

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN  
Third Session — Eighteenth Legislature  
48th Day

Thursday, April 28, 1977.

The Assembly met at 2:00 o'clock p.m.

On the Orders of the Day.

**WELCOME TO STUDENTS**

**HON. E. L. COWLEY (Biggar):** — Mr. Speaker, I take great pleasure in introducing to you and through you to this Assembly a group of 40 Grade Six students from the Delisle School, seated in the Speaker's Gallery. They are accompanied by Mr. Novicki, Mr. Keesey and Mrs. French. I hope they have an enjoyable time in the Legislature this afternoon and have a safe trip home afterwards. I will be meeting with them at about 2:45 in Room 218. I hope at that time to be able to answer all the questions that I may not be able to in the next half hour in the House. I would like all of the Members to recognize them and welcome them here, Mr. Speaker.

**HON. MEMBERS:** — Hear, hear!

**MR. R. E. NELSON (Assiniboia-Gravelbourg):** — Mr. Speaker, I should like to introduce to you and through you to this Assembly a group of 30 Grade Seven students from Gravelbourg School. With them is Mr. Morin, Mrs. Petit and Mr. Gervais. I hope they have a pleasant day in Regina. I will be meeting with them later at 2:30 and I wish them a safe journey home.

**HON. MEMBERS:** — Hear, hear!

**MR. S. J. CAMERON (Regina South):** — Mr. Speaker, Mr. Penner who can't be in the Legislature today asked me if I would in his stead, ask Members through you to acknowledge the presence of and welcome a group of Grade Four students from Alvin Buckwold School in Saskatoon. On behalf of Mr. Penner and I am sure on behalf of all Members, I welcome the students from Alvin Buckwold School and wish them an enjoyable and educational day in the Legislature.

**HON. MEMBERS:** — Hear, hear!

**MR. E. F. A. MERCHANT (Regina Wascana):** — Mr. Speaker, behind me in the west gallery is one of the largest groups, I think, that usually come to this House, over 50 students from the Douglas Park School with Dave Taylor and Wayne Wilson. On your behalf and with other Members of the Legislature, I would welcome them to the House today.

**HON. MEMBERS:** — Hear, hear!

**QUESTIONS**

**CANADIAN WHEAT BOARD - WITHDRAWAL OF ALBERTA**

**MR. S. J. CAMERON (Regina South):** — Mr. Speaker, a question to the Premier and I have one or two related questions to it. They relate to the forthcoming conference of western Premiers. By way of background,

Mr. Speaker, before a particular question, there has been a movement in Alberta extending now over some months led by, among others, John Shannon who is the chairman of the Alberta Grain Commission, for the withdrawal of Alberta from the jurisdiction of the Canadian Wheat Board. I am wondering if the Premier will take that issue to the conference of western Premiers coming up shortly and attempt to draw an assurance from the Province of Alberta that it will not seek to withdraw from the jurisdiction of the Canadian Wheat Board?

**HON. A. E. BLAKENEY (Premier):** — Mr. Speaker, I was not aware of any serious move on the part of any group in Alberta, but may I assure the Hon. Member that if this appears to be in any sense, however remote, a possibility I will (a) state the view of the Government of Saskatchewan that we do not believe the provinces should withdraw from the jurisdiction of the Canadian Wheat Board; and (b) attempt to persuade the officials of the Government of Alberta including the Premier, not to give any support to the proposition that Alberta should withdraw from aegis of the Canadian Wheat Board.

**MR. CAMERON:** — A supplementary in a related area. There has been some speculation of late, as well, that the Province of Alberta or at least people within the Government of the Province of Alberta are looking at resurrecting the Alberta Grain Exchange. I wonder if that is another matter the Premier might want to raise with the Premier of Alberta, and again seek a consensus of that particular question. I am not sure, for example, that the Province of Saskatchewan and indeed any Members here would want to see the Alberta Grain Exchange resurrected because that would begin to put some pressures on the Canadian Wheat Board as well.

**MR. BLAKENEY:** — Mr. Speaker, again I am not aware of the position of the Government of Alberta on this and I don't want anything I might say to suggest that I am being critical of current steps of the Government of Alberta which are not known to me. But having said that, I will say I do not favor the Alberta Grain Exchange, the Winnipeg Grain Exchange or any other grain exchange in western Canada

...

