because in the only other time that we talked in any length and any depth on post-secondary issues, we pretty much stuck with one area and that had to do with the regional colleges and some of the money and the programming activities that they undertake.

But what I want to launch into today, Madam Minister, is the issue of post-secondary funding and how it has such a debilitating effect if it is insufficient on so many different areas.

We've got universities of high quality in this province. We've got good post-secondary opportunities in technical schools and regional colleges. But when funding is as limited as it has been over the last several years for those institutions, they have to make some very critical decisions about what programs they're going to offer, what programs they can no longer offer, what cuts they have to make to services and various projects that they might want to undertake. So it has a serious impact on the institution per se.

But it has an equally devastating impact, I believe, when funding levels are insufficient on students in the area of accessibility; how they are able to attend university; whether or not they're going to be able to afford the cost of programs; whether they'll actually get the programs that they need or want to pursue. So there's an accessibility issue.

There's also the limitations on student loans and other financing programs that might be available to assist students with the cost of their education.

And fourthly, there is the issue of student debt.

All these areas are basically intrinsically tied to the singular issue of the level of funding provided for post-secondary institutions by the provincial government. And as a consequence of some of the concerns and complaints and worries that have been brought to my attention by both academic people in various programs, by administrators, and certainly by students, I think that that's the area we need to delve into this afternoon.

Now if I recall correctly, Madam Minister, the last time we talked you alluded to the government keeping its eye on the big picture and referred repeatedly to the \$1.2 billion budget for education this year. If I recall, you suggest the increase amounted to about a 5.2 per cent growth.

That might be true in overall expenditures for the Department of Learning, but as it applies to universities and the post-secondary sector generally speaking, we're quite well aware that the amount that went to those institutions was significantly less. It amounted to no more than 3.3 per cent. And as a consequence we've had universities and other institutions of higher learning scrambling to make adjustments to their spending programs, to their budgets, and to their program offerings this year.

I'd like to read for the minister a comment that is attributed to Peter MacKinnon, president of the U of S (University of Saskatchewan) who has been very outspoken about the need for additional funding and how increasing pressures on university budgets is creating a situation where universities are rapidly becoming institutions of private good, not public good.

And I'd like to just refer to a couple of comments that Mr. MacKinnon made for the press shortly after the provincial budget was brought down. He talks about the U of S having indicated to the government that its forecast operations requirements would be about 7 per cent to cover the inflation costs brought on by various things such as mandated wage increases and the growing cost of operating an expanding campus. And he's quoted as saying in this article:

I'm concerned about the continuation of the pattern in which the operating budget increase falls short of operation needs.

In another interview he says that the pattern that he has seen, that pattern articulates a public policy choice. And I'm quoting specifically from the April 3 edition of *The StarPhoenix*:

"Fifteen years ago, 78 per cent of the university's operating budget was paid for (by the province). Today, it's 63 per cent and going down.

"What happens if we extend that profile out over the next 10 to 15 years? What . . . (will we have witnessed? It will be) an evolution of a system of a public good, if you like, to one that's more readily seen as a private good."

(16:30)

Now, Madam Minister, in view of the comments of the

president of the university, I would like your response to the concerns that he raises in this particular interview and the issue he raises, because I think this is a fundamental issue — one that is pivotal in terms of public policy — and I think it speaks very clearly to the misplaced priorities of the current government. And I'd like you to explain to us how your government can justify a 3.3 per cent increase to the universities this year.

Hon. Ms. Junor: — Thank you, Mr. Deputy Chair. Our discussions — I think when we left off last time we were talking about post-secondary education — is we did talk about the Sask Party's platform about increasing funding to education and post-secondary and particularly at the cost of inflation. I believe you said nothing more, nothing less.

And I think I did read into the record what that impact would have had on the various systems throughout the learning sector. And it is our government's policy that we strongly support post-secondary education and have done so with our \$1.2 billion budget in education.

The universities and post-secondary institutions have made choices on how they balance the quality programming and the operational costs. We have significantly increased funding to universities over the last few years and have made that a definite policy priority, our support of publicly funded education. We have faith in our educational system and our universities to keep tuition fees as low as possible but we do understand they are autonomous organizations and we respect that autonomy and we respect the decisions that they make.

Mr. Elhard: — Mr. Chairman, through you to the minister, the autonomy issue of post-secondary institutions is an important one and it's in a principle that I would strongly adhere to myself. And I understand that. But nevertheless, as autonomous as those institutions are, they still are largely dependent on the support of the provincial government and, in some instances, federal dollars for their operating budgets and all the good things that they do.

