

April 9/90

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Hon. Mr. Schmidt: -- Thank you, Mr. Speaker. I'd like to introduce to you, and through you to this Assembly, 39 grade 8 students from St. Henry School in Melville, Saskatchewan, who are here visiting. They're seated in the west gallery. They are here today with their teachers, Garth Gleisinger and Crystal Exner; their bus drivers, Don Hanishewsky and Wesley Dohms.

These students annually visit the legislature when they are in grade 8. I hope they have a pleasant stay and an educational experience. I will be meeting with them at 2:30 in the members' dining room, at which time I look forward to answering their questions that may arise from this question period. I ask the members to welcome these students from Melville.

Hon. Members: mHear, hear!

Hon. Mr. Swenson: -- Thank you, Mr. Speaker. It's my pleasure this afternoon to introduce to you, and through you to the members of the Assembly, 45 students from grades 3, 4, 5, and 6 from Bushell Park School at Canadian Forces Base, Moose Jaw. I have the privilege of representing the air base, the largest town that I have in my constituency, if you will.

These students, Mr. Speaker, some of whom have had the opportunity to live in other parts of Canada and indeed around the world, I think, have a very good perspective on our country as a whole. And I'm very glad that they've had the opportunity to come to the legislature this afternoon along with their teachers, Mrs. Anderson, Mr. Bertsch; chaperons, Mrs. Meikle, Mrs. Materi, Mrs. McKeen, Mrs. Kaye, and Mrs. Lecompte, and view the proceedings of this particular legislature.

I hope your visit is enjoyable, and I very much look forward to the visit afterwards where we can discuss some of the things that you've seen today. I'd ask all members to welcome the students.

Hon. Members: mHear, hear!

Mr. Calvert: -- Mr. Speaker, just given the vital role that CFB (Canadian Forces Base) plays in the community of Moose Jaw, and given that I'm sure many of the students in the gallery here today consider Moose Jaw to be their home as well, I want to also welcome the students here and their teachers and chaperons, and hope that you have an enjoyable visit this afternoon and a good, safe trip home.

Hon. Members: mHear, hear!

ORAL QUESTIONS

Investment Agreement with Cargill

Mr. Solomon: -- Thank you, Mr. Speaker. My question is to the Premier, but in his absence I direct it to the minister responsible for the Crown investments corporation.

Mr. Speaker, and Mr. Minister, my question concerns your government's massive investment in Cargill's fertilizer plant to be built in Belle Plaine. One of the parts of the deal which the Premier has mentioned but never elaborated on, is the marketing agreement with Cargill. In fact the Premier has on occasion called it an excellent agreement, a state of the art agreement.

Will you table that state of the art agreement in this legislature today?

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, in view of the absence of the chairman of Crown management and the Premier, we will take notice of the hon. member's question and bring the information back to him at a later date.

Mr. Solomon: -- Mr. Speaker, a new question to the Deputy Premier. We're not certain whether you're going to table that agreement or not. But is the reason for the reluctance of the government to date for tabling this agreement with Cargill a set marketing fee of between \$2 and \$3 per tonne of fertilizer produced regardless of what the fertilizer sells for, or even if the full production sells. What that means, Madam Deputy Premier, is that Cargill will receive revenues of between 7,000 and \$10,000 each day whether the business makes money or not. Are you too embarrassed by your sweetheart deal with Cargill to elaborate and table that document in this House?

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, let's be clear about a couple of things. First of all, the project is good for Saskatchewan, good for Saskatchewan farmers.

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- That's point one, Mr. Speaker. Point two, there is absolutely no embarrassment within this province when it comes to the need for diversification and the issue of our farmers being able to buy some of their input at home in the province.

Mr. Speaker, it is good for Saskatchewan. In due course, Mr. Speaker, the information will be forthcoming from the chairman of the Crown management.

Some Hon. Members: mHear, hear!

Mr. Solomon: -- Mr. Speaker, another new question to the Deputy Premier. Madam Minister, not only has there being rumours and suggestions about a

sweetheart deal with respect to the marketing agreement for Cargill, but there is also a persistent rumour within the industry and other quarters that Cargill is receiving a guaranteed rate of return on their equity investment. If that is true, then it would be totally unfair to Saskatchewan people who are putting up as much money as Cargill is and are exposed for a greater risk but have no guarantees.

Madam Minister, we're not about to take your word on this or the word of your government to answer the question one way or another if there is a guaranteed rate of return. Will you table that full deal so the people of this province can determine whether this is an excellent deal for Cargill or whether it's an excellent deal for the people of this province?

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, if it's details of the agreement that the hon. member is looking for, I will refer the question to the Minister of Economic Diversification and Trade.

Some Hon. Members: mHear, hear!

Hon. Mr. Schmidt: -- Mr. Speaker, the member opposite says, "rumours." Rumours, rumours, rumours. The members opposite have been spreading too many rumours about this plant and not enough fact.

First of all, they have rumours the government is giving money to Cargill. That is not true. Not one cent will be given to Cargill. The government is investing \$65 million. What's wrong with that? The members opposite would invest 100 per cent in a plant like that because they believe the government should own it. We are in a joint venture with a world-wide producer and marketer who knows how to make a plant run and who can market this properly.

Then they say there are rumours of a guarantee. There are no rumours of a guarantee; there is a guarantee. The Government of Saskatchewan is guaranteeing the loan for a fee of three-quarters per cent. There can be no sweetheart deal because if there would be a sweetheart deal it would be against the anti-dumping laws of the United States, and you couldn't market into the United States. This has to be a straight business deal, nothing else.

Some Hon. Members: mHear, hear!

Mr. Solomon: -- Mr. Speaker, a supplementary question to the minister. Mr. Minister, I ask you to end, and answer, the charges and the rumours of the industry and the people of this province by tabling today the document, the sweetheart agreement that we referred to.

Some Hon. Members: mHear, hear!

The Speaker: -- Order, order. The question's out of order. The minister has noted earlier she would take notice of that question and bring back the information.

Environmental Impact Statement for Cargill Fertilizer Plant

Mr. Tchorzewski: -- Mr. Speaker, I would like to direct my question to the Minister of the Environment, and it involves the matter of the failure of this government and this minister to require . . .

The Speaker: -- Order, order.

Mr. Tchorzewski: -- Thank you, Mr. Speaker. Again let me indicate that my question is to the Minister of the Environment, and it's concerning the refusal of the government opposite to require an environmental impact statement before approving the construction of the Cargill fertilizer plant at Belle Plaine.

Now, Mr. Minister, in view of the fact that this plant will use a great deal of demineralized water, and the effluent from the demineralization plant will be high in dissolved solids, will you inform this House, and therefore the public, whether the plant will dispose of this effluent through evaporation, which will result in quantities of ammonia, relatively high levels of dissolved solids, and possible heavy metal additives which will be discharged into the atmosphere? Or will they be injected into deep wells which may impact on the ground water and therefore the supply that is provided to water users in possibly the cities of Moose Jaw and Regina.

Some Hon. Members: mHear, hear!

Hon. Mr. Hodgins: -- Thank you, Mr. Speaker. Mr. Speaker, I'd like to respond to the member's question by first correcting some of the implications of what the hon. member is saying. The hon. member would lead the public of Saskatchewan to believe that there has not been any environmental study of this project, or any environmental review of the project.

Mr. Speaker, I want to say to you today that this project has undergone a good amount of study; I would say to you probably 12 to 18 months of internal government studies. I could list you a whole handful, a whole handful, Mr. Speaker, of government departments that have analysed this project, looked at it, and abided by the rules of the land.

Now I'm not here, Mr. Speaker, to say that those rules are perfect. They were designed by the members opposite, but we have abided by the rules of the land, Mr. Speaker.

Mr. Speaker, I want to also make a further point that the company has permission to go ahead and build the project, and I will guarantee you, Mr. Speaker, the company does not have permission to operate that project. I will bring to you, if you like, a list of probably 50 to 100 different permits, licences, regulations that that company must abide by, or it will not operate.

Some Hon. Members: mHear, hear!

Mr. Tchorzewski: -- Mr. Speaker, supplementary. Since the minister would not answer the specifics of my earlier question, let me ask him another specific question. Mr. Minister, since ammonia and urea plants each produce process condensate streams containing significant quantities of ammonia, methyl amines and urea, my question to you is what will be done to eliminate the impact of these streams, which your study has said; and since the plant will use a wide variety of chemicals and catalysts, what will be in place to contain accidental leaks and to dispose of the hazardous materials? And finally, Mr. Minister, have the people in the area been told that if there is an uncontrolled release of ammonia from the plant, the health of those in this area may be affected in a detrimental way?

Some Hon. Members: mHear, hear!

Hon. Mr. Hodgins: -- Mr. Speaker, I would like to say to the hon. member that the technology associated with this plant -- and it is a world scale, world class plant, Mr. Speaker -- but the technology associated with this plant is of a proven type. The technology associated with this plant is in place in many other parts of the world. And I'm not saying that it is completely foolproof. The hon. member may well have brought up some detailed questions that need to be answered.

Mr. Speaker, I will supply to the hon. member a complete briefing package on all the details of the questions that he has answered. I don't want to go into them here today, Mr. Speaker. I'm not, frankly, qualified to do that, and I don't think the member opposite, from his mispronunciation of a number of the technical merits, is qualified either.

But, Mr. Speaker, I will bring you all of the information.i

Some Hon. Members: mHear, hear!

Mr. Tchorzewski: -- Mr. Speaker, a new question to the minister who, if he had known anything about what he was approving, would be able to have answered some of those questions today.

My new question to the minister is this. Mr. Minister, according to the people who are involved with the industry, all ammonia plants are subject to uncontrolled emissions of ammonia and other chemicals, and all urea plants emit some level of ammonia into the atmosphere. And even in your own report, Mr. Minister, a report called Farm Report entitled "Anhydrous Ammonia Can Be Dangerous" dated March 1 of this year, you said this:

Even small amounts of ammonia gas as low as 25 parts per million in air can irritate eyes, skin and respiratory tract.

We've already seen an example of uncontrolled emissions from the upgrader settling on a schoolyard making children ill, Mr. Minister.

So I ask you this question: since you have been making all these assurances, will you table in this House the studies that you have made that show that there is safety involved here without any question or any other empirical proof that such low level emissions will never happen in

this particular plant, Mr. Minister?

Some Hon. Members: mHear, hear!

Hon. Mr. Hodgins: -- Mr. Speaker, what I will be very happy to table for the hon. member is a Bill that was passed in this very legislature last summer -- point number one -- which is entitled The Clean Air Act.

And, Mr. Speaker, it was under the Progressive Conservative government, under this administration, that new rules, new laws were passed respecting the preservation of the air quality, of the integrity of the air quality in this province.

And, Mr. Speaker, I remind the member opposite, who is oh, so worried about air quality, that the laws of the land as they stand today, if those laws are violated, a million dollar fine, and up to three years in jail are the penalties involved if there are air emissions that are wilfully against the law. And, Mr. Speaker, those laws will be abided by.

Point number two, Mr. Speaker. All of the rules and all the regulations, all of the permits, all of the permits with respect to air emissions will be in order, and I will commit to the member and the people of Saskatchewan, that unless the plant can meet the stringent air quality guide-lines and the regulations and the permits, the plant will not operate.

Some Hon. Members: mHear, hear!

Mr. Tchorzewski: -- A new question to the minister, Mr. Speaker. Mr. Minister, law enforcement after health has been hurt or death has resulted is too late.

Some Hon. Members: mHear, hear!

Mr. Tchorzewski: -- Mr. Minister, so I ask you this question, and I give you this information before I do. In the province of Alberta the approvals for all industrial projects, including fertilizer projects, are subject to a full public review. Mr. Minister, it is obvious from the answers you have given here today that you are not able to answer the questions on those specific concerns which ought to have been addressed before you issued the licence.

All over Canada fertilizer plants . . . In view of the fact, Mr. Speaker, that all over Canada fertilizer plants are subject to a full public review, and in this case you have not even required an environmental impact statement, will you take your responsibility once and for all seriously, and will you establish, first of all, an environmental impact statement to be prepared, and secondly, a public review process so that the public can be assured that all of the concerns regarding health and environmental safety are addressed in this plant, Mr. Speaker? Will you commit today to establish that public review process?

Some Hon. Members: mHear, hear!

Hon. Mr. Hodgins: -- Mr. Speaker, the hon. member would know that that decision has already been fundamentally made. That decision was made some time ago, and the decision was made to, number one, conduct a major review internally, not only through the Department of the Environment, but through the water corporation . . .

The Speaker: -- Order, order. Now the hon. member is attempting to answer the question. Unfortunately, there are too many other members who are also attempting to answer a question or make their own comments or ask new questions from their seats, impeding his progress -- if I may put it that way -- in answering the question. I would like to ask the hon. members to allow him to continue.

Hon. Mr. Hodgins: -- Thank you, Mr. Speaker. The hon. member would know that that decision has fundamentally been made, that an internal review involving probably half a dozen government departments and agencies all reviewed this project proposal. It was subject to a number of guide-lines that were issued by the department. I will certainly make those reviews public. I have no problem with that, Mr. Speaker.

The decision was fundamentally made that by the very nature of this project, by the fact that the technology is proven, it is in place in other jurisdictions throughout the world; the fact that the project is subject to a wide number of permits and regulations . . . otherwise it doesn't get built or operate.

Mr. Speaker, that decision was fundamentally made that no formal, official, environmental assessment review would be needed on this project. Now, Mr. Speaker, I'm not so certain that all of those rules are the way they should be, and I have committed to this Assembly and I've committed to the public of Saskatchewan that that whole environmental process, all of the rules in that process, must be changed. And, Mr. Speaker, you will be seeing announcements very soon to do exactly that, to change that process. But for the hon. members now to come back, after a major decision has been taken . . .

Some Hon. Members: mHear, hear!

SEDCO Investment in Supercart

Mr. Lautermilch: -- Thank you, Mr. Speaker. I have a question today for the minister responsible for SEDCO. Mr. Minister, now that the Supercart court case is over and you no longer have an excuse to hide behind, an excuse for holding back the details surrounding Supercart, will you tell this House today how much money the Government of Saskatchewan sunk in and lost? Will you tell this House today how much in tax credits given out through venture capital corporations were put in? And will you tell this House today how much private investors lost in the Supercart fiasco?

Some Hon. Members: mHear, hear!