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BLAKENEY:** — ... and I would be more than happy to attempt to dissuade anybody who is attempting to put the trading in grains, now handled by the Canadian Wheat Board, on an open market basis through grain exchanges.

**MR. CAMERON:** — I have a final supplementary. I want to ask the Premier, as well, whether he will seek the concurrence of the other western Premiers to urge upon the Federal Government changes to the current National Transportation Act to emphasize the aspect of transportation being used as a . . .

**MR. SPEAKER:** — Order! The Member for Wascana.

## LABOUR AND PUBLIC SERVICE CONTRACTS

**MR. MERCHANT:** — I should like to direct a question to either the Premier or, more likely, the Minister of Finance about the contract with the labor service section which is now up for ratification and which I have in my hand. Mr. Speaker, the contract, as proposed, offers an increase of approximately eight per cent to the labor service section. I wonder if the Minister would give his assurance to the House and to the people of this province, that that's the level of increase that you propose for public servants of other unions as well, say the IBEW, OCAW in Power, or perhaps one of the nursing organizations or whatever. Could the Minister indicate whether the eight per cent proposed here is the rate that you will be negotiating with all public servants during 1977?

**HON. W. E. SMISHEK (Minister of Finance):** — Mr. Speaker, I hope the matter of actual collective bargaining doesn't become a debatable issue in the Legislature. Details of collective bargaining are between the unions and employers. I hope that that is something that Members of the Opposition parties, as well as the Government, will recognize and honor. I really don't know why the Member is posing that question because insofar as collective bargaining negotiations are concerned with IBEW and SPC, those negotiations have been completed and concluded and have been printed in the press for 1977 in total. Similarly SPC and OCAW have been concluded and settled. I do not have the exact figures at the moment. I think there was an opportunity for Members in the Crown Corporations Committee to ask questions on those collective bargaining agreements that have been settled. And as far as the collective bargaining negotiations agreement between the Public Service Commission and SGEA insofar as the labor service and the regular public service, we have concluded collective bargaining negotiations. The results of collective bargaining negotiations are being reported, as I understand it, by the Government Employees' Association to its membership. Mr. Speaker, I have no comment to make on those negotiations at the present time.

**MR. MERCHANT:** — Mr. Speaker, a supplementary. Can I then, judging from the Minister's response, assume that you are saying that even though the Government of Saskatchewan is one of the signatories to this agreement and the people of the province will be paying for it, that you don't consider that the rate, in this case eight per cent, or whatever the rate might be of a contract, is something that is subject to discussion by the Members of this Legislature, who represent the employers and the people who will be paying the cost?

**MR. SMISHEK:** — Mr. Speaker, in my brief discussion with some of the Opposition Members on this matter, both parties, I thought this was something that they equally respected as a matter of free collective bargaining between the parties. Obviously the Member for Wascana does not agree with his own caucus Members.

**MR. MERCHANT:** — Mr. Speaker, a final supplementary. As the Minister will be aware, somewhat more than one per cent of the employees covered by the labor service section will, because of reclassification, actually be receiving less money in 1977, although admittedly this contract runs out at the end of September. They

will be receiving less money than they are now receiving under their 1976 contract. Does the Government feel that it is fair to deal with those workers in that way so that they will be, in fact, receiving less money than they have currently been receiving?

**MR. SMISHEK:** — That is not the truth, Mr. Speaker, nobody is going to get a wage cut and the Hon. Member knows that. He is trying to mislead the public.

### **RESIGNATION OF SENIOR HYDRAULOGISTS - SASK RESEARCH COUNCIL**

**MR. E. A. BERNTSON (Souris-Cannington):** — A question to the Minister responsible for the Saskatchewan Research Council.

In light of the praise the Minister responsible for Saskoil had yesterday for the Research Council, and I think justifiable praise, can the Minister explain why three senior hydraulists resigned from the Saskatchewan Research Council as of April 1, 1977, in the midst of a water crisis in Saskatchewan, leaving only two junior hydraulists on staff?

**HON. N. VICKAR (Minister in charge of Saskatchewan Research Council):** — Mr. Speaker, I am not aware that there were three senior officers of the staff who had resigned.

