

May 10/90

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Trew: -- Thank you, Mr. Speaker. It gives me a great deal of pleasure today to again introduce to you, Fred Steininger and his grade 12 class from Robert Usher Collegiate in the constituency of Regina North. There's 27 students with Mr. Steininger today, and included amongst them there's a Rotary exchange student from Mexico, Ane Torres.

So I ask all members to join me in welcoming this group from Robert Usher to the legislature.

Hon. Members: mHear, hear!

Hon. Mr. Devine: -- Thank you, Mr. Speaker. I would like to introduce to you, and through you to the members of the legislature, four grade 10 students from Milestone High School. I believe they're in your gallery, Mr. Speaker. With us today are Trina Kuffner, Shellan Kinvig, Krista Siebert, and Stacy Schiefner. With them is their chaperon, B.N. Kinvig.

Mr. Hodgins and I will be meeting with these four students at 3 o'clock to talk about various environmental issues. These students have prepared many questions about recycling plants, composting, reforestation, organic farming, and other important environmental issues.

I can tell you, Mr. Speaker, that these students are on top of many of the environmental issues today, and the minister and I will be very pleased to meet and talk with them. And I would ask this legislature to welcome them all here.

Hon. Members: mHear, hear!

Hon. Mr. Schmidt: -- Thank you, Mr. Speaker. I would like to introduce to you and through this Assembly 22 grade 8 students from the Ituna, Saskatchewan high school in Ituna, Saskatchewan. They're visiting today and they are seated in your gallery. They are attended by their teacher, Mr. Bill Hudema, who annually brings the grade 8 class to this Assembly. And they are driven here today by their bus driver, Mr. Walter Petrowsky.

I meet with them every year. Of course they're not the same people, but I meet with the grade 8's every year from Ituna, Saskatchewan. They are always well-informed and they always ask intelligent questions. I'll be meeting with them at 2:30. I invite the members opposite, along with the government, to welcome these students to this Assembly.

Hon. Members: mHear, hear!

Mr. McLaren: -- Thank you, Mr. Speaker. It's certainly a pleasure for me today to introduce to you and to all members of the Assembly some students that are visiting from outside our Saskatchewan borders today, Mr. Speaker. There's 54 students from the Medicine Lake School in Medicine Lake, Montana. They're located in the west gallery. And they are accompanied today by two of their teachers, Kathleen Murray and Cathy Trouba, and their bus drivers, Bill Danielson and Alan Bummer. I hope I am saying your name correctly, sir.

It's always a pleasure to have people, and I want to congratulate your teachers for bringing you into Saskatchewan and here to Regina. We hope you enjoy the Assembly and your tour here today. So I would ask all members to please welcome these students in their usual manner.

Hon. Members: mHear, hear!

Mr. Lyons: -- Thank you very much, Mr. Speaker. I too would like to join with my colleague, the member for Yorkton, in welcoming the students here from Montana. I know that they probably have toured the state-house in Montana and will notice a significant difference in the way that the legislature here functions. I hope it's a learning experience for those students, and hope that they enjoy their trip here to Saskatchewan.

Hon. Members: mHear, hear!

ORAL QUESTIONS

WESTBRIDGE Acquisition Costs

Mr. Koenker: -- Thank you, Mr. Speaker. Mr. Speaker, my question is to the minister responsible for WESTBRIDGE. Mr. Minister, I have here one of the valuation documents that you referred to yesterday, and I want to refer you to page 36 of the December '88 WESTBRIDGE prospectus filed with the TSE (Toronto Stock Exchange).

On page 36 under the column for Mercury Group, half-way down the column, we find a line that reads for the Mercury Group net assets acquired at assigned values. And it reads for the Mercury Group, \$2.4 million. The very next line then gives the excess of acquisition costs over the assigned values, and for the Mercury Group, that reads \$2.5 million.

Mr. Minister, can you tell us where in this prospectus, this two and a half million dollar excess acquisition cost is explained, and why you paid Urban Donlevy and the Mercury Group two and a half million dollars more than the value of the company?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- We now, Mr. Speaker, have the third New Democratic Party member to stand up in this House and not understand, one, a financial statement, secondly, a balance sheet or, thirdly, a prospectus. Because, Mr. Speaker, one year ago in June we tabled before this Assembly, for the opposition, and we sent a letter to the member from Regina Centre including

this information to him, giving him the opportunity to meet with the WESTBRIDGE officials. And in this document -- a public document tabled before the House, Mr. Speaker -- are the independent evaluations by Richardson Greenshields, Mr. Speaker, who are an investment house in this province, in this country, Mr. Speaker.

And, Mr. Speaker, they lay out page 15; they lay out the valuations for each of the assets. Mr. Speaker, they lay out, Mr. Speaker, the \$4.9 million to Mercury, the 6.5 to Leasecorp, and the other ones done at that time, but for the following: the subsequently acquired assets after the merger which the opposition -- \$13 million -- which the opposition never asked for, which I have, Mr. Speaker.

But having said that, Mr. Speaker, the valuations include what would happen in any business transaction. The fixed assets, the assets that are available, goodwill, contracts, leases, cash flow, income stream, all the things valued in a normal commercial transaction, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Koenker: -- Supplementary, Mr. Speaker, to the same minister. Mr. Minister, I understand enough to know that you're dealing with fantasy and not with fact.

Some Hon. Members: mHear, hear!

Mr. Koenker: -- And I want to ask you: if the Mercury Group had assets worth two and a half million dollars more than the assigned value, they've got to be in that prospectus somewhere. You filed that prospectus; you wouldn't have filed it without complete information. And if that information is there, tell us where it is in that prospectus.

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Well again, Mr. Speaker, we now have . . .

The Speaker: -- Order, order!

Hon. Mr. Lane: -- Mr. Speaker, on any initial public offering for which a prospectus is prepared, there is a due diligence certificate filed by those doing the valuations, in this case, independent valuations by Richardson Greenshields. And, Mr. Speaker, we have tabled a year ago, the valuations, and in that at page 15. The fact that the hon. member, the NDP chose not to read the publicly tabled documents, not the fault of the government, Mr. Speaker.

The 4.9 million payable to Mercury is equivalent to 7.9 per cent of the total value of WESTBRIDGE. Richardson Greenshields recognizes this is less than the contribution of the Mercury Group to WESTBRIDGE's net tangible assets, current and future earnings, and current and future cash flow from operations. This divergence between the proportion of the consideration .

. . .

The Speaker: -- Order, order!

Mr. Koenker: -- Mr. Speaker, new question to the same minister. Mr. Minister, let's try this again with Leasecorp Western, with Leasecorp Western, which was formed, incidentally, only 11 months prior to this deal taking place. In other words the company was barely off the ground. And if we go to column one, over one column from the Mercury column that we just talked about, you'll see that Leasecorp Western was assigned a value of \$276,000, and the excess of acquisition over the assigned value is just a little under \$5 million. Mr. Minister, where are those 5 million in assets identified in this legal document you filed with the securities commission?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Mr. Speaker, the valuations are filed for the purposes of an initial public offering, which is done in the case of all initial public offerings, Mr. Speaker, as was done in this case.

It's interesting, Mr. Speaker, as well, having tabled the valuations here, obviously the respective securities commissions, and made those documents public a year ago, that . . .

An Hon. Member: -- The business people really believe . . .

Hon. Mr. Lane: -- The business people in fact do believe this government. What they don't do is believe the opposition.

We had more phone calls, Mr. Speaker, from the business community overnight saying that the NDP don't understand how to read a prospectus, a balance sheet, or, Mr. Speaker, an annual report. That's what came about last night, Mr. Speaker. The documents were all public; the valuations were made.

Now, Mr. Speaker, if the NDP are saying that Richardson Greenshields did not make a fair, independent valuation which, as some are now saying from their seat, Mr. Speaker, they're now saying . . . that is an attack on one of Canada's financial institutions, highly respected. They're saying that Richardson Greenshields ripped off the people. That is false.

Mr. Koenker: -- New question to the same minister, Mr. Speaker. Mr. Minister, we're saying that you haven't protected the public interest.

Let's try it for Leasecorp Systems. There we find an assigned value of zero, zip, and an acquisition cost of . . .

The Speaker: -- Order, order. We're having other hon. members engaging in question period, asking questions and answering them, and we can't hear the member from Saskatoon Sutherland, that he give him the opportunity.

Mr. Koenker: -- Mr. Minister, for Leasecorp Systems we find an assigned value of zero and an excess in acquisition costs of \$1 million. That one you've identified as goodwill. Why is that so-called intangible benefit

the only one identified in the prospectus?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Mr. Minister, I will now repeat for the third time today that the valuations and the valuation opinion, which I have here which was tabled in June, publicly, Mr. Speaker -- publicly, Mr. Speaker -- so that the public could see the valuations as made by Richardson Greenshields, an investment house in this country, Mr. Speaker, they did the valuations, they put the values on the assets that were pooled, Mr. Speaker . . .

An Hon. Member: -- You're trying to put the blame on them.

Hon. Mr. Lane: -- I'm not blaming them for anything. What I'm saying, what you don't understand and what the NDP don't understand is there were independent evaluations, Mr. Speaker. The NDP refuse to accept the independent evaluations, which is a direct attack, Mr. Speaker, on Richardson Greenshields, the securities houses in this country, Mr. Speaker. They're afraid of the truth, Mr. Speaker; that's why they try and distort it, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Koenker: -- Final question to the same minister, Mr. Speaker. Mr. Minister, these documents establish that you paid eight and a half million dollars for nothing more than goodwill. Leasecorp got 6 million and Mercury got two and a half million dollars worth of goodwill.

Yet when you look at the only column in this document where there was no excess paid over valuation, which column is that? The column for the Government of Saskatchewan. I'd say that now considering that 75 per cent of WESTBRIDGE business is done with the Government of Saskatchewan and considering that SaskTel and SaskCOMP have had long-term, long established contracts with the government, why were they not entitled to the same kind of level of goodwill that you gave these other two companies?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Let's, Mr. Speaker, go right to the same prospectus and I'll show you, Mr. Speaker, and to the public which I think understands it obviously better than the NDP.

The Speaker: -- Order, order. We're having problems hearing the Minister of Justice, and I'm sure all members in the House are anxious to hear the answer. So let us give him the opportunity as well.

Hon. Mr. Lane: -- Thank you, Mr. Speaker. Let's just deal with the Leasecorp that you just made the allegations, what they just said goodwill. In fact, Mr. Speaker, right in the prospectus that you referred to, if you had read the rest of it, it said the goodwill resulting from the company's marketing rights with the licence suppliers of the software system. There. Now you know. Now you know what goodwill is.

Didn't understand that. Didn't understand it, doesn't understand it today, Mr. Speaker, and then we go through, Mr. Speaker, take a look at the significant accounting policies, all of which are public documents, Mr. Speaker. Corporation as lessor. And it begins, Mr. Speaker, to tell you what the leases are, the values of the lease is \$125 million in leases which generate a cash . . .

The Speaker: -- Order, order.

Some Hon. Members: mHear, hear!

Mr. Lingenfelter: -- Mr. Speaker, I address my question to the same minister and I have here minutes from a board meeting of directors of WESTBRIDGE Corporation, a meeting held at the offices of the corporation, eighth floor, 1801 Hamilton Street in Regina, on August 11, 1988, commencing at 11 a.m.

Mr. Minister, at that meeting there was an issue raised about the purchase of Lease Corporation Ltd. from Leonard McCurdy for \$13 million. Now the board also agreed at that meeting that before the acquisition, Mr. McCurdy could strip away or withdraw certain assets from the corporation before purchase.

I want to quote from the minutes:

That the following items would be removed from Lease Corporation Limited prior to the acquisition of the shares (what was removed?):

- | | |
|-------------|---------------------------------------|
| i) | Existing dividends already paid, |
| \$1,000,000 | |
| ii) | Additional dividends to be declared, |
| \$1,200,000 | |
| iii) | Westbridge shares, \$2,900,000 |
| iv) | Leasecorp Systems shares, \$1,200,000 |
| v) | Miscellaneous accounts receivable, |
| \$800,000. | |

For a total of \$7.1 million that Mr. McCurdy was able to strip away.

The Speaker: -- Order. Does the member have a question?

An Hon. Member: -- Yes I do.

The Speaker: -- Please put the question.

Mr. Lingenfelter: -- My question to the minister is this: after Mr. McCurdy stripped away that \$7.1 million worth of assets, leaving by the prospectus and the annual report's own comment, \$59,000 in assets, what was left that you paid \$13 million for in that corporation?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Well, Mr. Speaker, when I tabled a year ago, all of these

documents including the valuations . . .

An Hon. Member: -- There's nothing in there on valuations.

Hon. Mr. Lane: -- No, just let me answer the hon. member. It was a response to an opposition request for the merger documents which led to WESTBRIDGE. Subsequent to WESTBRIDGE being established, they did acquire these assets for the \$13 million.