And the reality is that while you might want to keep tuition fees increasing as minimally as possible, we've had a 4.8 per cent increase in tuition fees at the U of S this year and that comes on the heels of a fee increase the year previous that was as high as 20 per cent in some schools.

The University of Regina tuition's going up 8.5 per cent. The University of Regina was very disappointed in this year's budget because they had some real expectations of increased funding coming their way with some very special projects that they had undertaken. And so here we have a very significant increase; 8.5 per cent is not a marginal increase. It's a very significant increase and I think it's significant enough that it would undermine the possibility of some students to go to school at all.

If we want to hear from the students, let's look at what was said by one in the on-campus newspaper earlier this year:

. . . tuition hikes, ranging from 0.4 per cent in Veterinary Medicine to 10 per cent in Law, were blasted by U of S Students' Union President Robin Mowat, who charged they jeopardize accessibility to higher education and "have

moved the U of S one step closer to becoming a private institution.”

Madam Minister, that is not the kind of situation I'm sure your government or the people of this province would want to characterize as a legacy of the last 10 years.

Mowat told the news conference (that) tuition fees, which in 1990 paid for just 16 per cent of the University's operating budget, now pay for 30 per cent. And a USSU survey shows more students are working and nearly 30 per cent are taking five years to finish a four-year program.

“U of S students are disappointed with this budget,” Mowat (says) . . .

Madam Minister, it's easy to say that you're doing the best you possibly can. But I think it's a question of priorities. And 3.3 per cent — and that's being generous, I believe — to the universities in this latest budget is completely insufficient.

What are we going to tell the students who are finding the issue of accessibility increasingly problematic? What are we going to tell people like Andrea Bitner who called our office on May 8 and who said she wants to see student loan maximums increased? She says that over the past few years, tuitions have had huge increases and now energy costs are going up again, and yet there's not been an increase in the amount available to student loans. She wants to know if anybody — she doesn't even mention the government — she wants to know if anybody is pushing for a change to student loans? I've heard that complaint from a number of students over the last little while, and I'm wondering what this government is prepared to do about the student loan program for students like Andrea Bitner?

Hon. Ms. Junor: — Thank you, Mr. Chair of Committees. I hope that when this student called you, you told her that we have the best student loan program in the country, that changes under this year's budget have increased the exemptions in the student loan program. I hope you pointed those things out to her.

We do have the graduate tax credit. Different things that we have done to increase and enhance the student loan program to make the student loans easier for the students to access and sometimes even pay back, there's changes have been made. I hope you pointed all those things out to her as well.

Mr. Elhard: — Mr. Chairman, through you to the minister. I understand there have been some changes, but I'd like to know what the level of changes are that have been made to the student loan program that would appease the issues that this particular individual raises? When's the last time, when's the last time the student loan provisions were increased so that they take into consideration the increases in tuition, the increases in utility costs, all the increases that everyday living brings to bear on particular individuals, especially students who are often living on a minimal budget to begin with?

Hon. Ms. Junor: — Our student loan program is integrated with the federal government, so it's a Canada student loan program. The improvements from the federal government through that loan program were in the middle '90s, but from our

point of view we have made improvements in our provincial access to student loans through the bursaries, and the exemption in particular in this year's budget . . . raised the exemptions in this year's budget.

Mr. Elhard: — Madam Minister, through the Chair, to a supplementary question. The changes that were made in the budget this year to the exemptions that you alluded to, how do they relate to and how are they connected to any exemptions that might have been made in the federal budget in the same area?

Hon. Ms. Junor: — The federal budget made the same changes as we did with the exemptions. The difference is in their program they made the changes with loans, which have to be paid back. Our program did it with bursaries, which do not have to be paid back.

Mr. Elhard: — Madam Minister, through the Chair, with another question. I'm referring to the Saskatchewan provincial budget document, page 33, and according to this it talks about funding to the Student Aid Fund will increase to provide for an increase in the in-study earnings exemption from \$600 per study period to 1,700 per 34-week study period, and the scholarship exemptions, \$600 per study period to \$1,800.

Now I understand that those figures are identical to figures that were released as part of the changes in the federal budget, changes to the Canada Student Loans Program. So can I assume from your remarks that the changes you have made — although they might not be identical to the ones that were made by the federal government — are they cumulative, do we have a cumulative forgiveness, or an accumulation of the amounts that are earnable prior to penalty?