**MR. BERNTSON:** — A supplementary, Mr. Speaker. The fact is that they resigned a month ago. So a supplementary to the Minister responsible for Saskoil. Would the Government now use the facilities of Saskoil, supply maps and data and available relevant information to local governments and farmers in drought or water short areas?

**MR. COWLEY:** — Mr. Speaker, I thought I made it pretty clear to the Member yesterday, that whatever facilities Saskoil had and whatever information Saskoil had, was available to the responsible agencies with the Government of Saskatchewan and it is certainly available to the responsible agencies within local governments as well. That hasn't changed from yesterday. That is what I said yesterday and unlike some politicians opposite, that is what I am going to say today. I can assure the Member if he asks me tomorrow I will tell him the same thing too.

### **FIRE FIGHTING EQUIPMENT**

**MR. G. N. WIPF (Prince Albert-Duck Lake):** — Mr. Speaker, a question to the Minister in charge of Government Services, the Minister in charge of the tracker aircraft or maybe the Minister of the Department of Northern Saskatchewan could help me on this. We've some tracker aircraft sitting in Prince Albert which are set up and refitted for fire fighting. Could the Minister tell this Assembly why the Government has been renting the Canso water bomber out of Prince Albert to fight some fires there in the last couple of days, while our own fire fighting aircraft are sitting on the base there?

**HON. G. R. BOWERMAN (Minister of Northern Saskatchewan):** — Mr. Speaker, the contract for, I believe, two cando water bombers has been a contract that the department has had for some time. In addition to cando water bombers, there are also contracts for helicopters for the purpose of forest fire control. In addition to that, we have obtained through the Department of Government Services, six tracker aircraft that have been refitted for water bombing purposes for forest fire control. All aircraft are being used. If cando water bombers were chosen instead of trackers, someone in the department made that decision, someone who felt that that was the appropriate machine to use on that specific occasion.

**MR. WIPF:** — Supplementary, Mr. Speaker. I understand that the contract for the cando water bomber does not start until next month. Is there something wrong with the tracker aircraft that we have in Prince Albert right now? Are they not ready, not fit to be flying with a full load on them? Are they grounded for some reason?

**MR. BOWERMAN:** — I would be surprised, Mr. Speaker, if the cando water bomber contract didn't begin until next month. That may well be the case, but I'm surprised if it is. I don't know who it would be who would designate the cando water bombers instead of the tracker aircraft, but whoever it was that made that decision, made it on the basis of the needs and the requirements of the fire. They undertake two totally different kinds of operations. The cando is an amphibian which takes on water when it is in flight. The tracker aircraft are loaded as they sit on the tarmac and subsequently take off. I can't tell you for what reasons they may have been using candos the other day, or in fact, if they were using them.

#### **RE-OPENING OF REFINERY AT KAMSACK**

**MR. R. E. NELSON (Assiniboia-Gravelbourg):** — Mr. Speaker, I have a question of the Minister of Industry and Commerce. A statement was made yesterday regarding the re-opening of the refinery at Kamsack. Could the Minister tell this Assembly if the Government has, or is, negotiating to lend money for this venture through SEDCO or through any other government agency?

**HON. N. VICKAR (Minister of Industry and Commerce):** — Mr. Speaker, the statement that was made yesterday was that there was some contact with people re opportunities in Kamsack.

**MR. NELSON:** — Supplementary, Mr. Speaker. Does the Government plan to take this refinery into any of the Government Crown Corporations?

**MR. VICKAR:** — Not to my knowledge, Mr. Speaker.

## WEIGHT RESTRICTIONS ON ROADS

**MR. R. H. BAILEY (Rosetown-Elrose):** — Mr. Speaker, I'd like to direct a question to the Minister in charge of transportation. Following the SARM convention and the dispute which subsequently arose over the weight restrictions in Saskatchewan, you told this House that you would be meeting with your officials and would have a further comment. It's been some time and my first question to you today is, have you met with your officials and has any decision been made?

**HON. G. MacMURCHY (Minister of Municipal Affairs):** — Mr. Speaker, I know I said that I would be meeting with officials of SARM. We have not, as yet, had an opportunity to meet. There have been some discussions between my office and their office with respect to a possible meeting, but one has not yet been set up.

**MR. BAILEY:** — Supplementary question, Mr. Speaker. Would the Minister not deem it advisable, due to the degree of controversy over this issue, that it would be in the best interests of the people of Saskatchewan and this Assembly, if the decision was reached before this House prorogues?