Mr. Speaker, I was not asked for the valuation of transactions subsequent to the merger. I have here the valuations done by Richardson Greenshields of that very transaction. And I'm going to quote, Mr. Speaker, and this is Richardson Greenshields at page 16:

The value we have placed on Leasecorp, between 20 and \$24 million (Mr. Speaker) can be paid with cash and common shares of WESTBRIDGE or a combination of both.

In fact, Mr. Speaker, the \$13 million that was paid, the valuation was between 20 and \$24 million, Mr. Speaker, far in excess, Mr. Speaker, of what was paid.

Some Hon. Members: mHear, hear!

Mr. Lingenfelter: -- Mr. Speaker, a question to the same minister. You remember back in 1986, this is the same minister that estimated the deficit at 390 million and ended up at 1.2 billion. You have to keep that in mind.

I want to say to the minister, Mr. Speaker, this: that on page 4 of the same document that he quotes from it tells you how the assessment was done of Leasecorp group. And I say, number one, that the fact is that unaudited financial statements of Leasecorp were used to base the appreciation and the value -- unaudited.

Internal valuation of Leasecorp Western Ltd. was used to base the evaluation of the company. There wasn't a single independent valuation done on the corporation before you paid \$13 million for it. My question to you, Mr. Minister, is this. Privatization in this province has proven to be a bust. The simple fact is the majority of people are sick and tired of this kind of operation by your government. Why is it that you work on behalf of your buddies and cronies in the Tory party and not on behalf of the people of the province?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Deliberately, Mr. Speaker, deliberately wrong again, Mr. Speaker, are the NDP. Mr. Speaker . . .

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Mr. Speaker, in June of 1988 the valuation was done of Leasecorp Corporation by Richardson Greenshields. And they took into account . . . and I could go through many of the items, Mr. Speaker. They

talk about the synergistic benefits which would in fact increase the value.

They talk about, Mr. Speaker, the fact that Leasecorp currently has over 500 customers of which 200 are Canadian subsidiaries of major, fortune 1,000 accounts, and they're listed, Mr. Speaker. These indicate, Mr. Speaker, that considering the nature of the long-term leases which are in place, existing customer loyalty, the developed contacts in these accounts, WESTBRIDGE services and products could easily be promoted. Leasing revenues ultimately will be further increased and growth accelerated. Mr. Speaker, they value it between 20 and \$24 million, Richardson Greenshields.

Mr. Speaker, we see today nothing more than the attempt of the NDP to do two things: attack the senior management of WESTBRIDGE, as they've done with other corporations, Mr. Speaker. The personal attacks are very much part of their strategy, their philosophy, their beliefs. And secondly, I believe they want to destroy WESTBRIDGE, Mr. Speaker.

Some Hon. Members: mHear, hear!

Ms. Atkinson: -- Mr. Speaker, I too have a question for the minister responsible for WESTBRIDGE.

Mr. Minister, when you announced the formation of WESTBRIDGE, you said that the purchase of Mercury was an integral and necessary part of this new computer giant. You said the purchase of this Saskatoon printing company would assist WESTBRIDGE in its diversification.

Yesterday, Mr. Minister, Mercury was sold. Mr. Minister, what has changed? Why is it no longer necessary to have Mercury as part of the WESTBRIDGE Computer company?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Mr. Speaker, I am prepared, I am prepared to loan at zero interest, Mr. Speaker, the money so that the hon. member can buy a share in WESTBRIDGE, buy a share in WESTBRIDGE so she can go to the annual meeting. It is now a publicly traded company and, Mr. Speaker, WESTBRIDGE has made several divestitures since that time. They can go and ask management about that. They are in the computer business; they are running it.

Every one of the employees and 98 per cent of the employees of WESTBRIDGE have bought shares; they can go to the meeting and ask the question. The hundreds of Saskatchewan people that have bought shares can go and ask the question.

Mr. Speaker, the NDP have the same right. The difference is, Mr. Speaker, if I gave them the information, they wouldn't take it at face value; and secondly, Mr. Speaker, they wouldn't read the information if I did give it to them, Mr. Speaker.

Some Hon. Members: mHear, hear!

Ms. Atkinson: -- Mr. Minister, the taxpayers of Saskatchewan own 60 per

cent of WESTBRIDGE. When you announced the formation and privatization of SaskCOMP and SaskTel, and your government paid \$4.9 million for Mercury, you said it was necessary to diversify the Saskatchewan economy. That was two years ago. I ask you, Mr. Minister, what has changed in this two-year period? Answer the question.

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Mr. Speaker, I understand from the public information yesterday, the press information, that they did sell part of the assets of Mercury, Mr. Speaker. They did keep, I understand as well, some of the computer division or activities of Mercury which fits in with whatever decisions they're going to make in the best interests. In fact, Mr. Speaker, that information is available to anyone who is a shareholder, as to what changes in operation.

Mr. Speaker, I have little doubt that companies in this province are going to make changes in how they operate from time to time just like governments have to do. Mr. Speaker, the only party that stands up in this House and says no change, we're married to the old ways, are the New Democratic Party, Mr. Speaker.

Some Hon. Members: mHear, hear!

Ms. Atkinson: -- Mr. Speaker, new question to the minister. Two years ago this government paid \$4.9 million for Mercury when Mercury was valued at \$2.4 million. They said that they needed Mercury because it would add to the diversification of this province.

Now you said time and time again, Mr. Minister, that the true worth of any company is what the market will pay. Yesterday you sold Mercury and I want to know, how much did you sell it for?

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Mr. Speaker, they still don't understand that when a company is out with public shareholders, it's now run by the company and the shareholders and the management, not by the government, Mr. Speaker, not by the government.

And again, Mr. Speaker, she has just stood up, the hon. member has just stood up and again questioned the valuation, which is \$4.9 million by Richardson Greenshields. Stand up and say what you really mean which is that you do not, the NDP does not believe the independent valuation of Richardson Greenshields, because that is what they have said now, I believe, for the fifth time today.

I say that the NDP, Mr. Speaker, the NDP are just plain anti-business, anti-WESTBRIDGE, Mr. Speaker, anti the investment community that, Mr. Speaker, do valuations for hundreds of public companies, never having been questioned before except by the New Democratic Party of Saskatchewan, Mr. Speaker.

Some Hon. Members: mHear, hear!

Ms. Atkinson: -- New question to the minister. Two years ago the Government of Saskatchewan exercised its ownership when it paid \$4.9 million to Urban Donlevy, a well-known Saskatchewan Tory, for Mercury when it was only worth \$2.4 million. Now I want to give the government a little lesson in business. The point of business is to buy low and sell high, but the Tories' privatization agenda has turned that upside down. What these guys do is they buy high and they sell low.

Some Hon. Members: mHear, hear!

Ms. Atkinson: -- And, Mr. Speaker, when they're buying high and selling low, they're losing millions of taxpayers' dollars.

Some Hon. Members: mHear, hear!

Ms. Atkinson: -- The people of Saskatchewan know this and that's why they say no to privatization, Mr. Minister. And I want to know, tell us the sale price of the Mercury company, tell us the sale price, and let the people of Saskatchewan decide whether you've got such a great deal.

Some Hon. Members: mHear, hear!

Hon. Mr. Lane: -- Well, Mr. Speaker, I've now offered for three times today that the shareholders of WESTBRIDGE, including 98 per cent of the employees, can ask management what that price would be.

The Speaker: -- Order, order. We have members here engaging in their own separate question period. The member from Saskatoon Nutana has asked the Minister of Justice a question. Let him answer the question.

Hon. Mr. Lane: -- Mr. Speaker, there are two questions that the shareholders of WESTBRIDGE can get answers for, and the employees. They can ask what was the selling price of Mercury. Secondly, what assets, Mr. Speaker, because the NDP and I know a couple of members of the press are assuming it's the same assets that are being bought and sold. And I gather from the press report that's not correct.

Having said that, Mr. Speaker, we use independent valuations, Mr. Speaker, which we tabled. But you and the leader of the New Democratic Party never tabled a valuation of the potash industry. Mr. Speaker, never tabled a valuation of the P.A. pulp mill, not . . .

Some Hon. Members: mHear, hear!

The Speaker: -- Order, order!

INTRODUCTION OF BILLS

Bill No. 25 -- An Act to amend The Provincial Court Act

Hon. Mr. Lane: -- I move first reading of a Bill to amend The Provincial

Court Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

The Speaker: -- Now I'm going to ask the member from Quill Lakes and the Minister of Justice to refrain from what sounds very much like an argument across the floor and allow the business of the House to proceed. The Minister of Justice and the member from Quill Lakes: your co-operation please.

Some Hon. Members: mHear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

The Speaker: -- Now I'm going to ask the members once more and I would expect the members to co-operate, after all, they are all hon. members. And I would expect
Dtheir co-operation to let the business of the House proceed.

Some Hon. Members: mHear, hear!

The Speaker: -- Order! Now I hardly sat down and already the member for Quill Lakes was speaking. And I'm going to ask him to rise and apologize.

Mr. Koskie: -- I apologize, Mr. Speaker, I'm sorry.

The Speaker: -- Thank you. Order. I'm going to do the same thing with the member for Regina Elphinstone. I'm going to ask him to rise and apologize.

Mr. Lingenfelter: -- I do apologize, Mr. Speaker.

The Speaker: -- Order. Before I leave I'm going to ask the member for Saskatoon South . . . the member for Saskatoon South, who may think it's funny but it's not funny to disrespect the authority of the Chair, who's heckling the Chair from his seat, to rise and apologize.

Mr. Rolfes: -- Mr. Speaker, I apologize.

COMMITTEE OF FINANCE

Motions for Interim Supply

Mr. Van Mulligen: -- Thank you, Mr. Chairman. Mr. Chairman, I want to ask the minister some questions with respect to payments which were made without authority by the Crown investments corporation of Saskatchewan.

The minister will recall that the Crown investments corporation entered into a contract with a consultant to evaluate and review the overall effectiveness and efficiency of all government departments and to report thereon, and that payments of \$2.7 million were made with respect to that

contract, and that subsequently the Provincial Auditor ruled or opined that that particular expenditure was made without proper authority and that . . .

Mr. Chairman: -- Order. Why is the member on his feet?

Hon. Mr. Hepworth: -- Mr. Chairman, the item before the committee is interim supply, and I think the member's questions are out of order. They're referring to some one or two years ago events. And there are forums for those questions to be dealt with and I'm prepared to answer them in the proper forum, but the issue before the committee today is interim supply, resolution no. 1.

Mr. Shillington: -- If I may speak to that. It is the tradition, Mr. Chairman, that this House and all Houses have grievance before supply. We're entitled to ask questions. It may be that the minister does not have the information with him, in which case he usually says so. But questions on government expenditures have traditionally been in order in this forum.

Mr. Chairman: -- Order, order. I'd ask the members to be quiet while the Chair is making a ruling.

I find the point of order well taken. I've allowed a wide-ranging debate on this interim supply resolution, but members must realize that this is not an appropriate place to get into detailed questions on the operation of specific departments' programs. I refer all members to debates of June 14, 1989 as follows:

Detailed questions should be asked of the minister of that department. Interim supply covers the whole government and all its expenditures, but not any detailed questions should be asked of separate departments under an interim supply Bill.

Mr. Van Mulligen: -- Well, Mr. Chairman, I wanted to ask this question. It has to do with appropriations and proper accounting for each and every government department there is, and you didn't allow me to put the question before you ruled it out of order. Now I want to ask you: can I ask the question before you rule on it?

Mr. Chairman: -- According to my ruling, a member can only ask questions applying to the interim supply that's before the committee today,

Mr. Van Mulligen: -- Thank you, Mr. Chairman. May I again inquire, in terms of phrasing the question: am I allowed any introductory comments to the question? Or should the question just be directly put?

Mr. Chairman: -- Members are allowed . . . order. Members are allowed introductory remarks certainly, but the questions have to pertain to the interim supply Bill that's before us.

Mr. Van Mulligen: -- I appreciate that then, Mr. Chairman, so I'm going to carry on then with my introductory comments to the question, and I am sure that you'll find the question is entirely in order. Even if some of the

lead-up to the question involves events from two years ago, my question is going to be about the minister's activities, departmental activities, and any expenditure of government money with respect to the supply Bill before us.

And before I was interrupted, Mr. Speaker, I was setting the stage and I was letting the people of Saskatchewan know -- and after all, we must remember that this is an open stage that the people of Saskatchewan can see, even if the minister and his government look for every opportunity to deny discussion on this topic. The topic before us concerns an unauthorized expenditure some years ago by the Crown investments corporation of Saskatchewan.

Now since that unauthorized expenditure was made by the Crown investments corporation, and since that was pointed out by the Provincial Auditor, there have been a series of events take place leading up to the very recent, Mr. Chairman. And that series of events includes an opinion by the auditor that this \$2.7 million expenditure by CIC (Crown investments corporation) was wrong. It should not have been authorized. Subsequent opinions proffered by the lawyers for CIC, I believe one Larry Kyle, who said that the expenditures were in order. A further review by the solicitor for the Crown investments corporation, Mr. Kyle, to say that no, he subsequently or he did now agree with the auditor that the expenditure was not legal and was not appropriate.