Hon. Ms. Junor: — I'm going to try and provide a simple answer to a complicated process. The federal government lends the money for the exemption to the students. We give them the money through the bursary program so they don't have to pay it back, but it is not cumulative.

Mr. Elhard: — I think that, Madam Minister, is too simple an answer for a complicated question. I don't understand how that works at all. Could you provide more detail, please?

Hon. Ms. Junor: — Okay, I'll try it again. The feds will loan the students say \$1,800. So now they have \$1,800 more of a student loan that they have to pay back. They have more money in their pocket, but they still have an increase in their student loan. We provide a bursary so they don't have that \$1,800 to pay back. They still have the money.

Mr. Elhard: — Mr. Chairman, through you to the minister. So I'm taking it from what you're saying, is that those amounts are completely distinct and separate. And they are taken into consideration when the student borrows whatever money they're going to through the student loan program and tries to determine what it is they will have to pay back. There's no overlap. It is completely distinct and separate amounts of money. Is that correct?

(16:45)

Hon. Ms. Junor: — It's an integrated program with the federal government. The \$1,800 comes to the student, they don't have to . . . from the federal government as a loan that they would have to pay back. We provide the bursary so they do not have to pay it back, so that \$1,800 stays in their pocket.

Mr. Elhard: — So, Madam Minister, is the student really any better off?

Hon. Ms. Junor: — The difference is a loan you have to pay back, a bursary you don't have to pay it back, so of course you're better off. You don't have to pay back the \$1,800. You got it but you don't have to pay it back because we put the bursary in place. That's the benefit students get in Saskatchewan.

Mr. Elhard: — I'll take the member from Moose Jaw's answer on face value. He says the answer is yes.

I guess I would like an opportunity to meet with your officials and have that hammered out and clarified for us because there is easily an opportunity to misunderstand what is available to a student and who gives them what amounts of money because of the similarities in values and the method in which it's paid and approved and refunded or forgiven. So if that would be possible, I would appreciate that.

For my own sake and for the sake of clarity, would the minister provide us a definition of the difference between bursaries and grants?

Hon. Ms. Junor: — Both bursary and grant . . . both bursaries and grants have a common characteristic, they do not have to be paid back.

Mr. Elhard: — That's the common characteristic, Madam Minister, but what's the difference?

Hon. Ms. Junor: — They don't have a substantive difference in our terminology, the way we use it.

Mr. Elhard: — Mr. Chairman, through you to the minister. Then I can assume that the words will be used interchangeably through the Department of Learning and through the budget document, there's technically and really no difference in the two words?

Hon. Ms. Junor: — I'm going to read you our definitions. Grants are non-repayable funding that is considered taxable income over and above student loan funding. Bursaries are non-repayable funds that are awarded based on each student's needs.

Mr. Elhard: — Madam Minister, I'd like to return to the issue of accessibility to university education or other post-secondary opportunities that might be desirable on the part of any given individual.

You know I think the . . . I'm a child of the '60s, I suppose. I got my university education in the late '60s and early '70s, and I remember how important public education was at the post-secondary level to people who went to school, to university because of the love of learning. They wanted to be

given the opportunity to participate at an advanced level just because there was something they could learn, not because they were going to pursue a degree program that would lead them to a specific job or profession of some sort. In fact, the professional schools were probably under-represented in terms of attendance and participation by students in that era.

But it appears to me that given the cost of post-secondary education now, and given the opportunity to attend a university becoming more and more difficult — standards being raised, admission levels being higher all the time — that the issue of accessibility is increasingly problematic. And I guess I would like the minister to address that issue in some depth so we can understand where it is her government wants to take post-secondary opportunities in the days ahead in the extent of the government's current mandate and on into the future.

Because it seems to me that the issue of accessibility is becoming so urgent that as we have more and more demand . . . And I think that's a realistic expectation on the part of many people that there will be greater demand for post-secondary education in all institutions as we see that demand increase. And as we choke off these institutions with increasingly limited resources, how are we going to meet the requirement — the public requirement, the public good — of easy access to post-secondary institutions?

Hon. Ms. Junor: — Just want to make a couple of general comments. Post-secondary enrolments have steadily increased since the early . . . since the mid '90s and post-secondary education is now being offered in what you probably in the '60s didn't envision. There are people learning in their home communities that are being offered degree courses in Meadow Lake at the college there. And places that are non-traditionally thought of as a post-secondary institution or university-connected are offering courses so people can learn on-line. They've got all kinds of access to different ways of learning.