Hon. Mr. Swenson: -- Thank you, Mr. Speaker. As the member opposite has

said, the Supercart issue has been before the courts, and I have just realized that the issue has been settled and haven't had time to review that court settlement. I know that SEDCO no longer has any involvement with Supercart International at all, and once reviewing that would be pleased to bring back any answers the member might have.

Mr. Lautermilch: -- New question to the same minister. Mr. Minister, this has happened days ago. I'm wondering if you have any interest in your department at all.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Mr. Minister, it appears that Mr. Silzer has landed on his feet and he's about to relocate in the Maritimes. And if you aren't aware of this, I'll make you aware of it today. And I want to know what steps you're going to take to recover taxpayers money for this flagship of economic diversification that your government was so proud of in 1986.

Some Hon. Members: mHear, hear!

Hon. Mr. Swenson: -- Mr. Speaker, it's my understanding that the gentleman in question was cleared of all fraud charges that were brought against him in court. The fact that that individual may wish to relocate to the Maritimes, I suppose, is his right as a Canadian business man to go wherever he wishes to set up business. All I know, Mr. Speaker, is that this gentleman does not have any involvement with SEDCO any more.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Well, Mr. Minister, perhaps the only involvement he has with SEDCO is that a former company that went broke that he was running, owes the people of Saskatchewan through SEDCO a whole pile of money.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Now, Mr. Minister, you may not be aware of it, but let me make you aware. SEDCO is involved in that. And I want to ask you today if you will table the market analysis and all other pertinent documents used by your government in making the decision to throw money into Supercart.

Some Hon. Members: mHear, hear!

Hon. Mr. Swenson: -- Mr. Speaker, I would suggest to the hon. member that if he wishes to pursue this line of questioning, that Crown corporations would probably be a better venue for it.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Mr. Speaker, a new question to the same minister. Mr. Minister, don't make a sham of this place like you do of the Crown corporation estimates. You refuse to answer questions in that forum and now you are refusing in this forum.

Mr. Speaker, I want to ask the minister the question, and I'm going to quote from a Star-Phoenix article of April 9. And I'm quoting a Mr. Chuck Furey, Newfoundland Development Minister. And I quote:

This province has had its share of people wandering in and saying, I can do this for you and I can work magic for you. He says, well, the magic days are over.

Mr. Minister, I want to know if you who are seen to be so on top of your department are going to ensure the people of this province that the magic days are over for Peter Pocklington and for Guy Montpetit and for the Supercarts and for the Joytecs of this world. Will you ensure the House that those magic days are over for those people?

Some Hon. Members: mHear, hear!

Hon. Mr. Swenson: -- Mr. Speaker, the member opposite claims that Crown corporations are a sham. I, as a minister, have never had the opportunity to appear before Crown corporations before, so I would suggest to the member that he hold his judgement until I have that opportunity.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Mr. Speaker, I have one more question to the minister, and I want to ask this minister if he is telling this House that Supercart International has no liability with respect of SEDCO, the Saskatchewan Economic Development Corporation, if there are no outstanding debts to SEDCO from this corporation. Is that what you're telling this House today, Mr. Minister?

Some Hon. Members: mHear, hear!

Hon. Mr. Swenson: -- It is my information, Mr. Speaker, as I mentioned before, that SEDCO is no longer involved with this individual.

Some Hon. Members: mHear, hear!

Hiring of Consulting Groups

Mr. Shillington: -- Thank you very much, Mr. Speaker. My question is to the Minister of Finance, and is based upon the Public Accounts which your government finally tabled a few days ago. It shows, Mr. Minister, that your government paid a half a million dollars to a company called the Corporate Strategy Group. The Corporate Strategy Group is an image consulting firm.

Mr. Minister, no one would deny that your government's image could use a bit of refurbishing. Having said that, however, we do question the priorities of spending half a million dollars on image refurbishing when you're raising taxes and when services are deteriorating. How do you justify an expenditure of that sort?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Well, Mr. Chairman . . . or Mr. Speaker, rather. First of all, I don't accept the hon. member's observations about what Corporate Strategy Group, I think was the name of the company, may or may not do for the government. Obviously I don't accept his observation about image . . . whatever.

But certainly if the hon. member wants to supply the House or the Public Accounts Committee with more details as to what department made those payments, perhaps we could give him a relevant answer.

Mr. Shillington: -- Well let me supply the information. The minister may have had some passing familiarity with the Department of Education. That was your portfolio, Mr. Minister. Mr. Minister, the Department of Education was one of the departments that hired them. Surely you as a minister will know what you paid this money for, Mr. Minister.

The Department of Health, the Premier's office, and the Department of Education hired them. What did you, as minister of Education, hire these people to do?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- It may well be, and I'd probably want to verify this or have the present minister verify it, but it may well be that what you're talking about is some of the work that went on in conjunction with the introduction of the core curriculum, specifically things like in September of 1988, I think, was the very first year that the 200,000 school children across this province were introduced to that new core curriculum.

I know, as part of that exercise, letters were sent to all teachers as well as to all parents outlining what these changes were to be and why we were making them, as well as response cards for us, for them to provide feedback to us; as well, a chance for them to write to us asking for one of three or four booklets, including How I can Help my Child at Home. And that kind of information exercise, I believe that company was involved in, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- New question, Mr. Speaker. Mr. Minister, the Corporate Strategy Group is in fact Nancy McLean's group. I shall wait with bated breath to find out what Nancy McLean contributed to the core studies. I really will.

Mr. Premier, if you're unfamiliar with the work of Nancy McLean, then let me refer you to another expenditure in public accounts, and it shows, Mr. Finance Minister, that you are spending taxpayers' dollars doing political polling.

In 1988-89 your government spent \$475,000 to the PC Party's polling company, Decima Research. Once again, Mr. Minister, before you claim blessed ignorance, let me remind you that the Department of Education was

one of the groups which hired Decima polling.

Mr. Minister, this totals a million dollars. How do you justify spending a million dollars on polling and image refurbishing when you don't have any money to feed 64,000 hungry children?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Well, Mr. Speaker, first of all I don't accept all of his observations. I may not accept even all of his numbers, except to say that as it relates to what work was done in education, certainly a substantial amount of work was done with the introduction of the core curriculum, not only in terms of what we thought should happen there, but I can tell the hon. member that research work that was done was shared as well with the Saskatchewan School Trustees Association president and executive director; it was shared with the president of the Saskatchewan Teachers' Federation and their executive director, shared with the president to LEADS (League of Educational Administrators, Directors and Superintendents), the administrative group and their executive director. Because, Mr. Speaker, this undertaking that education is involved in over this next

D10 years is one of the most important that our children and their parents have witnessed in some 50 years in education in this province, Mr. Speaker.

Some Hon. Members: mHear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Motions for Interim Supply

Mr. Shillington: -- Mr. Minister, I have a question as it relates to your revenues for last year and then I will relate it to the revenues under consideration. Last year, Mr. Minister, you showed as a receipt from government enterprises and other funds on page 10; last year you showed the receipt of \$200 million from the Crown investments corporation. Mr. Minister, my question is: was the full amount of that money actually received?

Hon. Mr. Hepworth: -- Yes, that was received.

Mr. Shillington: -- Since, Mr. Minister, the Crown investments corporation didn't have profits of 200 million, where did that money come from?

Hon. Mr. Hepworth: -- Well I think my understanding, and I don't pretend to be an accountant, but I'm advised that you have to have the retained earnings before you can make payments of that sort. So I'm presuming, because of normal accounting procedures, that there were retained earnings of that magnitude, and perhaps more, to provide us with that kind of receipt of funds.

Mr. Shillington: -- Mr. Minister, in light of the fact that you did not have . . . Your profits in the Crown investments corporation last year came to \$183 million. Mr. Minister, there was an extraordinary item as well of some \$250 million involving the sale of assets between SPC (Saskatchewan Power Corporation) and SaskEnergy. Will you admit that what you in fact did in last year, you brought into general revenue the receipts from the sale of assets between SPC and SaskEnergy? Will you admit that that is how you made up the 200 million?

Hon. Mr. Hepworth: -- No, that wasn't part of the consideration at all.

Mr. Shillington: -- Well, Mr. Minister, I'm not asking you what you considered; I'm asking you what you did. What you did was bring into the general revenue the sale, the proceeds from the sale of assets between SaskPower and SaskEnergy. That is where the figure came from.

Hon. Mr. Hepworth: -- Mr. Chairman, no we did not.

Mr. Shillington: -- Mr. Minister, this year you show receipts from the Crown investments corporation, of \$310 million. It is inconceivable, Mr. Minister, that the Crown investments corporation is going to make \$310 million. In fact it is reasonable to suppose that they might make 60 to \$80 million.

I remind the minister that in the figure of \$183 million last year was the profits from the potash corporation which we no longer have. Without that figure it's probably reasonable to assume Crown investments corporation might have a profit of 60 to 80 million.

Mr. Minister, where do you get a dividend from the Crown investments corporation of 310 million when you didn't make that much money?

Hon. Mr. Hepworth: -- I can't speak for what the process was last year, but I can tell you what the process was this year. Crown Management Board, the management there, has provided Crown Management Board and cabinet, ultimately for finances purposes, with their best estimate of what the dividend this year could be.

And last year's number was 200. In fact, I think the dividend that we received was slightly higher than that, something in the order of 275. This year's number is 310, and that's what we have put in as our expectation and estimate of revenue from that source.

Mr. Shillington: -- Are you suggesting to his Assembly, Mr. Minister, that before the inclusion of any extraordinary items you expect the Crown investments corporation to make \$310 million out of which to pay a dividend. Is that what you're telling this Assembly?

Hon. Mr. Hepworth: -- Mr. Chairman, I'm saying that last year the estimate was for 200. I think ultimately what came over was \$275 million. This year we're estimating 310.

Mr. Shillington: -- Did you say that . . . This gets stranger and stranger. Did you say that what you got, what actually came over, was \$370 million.

An Hon. Member: -- No, 270.

Mr. Shillington: -- . . . 270? You estimated 210 but you took 270. Is that what you're telling us?

Hon. Mr. Hepworth: -- Mr. Chairman, we estimated 200. Ultimately 275 was received. This year we're estimating 310.

Mr. Shillington: -- Mr. Minister, you made 183 million last year, before extraordinary items, and you had the potash corporation. You don't have the potash corporation this year. That means that two-thirds of your profits are lost to you. How on earth can you expect anyone to believe that before extraordinary items you are going to make 310 million?

Mr. Minister, how on earth can you expect that to happen? What has suddenly turned around? Would you tell me, would you just give me some idea of where you're going to get \$310 million from the Crown corporations you've got left.

I remind you, Mr. Minister, you don't have a single resource Crown corporation left. You've sold them all. And those were the Crown corporations which made your money for you. Utilities have not heretofore been a source of enormous profits. Where on earth, Mr. Minister, do you expect to get \$310 billion from profits in Crown investments corporation?

Hon. Mr. Hepworth: -- Well, Mr. Chairman, members of the committee, as I said earlier, the estimate for last year was 200. Ultimately we received 275. This year the estimate is 310. And we're of the view that, or presumably CMB (Crown Management Board) is of the view that that can be accomplished.

I have no reason to particularly doubt their word. And as to the mix of how that comes over, it will be a decision of Crown management, and ultimately the board.

Mr. Shillington: -- If you take . . . Mr. Minister, you have every reason to doubt such a figure. No sane person would believe that you're going to make 310 million from the Crown corporations you got left. Mr. Minister, I refer you to page 25 of the annual report of the Crown investments corporation of Saskatchewan for '88.

You made \$183 million, but that included 106 million from the potash corporation. You don't have that. Without the potash corporation, last year you would have made some 75 million.

How, Mr. Minister, do you expect us to believe that the profits of the Crown corporations are going to increase fivefold? That's what you're telling us; you expect they're going to increase fivefold. Or are you prepared to admit, Mr. Minister, that the only way that you're going to get \$310 million profit is to include the extraordinary items. Will you not

admit, Mr. Minister, you are including extraordinary items to make up the \$310 million?

Hon. Mr. Hepworth: -- Well all I can tell the hon. member at this point is that our budget estimates which we have presented to this House, we make provision for \$310 million revenue for CIC (Crown investments corporation of Saskatchewan). It was presented to us as an estimate of revenues that we might be able to expect from that source; and based on presentations and analysis by management at the Crown Management Board and Crown management. And that's what we pencilled in, and we fully expect that that will be the number.

I don't know if it should be all that . . . I don't know, I mean, I guess if I look at this way: last year we pencilled in 200; as I understand it, 275 was received. This year it's up another 10 per cent or so to 310. You find that phenomenal. I'm not so sure I do.

Mr. Shillington: -- Mr. Minister, I just want to take this one step at a time, since you seem to be having some problem with it. Are you telling me that you expect CIC to have profits of at least equal to \$310 million?

Hon. Mr. Hepworth: -- Well I can only go over this one more time for the hon. member. Last year we received . . . we estimated \$200 million from that source, received 275. This year we're estimating 310.

Mr. Shillington: -- Mr. Minister, you're patently avoiding the question. It is crystal clear that you don't want to answer the question. Do you expect the Crown investments corporation to have a profit of \$310 million, Mr. Minister, yes or no?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, we estimate from that source and our revenues this year, \$310 million, and I don't know how many more times or ways I can say it. Over the course of the year, and by the end of next year, I guess we'll find out if we're right or we're wrong. I'd like to see the same pattern occur this year as last year where they estimated 200 and received 275.

Whether things like extraordinary income, or whatever it is that you've referred to, are factored in, obviously that's part of the consideration of Crown investments corporation and their returned earnings, and how they do, etc., etc.

I don't pretend to be an accounting wizard. All I know is that the estimate this year is \$310 million, and I hope we get surprised like we did last year.

(1445)

Mr. Shillington: -- Mr. Minister, there's no surprises about what happened last year. You've just finished telling me that you took into revenue 100 million that was received as an extraordinary item. That was the sale of the assets between SPC and SaskEnergy.

Well, Mr. Minister, I'm looking at your own statement. You say you made 183 million. You just finished telling me you took in 275 million. That means you must have taken in part of the extraordinary profit -- extraordinary profit was the sale of the assets.

Mr. Minister, I'm going to ask you again. Do you expect . . . I can read, Mr. Minister. I know what you say you're going to take in. I don't need a great deal of assistance in that. Mr. Minister, I ask you: do you expect Crown investments corporation to make a profit of \$310 million?