And the question now is one of, Mr. Speaker, if that expenditure was not appropriate and if the expenditure should not have been reported under the Crown investments corporation, it then begs the question of what department should it have been reported under.

We were given to understand by the Crown investments corporation that personally they feel -- this is the officials talking -- that they're not responsible for any more than 5 per cent of that particular expenditure of \$2.7 million. How they could determine that they're responsible for 5 per cent of the expenditure when they also said to us they've never seen the study in question is another matter, but we'll let that one go for now.

But it still begs the question of the 95 per cent of this expenditure of \$2.7 million having then to be made by line government departments. And my question is, Mr. Minister, what activities are underfoot by your government and in the context of this interim supply, what are your officials doing to ensure that there will be a proper accounting for this \$2.7 million?

(1445)

Mr. Chairman: -- I'd like to make a ruling on the question. This money has been spent two years ago; it has nothing to do with this interim supply Bill. I find the question not in order.

Mr. Van Mulligen: -- Mr. Chairman, I don't know where it is then that members of the Legislative Assembly can inquire of the government as to millions of dollars of expenditure made without proper authority. I'm trying to ascertain from the minister if any of the money in the interim

supply Bill before us will be going to pay for the salaries of civil servants and if any of their activities will be involving a proper accounting for this expenditure.

The fact that this money was not properly accounted for took place two years ago, but the real revelations that it should be properly accounted for only came to light within the last few months, Mr. Chairman. So therefore, it's reasonable to ask what is the government doing now to make sure that it's being properly accounted for?

Some Hon. Members: mHear, hear!

Mr. Chairman: -- Order. This question would certainly be in order under the Department of Finance and Crown investments corporation . . . and Committee of Finance estimates with the Minister of Finance.

Mr. Van Mulligen: -- Mr. Chairman, I'm trying to understand your ruling here and I want to . . .

Mr. Chairman: -- This is not Committee of Finance, this is . . . It's Committee of Finance but it . . . Order. The question before the committee is the interim supply and it is not the Committee of Finance under the Department of Finance. It's not the Department of Finance estimates; it's interim supply. So I'd ask the member to keep his questions on the interim supply that's before the committee.

Mr. Van Mulligen: -- My question then would be: are any of the expenditures with respect to this interim supply, Mr. Chairman, and Mr. Minister, going to correct the accounting oversight that was pointed out by the auditor?

Hon. Mr. Hepworth: -- I doubt that there would be anything in here to correct the error or abnormality, as you would see it, from two years ago. All I can say is I think all officials, at whatever level, in whatever departments do their best to provide the taxpayers with full accountability and value for their tax dollar. That doesn't mean to say that they're always perfect. That doesn't mean to say that on occasion the auditor doesn't have commentary, but I can say that at the end of the day I'm of the view that we're all working towards the same goal and that is on behalf of the taxpayer.

Mr. Van Mulligen: -- I find this curious, Mr. Minister. We have a significant accounting oversight, to be charitable, involving some \$2.7 million. The fact that there was an oversight -- and again I use the word . . . I'm trying to be charitable here -- that this sort of came to light very recently, now it seemed to me that your officials would be or should be involved in trying to correct the books, as it were.

Are you now saying that you're not going to be correcting the books on this; that there will not be any subsequent appropriation to all the involved departments?

Hon. Mr. Hepworth: -- There is nothing in here relative to the expenditure which you refer to of two years ago, to my understanding and knowledge.

Mr. Van Mulligen: -- Well I find this extremely curious, Mr. Chairman, that these kinds of gross errors in payment can be made. And it's clearly recognized that this particular expenditure, Mr. Chairman, was straight political decision making. I find it curious that we are not now attempting to rectify the error that was pointed out and subsequently agreed to by the Crown investments corporation.

Let me then ask you. Mr. Minister, we have two more incidents of incorrect payments, that is to say payments made without proper authority, by the Crown investments corporation. One was for a post-budget telephone poll. This was reported in the Report of the Provincial Auditor for the year ended March 31, 1989.

I want to know, seeing as this has now just recently come to light, what activities you will be ensuring to make sure that this \$42,000 will be properly accounted for in the expenditures of your government?

Mr. Chairman: -- Interim supply number two, agreed?

Mr. Van Mulligen: -- Mr. Chairman, I asked a question; I didn't get any answer. I wonder if the minister might get up and give an answer on that.

Hon. Mr. Hepworth: -- Mr. Chairman, the hon. member refers again to an item of two years ago. I thought the exercise in this committee was to . . . given that the budget has yet to be approved in its entirety, to give interim approval to a certain sum of money to advance, to pay the bills, to operate hospitals and nursing homes and schools and whatever else must go on as the regular business of government, until all of the estimates from the various departments can be examined. I think your question, if it isn't out of order, is irrelevant.

As I said before, if there has been in your mind, or for that matter in the auditor's mind, errors in the past, we will try to correct those. It is our view that we try to do the best; we try to provide value for dollar and follow acceptable accounting procedures, etc., etc., etc., as we conduct the business of government.

I am not saying we're perfect, but that's what we strive for. And I would just suggest, in the interest of all of the public, that we move to the issue before the committee, and that's interim supply and whether we should vote to pay the bills in education and hospitals and health care and so on and so forth.

Mr. Van Mulligen: -- Well, Mr. Chairman, this is beginning to remind me of Brooke Shields; nothing is going to come between me and my politics except a few unauthorized expenditures.

I have here a letter, Mr. Chairman, dated March 26, 1990, and it's addressed to the Hon. A.B. Tusa, Speaker of the Legislative Assembly of Saskatchewan, and it's from the Acting Provincial Auditor. And he says that he has the honour to submit his annual report.

Now that letter and that report was received by members of this Legislative Assembly, I think shortly after April 1, certainly during this fiscal year. And I do believe the fiscal year for the government runs from April 1 to the end of March next year.

And in this report which was laid before members of the Assembly subsequent to March 26, and I think subsequent to the introduction of the new fiscal year, the auditor points out some unauthorized expenditures. And the question I have . . . in fact, he goes on to say, the auditor goes on to say that:

Section 24 of The Crown Corporations Act which sets out the powers of C.I.C., does not delegate to the corporation any responsibility for the Province of Saskatchewan Estimates (budget).

I just want to emphasize that. It:

. . . does not delegate to the corporation any responsibility for the Province of Saskatchewan Estimates (budget). Therefore the payment does not have adequate statutory authority.

Well, Mr. Chairman, we're dealing here with estimates budget, or at least a portion thereof. Now the auditor is saying, if the CIC didn't have that responsibility for the province of Saskatchewan estimates (budget), then it follows that the . . .

Mr. Chairman: -- Order. I'd like to bring it to the member's attention, we're not dealing with the full estimate budget, we're dealing with interim supply. And the purpose of interim supply is to grant money for the operation of the government departments and programs on an interim basis while reserving to the Legislative Assembly the right to complete the detailed review of estimates at a later time. For this reason members must reserve their detailed questions on estimates and government financial policy for the regular review of the main estimates.

Mr. Van Mulligen: -- Could I just ask the minister, are we dealing with . . . is it one-twelfth or two-twelfths of the spending for the coming year?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, what we will be voting on this second interim supply is two-twelfths except in the following instances: for education, school grants, operating grants, there will be \$90,069,600; grants to libraries, 1,397,700, which would be in excess of two-twelfths as well; in health we have in excess of the two-twelfths, \$1.1 millions; and for legislation in excess of two-twelfths we have 3,137,600. So the total in excess of two-twelfths with those that I've mentioned is 95,704,900.

Mr. Van Mulligen: -- Mr. Chairman, it's just been reported to us as of March 1990 that there was \$42,000 spent inappropriately. I want to know if any of the expenditures or any of the notes that you have suggest that \$42,000 for a political telephone survey, which was paid for by the Crown investments corporation, will in fact now be properly accounted for in the expenditures you have before you?

Hon. Mr. Hepworth: -- The expenditure to which you refer, I think, is one that occurred two years ago, and hence there is no interim supply being voted on that issue. I view it at minimum as not relevant to this committee's examination of the request for the supplies to provide for interim payments to school boards, etc.

Mr. Van Mulligen: -- Well, Mr. Chairman, it sounds to me like this Minister of Finance is just acting like the previous ministers of Finance, and no matter what he says about openness and no matter what the Premier says about openness, they don't act very much like they want to be open with the public of Saskatchewan.

We have a series of unauthorized expenditures, including for political undertakings, and they refuse to discuss it. They refuse to answer any questions. I'm frustrated here, Mr. Speaker. I think that the people of Saskatchewan are frustrated by the performance of this minister. The people of Saskatchewan are frustrated by the words from the Premier one day and the actions of his minister subsequently. I feel like the door has been shut here to legitimate inquiry about government expenditure. And that's what we're talking about here today, is government expenditure.

I think we have to put this in context, Mr. Chairman. We have to put this in context that this government's overall accumulated deficit is approaching the figure of \$5 billion, \$5 billion, Mr. Chairman. This is a figure that was unheard of eight years ago. This is something that was unimaginable, unimaginable eight years ago when this government took over.

This is a government that said that we could mismanage and still come out ahead. But we haven't come out ahead. We're in the hole. We're way behind. We're almost \$5 billion behind. We're spending significant taxpayers' dollars to clear off the debt. Spending considerable taxpayers' dollars to pay off this debt. Yet every opportunity, every opportunity that comes our way as members of the Legislative Assembly where we feel that we should be asking questions about the government's fiscal accounting, we're met with a wall of silence. We're met with a flurry of procedural wrangles all designed to deny us legitimate inquiry.

(1500)

This deficit, this deficit, Mr. Chairman, is not so much the result of fiscal and economic conditions in this province. This deficit is the result of an attitude. This deficit is the result of an attitude by a government that simply fails to recognize that if you spend more than you bring in, you're going to get behind.

And that attitude displays itself again today, Mr. Chairman. And frankly I must say that, as I said, I'm frustrated. The people of Saskatchewan are frustrated. They want answers to why we're in the grave problems we are. I am frustrated that I cannot be given the opportunity to ask these questions, and I'll leave it to other members of this Assembly to ask questions.

Mr. Lyons: -- Thank you very much, Mr. Chairman. The questions I intend to ask first of all to the minister relate to expenditures out of this interim supply in regards to, as the minister has defined, various programs and various entities and various departments of the provincial government. And I'm raising them, Mr. Chairperson, in the context of some grave reservations as to the proper accounting of government expenditures that were expressed in the 1989 Report of the Provincial Auditor. And I do so in that light.

We are asking taxpayers to spend money in a way which the Provincial Auditor has deemed to be inappropriate. And I intend to ask a series of questions in this regard because as my colleague, the member from Regina Victoria, has pointed out, the people of this province are sick and tired, they're sick until death of paying taxes and not feeling that they are receiving value for that tax dollars, nor receiving value for the services that are presently being provided by the provincial government. That's the preface, preface my remarks with that, Mr. Chairman.

Mr. Minister, the auditor in his report of this year, on page 45, puts forward a reservation of opinion as to your accounting methods, the way in which you as Minister of Finance account for the taxpayers' money of which this interim supply Bill represents but a portion. The auditor says:

My auditor's report on the 1989 Consolidated Fund (from which this interim supply shall be drawn) financial statements contains a reservation of opinion.

The auditor's report reads in part as follows:

And this is where I think what is pertinent in terms of today's debate is, today's questioning in regards to spending the taxpayers' money is:

Loans to crown entities include disbursements to the Saskatchewan Property Management Corporation of \$385,136,000 (1988 -- \$340,836,000). It is inappropriate (this is the auditor's words; this is not my words; this is the Provincial Auditor) to record these disbursements as assets of the Consolidated Fund since their repayment depends upon future appropriations from the Consolidated Fund.

Presumably that includes the appropriations that you're asking for here today.

Accordingly, these disbursements should have been recorded as expenditures.

And the auditor goes on to point out why they should have been recorded as expenditures, Mr. Minister, because it would give a much clearer financial picture to the people of this province.

The auditor goes on to say:

If these disbursements had been recognized as expenditures, loans to crown entities would have been reduced by \$385,136,000.

In other words, the debt to the Crown entities would have been reduced, and in 1988 would have been reduced by 340.836 million. Net debt, net debt of the province of Saskatchewan would have been increased by 385.136 million. In 1988, 340.836 million. And excess of expenditure over revenue -- to which my colleague, the member for Regina Victoria, previously referred -- excess of expenditure over revenue would have been increased by 44.3 million; and in 1988, 158.843 million.

In other words, Mr. Minister, what the auditor of this province says is that the money that you use in the budget, and presumably from the money that you obtain through interim supply, is not accurately reflecting the true financial picture of this province; that in fact that you're cooking the books, to coin . . . not to coin a phrase but to use a well-known phrase. That you're cooking the books; transferring debt load into the Crown corporations to hide your financial and fiscal mismanagement of taxpayers' dollars. That's what the Provincial Auditor says in his report.