So we anticipate lifelong learning for people and different . . . and lifelong learning closer to home in many instances. So we're not just talking about institutional learning. We're talking about learning life long through different avenues and different aspects of how you can learn.

But the important part I think we need to remember and notice is that enrolments have steadily increased. And our tuitions have gone up, but so have our student loan assistance. So the most, and the most . . . The students with the highest need are getting access to student loans.

And it isn't just tuition costs that drive the decision whether to go to university or not. A lot of it is the cost of living and Saskatchewan does have a very competitive and actually lower cost of living than many other jurisdictions.

Mr. Elhard: — Mr. Chairman, through you to the minister, I understand that enrolments have been steady in their growth over the last decade and I appreciate the fact that there are other opportunities for post-secondary education in regional colleges or on-line or through the various different technological benefits that we enjoy today.

But if I understand the information garnered by some of the official organizations representing universities in the country, that they're expecting not just incremental growth, not just sort of a small steady growth in demand, that they're expecting some time within the next five to six years and maybe over the next 10 to 15 years a dramatic increase in demand for the services provided on site at university campuses. And I'm wondering if that's coming into play in the decision making of the government and the planning for the future of this province?

Hon. Ms. Junor: — When we talk about planning for the future, all of our post-secondary institutions — the universities, the regional colleges, and the technical institutes, SIAST (Saskatchewan Institute of Applied Science and Technology) — do strategic planning. They do it internally and they do it for the long term and they share those plans with our department.

We also have them . . . They are balancing and we are balancing capacity with quality and with accessibility, none of which can stand on its own or should be one component paid more attention than the other. That is what we have to do as government and that's what they have to do as institutions, is balance those three.

Mr. Elhard: — You know, Madam Minister, balancing those requirements is a neat trick if you can do it. But nobody would have envisioned 12,000 students at the University of Regina in 1974 either. And I think that in my conversations with people at the University of Regina campus, they're under tremendous pressure right now in terms of individuals, students looking to come to attend courses that they offer, individuals who are offshore that would like to come here, people from out of province that are anxious to take advantage of some of the good learning opportunities provided by the U of R (University of Regina). And if they were to accommodate all the demand, they wouldn't be able to cope with the kind of expenditure increases that have been allotted them this year, not only for operational expenses but for capital expenses.

And the same is true at the University of Saskatchewan. I mean, we've got a very dynamic learning institution in the U of S and their money allowed for capital expenditures is somewhere in the range of \$14 million this year. That's \$4 million of hard money and \$10 million of loan room. I don't think that's what I would consider to be adequate for an institution of that size and that dynamic, and certainly for an institution that has the potential that the University of Saskatchewan has.

So you know, saying that they're going to have to balance their priorities is pretty easy to do but when the demand is there, when the crunch is on, it's not so easy to make those particular decisions.

And I think that somebody at some point is going to have to take the bull by the horns and say we want to provide post-secondary educational opportunities fully for the people of this province because this province will benefit. This province is the one that's going to suffer if we don't provide those kind of opportunities here.

And I think that I would like to see, you know, a greater effort by the Department of Learning to address those new realities that the economy of Saskatchewan, the people of Saskatchewan

will be facing in the future.

I notice that our time is about elapsed and I would enjoy an opportunity to continue this discussion with the minister at a future date. And I will take the minister and her officials at their word in terms of getting together to discuss the financing provisions we ran over a few times earlier.

Hon. Ms. Junor: — Thank you. I just want to make sure that we understand we're talking about balancing capacity, accessibility, and quality; not only the institutions do that, so do we.

And I know that I said this last time we had this . . . First of all I want to say it's interesting that you've mentioned that accessibility will be an issue and will compromise people's ability to have a post-secondary education, and yet you in turn say that there's going to be a huge demand. It's just a bit of a contradiction in terms.

But I also wanted to say what I said last time, is that nothing is impossible if you don't have to do it. So there's things that we are doing that we are as a government addressing, the issues of capacity, accessibility, and programming, and balancing what the province needs as a whole and what the post-secondary and learning sector needs as a sector.

Hon. Mr. Hagel: — Mr. Chair, I move that the committee report progress on Learning and proceed to the Committee of Finance review of Agriculture, Food and Rural Revitalization.

**General Revenue Fund
Agriculture, Food and Rural Revitalization
Vote 1**

(AG01)

The Chair: — It being past 5 p.m. the committee will recess until 7 p.m.

The committee recessed until 19:00.

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