Hon. Mr. Hepworth: -- The first point of clarification, Mr. Chairman, is that the extraordinary gain or whatever it is you're referring to between SaskPower and SaskEnergy was not at all a factor in the year ended March 31, 1990. I can say that absolutely and unequivocally. And just secondly, all I can say to you is that the revenue we expect from that source for the upcoming year is \$310 million.

Mr. Shillington: -- Mr. Chairman, this is just pathetic. We have the province's chief financial officer who's taking \$310 million from Crown investments corporation and doesn't know what a fiscal year is. This is just pathetic.

Mr. Minister, these are not trifling sums. This is not an insignificant item. You're claiming to take \$310 million from the Crown investments corporation. I'm asking you, do you expect them to have that much profit? And you are avoiding the question.

Mr. Minister, you owe the public an answer. You owe the public something besides the inane evasions which you have treated us to this afternoon. Do you expect the Crown investments corporation to make a profit of \$310 million?

Hon. Mr. Hepworth: -- Mr. Chairman, hon. members, all I can do is repeat what I said before. Last year we estimated 200 million, ended up getting 275. This year estimating 310 revenue from that source.

Mr. Shillington: -- Mr. Minister, that's not all you can do. You can do much better than that. You can try answering the question. You can try answering the question.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Mr. Minister, if you don't know whether or not the Crown investments corporation is expected to make \$310 million, would you ask some of the august gentlemen sitting with you. I suspect some of them have an opinion on the subject.

Hon. Mr. Hepworth: -- Mr. Chairman, all I can do is repeat what I've said. And I mean, I don't know how much more I can do on this point. I'm giving you my best view of exactly what we're saying here: estimated income from that source for the upcoming year, \$310 million.

Mr. Shillington: -- And I take it, Mr. Minister, that's what you estimate

their profit to be too.

Hon. Mr. Hepworth: -- I outlined to you the process earlier. Management and the board at Crown management is of the view, in conjunction with Finance and cabinet, that \$310 million is a reasonable estimation of what we can expect from that source this upcoming year, just as last year it was a different number. And I guess in a year from now, time will tell whether you are right or we are wrong or . . . I hope we're wrong and it's like last year -- we get more, not less.

Mr. Shillington: -- Well you got more, not less, because you took into revenue an extraordinary item. The Crown investments corporation didn't make \$275 million in the . . . Mr. Minister, just for your benefit, the Crown investments corporation has a year end of December 31, not March 31, just so we have some idea of what we're talking about.

Mr. Minister, your Crown investments corporation for the year ending December 31, 1988 did not make 275 million, unless you include an extraordinary item which was the sale of the shares between SPC and SaskEnergy.

I'm saying, Mr. Minister, that if you took in \$275 million, it is a straight matter of fact which can admit of no argument that you took into revenue not only the profit but part of the extraordinary revenue which was the sale of those shares. That's what you took in. So you took in, Mr. Minister, last year into revenue, about \$100 million from the sale of the assets, because apart from the sale of those assets, you didn't have, Mr. Minister, \$275 million in profit.

Mr. Minister, since you seem to be unfamiliar with the subject, I've asked the page to take to you a copy of the document, issued under your name I might add, Saskatchewan Economic and Financial Position, November 1989. It shows on page 25 that the Crown investments corporation for the year ending December 31, 1988 had earnings of 183 million plus an extraordinary item of \$253 million -- the sale of the assets. If you took in . . . Mr. Minister, I ask you to look at this and tell me if it isn't obvious. If you took in \$275 million, then you took in \$100 million, which was in fact the proceeds of the sale of the assets as between SaskEnergy and SPC. Is that not patently obvious in the statement I've just given you a copy of?

Hon. Mr. Hepworth: -- The extraordinary transaction you're referring to may be the sale of natural gas; if that's what you're referring to, then that may well be what it is.

Mr. Shillington: -- All right, we are making some progress. I take that to be an admission that that was . . . you took \$100 million out of the sale of those assets.

Mr. Minister, can you think of any other extraordinary item this year in CIC's . . . any other extraordinary item of -- let's eliminate trifling sums of less than 100 million. Mr. Minister, can you think of any other extraordinary item which might be included in the Crown investments corporation's financial statement for 1989, except the sale of the potash

shares? Is there any other major significant extraordinary item? I say there isn't.

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, I don't believe the 19 . . . for the year ended December 31, 1989 statement is out yet.

Mr. Shillington: -- Mr. Minister, you must have had something on which to work because you think there's going to be \$310 million profit, so I'm asking you, Mr. Minister, would you share with us whatever interim, temporary, or other financial statements you had from CIC? You must have been working from something.

Hon. Mr. Hepworth: -- Well as I said earlier, what we worked on there was CIC's management, their presentation to CMB, treasury board, cabinet, as to their estimate of revenue sources, and that's what's been plugged in.

Mr. Shillington: -- Mr. Minister, will you give me those estimates? I don't want the whole treasury board documents. All I want is the estimate of how much they hope they're going to make.

Hon. Mr. Hepworth: -- Well the revenue from the . . . the estimate of revenue from that source, as I've said several times now, is \$310 million.

Mr. Shillington: -- Mr. Minister, the only reason you've said it is because you're trying to avoid the question. Mr. Minister, will you give us a copy of the estimate of the revenue from CIC? This is very key, Mr. Minister. This is \$310 million. Mr. Minister, will you give us a copy of that estimate so that we may know for ourselves whether or not that's a reasonable estimate?

Hon. Mr. Hepworth: -- Mr. Chairman, what I will provide you with is the description, as I've just given you, of last year the estimate was \$200 million, ultimately received 275, and this year the estimate is for \$310 million. And I suspect the annual statements and audited statements of appropriate and relevant jurisdictions will all be tabled in due course, if they haven't already been tabled.

Mr. Shillington: -- Mr. Minister, due course happens to be about three or four days away. That's when those documents are supposed to be here. To be very precise, they're supposed to be here by Friday of this week. So I assume if the report is going to be tabled by Friday of this week, you must have available to you the financial statements. You must know how much profit they're going to make.

Mr. Minister, you're stonewalling. There's just no other kind of way to describe your behaviour here. This is a major item and we, before we vote on this issue, we are entitled to know where the \$310 million comes from. Mr. Minister, will you provide us with a copy of their estimate of their revenue?

I say, Mr. Minister, I believe that right now you have the financial statements, the audited financial statements. If they're going to be

tabled on Friday, I assume you've probably got them now. What is going on now, probably you're stalling with them until the last possible moment. But, Mr. Minister, I believe you've got the audited financial statements, but you admitted you have the estimated revenue. Will you give us that? Will you give us the breakdown and will you stop stonewalling?

Hon. Mr. Hepworth: -- The '89 report, as I said, I suspect will be out and tabled shortly, although I don't know precisely when, not being the minister in charge, number one.

Number two, that's a useful document obviously to show us where we have come from, and I think it would be more relevant, say, than the '88 document.

But thirdly, the business plan, I guess, on which estimates are based for profits and losses and retained earnings, is just like every other business -- an estimate of how that business is going to do over the next year. And a year from now we may look at yet another statement to see if in fact it met expectations.

So I don't know as what you're asking for is an odd statement for the year ending, the year ahead, because we can't have that yet. But they're obviously working from business plans and making their best estimates based on those.

Mr. Shillington: -- It's called pro forma statements, Mr. Minister, and that's not what I'm asking you for. What I'm asking you for is the estimate, which you said they gave to treasury board, of their revenue. I'm asking you, Mr. Minister, for a breakdown. You've said you have it. Why won't you give it to us?

Hon. Mr. Hepworth: -- Well I've said that the estimate they gave us, of revenue from that source, was \$310 million.

Mr. Shillington: -- Mr. Minister, I flatly disbelieve that. I flatly disbelieve the accuracy of the statement you just finished making.

I believe they gave you a touch more detail than that. I believe they gave you a breakdown as to where they thought that revenue was coming from. That's why, Mr. Minister, I think you're not coming clean with the House. I think you are concealing information from this Assembly and from this committee because it's damaging to you.

Hon. Mr. Hepworth: -- Well I'm not so sure how I understand that revenue from that source being up 10 per cent or 110 million, if you look at last year's estimates, can particularly be damaging, Mr. Chairman, but I stand by my earlier remarks, that we estimate revenue from that source for the upcoming year to be \$310 million.

Mr. Lautermilch: -- Thank you, Mr. Chairman. I have some questions for the minister regarding retained earnings from the Saskatchewan Liquor Board. And in the financial . . . the annual report dated '88-89, it indicates that the net income for the year 1989 was \$122 million. It also indicates

that the retained earnings at the beginning of the year were \$251 million, just over a quarter of a billion dollars.

Further on in the statement it indicates the retained earnings, as of the end of the year, at \$180 million. I would like to know, Mr. Minister, if taking the profits from the Liquor Board and moving them in, has not reduced your deficit, that would have been, in the amount of some \$71 million, almost \$72 million.

Hon. Mr. Hepworth: -- Just to give you some sense of Saskatchewan Liquor Board as a revenue source, '89-90 -- and some of these may well be estimates because the books aren't totally closed yet -- net earnings '89-90 is 118.6 million. The dividend in the blue book was 215. After the dividend was drawn down they had 83.8 million in retained earnings.

This year we're looking at 1990-91, 121.7 net earnings, dividend of 190, which should leave them a retained earnings of 15.5, and as I said yet these are still starred as estimates. Obviously the '90-91 would be an estimate, and '89_90 is still not a hard number because we're about a month away from having the books closed out.

As it relates to the treatment of dividends and retained earnings from the Liquor Board, the process we're following is one that has been followed for a decade and more, so there's nothing new here particularly.

(1500)

Mr. Lautermilch: -- Well, Mr. Minister, isn't it true that this being an election year you're willing to decrease the retained earnings to show this new era of fiscal management, similar to what you've done with the sale of the assets of the Potash Corporation of Saskatchewan. Isn't it true that what you're doing is you're pulling money out of every conceivable corner and every little pocket that government has, in order to reduce the amount of expenditure over revenue, the amount of mismanagement that your government clearly has a very clear track record of. Isn't that true, Mr. Minister?

Hon. Mr. Hepworth: -- I think, Mr. Chairman, and members of the committee, what is true is that historically the revenues from this source have been, as I've said, historically used as an economic stabilizer and economic shock absorber. It's a practice of this administration as well as other administrations, and what we're doing is propagating what has been a management practice of more than one administration.

So you can draw your own conclusions about whether that's a good administrative practice or a bad administrative practice. I think using it as an economic stabilizer seems to have made sense over the years.

Mr. Lautermilch: -- Well, Mr. Minister, isn't it sort of ironic that last year you would leave some \$80 million and this year you've drained it down to some 15. Doesn't this lead the people of this province to perhaps believe that you may in fact be trying to pull the budget number down, as I

said, similar to what you're doing with the sale of the potash corporation assets.

Mr. Minister, I want to indicate to you a comment in a report from the chairman and the chief executive officer, and he indicates that in '88-89 the sales volume of absolute alcohol declined for the seventh consecutive year. Now I would want to say, Mr. Minister, do you feel that your forecast for this particular year is accurate in light of those comments?

Hon. Mr. Hepworth: -- Well the estimates that I read into the record before, I would just repeat. The net earnings, '89-90 was 118.6 million; estimated '90-91 is 121.7 million. So I suspect the Liquor Board is -- well I don't suspect; their estimate here is of a modest increase in net earnings year over.

Mr. Lautermilch: -- Will that modest increase of net earnings be as the result of increased sales volume?

Hon. Mr. Hepworth: -- I'm advised that the increase is more likely due to internal efficiency measures. We've asked agencies, as well as Crowns, to join with the government initiatives I announced a month ago and more, and that the Premier as well announced.

So internal efficiencies would be your major reason as to why net earnings are up. And I say that because for the most part, and although the minister in charge may have more exacting numbers than I have, our understanding is that for the most part consumption is either flat or declining.

Consumers are switching to different products, for example, maybe away from what's commonly known as hard liquor, into things like the beers and the wines. And as well, some switching away from what we might call the premium brands to plain, high quality brands. Those would be a couple of additional factors that led to the coming up with the estimate.

Mr. Lautermilch: -- Well, Mr. Minister, you're not too clear in terms of whether it's a total increase in profits because of internal inefficiencies; and on the other hand, Mr. Minister, you increased, or you made changes for the regulations regarding the sale of alcohol in this province and changes to some taxations. You've indicated to the hoteliers and the Saskatchewan Hotels' Association that you would not be taking any extra revenue with these changes in regulations, but that it would all be passed on to the special vendors and to the retailers in the beverage rooms and the off-sales.

But I want to ask you, Mr. Minister, if there isn't an increase in taxation, which I believe there are and which a number of hoteliers that I have talked with believe there is, could you explain to me in some kind of detail where you're saving this \$3.1 million through internal efficiencies?

Hon. Mr. Hepworth: -- Mr. Chairman, I can't give you a detailed breakdown of how they propose to save that except to say, as I said earlier, that it relates to internal efficiencies. If it's the same kinds of things that

we're looking at across the rest of government, it's travel expenses, expense . . . travel, advertising, those kinds of things, perhaps in their case tighter inventory control.

I can tell you that just this first part of April, 2 or 3, whatever the first Monday was I guess, the increases that the producers applied to their products was passed right through; the government did not take their margin on that price increase from the manufacturers or the distillers.

Mr. Lautermilch: -- Mr. Minister, we have here a projected increase in revenue of \$3.1 million. You echo the comments of the minister in charge of the Liquor Board that in actual fact there have been no increases in taxation; you've made a very major commitment in this budget that there would be no tax increases, and very proud of the fact that there were no tax increases, which you know full well aren't true because there's going to be costs passed on to school boards and to municipal governments that is going to cost local taxpayers money. You've removed the gas tax subsidies -- some \$68 million worth -- which has added taxes to the people of this province. Around the same time you talked about removing the rebate on the gasoline tax, the minister in charge of the Liquor Board announces some major increases in this province.

So we only have her word and your word that there are in actual fact no increases in terms of tax revenue. If that is the case then, Mr. Minister, can you clarify this for the people of this province and explain in a little more detail where this \$3.1 million is going to come from?