My question to you, Mr. Minister, is are you going to continue on with the same type of practice in this period of time, using money appropriated through interim supply to once again try to paint a false picture of the real fiscal situation of this province. Are you going to use any moneys appropriated through this interim supply to, for example, pay off loans or advance loans to Saskatchewan Property Management Corporation?

Hon. Mr. Hepworth: -- For example, for a hospital or a school project that's been built and payments that have to be made as part of the amortization schedule, we're asking in this interim supply two-twelfths of what that total payment would be listed, whether it be under Health or Education or elsewhere.

Mr. Lyons: -- Well you're not going to duck the question that way, Mr. Minister. That has absolutely nothing to do with the question that I asked. Yes, you may pay some hospital, and yes, you may pay some education.

But are you also going to make payments in a manner which disguises and covers up the true financial position of this province, as indicated, not by myself but as indicated by the Provincial Auditor? Are you going to make payments and follow procedures in the manner which you have done in the past to off-load debt to the Crown corporations in order to hide your own fiscal incompetence? And are you going to continue to make the kind of payments out of this interim supply Bill, using the manner which the auditor has questioned, in order to fund, for example, the Saskatchewan Property Management Corporation?

That was the question. It had nothing to do with health. It had nothing to do with education. It has everything to do with your jiggery-pokery when it comes to playing fast and loose with the real financial position of this province.

Hon. Mr. Hepworth: -- No, not knowingly.

Mr. Lyons: -- Well, Mr. Minister, you say, no, not knowingly. No, not knowingly, what? No, not knowingly, you're going to make payments to Saskatchewan Property Management Corporation? Is that what you're saying?

Hon. Mr. Hepworth: -- There's a statutory advance to the Saskatchewan Property Management Corporation that would be outside the purview of this interim supply. And as I said earlier, the payments that have to be made, whether it's in health or education for school or hospital projects, two-twelfths of those sums will be advanced if this Bill is voted.

Mr. Lyons: -- You say, Mr. Minister, that there's a statutory provision based on payments to Saskatchewan Property Management Corporation. Obviously, in order to be able to continue on to meet the provisions of that statutory provision, funds have to be withdrawn from the Consolidated Fund. Isn't that correct? Am I correct in making that statement, or am I incorrect? That's my first question to you.

And secondly, in meeting the provisions of that statutory provision . . . or meeting the requirements of that statutory provision, are you using any of this money from interim supply to funnel funds out of the Consolidated Fund to repay any loans which the auditor has identified as part of the problem of your inappropriate fiscal procedures?

Hon. Mr. Hepworth: -- The advances for the statutory advance for Saskatchewan Property Management Corporation as outlined in page 103 of the Estimates that were tabled on March 29 and that this year will be estimated to be \$182.1 million.

Mr. Lyons: -- No, that's not the question. Once again, Mr. Minister, that's not the question. And you can sit there and play politics with the answer and so on and so forth, but I want to remind you what the auditor said about the use of taxpayers' money, including money I presume will come from interim supply because it's beyond the purview of the statutory requirement in regards to SPMC; I want to remind you on page 46 of the auditor's report:

The auditor's report is advising that the funds required by the Saskatchewan Property Management Corporation (SPMC) to repay the loan to the Consolidated Fund must be paid from the Consolidated Fund (back) to SPMC and, therefore, there is no financial asset (as the auditor says).

In other words, for SPMC to pay off its loans, it must borrow from the Consolidated Fund to pay back loans which it took from the Consolidated Fund in the first place.

The question I'm asking you is: is there any money in this interim supply, any money at all, that will be used to pay back the Consolidated Fund from itself via routing it through the SPMC?

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, I'm advised, no.

Mr. Lyons: -- Mr. Minister, you say, no. Are you saying no that there will

not be any funds used to repay loans owed to the Consolidated Fund by SPMC (Saskatchewan Property Management Corporation) from the Consolidated Fund? Could you tell us if your answer is no to that particular question. By what method is it that you will repay those loans to the Consolidated Fund from the Consolidated Fund, those loans which appear in your books as loans owed to the Consolidated Fund by the Saskatchewan Property Management Corporation?

(1515)

Hon. Mr. Hepworth: -- Maybe I'll give the hon. member, Mr. Chairman, members of the committee, an example of the kind of thing we're talking about here and what two-twelfths would be advanced for. Page 33 under education, for example, you would see an item -- Vote 5, Item 14 -- where the Education department will:

Grants to Saskatchewan Universities -- Repayment of principal and interest on capital loans from the Saskatchewan Property Management Corporation -- \$21,553,500 --

and university capital expenditures are financed by loan advance from SPMC with department-run universities with funds for repayments of principal and interest on these loans.

In 1991, an increase provides for costs of loan repayments associated with completed capital projects, higher interest rates -- in particular the College of Agriculture building at the University of Saskatchewan -- contributes \$1.8 million of the increase. So that would be a typical example in Health and Education sector of how it would work.

Mr. Lyons: -- Mr. Minister, again, I wasn't asking you regarding the Health and Education sector per se. I was specifically talking about the Saskatchewan Property Management Corporation. Obviously you have no intention of answering the questions put to you on that line, so I am going to ask some more questions on another topic.

That is, is that there was an arrangement made between the federal Government of Canada and the province of Saskatchewan in regards for certain undertakings made and the commitments made by the government of Saskatchewan, not to proceed with work done on the Rafferty-Alameda project. I am wondering whether or not -- have there been any cheques received from the federal government? And if so, how many have been received from the federal government? And if so, if any of that revenue was included within the Consolidated Fund.

Mr. Chairman: -- I would like to bring to the member's attention that what he's questioning the minister on is not a payment out of the Consolidated Fund; it has nothing to do with the interim supply. And questions regarding government accountability for past expenditures and financial policies may be asked in several other forums, such as the Public Accounts Committee, Crown Corporations Committee, the Committee of Finance on the estimates from the Department of Finance, or in the House in debate on the budget. This type of question is out of order in the interim supply

proceedings.

Mr. Lyons: -- Thank you, Mr. Chairperson. I'll put it this way to get around that particular ruling of yours.

Mr. Minister, out of interim supply presumably payments will be made to the provincial Department of the Environment -- yes or no?

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

Mr. Lyons: -- Mr. Minister, as you know the federal department . . .

Mr. Chairman: -- Order. Detailed questions on specific programs within the department are not part of the interim supply. Detailed questions should be put to the minister in the full Committee of Finance on the Department of Finance.

Mr. Lyons: -- Well thank you very much, Mr. Chairperson, for your ruling. I haven't asked a question regarding specific programs. I asked whether there was an expenditure going to be made to the Department of the Environment.

Mr. Chairman: -- Order.

An Hon. Member: -- That's certainly within the purview . . .

Mr. Chairman: -- No it is not. It is a specific question. Order. Is the member from Regina Rosemont challenging . . .

Mr. Lyons: -- Yes, I am.

Mr. Chairman: -- Okay. The committee will rise and call in the Speaker.

The Speaker resumed the Chair.

Mr. Muller: -- Mr. Speaker, during consideration of interim supply resolutions, I ruled a question by the member for Regina Rosemont out of order on the grounds that the question was detailed and not relevant to the interim supply. My ruling was challenged.

The Speaker: -- Shall the ruling of the chair be sustained?

Ruling of the chair sustained.

The Assembly will return to the business at hand.

(1530)

COMMITTEE OF FINANCE

Motions for Interim Supply

Mr. Lyons: -- Well, Mr. Minister, we appear to be caught somewhat in a bind here by your refusal to answer questions of either a general nature or

those questions which have somehow be deemed specific. So I want to ask you this and try to be as general as I can. Does the agreement between Saskatchewan and Ottawa in regards to the construction of the Rafferty-Alameda project affect the asset . . . the balance of the Consolidated Fund in either a negative or positive manner?

Hon. Mr. Hepworth: -- The Saskatchewan Water Corporation which could be one of the departments that would be germane to the question you ask, we're asking the committee to vote two-twelfths in the grant to the Saskatchewan Water Corporation.

Mr. Lyons: -- So if I'm to understand that answer correctly, Mr. Speaker, what you're doing is asking this Legislative Assembly to provide you interim supply so that the Government of Saskatchewan can go ahead and pay to people sums in contradiction . . . in contradiction of agreement between the province of Saskatchewan and the federal Government of Canada, an agreement which was signed, I might say, in good faith on the basis that the Government of Saskatchewan would not proceed any further with the destruction of the environment in the Souris Valley until a legally constituted board, with which you agreed, and to which you agreed to in its establishment, and to which you agreed to in terms of its terms of reference, and to which you agreed to in terms of the kind of methods of operations.

When it was found that that board was beginning to raise questions as to the viability of the province . . . the viability of project and the expenditures of taxpayers' money, your government went ahead and proceeded with that project in contradiction to that agreement. And you're now asking the taxpayers of Saskatchewan to fund those agencies which will put money, which will take taxpayers' money into a project which the federal government has the power to legally shut down in terms of withdrawing its licence.

Is that what you're asking the Assembly to do -- to spend taxpayers' money on a project which may be shut down if you guys annoy Bouchard enough? Is that what's happening?

Hon. Mr. Hepworth: -- I can only reiterate the point I made before about advancing two-twelfths to, for example, the water corporation, Mr. Chairman.

Mr. Lyons: -- Well by your silence, Mr. Minister, I take it that in fact is precisely what you're asking the legislature to do, to ask us to spend this kind of money.

Mr. Minister, are you worried that those expenditures may prove to be worthless expenditures if in fact the signatories to that agreement, one of whom is the federal government, decides to withdraw the Rafferty-Alameda licence, the licence to construct under the International River Improvements Act. Are you worried that the federal government may in fact withdraw the licence because of your non-compliance with the ERP guide-lines?

Hon. Mr. Hepworth: -- The details of those expenditures are best raised with the minister in charge, Mr. Chairman, members of the committee.

Mr. Lyons: -- Well, Mr. Speaker, Mr. Chairperson, Mr. Minister, I am not asking you for the details of the expenditure, I'm asking whether you are or you are not worried that in making those expenditures, that they may be all for naught; that it may be a waste of taxpayers' money if, as indications have it, first of all that the board which is empowered, that under the federal Environmental Assessment Review Process says to you, this project is not viable economically, or it not viable environmentally; that the money that you expend through this interim supply will be needless expenditures. Aren't you worried about that particular expenditure . . .

Mr. Chairman: -- Order, order. The details of what the Department of Environment or the water corporation may do with its two-twelfths appropriation is an appropriate question under the estimates for the Department of Environment or the Sask Water Corporation, but not in the forum under interim supply.

Mr. Lyons: -- Mr. Chairman, the purposes of questioning in this interim supply, vis-a-vis the minister, is to find out how taxpayers' money in the province of Saskatchewan will be expended.

Mr. Chairman: -- Those questions are very appropriate under different forums in the full estimates of Finance, the full estimates of the water corporation, or the full estimates of the Environment. And those questions are certainly appropriate under those forums, but not in this forum.

Mr. Lyons: -- Well, Mr. Minister, by your previous answer to the questions which were put, it is clear, it is absolutely clear, as has been clear to the people of Saskatchewan for these last eight years that you are not concerned one little drop, one little drop about the kind of mismanagement of taxpayers' money that you have.

By your own silence and by your stonewalling and by your refusal to answer questions and by your hiding behind legal jiggery-pokery, it is clear, it is absolutely clear to everybody in this province. And it doesn't matter whether it's public accounts or it doesn't matter whether it's Rafferty-Alameda, or it doesn't matter whether it's health or whether it's education or any other issue that we try to raise, that you're not going to give the kind of accounting of the expenditures of taxpayers' money that the people of this province legally and rightfully deserve. That you stand there in your place, playing your political games, hiding behind legal niceties, trying to cover your answers, refusing to answer direct questions, refusing to answer the kind of questions that, for example, the member from Regina Victoria put to you, on the expenditures of this money.

Why do you think that we would have any confidence in you or your ability to wisely expend the taxpayers' money of this province when we look at things in the auditor's report that says you went out last year and you hid, you hid \$385 million of provincial debt and buried it in the Crown corporation. That's what the auditor's report said, Mr. Minister. So why should we have any confidence that you're not going to hide the real nature

of the provincial debt to the people of the province.

You stand in your place; you refuse to ask questions over whether or not you may be concerned that the money that is spent on the Rafferty-Alameda project may go to waste because the federal government may lift that licence, or the federal environment review board may say to you that this isn't a viable project . . . money paid for, the project paid for by the taxpayers of Saskatchewan.

And what do you do? You once again hide. You run and hide and refuse to give an accounting of that money. People raise a legitimate question as to the continuation of throwing good money after bad, of throwing taxpayers' dollars into a mud hole. And what do you do? You stand there and say nothing except try to hide behind the kind of legal jiggery-pokery that we've already seen here today.