**MR. MacMURCHY:** — Mr. Speaker, it's an issue with respect to SARM since it involves their road system. We're anxious to meet and I'm sure that they are. As soon as it's possible to set up such a meeting, we'll be meeting. I can't make any commitment with respect to prorogation of this House as it relates to a meeting with them.

## TEACHERS' SUPERANNUATION PLAN

**MR. W. H. STODALKA (Maple Creek):** — A question to the Minister of Education. Since a couple of days ago when the Minister of Health indicated in this Assembly that the cost of living index feature of the teachers' superannuation plan was, I think the term used, a recipe for disaster, I've had a number of people contact me wondering exactly what the Government's position was going to be on this. Does the Minister of Education agree with the Minister of Health that the cost of living index feature of the teachers' superannuation plan is a recipe for disaster?

**HON. E. L. TCHORZEWSKI (Minister of Education):** — Mr. Speaker, unfortunately the Member opposite puts an interpretation on what the Minister of Health said. The Minister of Health was not talking about the teachers' superannuation plan; he was talking about pension plans in general. Now what the Member has done, is that he has taken one plan and tried to apply a general statement in the context of that particular plan.

**MR. STODALKA:** — Supplementary, Mr. Speaker. Can I just rephrase the question then? Does the Minister feel that all pension plans, that have a cost of living index built within them, are recipes for disaster?

**MR. TCHORZEWSKI:** — I don't have a specific comment on that. I am no authority on pension plans and I don't necessarily agree or disagree, at this point in time, because I don't have a position on that particular question.

### **GRAZING PRIVILEGES IN COMMUNITY PASTURES**

**MR. L. W. BIRKBECK (Moosomin):** — Mr. Speaker, in the absence of the Minister of Agriculture (Mr. Kaeding) I would direct my question to the former Minister of Agriculture. I would ask the Hon. Minister if he could give this House an assurance that farmers, who previously had grazing privileges in community pastures, will be guaranteed protection of those privileges in instances where community pastures are turned over to co-operatively run pastures?

**HON. J. R. MESSER (Minister of Mineral Resources):** — Mr. Speaker, it is difficult to give that assurance. I know that any move to have community pastures transferred to co-op pastures, I think, will be instigated by the former patrons of those pastures themselves. It certainly, I do not think, would be encouraged by the Government if we felt that patrons, who were formerly using those pastures, would not have some priority as far as being recognized as patrons of the newly formed co-op pasture when a transfer was, in fact, worked out.

**MR. BIRKBECK:** — Supplementary, Mr. Speaker. Where Land Bank land is incorporated as a unit under a co-operative association lease arrangement, would you make clear to this House under whose sole jurisdiction this Crown land would be?

**MR. MESSER:** — Well, Mr. Speaker, I think that is a question that I would like to have the Minister of Agriculture answer himself rather than undertake to second guess him as having been a former Minister some years ago.

### **FILM OF PREMIER'S TOUR IN CHINA**

**MR. A. N. McMILLAN (Kindersley):** — Mr. Speaker, a question to Premier. Within the past few days a meeting of the New Democratic Party in the North Battleford area featured a film of the Premier's trip to China, featuring Mr. Blakeney. I wonder if the Premier could tell me who, in fact, financed the production of that film?

**HON. A. E. BLAKENEY (Premier):** — The Government of Saskatchewan financed the preparation of the film.

**MR. McMILLAN:** — A supplementary. Does the Premier not feel that it is unethical for his party to use taxpayers' money to create political propaganda, in a sense, for the party that is in power at the current time?

**MR. BLAKENEY:** — The answer to the Hon. Member's question is. Yes. And a further answer is that the film is in no sense political propaganda. The last time I saw it was at the meeting of the

Conference of Chinese Canadians of Saskatchewan. I am assured by some Members in this House, rightly or wrongly, that the political persuasion of that group is not primarily New Democratic. I don't know whether that is right or wrong. You may consult some of your colleagues on that point. I am saying that it has been seen by a goodly number of people; it is not particularly political in content. I reject the proposition that it is political propaganda.