You know full well that the sales have been dropping, partly because of the way you've ruined this economy and the fact that people don't have disposal income for those kinds of expenditures. And I say to you today that you have as much responsibility to account for this \$3.1 million in increased revenue as you have for the \$200 million that you've taken from the sale of the potash corporation. And I say to you, Mr. Minister, that you've got a responsibility to either table the details of this increase or admit that you've actually increased your tax revenue. Will you do that today, Mr. Minister?

Hon. Mr. Hepworth: -- Well as I said earlier, Mr. Chairman, and members of the committee, my understanding of why the net earnings are forecast to have that very modest increase is because of internal efficiency at the Liquor Board, which I suspect includes things that's consistent with our announcement of some several weeks ago about making government smaller, controlling the size of the civil service, including agencies and boards and commissions -- those kinds of things that are a part of government -- controlling travel and advertising. I suspect in the case of the Liquor Board it could well mean even a tighter inventory management. Any more details than that I'd have to . . . you may well want to bring up with the minister when those estimates are before the committee.

Mr. Lautermilch: -- Mr. Minister, the problem here, the bottom line here, is a lack of credibility. I mean you've talked about internal inefficiencies. In the same breath you talk about smaller government. In the same breath you talk about decreases in travel and advertisement, when

Dome Advertising gets millions. The former Finance minister spends, last year, \$100,000 on travel. When you reorganize your government departments and you still have . . . you've got four fewer departments, but you still have the same number of cabinet ministers. You had 20 cabinet ministers before those four departments disappeared and you still have 20 cabinet ministers, Mr. Finance Minister.

Now I want to ask you how you expect the people to believe that your government will somehow find new, efficient ways to cut government expenditures? Because, Mr. Minister, you haven't once since 1982 been able to balance a budget in this province. You haven't been able to show the people of this province any fiscal restraint or any leadership in that regard.

You increase . . . you break your promise in terms of the gas tax and you tax the people of this province another \$68 million. But you don't count that as added taxes of course because it wasn't in your budget document. That was all done by the Premier a couple of weeks previously.

But what I'm saying to you, Mr. Minister, is you know that sales of alcohol are going to decline and yet you've projected an increase in profit. You have no credibility in terms of fiscal management, and you know that. So what I'm asking you one more time, Mr. Minister, is to explain to us the details of this \$3.1 million increase in revenue that you're projecting for this year.

Hon. Mr. Hepworth: -- As I said earlier, for the most part, the increase in net earnings is not particularly due to increased consumption. In fact consumption, for the most part, is either flat or declining. There's some brand switching, some product switching.

The main reason for the increase in the net is because of better management, and I think that's a credit to the entire Liquor Board.

Mr. Shillington: -- Mr. Minister, on Friday I raised the issue of what was happening to the \$234 million from the sale of the shares of the potash corporation. You led a weird chase through various pages of the Estimates, including, I think, at one point in time the non-budgetary items, if you can fathom that. Mr. Minister, it's patently obvious from your stonewalling today that you are in fact taking the full amount of the proceeds from the sale of the shares of the potash corporation into current revenue. That is patently obvious, Mr. Minister.

Mr. Minister, in 1988, the last fiscal year but one, you had earnings of \$183 million. You state in the Saskatchewan Economic and Financial Position, November, 1989, that the potash corporation had an income of 106 million . . . a profit of 106 million. You don't have the potash corporation any more, so the Crown corporations, apart from the potash corporation, would have had a profit of 77 million. If you assume that the Crown corporations will make about the same this year as they did last year, that gives you 77 million for 1989. Add the 77 million to the 234 million, the proceeds from the shares of the potash corporation, guess what you've got. A figure that is just about \$310 million. And that's where it

comes from, Mr. Minister.

If, Mr. Minister, if that's not accurate, then what you're saying is the profits, apart from the sale of the shares, which is an extraordinary item, the earnings are going to increase fourfold. That's very hard to believe, that the earnings from the Crown corporations are going to increase fourfold. It is very likely they'll be about the same because what you have left is basically utilities.

Mr. Minister, is it not, will you not admit that that is the only way you can come up with \$310 million profit for the CIC is to include extraordinary items with earnings. The only extraordinary item is the sale of the shares of the potash corporation.

If I'm mistaken, Mr. Minister, I would be delighted to have you describe the other extraordinary items which might make up such a huge sum.

(1515)

Hon. Mr. Hepworth: -- Well, Mr. Chairman, all I can do is reiterate for you and members of the committee that last year the estimate from CIC was for 200 million. Ultimately it was 275 million. And this year that same estimate is for 310 million.

I don't know as I can put it any simpler or any plainer or any different than that, Mr. Chairman.

Mr. Shillington: -- Mr. Minister, you have entirely avoided the question. No part of your response bore any relation to my question.

Mr. Minister, I take your patent stonewalling to be a tacit admission that you are in fact taking the full amount of the proceeds of the shares of the potash corporation of the revenue. Mr. Minister, if there's another explanation you haven't offered it.

Mr. Minister, I want you to think for a minute about what you've done. In 1988 you had profits of 106 million from the potash corporation. This year, I read in the paper that they have profits of about 82 million. Those are no longer available to us. What you've done instead is to take . . . they're gone. What you've done instead is to take the entire proceeds in this year, and then next year we have nothing. And we are much poorer for it.

Mr. Minister, it's the rough equivalent of a farmer who's in a bit of difficulty, selling a quarter section; instead of paying down the debt -- which you said you were going to do; which the Premier said you were going to do -- of using that money to buy a new half-ton, television, a VCR (Video Cassette Recorder).

In the year in which you spend the proceeds from the sale of the quarter section, you live pretty well. But next year your problems come back, compounded many times.

Mr. Minister, what on earth is it that you're planning in selling off next year to provide a \$234 million cushion in your budget?

What is it? Is it SaskEnergy, are you planning on . . . you think you . . . Contrary to all expectations, are you expecting to win the election and then be in a position to sell SaskEnergy? SGI? What is it, Mr. Minister, that you're going to sell next year to give you \$234 million? What is it, Mr. Minister, that we're going to sell off next year; what quarter section is going next?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, first of all I want to put on the record again, to suggest that our handling of the proceeds from the potash shares, had we not done this, that the deficit would have been \$200 million higher, that is to say, 563 million instead of 363 million; that is patently wrong. As I said last week and I say again today, the proceeds will be put against the gross debt of the province. And you're the one who used the farm example, so let's use that example.

And I would liken it to this. You've got a farmer who has \$200,000 in farm debt, long-term debt; the farm usually tends to be mortgaged over 20 years or more. He also has \$50,000 in an operating line that he probably revolves yearly, and \$100,000 in equipment which might be over a medium term, say, five years. Well that would leave him with \$350,000 in gross debt. But the way farming is, shortfall there, 50,000. So that would put him up to 400,000. Sold off a quarter section, put that against his long-term farm debt, which I would have likened to what we did with potash proceeds, brings him down to 375,000.

Yes, the gross debt still went up. If he hadn't sold that quarter or put the potash proceeds against it, the gross debt would have even been higher. And so what he saves, whether it's the farmer or the taxpayers of Saskatchewan, is they save interest on the money that they now do not have to pay because that land debt or that debt was lower. And that's maybe as good an analogy in a complex area for you and I and others to understand.

Mr. Shillington: -- Now, Mr. Minister, I won't concede that you put it any better, but you said exactly what I said. Mr. Minister, you have patently taken the proceeds of the sale of the potash corporation. You just finished saying this, in fact. You've taken the proceeds. You've taken that plus whatever profit was made in CIC, and it's all gone into revenue.

Well the minister shakes his head but the minister patently refuses to tell us where on earth a figure of \$310 million in profit could come from in the Crown investments corporation. We say there's no conceivable way that you could have earnings of \$310 billion. The only way you could obtain such a figure is to include extraordinary items. The only extraordinary item is the sale of the shares. There aren't any others last year. And that, Mr. Minister, is the bald fact.

And any suggestion by you that somehow or other it's going to go to pay down debt is just simply not accurate, and if I were not in a Legislative Assembly, I would put the matter much more accurately and more vividly than this. Mr. Minister, it is clear that you are taking the sale of the

proceeds of the potash corporation. They're going in the general revenue, Mr. Minister, and that is a real tragedy.

Mr. Minister, I'm not going to repeat the comments I made last year on the Bill which privatized the Potash Corporation of Saskatchewan, but I say to you, Mr. Minister, that we had one of the richest assets, the richest deposits of potash in the world. They yielded some hundreds of millions of dollars over the period of time that we had it, Mr. Minister. We attained, as I recall the figure, about \$600 million in profits. We no longer have that now, nor do we have the proceeds, a paltry \$234 million, applied against the debt. What we have is the whole thing brought into revenue.

If, Mr. Minister, there is any other explanation for the figure of \$310 million, you have clearly refused to give it. I spent a better part of an hour asking you where you got the figure of \$310 million. You spent the better part of that hour avoiding the question. Your answers bore very little relation to my questions. I therefore think I can fairly conclude that you cannot justify the figure of \$310 million from earnings. The only way you could have that amount is by including extraordinary items, and the only extraordinary item is the sale of the shares. There aren't any others.

So, Mr. Minister, it is clearly apparent that you're spending the \$234 million. You haven't reduced the debt. If you had have, Mr. Minister, you'd be able to demonstrate that, and you've refused to do so.

It is a sad, sad day, Mr. Minister, when we have governments selling off assets and using the money in revenue. It's crystal clear you did it -- and don't tell me that that's not a precedent because it did. It is apparent from this statement that that's what you must have done in 1989 -- last year. You must have taken into revenue part of the sale of the proceeds of the assets as between SaskEnergy and SaskPower. I'm not aware of any others.

Mr. Minister, you have clearly taken in part of those proceeds in the 1988 year. There isn't any place else you could have got the money from. And it's just as clear, Mr. Minister, that this year you're doing the same thing.

It is no coincidence, Mr. Minister, that if you take last year's profit on the Crown corporations, assume it's going to remain constant this year, and include the \$234 million, you've got just about the \$310 million you're taking in. So it is apparent, Mr. Minister, that you're spending the proceeds of the sale of the shares, and that is really most unfortunate.

DMr. Minister, I ask you what . . . I ask you to respond to the question: what are you going to sell off next year? What are you going to sell off next year to make up . . . I don't for a moment believe that this government is going to exercise any restraint. I don't for a moment believe that there won't be, in the unhappy event that this government is re-elected, I don't for a moment believe that there won't be the kind of boondoggles we've had this year. You will still have . . . you'll still open up legations in Hong Kong for one minister who's defeated, and another

in Minneapolis for another; there will be GigaTexts, there will be gigabuses, I guess, this year. There will be other gross wastages of money.

So, Mr. Minister, I don't believe you're going to exercise any restraint. I ask you, Mr. Minister, what are you going to sell off next year to make up the \$224 million? How on earth are you going to continue this level of spending? It must be apparent even to a government that's as badly managed as this that sooner or later you're going to run out of assets to sell, and as you sell each income-earning asset, your revenue position becomes weaker and poorer. That should have been apparent with respect to the potash corporation -- when you sold it you wouldn't have the income.

The minister suggests that I say he should own everything. I'm not suggesting you should own everything, Mr. Minister. I am suggesting that before you sell assets which are an income, you ought to give some thought to how you're going to replace the income.

And you clearly haven't. You clearly have given no thought to it at all. I ask you, Mr. Minister. what are you going to do next year? What are you going to sell off next year? Or are you going to take in something less . . . or are you going to delete this item and reduce your expenditures?

Mr. Minister, you have brought in and you were spending the proceeds of the sale of the potash shares. If your denial is to have any credence, Mr. Minister, then show us a breakdown of the \$310 million that you're taking from the CIC. If you won't show me that breakdown, Mr. Minister, then I'm going to say that you're selling the proceeds of the shares, and I think everybody's going to believe me.

So, Mr. Minister, if your denial is to have any credence, then tell me where the \$310 million in CIC is coming from. I spent an hour asking you that and you spent an hour avoiding the question. It's obvious why you're avoiding the question because there isn't any answer that you care to give.

If your denial is to have any credence, you have to tell me where the earnings of \$310 million from CIC are coming from. I say they don't exist. I say you can only make up the figure by passing on the proceeds of the sale of the shares, which is an extraordinary item.

Hon. Mr. Hepworth: -- Well I can only reiterate what I've said earlier about the 310 million, Mr. Chairman. Estimates last year 200; actual 275; this year estimated at 310. And our view is that in terms of looking for revenue sources in this province, we'll be looking to the men and women in small and large business across this province to help diversify our economy, Mr. Chairman, because that ultimately is the answer, getting greater breadth and depth in our province so that all of our revenues are up -- whether it's royalties, dividends, income tax, and sales tax -- and not because the rates are going up but because there is more economic activity in the province, Mr. Chairman.

Mr. Shillington: -- Mr. Minister, what did you get from the Crown investments corporation, or did you just simply pick up the telephone and

phone him and say, hey lads, what do you think it's -- or lasses, as the case may be -- what do you think the money's . . . what do you think the profit's going to be in '89?

You must have got something a bit more definite than that. If you won't give it to us, Mr. Minister, then I say you've something to hide. What have you got to hide? Fact, that there wasn't \$310 million in earnings. The earnings are a lot less than that. The only way you can make up \$310 million is to include the sale of the potash shares.

There isn't, Mr. Minister, any other way of doing it, and if there is some other way of doing it, then I ask you to give it to us. If you don't want to give it to us; if you want to continue these inane answers that what you project is \$310 million and that's what you think you're going to get; if that's your only response, Mr. Minister, then I think we may fairly conclude that you are taking into revenue the sale of the potash shares. If there's a better answer, Mr. Minister, give it to us. If not, don't be surprised when we draw the conclusions that we have drawn.

Hon. Mr. Hepworth: -- Well to draw the conclusion, as I said earlier, that if we hadn't reduced our debt and that we've put it in . . . that it's budgetary and hence our deficit is not really 363 million but 563 million, if that's the conclusion you're drawing, not only . . . that's in error and it's wrong.

What you could draw, the conclusion that you could draw that would be correct is that the gross debt of the province would have been \$200 million higher. And hence the interest at 12 per cent, if you like, that we would pay on that \$200 million is 24 million. You could conclude that that may well have driven our deficit from 363 to, add 24 million, to 387. Those would be right and proper conclusions.

But certainly to conclude that our deficit would be \$563 million, if we hadn't handled the potash proceeds this way, would be absolutely wrong. And I too would have stronger words if we were not . . . Mr. Chairman, to describe that.