Is it no wonder, Mr. Minister, is it no wonder that the people of Saskatchewan have absolutely no confidence in the fiscal integrity, in your fiscal integrity, in your political integrity, or in the integrity of this government when it comes to managing taxpayers' dollars? You can bet your bottom dollar, because the taxpayers of Saskatchewan are betting their bottom dollar that when they are presented with the opportunity to change the fiscal managers of this province that you will not be sitting in your seat.

You will not be begging this legislature for interim supply. You will not be there because the people of Saskatchewan say, you don't know how to handle your own money; you don't, let alone the taxpayers' money of the people of Saskatchewan. You are not concerned; you are not concerned about the kind of expenditures which have been raised here. All you do is stonewall. All you do is refuse to answer questions. All you do is sit in your seat and laugh and make jokes.

But it's not a joking matter to the people of Saskatchewan. It's their hard earned tax dollars, Mr. Minister. It is their hard earned tax dollars, and they know that you're squandering it. They know that you're squandering it to the Urban Donlevys. They know that you're squandering to the Leonard McCurdys. They know that you're giving it in fat salaries to Chuck Childers. They know you're giving it in fat salaries to the George Hills of the world. They know that kind of bloated salaries that your Tory friends that you put in patronage positions are taking home, because they've seen the kind of monstrosities and obscenities when it comes to personal remuneration that you're handing out.

And it's not the government's money; they know that it's the taxpayers' money of Saskatchewan, Mr. Minister. They also know, as we know, that the people of this province are on the edge of a tax revolt. They've had it with paying more taxes so you can give it to the banks, so you can give it to your big corporate friends, so you can give it to your patronage appointments, so that you give it and line your own pockets.

They don't want any more Taylors running off to Hong Kong, playing in the tennis clubs, out there in the yacht clubs, up on the 14th floor, the

jockey . . . going to the jockey club, betting their money -- betting money that they've paid for, worked hard to pay for, sweated to pay for, in the race-tracks of Hong Kong.

They don't want any kind of more mismanagement and corrupt kind of practices like that, Mr. Minister, and that's why you're sitting where you are in the polls.

They don't want any more Bob Andrews running off. They don't want Bob Andrew running off to Minnesota, living the high life in the big city, down there spending their tax dollars, taking their kind of severance packages that Mr. Andrew did, taking their taxpayers' dollar in the form of that kind of severance package.

They're sick and tired to death of that kind of squandering of public money. They don't want to see high-paid cabinet ministers coming into the legislature day after day after day and refusing to give an accounting of where their taxpayers' money is going. They're sick and tired of that, Mr. Minister. They have had it up to here with that kind of thing.

So you sit there, Mr. Minister, and you may smirk and you may smile and you may think it's funny now, but let me see how funny it is, Mr. Minister, let me see how funny it is the day after the election is called. Let me see that smirk on your face then, Mr. Minister. Let me see that grin as you squander taxpayers' money. Because there's going to be a grin on another side of another face, you can bet your bottom dollar on that, Mr. Minister.

Mr. Shillington: -- Thank you very much. Mr. Minister, I have a couple of questions, and I will not take for ever on them. I do want to try to elicit something in the nature of an intelligible response for you on the subject matter which my colleagues from Rosemont and Victoria raised.

Mr. Minister, in all governments except this one, the Minister of Finance is not just someone who pays the bills -- to use the phrase which you used from your seat a moment ago. The Minister of Finance is also someone who keeps the accounts. He's someone who is generally thought of as being responsible for the efficient operation of government. Mr. Minister, that is what my two colleagues have been asking you to assume some responsibility for.

The Provincial Auditor's report would be intolerable to any government except this one. The Provincial Auditor has in fact given this government qualified financial statements. I doubt very much if there's another government north of the Texas-American border with a qualified financial statement. I doubt very much if there's another government in Canada or the U.S., state or national, in which the auditor says, the books are in such abysmal, abominable shape that I cannot tell. And that's what he said. I bet you there isn't another one in North America.

Mr. Minister, this is your responsibility to deal with it, and we would like some assurance that some heed is being paid to the embarrassment that constitutes the auditor's report. You, Mr. Minister, your government, has got a qualified financial statement. I didn't think that was possible

until I saw you people get one. I did not think it was possible for government to get a financial statement which was qualified. But you got it. And you have got it more than one year in a row.

(1545)

And, Mr. Minister, there's no evidence that you've done anything about it. No evidence that you have given any thought to the financial morass in which you've allowed this government to slip. I ask you, Mr. Minister, would you outline for us what steps you have taken to try to bring some sanity back to the management of this province's affairs?

I want to reiterate, Mr. Minister, what is obvious to all of my colleagues and I think all of your colleagues, that the public are also getting concerned about the mess you people have made, and if you cannot, Mr. Minister, give them some assurance that you're going to deal with the problem, they are going to elect a government which will deal with the problem.

So I say, Mr. Minister, it is at your peril that you continue to give these inane, asinine answers to legitimate questions put to you about the financial management of this province's affairs.

I ask you, Mr. Minister, for a sober, thoughtful response to the questions which, I think, have been very legitimately put to you on the morass in which this government's finances have fallen.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, the sums we're asking the committee to advance today carry the same expectation as we would have for any moneys that are going to be expended. Whether it be by third parties or government departments themselves, we would expect that these expenditures will be made providing full value for the customer, the taxpayer of Saskatchewan. We would expect that they would be made prudently and in the best interests of the public.

That doesn't mean to say that from time to time there are . . . there have been, I suppose, errors. I'm not suggesting even for a moment that there haven't been differences of opinion when the auditor has examined those expenditures. But all I can say to you and to the taxpayers of Saskatchewan is that we give our commitment to not knowingly make errors, to make the expenditures in a prudent and wise fashion, give value for the dollar, and provide accountability to the public.

As well, we'll admit that on occasion relationships . . . the relationship between the Provincial Auditor, private auditors, the Provincial Auditor even in . . . and officials of various Crowns has maybe not been as one would have expected in terms of co-operation. Our Premier asked for that issue to be addressed last year. I think it's safe to say that we've seen better co-operation amongst all parties and officials, and I hope that that's something that we'll see continue as we all work -- the Provincial Auditor, ourselves here as elected members, our officials -- to see that

that co-operation is the order of the day, along with a full accountability and the most prudent expenditures of the public's funds possible.

Mr. Shillington: -- Mr. Minister, if you are not aware that something more than a bit of co-operation is needed, you're one of the only people in Saskatchewan who are not. Mr. Minister, everywhere I go in this province, and I do a fair amount of travelling in this province, everywhere I go this is something people mention to me in one form or another. They ask, Mr. Minister, not just for a bit of co-operation; they want to know what's going to be done to clean up the mess. And that's the language in which they put it.

I want to hear, Mr. Minister, not whether or not you think that you and the Provincial Auditor can get along. It isn't his responsibility to get along with you, and in the end result it is not your responsibility to get along with him. It is your responsibility to follow and implement the recommendations he made, none of which have been done.

Mr. Minister, I want to hear not about the sorry state of co-operation between yourself and the Provincial Auditor; I want to hear what's being done to clean up the mess.

Hon. Mr. Hepworth: -- Well, Mr. Chairman, members of the committee, as I said earlier, we have an expectation of all of ourselves as elected officials, as well as our officials, to make expenditures this year, and past years, in a vigilant and prudent manner, and that same expectation is there today as it has been in the past.

Mr. Shillington: -- Well, Mr. Minister, that's sad news. If all you have to say to us is that your expectations now are what they've always been, then I guess we may conclude that this embarrassing mess is going to continue until a new broom is brought in to clean up the mess.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Mr. Minister, one of the things that has got your government into serious difficulty is your relationship and your approach to industrial development. You have went at this as if you were children, with little thought for the morrow, very little study, very little analysis of what you're doing.

Mr. Minister, what I want you to do is to tell me how much this province has committed in all of your megaprojects. What have you got out . . . What is the extent of this province's commitments in your various industrial development projects? I'd like you to add up for me the amount you've got out in Weyerhaeuser, the amount you've got out in Cargill, the amount you've got at risk in the Rafferty. That's not industrial development as the other two are, but it is a project undertaken with ultimately that in mind.

Mr. Minister, we have to go no further than the WESTBRIDGE scandal which we had today, when a few directors, with the apparent contrivance of the Minister of Justice, helped themselves to \$20 million. And don't deny that

that isn't what happened.

An Hon. Member: -- You going to say that outside?

Mr. Shillington: -- I said it right here, and I'll . . .

An Hon. Member: -- Well say it outside.

Mr. Shillington: -- I certainly will. I certainly will. I certainly will.

Mr. Chairman: -- Order, order. Allow the member to make his comments.

Mr. Shillington: -- The reason, Mr. Minister, the reason why, the only reason those financial statements appear in the prospectus is that the Toronto Stock Exchange would not allow you to use that prospectus until you disclosed that you were paying \$20 million too much for the assets.

That's why the information's in there. That's the only reason it's in there. Because if the Toronto Stock Exchange hadn't made you disclose that fact, you'd have never done it. And that's why that information is in there, and don't deny it, Mr. Minister. I've read far more prospectuses and far more financial statements than you've ever seen, Finance minister or otherwise, Mr. Minister. That's why it's in there.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- We will all say it in here and we will all say it out there. You paid \$20 million too much for those assets and very well you know it, very well you know it, Mr. Minister, very well you know it. This is just . . .

Mr. Chairman: -- Order, order. I think this has gone far enough.

Mr. Shillington: -- Mr. Minister, you and your government, you and your colleagues view government as one long trough, and what government consists of is a feeding frenzy. You feed for as long as you can until someone gives you a boot and the pigs are out of the barn. And that's how you view government.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- And if you think I'm angry about this, Mr. Minister, you just try walking down Main Street in any community in this province and you'll meet exactly the same anger.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- This government is not just inefficient; it is not just ridden with an accounting system which no one can make any sense of; this government is crooked, Mr. Minister.

Some Hon. Members: mHear, hear!

Mr. Chairman: -- Order. I'd ask the member to rise and apologize for that last remark.

Some Hon. Members: mHear, hear!

Mr. Chairman: -- Order. I'd ask the member for Regina Centre to rise and apologize. Order. I'd ask the member for . . . Order. I'd ask the member from Regina Centre to rise and apologize to the House for calling the government crooked. Order, order. I'd ask the member for Saskatoon Nutana to be quiet while the Chair has the floor. Order, order. The member for Saskatoon Nutana refuses to be quiet.

I would ask the member for Regina Centre to rise and apologize to this House for calling the government crooked.

Mr. Shillington: -- I apologize for calling the government crooked.

Mr. Chairman: -- An unequivocal apology.

Order. The Chair repeated it; it does not have to be repeated again by the member. I've asked for an unequivocal apology.

Mr. Shillington: -- I tender an unequivocal apology.

Mr. Minister, I would like you to tell this Assembly how much we have at risk. Let's start with NewGrade oil. What is the extent of our current commitment to that project? Mr. Minister . . . (inaudible interjection) . . . NewGrade Energy, that's right. My colleague from Saskatoon Nutana reminds me it's NewGrade Energy. What do we now have at risk in that development?

And I want to go to the other megaprojects which are going sour and I want to get a look at all of your success stories in industrial development.

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, I'm advised that there's no moneys in this interim supply for NewGrade. The government's investment in NewGrade is held in CIC, Mr. Chairman.

Mr. Shillington: -- And I take it you're not going to disclose to us, Mr. Minister, how much the government has at risk in that project.

Hon. Mr. Hepworth: -- Well, Mr. Chairman, what I'm attempting to do is to provide what detail I can relative to the request here for interim supply. As has been pointed out by the chairman and I think myself on occasion, I simply cannot respond to detailed questions in some instances because we just don't have proper officials; in some cases we just don't have the information ourselves as a department.

There are forums for those details, and I'm sure that information can be forthcoming in those forums where proper officials are available to advise ministers, including myself.

Mr. Shillington: -- Well, Mr. Minister, don't get into too much detail.

Just give it to me to the nearest hundred million dollars how much we have at risk in that project.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Minister, some of my colleagues wonder why the minister isn't answering the question. The minister's not answering the question because he's ashamed of the answer. That's why you're not telling me how much you have at risk, Mr. Minister.

Some Hon. Members: mHear, hear!

Mr. Shillington: -- Mr. Minister, are you equally ashamed of the amount that is now at risk with respect to Cargill? Are you equally ashamed of that fact, or will you give me similar information with respect to Cargill? What is our exposure on this project?

(1600)

Hon. Mr. Hepworth: -- Relative to the government's role in the joint venture with Cargill and the fertilizer company known as Saferco, I think as has been said in this House before, the province's position there will be 49 per cent ownership, which will roughly translate into a \$64 million equity investment. And as well, we will be guaranteeing the loan that Saferco undertakes for the financing in the project.

Mr. Shillington: -- Well now I know how to put the questions. I simply ask you to round off these figures to the nearest hundred million. Would you, Mr. Minister, go back and tell us to the nearest hundred million what we have at risk at this point in time in NewGrade Energy?