#### **APPLICATION FOR GRANT FOR SEWER & WATER – CALDER**

**MR. D. M. HAM (Swift Current):** — A question for the Minister of Municipal Affairs. Last December an application for water and sewage installation was approved for the village of Calder, south of Kamsack. Can the Minister explain the long delay in paying the grant to Calder?

**MR. MacMURCHY:** — Mr. Speaker, I can't respond directly to the question. We are in the process now of arranging a meeting with the Municipal Water Assistance Board. I will raise the question during that particular meeting and provide the information for the Hon. Member. I am sure that the Calder application will be taken care of.

#### **LABOUR AND PUBLIC SERVICE CONTRACTS**

**MR. MERCHANT:** — A question to the Minister of Finance regarding the contract that I was questioning him about a few moments ago which is now in the process of being ratified. That contract as the Minister knows, includes the bringing together of the labor service contract and the public service contract so that they will both expire at the end of September. Mr. Speaker, I commend the Government to have those 13,000 workers' contracts, who basically do the same thing, expire at the same time. Is it the intention of the Government, in other areas where they have joint unions, or two unions, or different groups represented by different unions, to try to bring the expiration dates of the various contracts together, so that in a hospital, or in the Power Corporation, or whatever, nil of the contracts would expire at the same time?

**MR. SMISHEK:** — Mr. Speaker, in case of hospitals, for the information of the Hon. Member, all the collective bargaining agreements expire on the same day to the best of my knowledge, both the lay employees as well as the nurses. I believe the contract date is January 1st. In the case of the Saskatchewan Power Corporation there are two unions, two separate organizations and they have separate expiry dates.

The Government does not have a particular policy on that question. Certainly when requests are made by unions we are prepared to consider them on their own merits and respond to them in the normal collective bargaining process.

**MR. MERCHANT:** — Would the Minister not agree that it would be valuable for the taxpayers of this province if all contracts in the province expired at the same time, whether it be the two contracts which I think expire in September for the Power Corporation or whatever, so that one union wouldn't whipsaw a group of public servants or Crown corporation employees against another increase. Then, I

wouldn't, for instance, be asking you whether the level will be eight per cent throughout the year because all of the contracts would expire at the same time.

**MR. SMISHEK:** — Mr. Chairman, I am not sure whether, in practice, that's the case. Now at times there is merit in having a common expiry date. At times it is perhaps to the advantage of both the employer and employee to have different dates. I think there are different views that are held on that particular question by many different organizations. I don't think that there is a black or white answer to the question.

### USE OF OIL RIGS TO DRILL FOR WATER

**MR. BERNSTON:** — Mr. Speaker, a question to the Minister responsible for Saskoil. In light of the response of the Minister of Mineral Resources yesterday, that the Government would try to arrange for the use of oil rigs owned by private oil companies to drill for water if such equipment was available, and in light of the fact that in several parts of Saskatchewan we are suffering a serious drought crisis, has the Minister made any communication with any private oil drilling company as it relates to the suggestion of the Minister of Mineral Resources yesterday?

**MR. COWLEY:** — Well, Mr. Speaker, I haven't had any local governments, I haven't had any constituents, I haven't had any other Members of the Legislature approach the Saskatchewan Oil and Gas Corporation or myself, with respect to a request for rigs to drill water wells or any other kind of wells, for that matter, recently. The Saskatchewan Oil and Gas Corporation is one of the operators in this province, but certainly I would think that someone, who has a problem with respect to water, would see the Minister of the Environment or the Minister of Municipal Affairs or several other Ministers. I would expect that if there are requests for drilling rigs and so on, that can't be met by the people who supply that service, then the responsible Ministers would be contacting others who might have some access to drilling rigs. No one has certainly contacted the Saskatchewan Oil and Gas Corporation. Certainly Saskoil has not contacted private drilling contractors with respect to drilling water wells because we haven't got any water wells to drill right now. It would seem to me to be a rather erroneous act on our part to wander off asking all of the private drilling contractors in western Canada, and they are in excess of 1,000 rigs, whether or not they might be available to drill water wells when no one wants any water wells drilled, to the best of my knowledge right now. But I can assure the Member if he has a particular problem in his constituency and if he is unable to talk to these people because of the poor relationship of his group with the oil industry, that I will, on his behalf, attempt to get in contact with some of these people and attempt to have a drilling rig in his constituency as soon as is needed.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. BERNSTON:** — Final supplementary. I wonder if the Minister isn't contradicting what his colleague, the Minister for Municipal Affairs, said just the other day as it relates to this water problem. The question is, is the Minister . . .