Mr. Shillington: -- Mr. Minister, it's a very simple thing for you to disprove. Give us the breakdown of the anticipated \$310 million in profit from CIC.

(1530)

Hon. Mr. Hepworth: -- Mr. Chairman, our estimate this year from revenue from that source will be \$310 million, just as last year the estimate was 200, actual was 275. This year we expect 310.

Mr. Shillington: -- Where from?

Hon. Mr. Hepworth: -- From CIC, Mr. Chairman.

Mr. Shillington: -- CIC conducts no business. CIC is simply a holding company for the Crown corporations. Their only profit is a profit of other

Crown corporations. Which Crown corporations are going to contribute, and how much?

Hon. Mr. Hepworth: -- Our estimates this year, based on the process that I talked about earlier, are that revenues from that source this year, Mr. Chairman, will be \$310 million.

Mr. Shillington: -- Mr. Minister, I'll ask you one by one. What do you anticipate the profits of SaskPower to be? And I include in SaskPower, SaskEnergy, since there is no corporate division. It's just a different name given to one Crown corporation.

Hon. Mr. Hepworth: -- Mr. Chairman, I couldn't provide that for the committee even if I had it in my head. As I neither have it in writing nor in my head, quite frankly, I don't know what those numbers are.

All I can tell you is that what I'm presenting to the committee is our best estimate of what that revenue from that source will be. And that best estimate, based on work with officials, cabinet, Crown Management Board, treasury board, is \$310 million.

I think last year our track record was reasonably successful there, and I'm hopeful that we'll show the same kind of accuracy this year, Mr. Chairman.

Mr. Shillington: -- And, Mr. Minister, if you show the same type of activity you'll have profit of about \$77 million. Mr. Minister, you say you don't know how much SaskPower's going to make. Well you're certainly spending it without any difficulty when you're spending \$310 million.

Mr. Minister, no one is going to believe you when you say that you do not have available a breakdown of the earnings of the Crown corporations. No one is going to believe that, Mr. Minister. You must have it, otherwise you could not have taken into revenue a figure of \$310 million. You must have a breakdown. I ask you, Mr. Minister, to give it to us and to stop stonewalling the committee.

Hon. Mr. Hepworth: -- Mr. Chairman, I don't have a breakdown but I can provide for the committee . . . All I can say is that our estimate is revenue from that source, \$310 million, Mr. Chairman.

Mr. Shillington: -- In what form did you get the information, Mr. Minister?

Hon. Mr. Hepworth: -- The process was as I described earlier to the committee, Mr. Chairman. Officials at CIC obviously provide for Crown Management Board an estimate. Treasury board has reviewed those estimates, cabinet has reviewed those estimates, and ultimately the document that we have before is the estimates for the upcoming year are prepared and presented to this committee, and that's what we're doing, Mr. Chairman.

Mr. Shillington: -- Of course you've got written estimates and those written estimates had a breakdown. Mr. Minister, you admit you got a written estimate. Will you share that with us? Will you take the simple, obvious step to disprove the comment which I have made? That is, that the

figure of \$310 million has to include the sale of the . . . the proceeds from the sale of the shares, or you couldn't possibly achieve that figure.

You say that's not so. I say to you in response, there's a simple way to prove it's not so; give us the information and stop stonewalling. Will you, Mr. Minister, will you, Mr. Minister, give us the breakdown?

Hon. Mr. Hepworth: -- I'll just repeat again that the proceeds from the share of potash went against the gross debt of the province. It's still a very large number and one that nobody can feel comfortable with. All I can say is if we had not done that, the gross debt of the province would have even been higher. And the savings for the taxpayers by paying off . . . by handling it that way, as applying it against the debt, means that it may well be that we accrue \$24 million less in interest charges by doing it that way, Mr. Chairman.

Mr. Shillington: -- Mr. Minister, if you didn't get a breakdown of where the \$310 million is coming from, then, Mr. Minister, you really are a very, very sorry excuse for the province's chief financial officer, which is what you're supposed to be.

Mr. Minister, you must have got a breakdown of the anticipated profit, anticipated earnings. As profit includes extraordinary items, earnings does not. You must have got a breakdown of the earnings, and they must have told you where they're going to get \$310 million from.

If you're simply going to borrow it, if you're simply borrowing it from the CIC and they don't have earnings of that amount, I doubt very much that the Provincial Auditor and your officials would have allowed you to state it in this fashion. If you're borrowing it from CIC, then these documents would appear differently.

You say, Mr. Minister, you say it's coming out of the earnings. How are those earnings . . . We say that that presupposes a fourfold increase in earnings. We say that's malarkey. You're going to make about the same out of these Crown corporations, and that you're including the sale of the proceeds in extraordinary item to make that up.

If that's not the case, Mr. Minister, take a simple, obvious step -- give us the breakdown. Don't stand up and give us this inane answer that you project you're going to get \$310 million. That doesn't say a thing. That's a complete non sequitur in this context. Take the obvious step to prove your statement.

Hon. Mr. Hepworth: -- Mr. Chairman, I can only repeat what I've already said. Our estimate of revenue from that source for the upcoming year is \$310 million. Last year our estimate there was 200 actual; looks like it's going to be 275 million; this year, projected, 310.

Mr. Shillington: -- Mr. Minister, I'm going to give you an opportunity to consider your refusal to give us this information. I'm going to ask you some questions on a somewhat different topic.

This is on page 52 of your budget address, the documents you've provided. You've shown, Mr. Minister, you've shown revenue from coal, of fourteen million, seven hundred. I ask you, Mr. Minister, on what basis was that projection given? How and why did you assume revenues of 14.7 million?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, relative to revenue on coal, we estimate for the upcoming year that our production will be overall 10.3 million tonnes, down slightly from last year's 10.4 million tonne estimate. And the price per tonne in Canadian dollars will be up 6 cents from last year's estimate, which would put this year's estimate at \$11.45 Canadian per tonne.

Mr. Shillington: -- Mr. Minister, last year you estimated fourteen million four hundred. What was actually received for coal?

Hon. Mr. Hepworth: -- Mr. Chairman, we don't have those final numbers yet. We estimated last year fourteen four. It looks like we're going to come in somewhat off that mark, but final numbers are yet to be determined.

Mr. Shillington: -- When you say somewhat off, can you give us a percentage figure with a plus or minus attached thereto so we know what you're talking about?

Hon. Mr. Hepworth: -- When I said somewhat off, I'm talking about less than we'd anticipated, something in the order of perhaps 5 per cent, 7 per cent, somewhere in that neighbourhood.

Mr. Shillington: -- Thank you, Mr. Minister. A touch of progress at last. Mr. Minister, you projected natural revenues from natural gas at 48.9 million. Would you give us the basis upon which that figure was projected, the assumptions upon which that figure was projected.

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, relative to natural gas. Last year's budget estimate was \$33.2 million. This year we estimate -- in fact I've said on more than one occasion that natural gas has become a bit of a very bright spot for us out there -- we estimate this year \$48.9 million in revenue. Last year we're estimating production of 181 bcf (billion cubic feet); this year, 204. Average price estimate last year, dollars per million cubic feet, or thousand cubic feet rather, mcf, \$1.40. This year we're estimating slightly higher at one sixty-one.

Mr. Shillington: -- Thank you, Mr. Minister. With respect to the figure . . . your estimated revenues in last year of 33.2 million, can you tell us whether or not you were on target, and if you were off, by how much? As closely as you can estimate it.

Hon. Mr. Hepworth: -- Well, Mr. Chairman, that number is not unlike your other numbers -- it's not final and formulated yet. But unlike coal, where we're estimating to be off, say, 5, 6, 7 per cent, on natural gas we're estimating that perhaps our revenues could be up 3 per cent-ish.

Mr. Shillington: -- Mr. Minister, you have projected revenues of \$242 million from oil. Would you give us the basis upon which those projections

were made?

Hon. Mr. Hepworth: -- '89-90 revenues in millions of dollars -- 173.6. This year we're estimating 242, production estimated to be down slightly at three million barrels. The price WTI (West Texas intermediate), last year estimated sixteen dollars eight; this year, nineteen seventy-nine . . . nineteen seventy-nine is the WTI price.

Mr. Shillington: -- Sorry. I missed . . . in all that, I missed what you estimate the price to be for last year, in fact, I guess.

Hon. Mr. Hepworth: -- Mr. Chairman, last year our estimate for '89-90 was \$16.08. This year, we're factoring in a price of -- this is basis WDI (Western Diversification Initiative) -- \$19.79.

Mr. Shillington: -- And once again, Mr. Minister, with respect to oil, you have projected revenues of 173,000,600. Mr. Minister, realizing once again final figures may not be available, what do you estimate your projections will be -- will be on target? And if off, by how much?

(1545)

Hon. Mr. Hepworth: -- The comment is the same here, that our books are not yet closed. In fact, it'll probably be three weeks or so before we have our final numbers in.

But the revised estimate on oil is up substantively, I think, from last year's original estimate, the reason being that the price was better than the \$16.08. I think it probably averaged or came in closer to the \$20 a barrel. So that kind of price increase, factored out over the year, has meant increased revenues there.

Mr. Shillington: -- Revenues from potash are estimated to be 66,000,100. On what basis, Mr. Minister, did you make that projection?

Hon. Mr. Hepworth: -- We based that on production slightly off of last year's estimates of 6.9 million tonnes to 6.3 million tonnes and an average price of Canadian dollars per tonne of K D220 (potassium oxide) at 137.

Mr. Shillington: -- That's down very substantially from last year of 120.1 million. Mr. Minister, once again I'd like to know whether or not you were . . . how close you were to the mark in your estimate for 1990, realizing again final figures may not be available.

Hon. Mr. Hepworth: -- Our receipts there are going to be substantially off for the '89-90 year for reasons: number one is the U.S. demand weak; offshore demand, read: China -- I think the history of what's happened in China

Dover this last year is well-known to us all -- very low price, down from our estimates; and as well some flooding in one of our shafts here that's obviously causing ongoing problems.

Mr. Shillington: -- How much a tonne were you projecting, Mr. Minister?

What was that figure again?

Hon. Mr. Hepworth: -- We're estimating in the upcoming year \$137 Canadian per tonne K D220.

Mr. Shillington: -- And what did you project for last year, Mr. Minister?

Hon. Mr. Hepworth: -- 163, Mr. Chairman.

Mr. Shillington: -- Finally, Mr. Minister, there's the item of the uranium. Would you tell us what your . . . on what basis your figures are made.

Hon. Mr. Hepworth: -- We're estimating for the upcoming year \$20.9 million in revenue, based on a price of \$8.50 . . . sorry, sales of 8.5 million kilograms of U D230 D28 and the average price of kilogram of U D230 D28 at forty-seven eighty-four.

Mr. Shillington: -- Mr. Minister, I ask you again: your figure of twenty-six million seven hundred which you estimated for the year ending March 31, 1990, how close -- again realizing final figures are not in -- how close were we to that figure?

Hon. Mr. Hepworth: -- The numbers there look like we're going to be down substantively, and I'm talking like half, and the reason we are is because the price was substantially less than was anticipated last year, Mr. Chairman.

Mr. Shillington: -- Mr. Minister, could you give us the production and the rate for that resource?

Hon. Mr. Hepworth: -- What I have is sales. Now that may not equate directly to production, but I have sales estimated for the upcoming year of 8.5 million kilograms. And the price, as I said earlier, at \$47.84 Canadian per kilogram.

Mr. Shillington: -- Mr. Minister, you've given us detail with respect to other resource revenue which would do a Swiss jeweller proud, Mr. Minister, but you can't give us the simple breakdown of the figure of \$310 billion. How is it, Mr. Minister, you'd lots of detail with respect to resources and none at all with respect to the figure of \$310 billion from CIC?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Well, Mr. Chairman, I think, as the hon. member knows, it's not that tough to get the exact numbers that are being modelled in, whether they're right or wrong, for these various minerals. We do have a close working relationship with the Department of Energy and Mines and they are happy to work with Finance officials in determining those numbers. And I think for the most part these are sound, solid, and I might say so even small "c" conservative estimates.

For example, in oil we're plugging in something below \$20; I understand Alberta is using \$21. And as it relates to the Crown side, as I said

earlier, their estimate is that . . . working here once again with Finance officials, is for \$310 million for the upcoming year.

Mr. Shillington: -- No, Mr. Minister, you say it's not that difficult. I agree it's not that difficult, nor am I challenging your figures. Equally it is not that difficult to get a breakdown of the figure of \$310 million. If you can do it for resources, Mr. Minister, why can't you do it for the Crown corporations?

Hon. Mr. Hepworth: -- Well I've already described the process there. Officials, management, Crown Management Board, have provided us . . . we've come up with the number of \$310 million. Last year it was 200; actuals are going to be 275. And this year's revenue from the source, 310 million.

Mr. Shillington: -- But, Mr. Minister, my question is: how is it that you have in considerable detail the basis upon which you estimate revenue from the resources, but not any detail whatsoever with respect to your estimate of income from CIC?

If, Mr. Minister, you can give me, as you did in great detail, the basis upon which you estimated the income for the resources, why is it, Mr. Minister, that you suddenly are devoid of any detail when it comes to estimating your revenue to be received from CIC? It's pretty obvious, Mr. Minister. The reason is because you don't want to give us the information, not because you haven't got it.

Hon. Mr. Hepworth: -- Well, Mr. Chairman, once again I would just reiterate that Energy and Mines is part of corporate government, and hence we work very closely with their officials and they work closely with ours at coming up with the models.

Point number one, not that we don't have a good working relationship with the Crown sector because we do, but I think, as you would understand, perhaps, from sitting on Crown boards -- I don't know in your term, as short as it may have been as a cabinet minister, whether you sat on Crown boards or Crown management or not -- but all I can say is that government officials, at least under this administration, tend not to get involved in the day-to-day management of the Crowns. And it's quite simply an administrative relationship that's developed, I think a sound one.

It used to be that we had ministers in your day that were chairmen of the board. We no longer have that relationship. And I think that's been a good one, to have a civilian chairman or chairpersons of the various Crowns.

The overall holding company, if you like, a CIC that the Premier is chair of, or Eric Berntson is chair of . . . sorry, the member for Souris-Cannington. And what we have come up with for the committee's perusal is a recommendation that we think is very reasonable, Mr. Chairman.

Mr. Shillington: -- Mr. Minister, can you tell me who are the current board of directors of CIBC . . . CIC?