DHon. Mr. Hepworth: -- Mr. Chairman, as I said earlier relative to NewGrade, there's no moneys in this interim supply for NewGrade. The government's interest in NewGrade is held in CIC and some of the details that you might like to have answered, I think as legitimate questions. I'm just saying that that kind of detail I don't have (a); and (b), there's no moneys in this interim supply for NewGrade, and so I'm not asking for the committee to vote moneys for that project.

Mr. Shillington: -- But nevertheless, Mr. Minister, the moneys which we vote are at risk because we have guaranteed the indebtedness, Mr. Minister, as I understand the matter.

Mr. Minister, are you able to give me . . . Mr. Minister, the last time you were before this committee for interim supply, we asked you what your interest rate assumptions were, and you said they were twelve and a half per cent. If the minister's shaking his head, that bothers me. Things tend to fly apart when that happens; you can hear it rattle. But, Mr. Minister, would you tell me what your interest rate assumptions were? I thought it was twelve and a half per cent. If it's some other figure, you can correct me, Mr. Minister.

Mr. Minister, the question which I was going to ask is then, what is your

interest rate assumptions and in the light of continuing high interest rates, are you not prepared to admit that those assumptions are not valid.

Hon. Mr. Hepworth: -- Mr. Chairman, the answer today is the same as it was the last time we did interim supply and what we're modelling our budget around is an interest rate of 12 per cent.

Mr. Shillington: -- And are you now prepared to admit that those assumptions simply aren't valid in the light of continuing high interest rates?

Hon. Mr. Hepworth: -- Mr. Chairman, there's no question since we delivered the budget on March 29, the whole question of Canadian fiscal and monetary policy, high interest rate policy of the Bank of Canada, the high Canadian dollar is causing us great difficulty here as a government as well as it does farmers and home owners and small-business people across Canada.

Having said all of that, and certainly the interest rates have risen since March 29, budget night. And that concerns us, given the debt that we do have as a province and do carry as a province and it has to be serviced.

Having said that, there is yet nearly 11 months to go in the year and we base this on an entire year. And I think our estimate, our model is relatively conservative compared to some others, not the least of which, Mr. Wilson's.

And having said all of that, because I think we in Saskatchewan . . . or one of the trade marks of the Finance department has been the very good management we get out of the debt management side. And I'm happy to tell the House that today, even in this difficult environment we find ourselves in, this very morning we went to the market and we were able to get 2 or \$300 million dollars at 12.25 per cent which I think is very good, Mr. Chairman.

Mr. Shillington: -- Mr. Minister, you can't be serious about the interest rates coming down. You could not have heard the Governor of the Bank of Canada, John Crow before the House of Commons finance and banking committee yesterday, warning members of the government and opposition of the House of Commons that lower interest rates were unlikely with the advent of the GST (goods and services tax).

Mr. Minister, in light of his comments that interest rates are unlikely to come down, are you prepared to stop being obstinate, which is what you're being? Are you prepared to stop being obstinate and admit that your interest rate projections were unduly optimistic and that is going to mean that your deficit is going to be larger than what you predicted?

Hon. Mr. Hepworth: -- The hon. member asks if I'm going to quit being obstinate. Are you going to quit denying reality, hon. member? Did you not hear what I just said? You should have been congratulating some of the officials that work in the debt management division.

I just finished telling you that we went to the market this morning for 2

or \$300 million dollars in what is a very difficult market environment, I think you will agree. Any reasoned person would agree to that, any reasoned person. Mind you, you spent most of this morning and most of the early part of this afternoon kicking investment houses around because you don't think they're competent to do investment and/or evaluation analysis.

What I said to you just a moment ago, if you would have listened, is that even in this difficult environment and even though interest rates have gone up, we were able to go to the market-place this morning and place a substantial sum at 12.25 per cent. Not bad I would say, and very, very close to our target, Mr. Chairman. Give some credit where credit is due, if not to myself, at least to those who work there; they do a very good job, I would argue.

Mr. Shillington: -- Mr. Minister, the competence of your officials has never been at issue. Your competence is very, very much at issue, Mr. Minister. So, Mr. Minister, let me, since it's evident that you're going to continue to stonewall the question of interest, let me deal, Mr. Minister, with another subject which is something of a chestnut from the last time you came forward for interim supply.

Mr. Minister, at that point in time we discussed the proceeds of the sale of the Potash Corporation of Saskatchewan. The answer appeared to me at the end of the day, the final answer lay in the CIC annual report. You still, Mr. Minister, don't have the annual report that the CIC for the year ending 1989. I wonder, Mr. Minister, with your breadth of knowledge of government, do you know of any reason apart from the concealment of the facts, if there's any other reason why the annual report of the CIC is now, I think, almost a month overdue.

Hon. Mr. Hepworth: -- I can't answer that question precisely because I'm not sure of the detail. But I expect it will be tabled fairly shortly.

Mr. Shillington: -- Mr. Minister, are you able . . . On a different subject, and returning to the subject of yesterday afternoon, Mr. Minister, are you able to update this Assembly with respect to where we stand on the question of aid to farmers? A good deal of time was spent yesterday afternoon. Since then, and reading the press today, there are apparently some new developments. I wonder, Mr. Minister, if you'd be prepared to bring this Assembly . . . if you could be prepared to tell this Assembly what the current situation is with respect to this badly needed assistance for the province's farmers.

Hon. Mr. Hepworth: -- Well I can't stand before the committee today any different than I could yesterday and say that the cheques are in the mail. I do know that the Premier met with the Prime Minister and the Deputy Prime Minister. I think it's fair to say that he got a sympathetic ear and progress was made. I don't know as the issue is resolved totally yet, but certainly, my sense is there's been a recognition, I think, of the arguments that Saskatchewan and all other provinces have been making relative to the federal government's role in this international agri-food trade war and what it's doing to, not only our treasury, but to Saskatchewan farmers and farm families.

Mr. Shillington: -- Do I take it, Mr. Minister, that your current target is to have the money out around the middle of August in time for a fall election now that the window for a June election has passed?

Hon. Mr. Hepworth: -- No, the timing of the payment has nothing to do with elections; it has everything to do with trying to help farmers.

And it's unfortunate that the hon. member . . . I think it's regrettable, quite frankly, that everything in the NDP's mind has to be cast in some kind of political angle, and that it's unfortunate we can't have a sensible debate sometimes in this House on farm policy as opposed to farm politics.

Mr. Shillington: -- Mr. Minister, apart from the . . . Mr. Minister, do I take it, Mr. Minister, that you have no concrete information with respect to the negotiations between . . . My colleague from Riversdale very aptly, a good image, calls it a pillow-fight, between the Premier and the Minister of Agriculture. It is indeed a pillow-fight. At the end of the day, nobody's going to get hurt and everybody's going to go on and do exactly what they intended to. It is a phoney war.

Mr. Minister, apart from what you've said, are you telling us that you have no more information than that with respect to this badly needed payment to farmers? We are still left not knowing anything except that the pillow-fight continues.

Hon. Mr. Hepworth: -- Well as I said earlier, Mr. Chairman, members of the committee, I think it's fair to say that our Premier made progress. I think, reiterating the arguments that Saskatchewan has been making, I think there was a sympathetic ear there. We're happy about that.

Obviously, as I said before, we can't announce a day or a date or an amount precisely as to the size of the payments for individual farmers or even for the entire . . . what the entire payment will be for the farm sector. But I think it's fair to say that progress was made.

Mr. Shillington: -- Mr. Minister, the progress in this . . . I don't want to recreate yesterday's debate. Mr. Minister . . . while the minister rolls his finger, if the minister would roll the answers as fast as he rolls his finger, this interim supply would have been through a long time ago. The reason why this interim supply takes so long is getting answers out of this minister is like drawing teeth from a hen. It is almost impossible.

Mr. Minister, do I . . . Mr. Minister, are we to assume from this, Mr. Minister, that you are . . . that the farmers in this province are still left in limbo while you and your government continue to play . . . you and the federal government continue to play these silly political games with their lives and their farms?

Hon. Mr. Hepworth: -- The point I would make, Mr. Chairman, to you and members of the committee, relative to the farmers of Saskatchewan and the farm groups and the farm leaders -- and I think if the Premier was here,

he'd make this similar comment.

He's been very appreciative of the support he had prior to going to Ottawa to meet with the Prime Minister and the Deputy Prime Minister. And I think if the Premier was here, he would say -- and I know since he is not, I will say on his behalf -- he would say, thank you very much to all those groups, whether it be the Saskatchewan Association of Rural Municipalities, the Saskatchewan Urban Municipalities Association, wheat pool, wheat growers, all those who wrote either to himself or to the Deputy Prime Minister in Ottawa, making Saskatchewan's case and standing behind our Premier. I think he would say thank you, and I think it helped in making his arguments once again to the federal government yesterday.

So I would officially and publicly put it on the record today, offer the thanks of myself and the Premier and other members of the government caucus for that support that they've given the Premier; they're behind him all the way. They too would like to see the cheques as soon as possible. I think their efforts were a substantial help yesterday to the Premier down there in Ottawa.

Mr. Shillington: -- The point, Mr. Minister: there are quite a number of people in this province; the majority, I think, of the farmers are assuming that the Premier never needed any help to get the money that's always been there. He's just playing games with it.

What the Premier needs a lot of help with is getting re-elected. All I can say, Mr. Minister, is I hope he has a lot of people writing because he's going to need a lot of help in getting re-elected. That's been the whole point of the exercise.

Mr. Minister, I have a question with respect to the amount being voted. Why are we voting two-twelfths this time, instead of what is often done which is one-twelfth?

(1615)

Hon. Mr. Hepworth: -- Mr. Chairman, members of the committee, with the exception of perhaps the last year or two, I think for the most part two-twelfths has been the order of the day; '86-87, the second interim supply was two-twelfths; '85-86, the second interim supply was two-twelfths; '84-85, May 1, although the reading wasn't given until April 25, two-twelfths, '83-84 two-twelfths. I'm just trying to make the case that for the most part it's convention, two-twelfths, and I read into the record the appropriations over and above the two-twelfths.

Ms. Atkinson: -- Thanks, Mr. Chairperson. Mr. Minister, you will recall last year when you were the Minister of Education, school boards had some difficulty with their grants because your government delayed forwarding those grants to individual school divisions.

Mr. Minister, can you tell me, once this interim supply Bill goes through, what percentage of school operating grants will then be forwarded to respective school divisions?

Hon. Mr. Hepworth: -- The issue you raise and the concern that we have had in prior years -- and I know when I was Minister of Education, relative to school grants, operating grants -- I think you'll be happy to know that that's precisely why what we're asking the committee to vote here, in excess of the two-twelfths, is the other \$90,069,600 for school operating grants and as well for grants to libraries because of this concern. And what that will mean is by June 30, we will be able to have six-twelfths of their total year's operating grants, provided by the government, in their hands.

Ms. Atkinson: -- Mr. Minister, with this interim supply Bill, will school divisions have three-twelfths of their grant, once this money is forwarded to them? Four-twelfths, five-twelfths, what percentage or fraction of their total operating grants will be forwarded to them once this is passed?

Hon. Mr. Hepworth: -- Six-twelfths, Mr. Chairman.

Ms. Atkinson: -- So, Mr. Minister, you are saying that with this interim supply Bill and the previous interim supply Bill, we have agreed to forward to school divisions six-twelfths of their budget?

Hon. Mr. Hepworth: -- That's correct.

Ms. Atkinson: -- Mr. Chairperson, I'd like to congratulate the Minister of Finance for dealing with what I think has been a very serious problem for school boards in the past. This has not been the previous record of the provincial government. In the past, school boards have been put in the position where the grants have been delayed, and consequently they've had to dip into their reserves in order to meet their obligations.

So on this occasion, Mr. Chairperson, at times when the opposition is often viewed to be only critical of the members opposite, I do want to congratulate the Minister of Finance.

Motion agreed to.

Hon. Mr. Hepworth: --

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1991, the sum of \$761,792,600 be granted out of the Consolidated Fund.

Motion agreed to.

Hon. Mr. Hepworth: -- Mr. Chairman, be it:

Resolved that a sum not exceeding \$131,884,200 be granted to Her Majesty on account for the 12 months ending March 31, 1991.

Motion agreed to.

Hon. Mr. Hepworth: -- Mr. Chairman: be it:

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1991, the sum of \$131,884,200 be granted out of the Saskatchewan Heritage Fund.

Motion agreed to.

The committee reported progress.

FIRST AND SECOND READING OF RESOLUTIONS

Hon. Mr. Hepworth: -- I move that the resolutions be now read the first and second time.

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

APPROPRIATION BILL

Hon. Mr. Hepworth: -- By leave of the Assembly I move:

That Bill No. 26, An Act for Granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year Ending on March 31, 1991, be now introduced and read the first time.

Motion agreed to and the Bill read a first time.

Hon. Mr. Hepworth: -- Mr. Speaker, by leave of the Assembly and under rule 48(2) I move that the Bill be now read a second and third time.