**MR. MESSEY:** — Name a community.

**MR. BERNTSON:** — Avonlea, Carievale.

The question, Mr. Speaker, is: the Minister of Municipal Affairs said if the problem came to light that the whole Government would join forces to eliminate this problem, is the Minister responsible for Saskoil not a part of this Government?

**MR. MacMURCHY:** — Mr. Speaker, since my name was taken in vain by the Hon. Member, I might report to the Hon. Member that there has been a phone campaign conducted from my office to all communities in the province which, in terms of the Department of Environment figures, could conceivably have a water shortage problem. I am pleased to report to the Assembly that while there is a problem, it is not a serious or an extensive problem. There are communities that are in some difficulty. We now have a grip on that difficulty and will be able to examine it and come up with a program to take care of it. It may involve drilling new wells. It may involve pumping water. The policy of the Government will be announced very, very shortly with respect to this concern.

## STATEMENT

### LICENCE ISSUERS

**HON. E. WHELAN (Minister in charge of SGIO):** — Mr. Speaker, as the House knows, the 427 motor licence issuers in the Province of Saskatchewan have been engaged since March 15 in the change-over of our renewal system to a 12 month basis. They have worked extended hours and the record will show that, although the new system is more detailed initially, they have performed extremely well. I am proud of their performance.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. WHELAN:** — They have been under pressure and in some instances, I consider to be pretty rough criticism.

We have written all the issuers asking them to give us the amount of overtime and the number of temporary employees they have paid to undertake this change. About 10 licence issuers found the procedure too difficult and asked that someone be appointed in their place.

The public in their requests for information have been, we think, patient and fair and reasonable. The question has been asked, will you extend the deadline?

Earlier this week, with a battery of people, we telephoned the 427 motor vehicle issuers; first, to thank them on behalf of the people of the province; second, for a progress report; and third, to discuss the possibility of an extension beyond April 30. Few suggested that there was any need for an extension. We know by the series of licence plates that have been issued, that at this time more plates have been issued than at the same stage last year.

There have been a few, maybe 10 who thought there should be an extension because they were new operators and needed assistance and they, at one time or another, had been out of supplies.

Some of the issuers are upset by what they consider to be unfair criticism. I indicated that those, who had approached me by letter and telephone and the Members of the Legislature who had made approaches to me, had been reasonable and objective.

We will not be extending the deadline beyond April 30. We wish to thank the public for their patience. Next year we will have a very progressive motor licensing system in the Province of Saskatchewan, probably the best in Canada.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SPEAKER:** — I think before we go on, I must take this opportunity to warn the Minister that this area of the agenda. Ministerial Statements is supposed to be reserved for making major policy statements or announcements to the House. While I detected that there may have been some elements of that in the Ministerial Statement. I do believe there was a lot of material in there that was not relevant to a major policy statement. I would ask Ministers to keep themselves within the guidelines with regard to policy statements.

**MR. CAMERON:** — Mr. Speaker, by way of response to the Minister who indicated that there had been some criticism of employees of the corporation, I simply want to say that certainly none of us have criticized the employees. What criticism we have leveled has been at the policy-making level of government, not at the level of the employee. We made that criticism because when you implemented the new policy, you either failed to foresee, or else weren't concerned about foreseeing, the additional problems that would arise which reflected themselves in two ways. One was the badly overburdened load you put upon the employees in trying to cope with the new system and the demand and secondly, the annoyance and inconvenience you caused the motoring residents of Saskatchewan in having them stand in great lines for a great length of time.

I dearly hope that there isn't going to be one single person in this province who is going to be prosecuted for failure to be able to obtain, with some reasonable convenience, a driver's licence plate. If, in fact, that should happen, Mr. Minister, you will hear a great deal more criticism.

**MR. J G. LANE (Qu'Appelle):** — Just a short comment, Mr. Speaker.

We commend the licence issuers of Saskatchewan for coming through one of the most onerous times in recent memory for government employees. There certainly has been pressure from Members of this Assembly and we have been strongly critical of the administrative processes of the Government opposite in implementing this new policy.