Hon. Mr. Hepworth: -- On that board is the Premier, the Deputy Premier, the member for Souris-Cannington, the Minister of Economic Diversification and Trade, the Minister of Justice, the Minister of Health, the Minister of Consumer Affairs, and myself.

Mr. Shillington: -- Well, how interesting. How interesting, Mr. Minister.

Mr. Minister, if the financial statements are going to be filed on time, which is Friday, then I rather assume that the financial statements have gone to the board of directors, been passed by the board of directors. And thus I suggest that the board of directors on which you are a member has seen these financial statements.

Mr. Minister, the suggestion . . . Mr. Minister, I have a suggestion for you. Lean over and ask yourself what . . . look yourself in the eye and ask yourself what the breakdown of this figure was. You must have these statements. They've got to be filed in six days. The board of directors must have seen them.

The board of directors, of which you are a member, must have seen these statements. You must have the information, Mr. Minister. This is just ridiculous, your suggestion that you haven't got the information. You must have seen it.

Hon. Mr. Hepworth: -- Well first of all, those statements will be made public in due course, number one. And I think it's worth noting that an audited statement with the year end December 31, '89, is only of limited and germane value relative to a fiscal year that starts April 1, 1990 and finishes March 31, '91, anyways, which gets back to my earlier comments about trying to predict, let us say, estimate, the next year's income, as opposed to looking backward at what's happened. Although there is some, it probably is relevant to some degree, but certainly the business plan of the year ahead is the one that's probably more germane.

Mr. Shillington: -- Well, Mr. Minister, unless you've changed the format of your annual report, your annual report which you must have approved if it's going to be here in six days, your annual report contains a breakdown of which Crown corporations the profit comes from. You did in this one. We find here details with respect to all of the Crown corporations.

So, Mr. Minister, I say that you clearly have the information. And your suggestion that you don't have it is just nonsense, Mr. Minister. If you don't care about . . . if you have no thought for your responsibility to the taxpayer and your responsibility as a member of this Assembly, surely you care something about your own image, Mr. Minister. Your suggestion now that you don't have the information is just nonsense. It's just nonsense, Mr. Minister.

Will you give us the information which you must have received as a member of the board of directors?

Hon. Mr. Hepworth: -- As I said, Mr. Chairman, those reports will be tabled in due course, and are best . . . and once again I think it's worth knowing

that that will be for the year ending '89, and that although it may have some relevance and be germane to some degree, I think what we're concerned about is the \$300 million estimate for the year starting April 1, 1990, and ending March 31, 1991. And the revenues from that particular source we estimate to be for that fiscal year, \$310 million.

Mr. Shillington: -- No, Mr. Minister, that's wrong. If you're going to take a dividend of \$310 million from Crown investments corporation, that must come out of the earnings and profit for the year ending December 31, 1989. You must have seen that statement.

Mr. Minister, I want to remind you that since time immemorial in the annual report, after the letter of transmittal, after the list of the board of directors and the officers and senior management and the chairman's report and the president's report, on page seven is 1989 financial performance, and it breaks down each Crown corporation.

(1600)

So if you're going to file your annual report on time, you must know where the profit is coming from, Mr. Minister. Come on, Mr. Minister, you've got it. You have to have it -- you're on the board on the directors. Why won't you give it to us? Is there any conceivable explanation for your obfuscation, apart from the fact, Mr. Minister, that the information is damaging and will in fact prove that you're taking into general revenue an extraordinary item, in effect, the sale of the proceeds of the shares of Potash Corporation of Saskatchewan?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Chairman, it's probably come to the point where we're going to have to agree to disagree with what we're doing with those proceeds. I say again, the proceeds are being put against the gross debt of the province. That gross debt would have been \$12.4 billion roughly . . . billion dollars, if we had not done that. We can save the taxpayers some interest money, interest costs that way. And we'll just have to agree to disagree, Mr. Chairman.

Mr. Shillington: -- Well I just want to make one observation, Mr. Chairman and Mr. Minister. This has been a disgraceful performance this afternoon. You are a member of a board of directors which has information that you have refused to give us. We're not asking for the financial statements; we're asking for the breakdown. You gave us a breakdown of everything else but the one item which is of interest to a large segment of the population of Saskatchewan.

It's clear, Mr. Minister, you are spending the proceeds. It's clear, Mr. Minister, you know that, and your absolutely disgraceful performance this afternoon confirms it.

Some Hon. Members: mHear, hear!

Mr. Van Mulligen: -- Thank you, Mr. Chairman. Mr. Chairman, I have some

questions concerning the adequacy of the interim supply for Urban Affairs. I might say, Mr. Chairman, that I hope that the minister will be more forthcoming in his answers. Are we to interpret from the previous exchange that the answers are not going to be given to members of the Assembly, but might be given to Consensus Saskatchewan?

Mr. Minister, I want to bring you back a few weeks to the budget address where you stated

We could have followed the Government of Canada's example and shifted our fiscal problems onto others.

I suppose in some ways I should congratulate you, recognizing, as you are, that you have a fiscal problem. Previous ministers of Finance seemed to ignore that there was any problem in Saskatchewan. Nine deficits were always greeted with comments such as: this has got to be the most intelligent budget ever, the deficits are manageable, the resolution is only just around the corner. So for you recognize that you have fiscal problems is a step forward.

To me, any resolution of a problem begins with a recognition that you have a problem to begin with. I don't want to offer any congratulations, however, for in fact accomplishing what you said that you wouldn't do, and that is to shift your fiscal problems onto the backs of municipalities. And if you did not shift fiscal problems onto the backs of municipalities, I want to give you this opportunity to explain how it is that a 31 per cent cut in the community planning grants, a \$1.8 million cut in the municipal transit grants, a 32 per cent cut in the municipal capital program are not shifting the fiscal problems from the provincial government onto the municipalities. And I just . . . Well I'll just put that question to you: can you explain how that is not shifting fiscal problems?

Hon. Mr. Hepworth: -- Well, Mr. Chairman, members of the committee, relative to the Urban Affairs vote, I know that some, and maybe even the opposition member here, would try and make the case that this appropriation for Urban Affairs somehow represents off-loading. I would argue that it does not. Why do I say that? Mr. Deputy Chairman, I say that because the substantive grant that the municipalities look to is the urban revenue-sharing grant, and yes, it's true that that wasn't increased, nor was it decreased. It was kept the same as last year's level at \$67 million roughly.

Now it also is true that the municipal transit assistance has been eliminated. The capital program is going to be cash management. The \$100 million fund, I think it is, over six years still stands, so I don't see that as any lessening of our commitment there. And yes, the municipal transit assistance is a substantive enough number. I think it's \$1.2 million, roughly, overall.

But I would argue, stacked up against the \$67 million which is a substantive grant, that that is something that . . . or sort of \$1.8 million on the municipal transit assistance, that albeit that's a large enough number, I think that it certainly stacked up against the \$67 million

commitment through revenue sharing, that that's the important commitment that the urban municipalities look for.

Mr. Van Mulligen: -- So, Mr. Minister, what you meant to say then in your budget address is that you could have followed the Government of Canada's example and shifted our fiscal problems onto others, but we didn't do it to quite the same extent as the federal government did it. Is that what you're trying to tell us?

Hon. Mr. Hepworth: -- Well, Mr. Chairman, we're not trying to suggest that urban transit assistance isn't a real enough number at 1.8 million. But as I said earlier, I think the major grant that they look to that's the important one is the revenue sharing. It was neither increased nor decreased. And even though we did have a big change in our transfer payments from the federal government, we chose not to go that route. We chose not to go that route in municipal affairs. We chose not to go that route in Education, because we've appropriated a 6 per cent increase there roughly, and a nearly 10 per cent increase, roughly, in Health.

So I think the examples speak for themselves, that we did not choose the same approach as the federal government.

Mr. Van Mulligen: -- Well, Mr. Minister, I think that you're taking some real liberties with the English language to say that you're not shifting your fiscal problems, and then go on to say that we didn't cut the revenue sharing although we did make some other cuts in funds to municipalities, but that doesn't translate as any shift in fiscal problems, that somehow you're not dumping your fiscal problems on the municipalities. I think that you're taking some real liberties with the English language, and I think that the people of Saskatchewan are beginning to understand that you say one thing but do another.

I want to get a further explanation, Mr. Minister, where you said -- did I hear you correctly to say -- that the capital program, the municipal capital program, the six-year program -- that your commitment to that program is continuing, that there would be no changes there? Did I hear you correctly?

Hon. Mr. Hepworth: -- Yes, you did hear me correctly. That it's as I understand that, and as I say the minister in charge may have more details, but my understanding, clear understanding is that that hundred million dollar commitment over six years stands.

Mr. Van Mulligen: -- Well now I really have some questions, Mr. Minister. The government last year announced a \$100 million capital program for municipalities; 25 million of that was to go to rural municipalities, 75 million was to go to urban municipalities. It was supposed to be a six-year program of approximately \$12.5 million annually which, if you multiply it, comes to \$75 million.

Now my question is that inasmuch as, last year, one of your first acts was to tell the Minister of Urban Affairs to decrease the amount of commitment from \$12.5 million as budgeted to in fact \$7.5 million, and your budget

this year indicates an expenditure of, I believe, it's \$8.5 million as opposed to \$12.5 million, how is the integrity of this capital program to be maintained? Are you now saying that in subsequent years that programs will be increased? That is to say, he's opposed to expenditures of twelve and a half million, that municipalities might look forward to expenditures of 16 million or 18 million, whatever the case might be. How do you explain the integrity of this capital program, given a cut last year and given a projected cut this year?

Hon. Mr. Hepworth: -- Well as I said, I think the important thing here is that the commitment to a hundred million dollars over six years stands. I doubt that there's been a program of this nature where it's been a straight-line curve, flat, where they pay out for equal amounts each year. I suspect if you looked at them over the years, whether it's during our administration or others, it's more likely you've seen bell-shaped curves, those kinds of things. I don't think there's any different . . . As I said earlier, I think the important thing is that our commitment is there for a hundred million dollars over six years.

Mr. Van Mulligen: -- Mr. Minister, you talk about bell-shaped curves. I think the municipalities are going to ring your bell this year.

You have a six-year program, a six-year program -- twelve and a half million dollars a year. The first year, without informing municipalities I might say, without informing municipalities except to give the line that, well we're processing so many that we can't possibly expend all the money this year; that we're trying to determine priorities.

Without telling municipalities, you decreased the amount of the commitment from 12.5 to 7.5. This year you've decreased the commitment from 12.5 to 8.5, and yet you stand here and say, well I'm sure that the six-year program is going to be maintained and municipalities don't have to worry; that most of the expenditures in the case of these programs takes place in one or two years further down the pike.

I'm not sure if that's the case with previous programs, Mr. Minister. I'm not sure that previous governments quite ran things the way you do them here, where you have uncontrolled expenditures and you have expenditures that you can't estimate and you get a lot of unpleasant surprises. But then no other government that I know of has had deficits the way you do them either.

I want to just ask you briefly, Mr. Minister . . . well perhaps I can just follow up again. You gave a commitment that the six-year program would be maintained or the \$100 million program would be maintained. Let me just ask you, can you assure us that the \$75 million, the \$75 million which was dedicated to urban municipalities, will be maintained?

Hon. Mr. Hepworth: -- Mr. Deputy Chairman, members of the committee, although I may not be as conversant with the details of the program as the minister in charge, my understanding is that the \$100 million is firm over the six years, and if the breakdown is 75-25, I would suspect that it follows then that that commitment as well is firm.

Mr. Van Mulligen: -- Well I thank the minister for that assurance, although assurances by the government are not something that one would want to take to the bank and deposit or use for any kind of collateral.

I just want to ask you about the cuts in the transit. You are in fact saying to the cities in Saskatchewan that you want them to discourage transit use. By cutting back on the provincial government's commitment to municipalities, to the cities that have used transit, you're saying to them, well we want you to cut back on transit use.

To me and to anyone else, that's the natural assumption; that your commitment to transit is not as great as it was last year, and that by discouraging transit use you are in fact encouraging more use of the automobile. I mean, that's the logical conclusion that if the cuts in the municipal transit grant are to be passed on to the transit systems, the transit systems will have to either, (a) increase fares, which may and likely will discourage transit ridership, may result in cuts in service which again will result in a decrease in ridership, and by decreasing ridership on transit systems you are encouraging automobile use. Now it seems to most people involved in urban planning that the more people use cars the more the urban infrastructure -- streets, roads -- must be upgraded to accommodate the additional vehicles.

(1615)

In light of the terrific demand for capital by our cities that is already identified to the government . . . and you know that municipalities in Saskatchewan are projecting a \$1 billion capital expenditure over the next five years, about \$200 million a year. You can check with your Minister of Urban Affairs, but that's the projection that the officials in the Urban Affairs department have. That's the projection that your own officials will likely have as to capital expenditures by urban municipalities in Saskatchewan over the next five years. And I might say, about 70 per cent of that is projected to come from cities, and you can check those figures if you like, but I'm sure you'll find them accurate.

Now in light of that terrific demand for capital, in light of those terrific expenditures which again is going to be far more than it has been in the last five years, how do you view this cut in the transit grants to be a wise decision in the long run? How do you see that helping municipalities cope with the capital demands that they already have when you consider the fact that by decreasing your commitment to transit you're going to be encouraging them to look at even more improvements in urban infrastructure?

Hon. Mr. Hepworth: -- Mr. Chairman, you ought not interpret, the member ought not interpret the decrease in municipal transit assistance as anything more than part of our thrust in the budget to cut our spending and pick areas that were the least painful -- and I'm not trying to suggest for a moment that 1.8 million isn't significant, but it is -- but that were least painful. We're of the view, I suspect, that cities will take that into their planning and their budget process.

And I don't know what conclusions you would draw, and I don't want to suggest for a minute that this is gospel, but it seems to me . . . You may have seen, as I did, an article in this weekend's Leader-Post that showed in the face of municipal transit assistance grants, ridership is falling, in the article in the paper on that.

So I question your logic and the logic of your observations if we can accept the Leader-Post article as somehow good research. And I suspect whoever wrote it is prepared to back up their research with their sources.

So the question really comes down to, which is maybe what we ought to debate, is why did we take the approach we took on the budget? And I know this is perhaps anathema to the New Democratic Party. It's anathema to you who represent spenders and big spenders and big government, but this government here, this party here, clearly chose to cut back spending. And I know that's a hard word for you to say: cut back spending.