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

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 14 -- An Act respecting Certain Payments to the Meewasin Valley Authority, the Wakamow Valley Authority and the Wascana Centre Authority

Hon. Mr. Kopelchuk: -- Thank you, Mr. Speaker. Mr. Speaker, this Bill is required so the level of funding from the participating parties for Wascana Centre Authority, Meewasin Valley Authority, and Wakamow Valley Authority for 1990-91 will be held at the same level as in previous years.

It should be recognized that in the face of the current fiscal environment, Mr. Speaker, urban parks funding has been maintained at the same level without any decrease. This level of funding is in accord with the fiscal responsibility measures outlined in this year's budget address. It should also be recognized, Mr. Speaker, that these urban parks have and will continue to receive valuable assistance from other provincial departments such as New Careers Corporation and Economic Diversification.

Mr. Speaker, it is the provision of this combination of resources which I believe underscores our commitment to Saskatchewan urban parks. I therefore move second reading of this Bill to amend the Wascana Centre Authority, The Meewasin Valley Authority Act, and The Wakamow Valley Authority Act.

Mr. Hagel: -- Thank you very much, Mr. Speaker.

An Hon. Member: -- Stand up.

Mr. Hagel: -- The member from Regina South offers some prudent advice in being recognized, and I will do my best to identify my standing on this issue, Mr. Speaker.

Mr. Speaker, I want to make a few brief remarks in second reading to this Bill, and I know that there are one or two of my colleagues who would also like to speak to the Bill.

As the minister has said, what it does is simply to continue the funding for the three urban parks in Moose Jaw, Regina, and Saskatoon at the same level as last year.

And I would say there are really two matters in general response to this Bill on second reading, Mr. Speaker, that I would like to address. There are a number of questions and concerns that I would like to address more specifically in Committee of the Whole debate on the Bill. And I admit quite freely, Mr. Speaker, that my bias is centred in the concerns having to do with the funding for the Wakamow Valley Authority which is in Moose Jaw.

But first of all, Mr. Speaker, let me make recognition of the fact that it: (a) it is the Minister of Parks who has introduced this Bill; but (b) it is my understanding that the Minister of Parks is not the minister responsible for all three of the authorities that are impacted by this Bill. It is my understanding, and I'm sure if I'm incorrect I will be corrected, that the Minister of Energy is responsible for the Wakamow Valley Authority.

And with that being the case, Mr. Speaker, I'd just like to express on the record a bit of disappointment. It was encouraging to me last year that the authority for the urban parks had been transferred from Urban Affairs to the Department of Parks. I thought that that made a great deal of sense and put the appropriate minister with the appropriate department responsible for the administration of the Acts of the urban parks, and that it provided for more sensitive dealing with the issues that they face as parks rather than urban entities per se. However, it is a bit of a disappointment to me if as a matter of fact I am correct that it's the Minister of Energy who is responsible for supervision of The Wakamow Valley Authority Act.

(1630)

Having said that, Mr. Speaker, I would like to refer to a comment that was

made by the minister when introducing the parallel Act related to The Wakamow Valley Authority Act last year when a similar Bill was before this House. And I would like to read into the record the minister's comments at that time, verbatim. Mr. Speaker, they're found on Hansard of July 6, 1989, page 2427, at which point the minister said:

It is the intention of the Department of Parks, Recreation and Culture to carry out a comprehensive review of the funding formulas for all of the urban parks. This will be done over the next several months, and it will be done in consultation with the parks' authorities to ensure that their views will be taken into consideration.

Now, Mr. Speaker, I simply remind the Assembly that a year ago, when the minister of the Crown stood up and addressing . . . to introduce an Act to deal with the funding for, in that specific case, Wakamow Valley Authority, rolled into a larger Bill this time. What was said is that the funding formulas would be reviewed, and that came as good news to many, Mr. Speaker.

However, here we find ourselves a year later coming to this Assembly with the minister indicating with his Bill that once again the formulas for funding for all three urban parks will be exactly the same as they were last year.

Now, Mr. Speaker, I must admit that it is a bit confusing to me how you do a major review of the funding formula and then come back a year later saying the review has been conducted fairly. And we find that the funding should continue under exactly the same formula as it was before we started without there having been any changes at all.

Now I will address the funding related to the Wakamow Valley Authority more specifically in Committee of the Whole. But I simply want to bring to the attention, Mr. Speaker, of the Assembly, and again I refer back to Hansard of August 18, 1989, page 4197 in which I ask the minister of Parks at that time, and I will quote verbatim the question that I put:

Would you be of the view, Mr. Minister, that in light of, as well, of the fact that both again Wascana and Meewasin have third-party funding from the universities, and that Wakamow in Moose Jaw does not, in light of that fact as well as the lower level of mill rate funding from the province and the lower proportion of provincial funding, 40-60 versus 50-50, I simply ask if you would be of the opinion that the Wakamow Valley Authority is not being funded by the province in an equivalent manner to the other three developmental authorities in the province?

And in response to that question a year ago, Mr. Speaker, the minister stood in his place, not this minister, but the previous minister of Parks, and he said, and again I quote:

What I have said to the officials is when we get

D down to negotiations and into discussion we should take that into consideration.

That was the commitment of the minister. That would seem to me, Mr. Speaker, to imply that it's reasonable to expect that some change might be made to remedy what I, and I believe the minister of the day a year ago, felt to be some natural inequity in the funding formulas, particularly as they affect Wakamow Valley Authority in Moose Jaw.

And then just a moment later in estimates of . . . or in Committee of the Whole of last year, Mr. Speaker, again I want to read into the record a quote of a question I put to the minister in which I said:

Well just finally, Mr. Minister, let me make it clear that I'm not asking for preferential treatment . . . but simply that Wakamow receive funding to a level that is equitable with the other authorities.

To which the minister responded on August 18, and I quote:

Mr. Chairman, we'll do our level best subsequent to negotiations.

Well, Mr. Speaker, I simply continue to be of the same view as I was a year ago, that there are some inequities that need to be addressed in the funding for all of the authorities as a matter of fact, but in particular for Wakamow Valley Authority in Moose Jaw.

I know we addressed this issue in the very same form a year ago, with it being apparent that there was reason to expect that come this time now, there would be some kind of a different formula being proposed to deal with urban parks funding and particularly to deal with the inequity as it affects the Wakamow Valley Authority in Moose Jaw.

So having said that, Mr. Speaker, I simply want to put on record my, first of all, my support for the Wakamow Valley Authority and the fine role that it plays in the community of Moose Jaw and the contribution it will continue to make for the quality of life of our citizens as well as visitors to our fair city.

And secondly, Mr. Speaker, to put on record my disappointment that an apparent inequity in funding which I believe that there was a common understanding on both sides of the House, has not been remedied in this Bill. And as I said previously, Mr. Speaker, I will address these matters in more detail at the appropriate forum which would be in Committee of the Whole.

Mr. Brockelbank: -- Mr. Speaker, I welcome the opportunity to take part in this debate on Bill No. 14, An Act respecting Certain Payments to the Meewasin Valley Authority, the Wakamow Valley Authority and the Wascana Centre Authority which may be cited as The Urban Parks Financial Arrangements Act. Well I believe more accurately, Mr. Speaker, this could be referred to as the urban parks restraint arrangements Act.

I have before me the estimates of this government. I have before me the debate last year on Bill No. 59 which was dealing with Meewasin Valley. And I also have before me public comment about how this government treats Meewasin Valley Authority. I will direct the bulk of my remarks towards

Meewasin Valley Authority because I'm sure the other authorities will be addressed by members quite adequately.

Last year in bringing down Bill No. 59, an Act to amend The Meewasin Valley Authority Act, the minister at that time rose in the House and said, "this Bill is required to ensure the level of funding for Meewasin Valley Authority . . ." Well it's doing the same thing this year that it did last year. It's restraining the funding to Meewasin Valley Authority.

The minister continued to say:

. . . it is the intention of the Department of Parks, Recreation and Culture to carry out a comprehensive review of the funding formulas . . . for all the urban parks. This will be done over the next several years and, I should also suggest, in consultation with the parks' authorities to ensure that their view will be taken into consideration.

I assure you, Mr. Minister, I want you to come prepared to the committee of this Bill to explain what progress is being made on this consultation about the funding with regard to parks, these urban parks.

Last year when I spoke on this Bill, Mr. Speaker, Bill No. 59 which this year is covered by Bill No. 14, I reminded the minister at that time that this government was hostile to the creation of the Meewasin Valley Authority and they demonstrated it at the time that it was created.

At the time it was created they sat over here, Mr. Speaker, and we were the government over there creating the Meewasin Valley Authority. And in a manner which could probably be best described as underhanded, this present government, in its position as opposition, did everything it could to torpedo Meewasin Valley Authority. It was clear from their actions and clear from those who acted on their behalf that they were there to torpedo the Meewasin Valley Authority at that time.

It became even more clear when they formed the government because the first Act, the first opportunity this government had, they cut the funding to Meewasin Valley Authority. They cut the statutory funding to the authorities. This Bill, Bill No. 14 which we have before us today, marks the fourth failure, the fourth failure of this government towards the authorities and in particular the fourth failure with regard to Meewasin Valley Authority.

Their first failure was at the first opportunity they cut the statutory funding to Meewasin Valley Authority. Then in 1988, the second opportunity, they restrained the funding to Meewasin Valley Authority. In 1989 they restrained the funding to Meewasin Valley Authority and the other authorities. And again this year they again restrain the funding to Meewasin Valley Authority and all the other authorities.

The minister stands in his place . . . And it's unfortunate I came in part way through the minister's remarks, but I gathered from the remarks that I did hear that the minister was complimenting himself and the government for maintaining these funds.

Well I suppose in this day and age in Saskatchewan we should be thankful for small mercies, none of them being the member from Weyburn. But we should be thankful for small mercies because this minister retained the funding at the level that they restrained it before. But when this minister's patting himself on the back about what a good job he's doing for these urban parks, the minister . . . I wonder, Mr. Speaker, if you want to restrain the member from Weyburn. He seems to have not got enough in his interim supply today and he wants to get into this debate as well.

The minister in charge of this Bill was patting himself on the back. I tell you, Mr. Minister, you require patting on that side of your body, but a little harder and lower down with regard to the authorities and how you handle those -- a little lower and a little harder, Mr. Minister.

And the member from Weyburn could do with some of that kind of application as well because his performance this afternoon, previous to this, left a lot to be desired on behalf of the minister.

The Speaker: -- Order, order. I think that all members should perhaps keep their wits to themselves and allow the member from Saskatoon Westmount to continue.

Mr. Brockelbank: -- Thank you, Mr. Speaker, for that ruling. I appreciate it.

At the time that this government took the first opportunity to fail the authorities, I was a member of Saskatoon city council. Saskatoon city council raised a motion asking this government to return the funding to its statutory level that had been there when the previous government was in power.

The motion was very clear. The resolution from the city council in Saskatoon, that the city of Saskatoon inform the provincial government that we appreciate their financial support for MVA (Meewasin Valley Authority) and encourage the provincial government to re-establish funding level at five mills for the year 1984-85.

That was promised by Paul Schoenhals in this Chamber. You failed to deliver on it, Mr. Minister. Your predecessor has failed to deliver on that. And before that, their predecessors failed to deliver for these authorities.

It's unfortunate, Mr. Speaker, that this government has failed. They've shown restraint. I said they've shown restraint for four years. The evidence is clear and I want to read some comment into the record with regard to the effect of what the minister is doing. Keep in mind, Mr. Speaker, that the money that goes to these authorities goes to labour-intensive projects. The unemployment rate in Saskatchewan is serious. It's quite serious in the city of Saskatoon where the Meewasin Valley Authority is.

The headline in the Star-Phoenix reads on April 6, 1990, "MVA forced to

abandon projects." It lists some of the projects: the MVA Trail section between Broadway and University bridges on the east side of the river; restoration of Cranberry Flats south of the city; clean-up of the north-east part; a master plan for developing the north-east area in and around Silverspring and the Forestry Farm.

These are some of the labour-intensive projects to which the funding -- if it was returned to its original level of statutory funding, which this government has failed for four times in a row to do -- would have gone towards these projects and created employment in city of Saskatoon to say nothing of Regina and Moose Jaw as well.

(1645)

So the minister need not pat his government on the back for this. Need not. There is only one thing I can compliment the minister on, and it's very little but it's all I can give the minister.

Last year, the previous minister introduced three Bills -- Bill 57, 58, and 59 to deal with this issue. Mr. Minister, your efficiency has reduced this to one omnibus Bill 14 to restrain the money to all these authorities. That is the only compliment I can give this minister for this Bill.

And I regret, I regret severely that this minister carries on the policies of the previous ministers who have gone against the wishes of the people of Saskatoon as voted by their city council to return this funding to the statutory level it was when the authorities were created. I regret that very much, Mr. Speaker.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

Bill No. 16 -- An Act to amend The Mortgage Protection Act

Hon. Mr. Hepworth: -- Mr. Speaker, I rise today to move second reading of Bill No. 16, An Act to amend The Mortgage Protection Act.