The motor licence issuers of Saskatchewan have been under tremendous pressure. There has been bureaucratic bungling at the top. There have been pressures from the citizens of Saskatchewan from the bottom and they have been caught in the middle. We commend them for their excellent efforts. I hope the Minister will take notice of the extra cost to the Government of Saskatchewan for the added overtime hours that the issuers have been forced to take, the extra costs of the overtime and the extra costs of opening added office space throughout the province.

We will also be asking the Minister again for a review of the Government licence issuing policy with regard to mail-in applications, particularly as it applies to motor dealers in the province. They are still not satisfied with the particular program. But we do commend the motor licence issuers of Saskatchewan for working under a tremendous burden and they deserve to be commended.

### **POINT OF ORDER ON QUESTION PERIOD**

**MR. A. N. McMILLAN (Kindersley):** — Mr. Speaker, before Orders of the Day, I have a point to bring up. I would like to know if you can justify why I wasn't allowed a second supplementary to my question earlier in the day?

**MR. SPEAKER:** — The Member, I believe, asked one question. By the time we got the first supplementary out of the way, I realized that the matter was not as urgent as I thought it was at the beginning. And it was certainly debatable.

### **COMMITTEE OF FINANCE - DEPARTMENT OF FINANCE (cont'd) - VOTE 11**

#### **ITEM 1 cont'd**

**MR. CHAIRMAN:** — I'll recognize the Member for Regina Lakeview (Mr. Malone).

**MR. E. C. MALONE:** — (Leader of the Opposition) Thank you, Mr. Chairman.

**MR. R. L. COLLVER (Leader of the Progressive Conservatives):** — Mr. Chairman, on a Point of Order. I understand that yesterday was almost entirely the Liberal Party questioning on Finance. Is it your intention to go on the rest of today as well? At what time are you going to allow us some time to question the Minister?

**MR. CHAIRMAN:** — Well, I have tried to be fair and tried to give you an opportunity. Sometimes I can see that they are prepared to stand, then they get a note sent into them and they go out, who do I acknowledge then? The next man who stands. I have to do this and I've tried to be fair. I think the Hon. Member for Qu'Appelle (Mr. Lane) will realize that. Today I'm acknowledging the Member for Regina Lakeview. That's my ruling. Regina Lakeview please.

**MR. MALONE:** — Thank you, Mr. Chairman. I'd like to return to the area of questioning that I started on yesterday until the Chair recognized the Member for Qu'Appelle. I have several other questions in this particular area about the use of the Energy Fund and the reasons for buying the two potash mines on a dollars and cents basis.

Mr. Minister, you recall yesterday that I was asking you about two particular disbursements from the Energy Fund, one, the \$35 million which was taken into general revenues, the second part, the sum of \$222 million which was taken to buy Duval and Sylvite. In connection with the \$35 million which has been taken this year, last year and I'm not advised about the year

before, but at least for two years, I asked you how you justified that payment being made. You referred me to The Oil and Gas Conservation Act quite properly to Section 4, saying that the Treasury Board may order that money be paid into the consolidated fund. I pointed out to you, at that time, that the section provided that the Treasury Board must be of the opinion that the funds are in excess, for the use of the Energy Fund, before they can be justified in taking those funds and putting them into the consolidated fund. Now, at that time you indicated to me that you did not think the funds were in excess. I'm wondering, as a result of perhaps consulting with your officials over the evening, whether you have determined whether that answer was given in error and maybe you would like to reconsider your answer in view of the advice you may have received?

**MR. SMISHEK:** — Mr. Chairman, first of all I think it is incorrect to talk about excess money as though this were an absolute. When you ask what is excess, the answer must always be relative to what? In this case the operative phrase is, in excess of what may be required for the purpose of the fund, so the determination of excess money must be related to the purposes of the fund and to the point in time at which the determination, I suggest to you, is made. The Treasury Board may, by virtue of the authority conferred by the statute, take a look at the amount of money in the fund and at the projected expenditures for the purposes of the fund and make a judgment that, at that point in time, the sum of \$35 million would not be required for the specific purposes of the fund. Hence the money was transferred into the consolidated fund, Mr. Chairman.

**MR. MALONE:** — I assume then, Mr. Minister, after considering your answer last night, perhaps it was given at a time when you weren't in full knowledge of all the facts. Is that correct?