But this party, this government, this Premier, this Finance minister chose to cut back spending \$300 million over the next two years so we could spend more on health and education and things like agriculture, Mr. Chairman. And we stand by that budget.

Mr. Van Mulligen: -- Mr. Chairman, it's so often the case in this Legislative Assembly that you ask the government a question about the impact of its decisions and you get back a load of rhetoric and a load of nonsense.

I just might say to the minister that I'd be more than pleased to put my own record of six years on city council in Regina up against your own record as to when it comes to controlling spending. I mean, that's something that as a city council I had control over. That is something as a government that you had control over. I'm prepared to put my record as one of those -- as you call it -- high-spending New Democrats, I'm prepared to put my record up against your record any day, Mr. Minister, any day.

But even more importantly, Mr. Minister, let's look at your record of spending in this government. Let's look at your deficit year after year after year after year. Let's look at some of your expenditures.

Let's look at the \$10 million to Peter Pocklington. Let's look at the hundreds of millions of dollars in tax exemptions that you give to oil companies in Saskatchewan. Let's look at the \$5 million or more that you gave to a smooth talking financier from Montreal named Guy Montpetit, and how he was able to walk in here and take \$5 million out of the pockets of taxpayers in Saskatchewan, thanks to your sharp eye, thanks to the questions that you were able to ask around the cabinet table, Mr. Minister.

Oh, Mr. Minister, there are many, many examples of where spending might have been cut by your government but you chose over the years to not do that. So let's not have any little homilies on your part about who the spenders are in Saskatchewan. We know who the spenders are in Saskatchewan; the spenders in Saskatchewan are the PCs.

The PCs when it comes to advertising, they're the spenders in Saskatchewan. The PCs are the spenders when it comes to polling in Saskatchewan. The PCs are the spenders when it comes to a bloated political bureaucracy in Saskatchewan. The people of Saskatchewan know that to be the fact.

Some Hon. Members: mHear, hear!

Mr. Van Mulligen: -- So I won't take any lectures, I won't take any lectures from any member of the PC government about spending and about controlling deficits and about controlling budgets. I don't need any lessons from you. And I might say that I'm very pleased that I've never taken any lessons from you.

Some Hon. Members: mHear, hear!

Mr. Van Mulligen: -- And my main concern is that there are too many farmers in Saskatchewan who are taking lessons from you. And that's one of the reasons that we have farmers going down because they're taking an example from you. They're taking the example from you as to how to run their own affairs. I'm just pleased that there aren't more people in Saskatchewan that aren't following your example because we'd all be broke if we followed your example.

Maybe that's one of the reasons that bankruptcies in Saskatchewan have gone up, is that we have so many businesses that are trying to follow your example -- your example of spending more than we bring in -- which anyone knows, if you do that you're going to go broke.

But it's something . . . it's a little theorem, it's a little truth that seems to have eluded you in this case, given your deficit. It's a little theorem, it's a little truth that seems to have eluded the member from Qu'Appelle, who was the previous Finance minister. And it was sure something that seemed to have eluded the former member from Kindersley, Bob Andrew, who couldn't balance a budget if he tried, who was too caught up in the ethereal and theoretical notions of how to finance, that he forgot that if you spend more than you bring in, you're going to have a deficit and you're going to have problems.

Boy, it seems to be just impossible to get that simple notion through your heads. You know, you've got great ideas about, oh, we're going to join hands in a circle with the people of Saskatchewan in a Consensus Saskatchewan and somehow the truth will come out -- the truth will arise as to how we're all going to get out of this deficit mess we're in. Well now it all begins, it seems to me, with the simple truth: if you spend more than you bring in, you're going to have a deficit and you're going to have problems.

If the people of Saskatchewan tried to run their households the way you run government, they'd all be in big trouble. They'd all be in big trouble. If more businesses in Saskatchewan tried to run their businesses the way that you run government, even more of them would be going bankrupt. And if any farmers tried to run their farm the way you run government, even more

farmers in Saskatchewan would be going bankrupt.

So I don't need any lessons, Mr. Chairman, from this Minister of Finance or from any PC minister of Finance as to deficits and as to spending.

Mr. Minister, I just want to turn to another aspect of the transit cuts. And you can say that, well, these cuts don't signal anything, necessarily. These cuts don't signal anything, necessarily. Well they do to me and to many other people . . . I mean, people could have asked, why didn't you cut the number of assistants, as an example, to cabinet ministers from three or four to one or two, and saved some money that way? I mean, that's another place you could have made cuts. Why didn't you make that cut, as an example, as opposed to a cut in transit?

So where you choose to cut does send out a signal, notwithstanding your comments about, well we're just cutting across the board here; it really doesn't mean anything and you shouldn't try and read anything into the cuts that we're making; it really doesn't signal that we're opposed to transit, and all you've got to look at, that transit ridership is decreasing, notwithstanding the fact that we have been supporting transit over the years. I might add to that, there's a very good chance that by decreasing your commitment even further, that that ridership will tail off even more dramatically than it has in the past.

But I just want to go into a slightly different area, and that is that I have a concern, as many others in urban government do have a concern, that by cutting the support for urban transit you are encouraging the use of the automobile; that one of the concerns about that is an environmental one, that the more you can encourage people to use transit as opposed to automobile, the less pollution we will have, the less we will need to be making use of limited and finite, non-renewable resources such as oil.

And my question is: was this matter of cutting the municipal transit grant discussed with the Minister of Environment before you took this action? Did you obtain his input into this decision?

Hon. Mr. Hepworth: -- Mr. Chairman, as part of the budget-making process, cabinet reviews the recommendations of treasury board in so far as what the upcoming budget year should look like, and the Minister of the Environment is part of cabinet and in that way he has input on that and everything else, Mr. Chairman.

Mr. Van Mulligen: -- Well he may have or he may not have, and it all depended on which meeting he attended on any one day. And "I'm not sure of a specific answer to your specific question," suggests to me that the Minister of Environment wasn't asked. And I say shame on you; shame on your government.

On the one hand, you say that the environment is going to be a priority for you, as all of the people in Saskatchewan want it to be a priority. On the other hand, you make foolish decisions which implicate the environment, in this case, in our cities. But obviously, this is another case of where you say something about trying to protect the environment and on the other hand

your actions belie your words, Mr. Minister.

Mr. Minister, I want to move from that to the other side of the coin. And I want to quote to you and to the Assembly from a document, Mr. Chairman, and I'm sure that you'll be interested in this.

This is a document which was given to the mayor and members of city council in the city of Regina by the city manager. It is dated April 2. And it discusses the impact of the provincial budget on the 1990 city of Regina budget.

And the city manager states in this report, in part, in discussing the cut to the municipal transit program, he states that:

This equates to a .57 mills or .94 per cent increase in a municipal mill rate if taken by itself and no other adjustments are made.

And I assume that by the other adjustments, he means reductions in service levels, which of course at that point had not yet been determined by the city of Regina, because they had no warning that any such cut of this magnitude was to be coming.

And so my question is now about taxes. I am concerned about the impact of your decision on property taxes. Saskatchewan, as you know, in 1985, if you will reference your own Local Government Finance Commission, indicated that the people of Saskatchewan, by their reckoning and not by mine, Mr. Minister -- this is a committee comprised of people appointed by your government -- by their reckoning, Saskatchewan people had the second . . . third highest net property tax level in all of Canada. The third highest net property tax level in all of Canada.

(1630)

Now you stated a couple of nights ago, you stated a few nights ago, and I want to make sure I'm getting this right, Mr. Chairman. I don't want to misinterpret anything that the minister might have said in this House. I don't want to take liberties with his statements and I want to make sure I've got it correct here. And I want to refer to the night of April 5, where the minister spoke in this House on the budget and the minister said:

So the question becomes: who speaks for the taxpayer and on behalf of the taxpayer?

And he goes on to say:

. . . but this Premier and this government and this caucus, they stand behind the taxpayer, Mr. Speaker, and the taxpayer's spending priorities.

Well I think the taxpayers of Saskatchewan know that you've been standing behind them and kind of lifting their wallets over the years. That's what they know.

Now my question is: by making this cut and by, as in the case of the city

of Regina, where they're looking at an increase in taxes, how can you possibly say that you're a friend of the taxpayer?

DAnd going on in that vein, I just, you know, I just want to review the history in Saskatchewan. You say that you stand up for the taxpayers, but in 1985 the PC government eliminated the property improvement grant which was an integral part of the tax system in Saskatchewan. They implemented a used car tax which was subsequently withdrawn because it was found not to be a very popular tax, and they established a flat tax at 8.5 per cent level.

That 1985 budget, by the way, came from Bob Andrew, who described that budget in these modest terms, that it was the most intelligent budget we'd ever seen in Saskatchewan history. I think this bit of intelligence might be debated by the taxpayers.

In 1986, the flat tax was increased to 1 per cent. In 1987, the flat tax increased to 1.5 per cent; the sales tax was increased to 7 per cent from 5 per cent. That was a tax that you said you were going to take off, never mind increasing it, and you reimposed the gasoline tax of 7 cents per litre.

Now you might say there was a rebate for that but that rebate didn't extend fully to everyone in Saskatchewan, and I might say, to transit systems in Saskatchewan, Mr. Minister. But anyway that's what you had in '87.

In 1988, the flat tax was increased to 2 per cent. In 1989, the gasoline tax increased to 10 per cent per litre for unleaded, 12 per cent per litre for leaded, and a lottery tax at 10 per cent which we also all know was withdrawn because of its great unpopularity with the people.

You say in 1990, and that the reason that you're standing up for the taxpayers now, is that you didn't announce any tax increases, notwithstanding the fact that you did take a little bit of revenue back from the folks that they had the previous year, which was a rebate on the gas tax which they will no longer now be receiving. So it might be argued that, no, maybe you didn't increase the gas tax, but certainly they're going to have to pay all of the gas tax now as opposed to getting a rebate.

So, Mr. Minister, you might argue about, I'm standing up for the taxpayers; you are not, in fact, standing up for the taxpayers. Your record doesn't suggest that, Mr. Minister, and equally this year there will be . . . if there's no increase certainly there will be some adjustments for the taxpayers, Mr. Speaker, as a result of your budget, to use the word mildly.

Now my question comes around to taxes. Last year, Mr. Minister, or the year before, your predecessor announced that there was going to be dialogue on Saskatchewan income tax reform. He said that in '85 tax reform was announced. We were going to see tax reform in Saskatchewan because the major objective was to reduce the personal income tax. Well it quite didn't work out that way as we saw with this new flat tax and increases in the flax tax. But anyway in 1988 I guess he felt concerned enough to say

that, you know, something's got to be done here, and he announced a dialogue on Saskatchewan income tax reform.

Now this is a welcome thing. This is a very welcome thing, given the fact that Saskatchewan taxes are . . . personal income tax or provincial income tax is the highest in the country for those families with a \$40,000 total income, and is the second highest in the country for the single parent with a \$25,000 total income. So I would say that this tax reform would be very welcome. And my question to you is, can you apprise the House as to the status of this dialogue on Saskatchewan income tax reform?

Hon. Mr. Hepworth: -- Where is our tax reform initiative? I would refer the hon. member to the budget address, page 25. We have a paper there on Saskatchewan's tax system: Challenges for the '90s. It starts on page 22, and part of what it says, and I would just read into the record, on page 25:

Regrettably, the federal government has chosen to virtually ignore the request of several provinces for flexibility to undertake meaningful reform of the Personal Income Tax. As a result, the Government of Saskatchewan is not in a position to implement such reform at this time.

And additionally I can advise the members of the committee that obviously negotiations haven't stopped from our standpoint, and we'll continue to press for changes, Mr. Chairman.

Mr. Van Mulligen: -- Am I to assume then that on top of the fact that Saskatchewan taxpayers who five years ago, by your reckoning, paid the third . . . or experienced the third highest net property tax load in the country, that Saskatchewan taxpayers will continue to enjoy, for a family of 40,000, will continue to enjoy the highest provincial income tax in all of Canada.

Hon. Mr. Hepworth: -- Mr. Chairman, I would refer you to the budget address once again, page 28, family of \$40,000 total income. Yes, if you simply look at provincial income tax, Saskatchewan is the highest. However, if you want to do the fair and reasonable assessment and look at provincial income, all taxes and charges, which includes things like car insurance and telephone and heating and electricity, tax credits and rebates and health premiums and those kinds of things, does Saskatchewan come in at the highest? No, Mr. Chairman, we're in at third lowest then, and I think that's an enviable position. Other provinces would like to be in the same place, Mr. Chairman.

Mr. Van Mulligen: -- Well I want to do the fair and reasonable thing, Mr. Minister, but your tables are anything but fair and reasonable. In fact your tables are misleading to an absurd degree. How can you stand in this House and say that people don't have the highest income taxes, because we've got to look at a number of other factors here. We've got to look at how much they might pay for car insurance and how much they might pay for telephone. We've got to add that to the taxes to get a reasonable assessment of their taxes and charges.

And then you go on to say, but because some of those other things are so much lower than they are in other provinces, so people's taxes really aren't the highest, but they're the lowest in the land. But then you forget one of the biggest taxes of them all, the property tax. And you don't have in addition here for a net property tax load which might again, and I have no doubt would, put you into the highest in the whole land. Don't come on to me, Mr. Minister, about talking about fair and reasonable and looking at all these other charges.

Now I ask you, where does property taxes, which is a significant tax, and for many people in Saskatchewan, for many people in Saskatchewan will be higher than the taxes that they paid to the provincial government, which will be higher than the taxes they to pay provincial government -- where does the property taxes come into this, Mr. Minister?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, we don't assess the property tax. I guess in some other provinces it's perhaps a different system, but here we do not. Local governments do.

Mr. Van Mulligen: -- Well, Mr. Minister, you're not responsible for all the car insurance either.

Well, Mr. Minister, I find this absurd that in computing the personal taxes and charges that people pay in Saskatchewan, and notwithstanding the very significant role that the provincial government plays in property taxes in Saskatchewan -- because let's recognize, and that's part of the discussion we've had, that the provincial government makes grants to municipalities, which has an impact in the property taxes -- that in computing these personal taxes and charges you exclude property taxes from the chart, and therefore give a very misleading, very misleading idea of just what the taxes and charges are.

I think we have to come back to the basic figure as an indication of where this government stands -- that's the personal income tax. It's the highest in the land, Mr. Speaker, the highest in the land, and it's not something that your predecessors can be proud of.