In early 1982 mortgage interest rates were at a level of 19 per cent and higher. Saskatchewan home owners were facing severe financial hardships because of those exorbitant rates and many of them were in danger of losing their homes. This most serious situation had been getting worse year by year.

However, Mr. Speaker, the government in power, the NDP, prior to April 26, 1982, had done nothing to provide any relief to Saskatchewan residents facing the hardships caused by exorbitant mortgage interest rates.

I'm pleased to say, Mr. Speaker, that our government, the government of our Premier here, responded to the needs of the people of Saskatchewan. We introduced the mortgage interest reduction plan in July of 1982. The plan reduced mortgage interest rates to thirteen and a quarter per cent for Saskatchewan home owners on their principal residences.

Mr. Speaker, the mortgage interest reduction plan was a tremendous success providing 62.8 million in direct cash benefits to over 43,000 Saskatchewan home owners, interest rate relief that allowed them to keep their homes and enjoy a better standard of living.

Fortunately, Mr. Speaker, by 1986 interest rates were no longer at record high levels and immediate interest rate relief was no longer required, but we felt that there was a need to provide long-term stability. We therefore introduced the mortgage protection plan to provide Saskatchewan home owners with the assurance that they would not be faced with exorbitant mortgage interest rates for a 10-year period of September 1, '86 through August 31, 1996. This plan reduced mortgage interest rates to nine and three-quarters per cent on new or renewed mortgages negotiated on or after September 1, '86.

I am pleased to report to you in this Assembly, Mr. Speaker, that to date almost 76,000 Saskatchewan home owners have received more than 53 million in benefits from the mortgage protection plan.

As you know, Mr. Speaker, despite repeated pleas from our Premier, the Bank of Canada continues to keep interest rates abnormally high. The high interest rate policy of the federal government, the off-loading of the federal budget, and the worsening crisis in agriculture has made it necessary for us to make some tough decisions. We had to balance the need to protect the home owner against other priorities such as agriculture, health, and education.

The subsidy rate is therefore being increased from nine and three-quarters per cent to ten and three-quarters. The change affects mortgage protection plan benefits beginning April 1, 1990. It will result in a reduction in the average subsidy of approximately \$23 per month and savings to the province and taxpayers of \$35 million over the next two years.

We have not reneged on our promise to the people of Saskatchewan. The mortgage protection plan remains in place to protect Saskatchewan home owners from high mortgage interest rates. Mr. Speaker, I move that Bill No. 16, An Act to amend The Mortgage Protection Act be now read a second time.

Mr. Shillington: -- It is not, Mr. Speaker, our intention to delay the passage of this Bill for any length of time. I do however state that we are opposed to this legislation. It's typical of this government, Mr. Minister, that when they need more money, you look to the ordinary individual and the services which they need and rely upon. It is also typical that when you have largess to spread around, Mr. Minister, that goes to the corporate world.

One of the Bills, Mr. Minister, which the House Leader told us would be called later on today is The Corporation Capital Tax Act. It is my understanding -- and I stand to be corrected if the minister wishes to do so when he gets there -- it is my understanding that there is a small additional exemption being given to small resource companies in The Corporation Capital Tax Act. It's typical that when this government needs

money, it goes to ordinary people; when it's got largess to spread around, it gives it to the corporate world.

This protection, Mr. Minister, is no less necessary now than it was when you introduced it. Interest rates are still a very serious burden for the public. Mr. Minister, the public of Saskatchewan would far rather that you brought to an end the waste and mismanagement, that you would tackle seriously as we urged you earlier to do, the recommendations of the Provincial Auditor, run a more efficient ship, and not continue to deprive the public of benefits which they need. There are far better ways to solve your fiscal problems than this method, Mr. Minister.

As I've said on more than one occasion, raising the taxes . . . That's effectively what this is; by this legislation you get additional money from the public. That is not the solution to your financial woe, any more than it's the solution to someone who's living beyond their means. An additional bit of income doesn't solve the problem. They just blow that too.

Mr. Minister, this additional revenue is not going to solve the fiscal problems of this government until you learn to bring your expenditures under control, and you haven't done so. Mr. Minister, you're making no attempt to do so, as we discovered earlier in the Committee of Finance under the interim supply.

Well the member from Yorkton and the member from Lloydminster are anxiously engaging in the debate. I know their comments will be scintillating and sparkling when I'm finished. I'm sure they'll both be on their feet to drop these pearls of wisdom at our feet that we may anxiously pick them up.

Mr. Minister, this is not the solution to a government's financial problems. The solution, Mr. Minister, is better financial control of your expenditures. Until you do that, you're going to go on having problems. And if you don't soon begin to do it, the public are going to find a party which will exercise some discipline over expenditures.

I say therefore, Mr. Minister, that I and my colleagues will be voting against this legislation.

Motion agreed to on division, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

Bill No. 17 -- An Act to amend The Education and Health Tax Act

Hon. Mr. Hepworth: -- Mr. Speaker, I rise to move second reading of Bill No. 17, an Act to amend The Education and Health Tax Act.

This Bill makes two separate changes to The Education and Health Tax Act. The first change is to amend the Act to provide legislative authority for the province's existing tax prorate plans. Mr. Speaker, these amendments are necessary as a result of the Supreme Court of Canada's decision in the B.C. Airlines case, brought down in May 1989.

The court ruled that a province cannot levy tax on interprovincial undertakings on a prorated basis unless the prorated scheme is expressly authorized by provincial tax legislation.

Our prorated plans for truckers, railways, and contractors do not have legislative authority and have been in existence on an administrative basis for 15 years or more.

These plans, Mr. Speaker, provide for the prorating of tax payable by interprovincial firms and non-resident contractors on equipment used temporarily in the province. The tax is prorated based on the equipment's use in the province relative to its use in the rest of Canada.

This Bill provides the legislative authority to prorate the tax on goods used in the province on a temporary basis. Firms affected by this legislation will not pay any additional taxes.

The second change being made by this Bill, Mr. Speaker, is to provide legislation to implement the reduced tax rate announced in the budget on mobile homes, modular homes, and ready-to-move homes sold for residential use.

Effective March 30, 1990, the tax rate is reduced to 3.5 per cent. Prior to this change, other forms of residential accommodation such as stick built homes faced a lower provincial sales tax burden because builders are only required to pay the tax on their materials.

This resulted in an inequitable tax situation for sellers of mobile homes and ready-to-move homes. The reduction of the tax rate on mobile homes, modular homes, and ready-to-move homes sold for residential use will ensure that all forms of residential housing are taxed on a similar basis.

Mr. Speaker, I move second reading of Bill No. 17, An Act to amend The Education and Health Tax Act.

Mr. Shillington: -- Thank you very much. I can be quite brief on this Bill without getting into the detail of it, and there is some detail in it. We accept the minister's comments at virtually face value. We will not be opposing this particular piece of legislation.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

Bill No. 18 -- An Act to amend The Stock Savings Tax Credit Act

Hon. Mr. Hepworth: -- Mr. Speaker, I rise today to move second reading of Bill No. 18, An Act to amend The Stock Savings Tax Credit Act.

Our government, Mr. Speaker, introduced the stock savings tax credit in June of 1986 to encourage Saskatchewan residents to make equity investments in Saskatchewan public companies. Furthermore the program was established to improve availability of capital to Saskatchewan businesses for use in financing future expansions.

I am pleased to say, Mr. Speaker, that the program has been a success on both accounts. There were 25 certificates of eligibility issued to corporations. Twenty of these share offerings were proceeded with and they raised over \$115 million in gross proceeds.

In addition, Mr. Speaker, 6,711 Saskatchewan residents who participated in these share offerings received about \$15 million in benefits by opening a stock savings plan.

When the program was introduced in '86, Mr. Speaker, we established a three-year sunset date of June 13, '89. However, given the success of the program, Mr. Speaker, we extended the stock savings tax credit last year for an additional two years, to June 30, 1991.

Unfortunately, Mr. Speaker, we are facing difficult economic times which necessitate a reduction in government spending. As a result, Mr. Speaker, I announced in the budget address of March 29, '90, the stock savings tax credit program was being terminated. This will save the government about \$3 million per year in tax expenditures.

This Bill, Mr. Speaker, terminates the stock savings tax credit program and provides that no new certificates of eligibility can be approved after March 28, 1990. Investors who have shares in a stock savings plan must continue to hold those shares in their plan for the required holding period of two years plus the year of investment.

Mr. Speaker, I move second reading of An Act to amend The Stock Savings Tax Credit Act.

Mr. Shillington: -- Thank you very much, Mr. Speaker. The minister says in his introductory remarks that this program has been an enormous success, but he decided to cancel it. It has succeeded with such vigour that we decided to cancel it.

The truth of the matter is the program's been a flop and that's why they're cancelling it. And I suspect that governments are more likely to cancel unsuccessful programs than cancel successful programs. I think that's what they've done in this case.

Notwithstanding the government's putting an end to one more of their failures, we don't particularly object to the end of this one. I and my colleagues have always taken the position that it is . . .

An Hon. Member: -- My colleagues and I.

(1700)

Mr. Shillington: -- My colleagues and I have always taken the position that . . . The member's going to have us all speaking English yet before the legislature comes to an end.

My colleagues and I have always taken the view that it is inappropriate and

improper to be attempting to achieve industrial development by exemptions to the income tax. That is a system and that is a process by which the affluent pay less than their fair share of taxes with the supposed benefits of industrial development.

We have always taken the position there are far cheaper ways to achieve industrial development and ways which don't foul up the tax system. My colleagues and I have therefore always taken the position that these tax exemption schemes are inappropriate and should be brought to an end.

We are encouraged, Mr. Speaker, and Mr. Minister, to see that federally these programs are being wound down as more and more of the public and the federal government has begun to see that they're unjust and not very efficient use of money.

So we do not, Mr. Minister . . . we will be voting for this, Mr. Minister, notwithstanding the nonsensical nature of your remarks when you introduced it.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

Bill No. 23 -- An Act to amend The Corporation Capital Tax Act

Hon. Mr. Hepworth: -- Mr. Speaker, I rise today to move second reading of Bill No. 23, An Act to amend The Corporation Capital Tax Act. This Bill introduces a corporation capital tax resource surcharge deduction that will reduce the tax burden of smaller resource corporations operating in Saskatchewan. It also allows the minister to deem a fiscal year end to occur immediately before a major reorganization of a corporation and enacts various other technical amendments.

Mr. Speaker, let me briefly explain how the corporation capital tax is determined. The corporation capital tax is basically an annual tax on the wealth of the corporation. The corporation, other than a financial institution, computes its corporation capital tax based on one-half of one per cent of its taxable paid-up capital. The taxable paid-up capital of a corporation is essentially equal to the sum of long-term liabilities and shareholders' equity less a deduction of \$10 million.

Mr. Speaker, in July 1988 we introduced a resource surcharge on resource corporations in addition to the normal corporation capital tax paid by corporations. The resource surcharge is equal to the difference between 2 per cent of the corporation's value of resource sales in Saskatchewan and its existing corporation capital tax liability. Mr. Speaker, the resource surcharge has generated additional tax revenues of approximately \$34 million in 1988-89, and approximately \$41 million in '89-90. It has helped ensure that large resource corporations pay their fair share of taxes to the province. When new taxes are introduced, Mr. Speaker, inequities sometimes surface during the early stages of implementation. Such is the case with the resource surcharge. Some resource corporations have been subjected to large amounts of resource surcharge relative to their size.

Mr. Speaker, resource corporations with gross assets of less than \$100 million will be entitled to a resource surcharge deduction. The amount of the surcharge deduction will be dependent upon the proportion of total salaries and wages paid by the corporation and its associated corporations to its Saskatchewan employees.

Corporations which allocate all of their salaries and wages to Saskatchewan will be able to deduct up to two and a half million from their value of resource sales. This equates to a maximum tax reduction of \$50,000 per year. This Bill, Mr. Speaker, also allows the minister to deem a fiscal year end to occur immediately before a major reorganization of a corporation. Corporation capital tax is calculated using values as at the fiscal year end of the corporation. A corporation which reorganizes by transferring assets just prior to the end of its fiscal year may reduce its corporation capital tax liability.

This amendment will ensure that all corporations pay an equitable share of corporation capital tax regardless of corporate restructuring. We are also enacting various technical amendments in order to clarify our position on certain issues and to conform with the change in the federal Income Tax Act.

Mr. Speaker, I move second reading of An Act to amend The Corporation Capital Tax Act.

Mr. Shillington: -- Once again, Mr. Minister, we do not intend to vote against this legislation. I just point out once again the unequal treatment between your resource corporations and the public under the mortgage interest protection plan.

During the period of time that this government has been in office, our taxation system has got progressively more and more unfair. The public have begun to pay a higher portion of the bills and the corporate and business world have paid less. That process has been ongoing all the time you've been in office. This is one small step down that road.

We don't, Mr. Minister, object as such to the exemption provided to the small resource companies. We do feel, Mr. Minister, that you're at fault in continually asking individuals to pick up the tax bill and exempting the business community.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

COMMITTEE OF FINANCE

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

The Assembly recessed until 7 p.m.