I just want to quickly turn to one other small item if I might. Can I ask you, Mr. Minister, how much of the interim supply will be dedicated towards Consensus Saskatchewan, and where might one find the proposed expenditures in the Estimates on which this interim supply is based?

Hon. Mr. Hepworth: -- Consensus Saskatchewan, Mr. Chairman, has no separate line item for its budget. The view there is that those costs will be absorbed by given departments.

Mr. Van Mulligen: -- Well here we go again, Mr. Minister. You know, it's just no wonder that your fiscal record has got to be the most dismal in the whole Commonwealth.

Some Hon. Members: mHear, hear!

Mr. Van Mulligen: -- You know, you've got deficits nine years running, in

the bad years admitted, but also in the good years -- deficits every year and a deficit this year, even though you say we're going to join hands in the circle in this Consensus Saskatchewan. And we're all going to levitate or meditate or find some way out of this fiscal mess.

Now you say that there's no budget item for Consensus Saskatchewan. Even though Consensus Saskatchewan is supposedly going to be a very large part of your plans for the coming year, you haven't budgeted for it. My question is like, well the advertising that you've been doing about this Consensus Saskatchewan, where would that money come from? Like, where would one find it in the budget? Where would . . .

Hon. Mr. Hepworth: -- It's as I explained, Mr. Chairman, members of the committee. The expenditures will be made from various departments across government. We don't anticipate this to be a particularly large cost. In fact it will not be a large cost, and that's how it's going to be handled.

Mr. Calvert: -- Thank you, Mr. Chairperson. I have a few questions to the Minister of Finance on two areas: one, the whole process of consultation that led to his budget, that leads to this Appropriation Bill; and then a question regarding priorities.

Mr. Minister, in your consultation process which you like to talk about a fair bit, will you tell the committee who it was with whom you consulted of the member agencies for SCIC (Saskatchewan Council for International Co-operation) before you decided on their budget allocation. Who was it that you consulted with in that regard?

(1645)

Hon. Mr. Hepworth: -- The members . . . I think some of the management staff of the Saskatchewan Crop Insurance Corporation were in the treasury board and made a presentation as part of the regular process of treasury board analysis of their various budgets, Mr. Chairman.

Mr. Chairman: -- Order. I'd ask the member for Saskatoon Nutana to rise and apologize to the House for using unparliamentary language.

Ms. Atkinson: -- Mr. Chairperson, I apologize for using unparliamentary language.

Mr. Calvert: -- Mr. Chairperson, I will readdress my question to the Minister of Finance, and I'll be as charitable as I can and believe that he did not hear my question. I will repeat the question.

Mr. Minister, who was it of the member agencies of SCIC that you consulted with before you drafted your budget documents?

Hon. Mr. Hepworth: -- If you're referring to . . . I mean SCIC can refer to probably a couple of things, now that I think about it. One is Saskatchewan Crop Insurance Corporation and the other would be Saskatchewan Council for International Co-operation, I suspect.

Annually the government members of cabinet, perhaps members of caucus, members of Agriculture caucus, have met with some of those member organizations. I missed the last meeting, but I think annually we have met with them, as I recall, but my memory may well be wrong on that, Mr. Chairman.

Mr. Calvert: -- Yes, Mr. Minister, I'm talking about the Saskatchewan Council for International Co-operation, which of the two groups, I believe, is the only one that would have what can be described as member agencies.

Now that the minister understands what we're talking about here, Mr. Minister, it's my understanding that the executive of the member agencies represented in SCIC met with your cabinet in December of last year as part of the budget consultation. Mr. Minister, were you there? If you weren't there for that meeting, who was there?

Hon. Mr. Hepworth: -- Mr. Chairman, I don't know.

Mr. Calvert: -- Well then, Mr. Minister, perhaps you can ask some of your cabinet colleagues around the table, those who were there. And perhaps while you're asking them who was there, why it is those members of your cabinet said at that meeting to the member agencies of SCIC that they should not expect an increase in funding for the matching grants program this year, but neither should they expect any decrease or substantial decrease.

Mr. Minister, who in your cabinet, who of your colleagues in cabinet were telling the member agencies of SCIC in December not to expect any kind of a substantial decrease in this year's funding?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, as I said, I wasn't at that meeting. I think it's one of the first that I've missed. And I don't know who all was there.

But let's cut past the political fencing here and get back to the basis of this question and the others. Whether it's the member from . . . that just asked about urban affairs or your questions relative the SCIC, Saskatchewan Council for International Co-operation. Are any of these cuts in funding easy ones? The answer is no. Are they necessary if we're going to cut some spending, Mr. Chairman, and not look constantly to the taxpayers for tax increases? I say yes.

I have never tried to suggest that any of these cut-backs, these savings that we're trying to make on behalf of the taxpayers, are easy. I have never said that. Are they necessary? The answer there is yes, if we're going to make way for spending in agriculture, health, and education. That's the course we chose in this budget.

I know that you're a party of big spenders and big government and all those kinds of things. We are a government that believes in responsible and responsive budgets. This is what this is all about. We can cut past the political two-step here. Either you agree with this budget process or you don't. We agree with it, the people of Saskatchewan agree with it. And

I'll tell you why: because it's exactly what we heard across Saskatchewan -- cut back on these grants and rebates and paper shuffling programs. And that's what we've done.

Some Hon. Members: mHear, hear!

Mr. Calvert: -- Well, Mr. Minister, I'm happy to hear members of your caucus clapping for grants to the poorest of the poor of this world. Mr. Minister, this is not political fencing; this is not political two-stepping. This is core to what's wrong with your government. It's the question of credibility.

Members of your cabinet are going to people in Saskatchewan, in what you describe as a process of consultation, saying to those people, do not expect a major cut in funding. It's a question of credibility.

They come and listen to this budget debate and find that their funding has been cut by 50 per cent, Mr. Minister. I want to know who in your cabinet was making those commitments in December. I want to know why those commitments were being made, and then we'll start talking about why they weren't honoured.

Mr. Minister, will you tell this House, this committee, and the people of Saskatchewan, why members of your government were going around in December telling member agencies not to expect any kind of a funding cut in any substantial way.

Hon. Mr. Hepworth: -- To review what happened from December till April 3. Members, maybe this would enlighten you as to sort of how we got to where we got.

You may recall that one of the things that shook the budget process this year to its very foundations was the cut in the federal transfer payments. That along with interest rates that defied every economist's best predictions; that plus the lingering drought; that plus low commodity prices; that plus a Bush budget that came out and added another half billion dollars to the international agri-food trade war chest. All of that happened since December, for the hon. member's edification.

There were a lot of factors that impact on this budget, things that we didn't know last year that we now know. Certainly the interest rate defied every economist's best predictions, except perhaps for the economic gurus over in the NDP Party.

Mr. Calvert: -- Well, Mr. Minister, perhaps for your information you should know something else that happened since December. Understanding that your budget consultation process was happening all over the province, the member agencies of SCIC requested another meeting, requested another meeting with one of these associate ministers of Agriculture that you have and were turned down, were not granted that meeting.

The reason being, the reason given: we met in December and everything was said in December that needs to be said. In December, Mr. Minister, these

agencies were told not to expect a major cut. That's what's wrong with your government; there is no credibility. People cannot trust even the highest officers of your government, Mr. Minister.

Then let's move along. Mr. Minister, earlier this afternoon you said in this House, you said that you made cuts, you made cuts which would be the least painful. Mr. Minister, I would like you to stand in the House this afternoon and explain to this committee and to the people of Saskatchewan why it is you chose to cut, why it is that you chose to cut this specific item in the budget which, as you well know, represents one-tenth of one per cent of the entire provincial budget. Why did you chose to cut the poorest of the poor?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, as I said earlier, this budget was largely the reflection of what we heard across Saskatchewan. Saskatchewan people do care about the poor, whether it's here or in other countries. I think many, many donations are made without the involvement of government to many, many worthwhile projects across the world. And that can go on with or without the role of the government, as it always has been. I know that your philosophy dictates that government must do everything, that it must be the be-all and the end-all. That's not the view of the Saskatchewan people. That's not our view.

That doesn't mean to say that this cut was a difficult one because it was, as were all the others. I've never tried to suggest otherwise. And the reason that we made this cut-back is the same reason that we made the others. We said to the people of Saskatchewan, because this is what they told us -- cut internal government spending before you come to us and before you raise taxes, and that's exactly what we did. We're cutting government spending, not raising taxes, giving the taxpayers a break, and giving good government to the people.

Some Hon. Members: mHear, hear!

Mr. Calvert: -- Mr. Minister, in question period today we learned that you people spent \$500,000 last year alone on image something, called image consulting, something to try to beef up your image. We hear today in the House that you spent another \$500,000 on Decima Research, political polling. Mr. Minister, that's a million bucks. That's the kind of expenditure people in Saskatchewan were telling you to cut back on.

Some Hon. Members: mHear, hear!

Mr. Calvert: -- And I tell you the people of Saskatchewan were not saying, cut back on the poorest of the poor in this world. That's not the nature of Saskatchewan people. Mr. Minister, that's demonstrated, that is demonstrated that even in these hard times, givings to international aid in this province have tripled in this decade, from 2 million to well over \$6 million, donations from individual Saskatchewan people.

This program was a partnership and you like to talk about partnership. Well in this case, one partner has pulled out, and pulled out and broke a promise, broke a commitment in doing so. Mr. Minister, I think it would be

appropriate, as the minister who has cut the funding by 50 per cent to \$425,000, is it your advice then to the member agencies that they should cut programming in the Third World: is that your advice, Mr. Minister?

Hon. Mr. Hepworth: -- No, not at all, Mr. Chairman. I have a lot of faith -- I don't know how many member organizations there are now, probably 27 or so, something in that neighbourhood -- I've every faith that they'll continue to do in the future just what they have done in the past, a lot of fine projects that go on without government involvement. Certainly they enjoyed the leverage of government funds, but I've got a lot of faith in the volunteers and the members of those church organizations and other organizations who do a lot of good work across the world.

And I have no doubt that they don't need the big hand of government, big brother, leading them along and saying, oh no, without this money you can't go on. They will go on; they will go on and do bigger and better things across the world. I have every confidence in that, Mr. Chairman.

Some Hon. Members: mHear, hear!

Mr. Calvert: -- Mr. Chairperson, Mr. Minister, I have every confidence in those groups as well. But I'll tell you, they have absolutely no confidence in you any longer -- absolutely no confidence in what they've been told by members of your government, members of your cabinet, Mr. Minister.

Perhaps you can then explain to the House why it is more important in your scheme of priorities that there should be \$500,000 for image consulting, while you cut \$400,000 from the charitable organizations of the province. Why is that set of priorities in existence here?

Hon. Mr. Hepworth: -- Well the reason, Mr. Chairman, is that I'm not familiar with all of those accounts that the hon. member refers to of the year past. But I can tell you what I do know of them. Why those expenditures would be made is because this government has the view that things like standards and evaluation are important in education because things like the core curriculum, probably the largest undertaking in terms of educational reform ever in the last half century in this province, is important to the 200,000 young people in our schools and their parents and the taxpayers of this province.

Because things like the Everyone Wins campaign that speaks to healthy life-styles is important in terms of how we address health costs down the road. That's why we would make that expenditure. And I know that you're going to attach the glib phrases to it as you will and as you were wanting to. All I'm saying to you is that that's why those expenditures were made, or at least in part why those expenditures were made, because they're important to the people of this province, Mr. Chairman.

Some Hon. Members: mHear, hear!

Mr. Calvert: -- Mr. Minister, I don't really think many people in Saskatchewan believe that the money that you've been paying out to

consulting firms or to polling firms is benefitting Saskatchewan people. It's spent to benefit members of your caucus and your political party.

Perhaps, Mr. Minister, then you could say a word about why your priorities would have you paying \$400,000 to two former members of your cabinet. Why is that a priority of your government when you cut \$400,000 from international aid and the member agencies?

Hon. Mr. Hepworth: -- Mr. Chairman, I'm not sure what the hon. member is referring to there with that \$400,000 number.

Mr. Calvert: -- Well, Mr. Minister, let's do a little addition here about two members of your cabinet who are now, one in Minneapolis and one in Hong Kong. I understand their annual salary is now in the neighbourhood of \$100,000 each. That adds up to 200,000 we've spent.

I understand there's a hefty severance package was paid out to each of them. I understand that their living accommodations are being paid for where they live. I understand that the former cabinet minister, Mr. Taylor, who is now in Hong Kong, is having air flights paid home to Saskatchewan.

These are the reports I have from the media, Mr. Minister. It doesn't take long to add up \$400,000. Precisely the kind of money that you're cutting, that you've cut in this budget from the member agencies of SC . . . (inaudible interjection) . . . What is the member from Lloydminster saying from his seat? The dull roar from the front seat there makes it difficult.

Mr. Minister, it's a question of priority. You people have money for cabinet ministers galore, for legislative secretaries galore, but no money for international aid. That's the issue. You need to stand up in this House and defend those kind of priorities.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Well, Mr. Chairman, members of the committee, I mean we could engage in this cute by half politics, if you like. You know, it's interesting the members that you don't cite when you talk about severance payments.

And I'll say that is cowardly politics; it's hiding behind legislation that you voted on and you, sir, are going to have your chance presumably, through your members at the board of internal economy, and in this legislature, to vote your soul on severance payments. And I look forward to seeing your view in print on that one.

Because you can play this cute by half politics but you voted with every other member in this legislature on that legislation, every one. So you too must look into your soul, you too must look into your soul and tell the public of Saskatchewan who was the first person to take advantage of that severance payment clause. Who was the very first person?

I'll tell you, Mr. Chairman, I've had it with the hypocrisy of this kind of

politics, hiding behind the cloak of indignation. It's nothing more than that, Mr. Chairman. Come clean with the public of Saskatchewan and put it on the record.

And Mr. Chairman, I have absolutely no difficulty with who that first payment went to for severance payment, because it was a long-time member and premier of this province who I have lots of respect for. I may not be akin to his kind of politics, but I've got lots of respect for him as an individual, Mr. Chairman, and I have no shame in saying that. I'll tell you he stands head and shoulders above that kind of cute by half, cowardly politics we've just seen in this legislature, Mr. Chairman.

Mr. Chairman: -- Being 5 o'clock the committee is recessed until 7 p.m.

The Assembly recessed until 7 p.m.