**MR. SMISHEK:** — I think perhaps the question was also phrased in a particular way.

**MR. MALONE:** — Well, we won't beat around the bush. But the point is, has your Government or the Treasury Board determined in its wisdom that the sum, if I'm correct in three years, of \$35 million each year, that the sum of \$105 million is not required by the Energy Fund for the purpose of:

encouraging and assisting persons to explore and develop the energy resources of this province?

Is this not required by Saskoil to conduct its operations? Indeed, I think the proper inference from your answer is that you believe your Government believes that the Energy Fund has enough money in it to proceed with the purposes that that fund was set up for. Is that correct?

**MR. SMISHEK:** — At a particular point in time.

**MR. MALONE:** — Obviously, the point in time is this time this year, this time last year, and this time the year before.

**MR. SMISHEK:** — Or anywhere in between.

**MR. MALONE:** — I wonder then, in talking about the fund, if you can tell me just what it's being used for in regard to the purposes for what it was set up, that is to develop the energy resources of Saskatchewan? Now, you gave us a list the other day of certain payments to oil companies which we took down and we have that information. What else is the fund being used for to develop energy resources in this province?

**MR. SMISHEK:** — Mr. Chairman, I was being passed some information as the Hon. Member was posing his question. Could you repeat your question please.

**MR. MALONE:** — I asked you yesterday afternoon or one of my colleagues did, if I didn't, as to what the fund was being used for. That is, the statute sets out what the fund should be used for and it's basically to develop the energy resources of Saskatchewan. There are various ways you can do that; by tunneling money into Saskoil, to give it to private operators, to do research, to do a number of things. Now your answer yesterday was that certain money from the fund had been paid out to certain private oil companies by way of credits, I believe on the royalties. We're aware of that. My question to you now is what else is the money being used for to develop the energy resources of Saskatchewan, if anything?

**MR. SMISHEK:** — Mr. Chairman, the money has been used in drilling credits that I gave you yesterday, approximately \$35 million. A grant to the Saskatchewan Mining and Development Corporation has been given from the fund, \$1,686,253. We've given a loan from the fund to the Government Finance Office of \$10,075,903. That was then made available to SMDC from GFO as I understand it. We have invested into the Saskatchewan Potash Corporation; the first amount was \$121.4 million and since just the other day, \$108 million. We have transferred so far out of that fund two lots of \$35 million into the consolidated fund; two amounts, not three, a total of, this was in the budgetary year 1975-76, \$35 million and in 1976-77, \$35 million. We do have in the current Budget, once it's approved, \$35 million to be transferred, but it has not been transferred. It's only been twice that it's been transferred and we're seeking authority from the Legislature for a third.

**MR. MALONE:** — I don't think by any stretch of the imagination you can say that the money that was transferred to purchase the two potash companies is used to develop energy resources. Now it may be arguable that it's used to develop other resources, I'll come back to that, but those two transfers have nothing to do with the development of energy resources. From the figures that you have given to me, the only payments that have been made out of this fund for the development of energy resources were the drilling credits and the two payments to SMDC. The rest of the fund has been used for two ways, to transfer to date, \$70 million into general revenue, and if this Budget goes through, to transfer another \$35 million, for \$105 million into general revenue, which has nothing to do with energy resources. The other payments have been made to facilitate the purchase of Duval and Sylvite.

So what I am suggesting to you, Mr. Minister, is that this fund is not being used for the purpose that it was set up for, that is, to develop energy resources, except in the modest examples that you have given to us. The Energy Reserve Fund was set up in 1973 for that particular purpose, of developing these resources. Your Government, I suggest, has decided not to use it for this purpose. You have decided to do two things with it; firstly, to try and balance your Budget with the funds from that Energy Fund, which was not the purpose of the fund; and secondly, to buy potash companies. It's patently clear that that's what those moneys are being used for, not to develop energy resources.

Now let me move on a step further. You have indicated there are two payments of \$220 million, I believe, to facilitate the purchase of Sylvite and Duval. Now my question to you at this time is, by what authority do you make those payments, by regulation or by the Act, or both?

**MR. SMISHEK:** — Mr. Chairman, I will deal with the first portion of the question. I think I have already brought to the attention of the Member that in the case of drilling credits for oil exploration drilling, \$35 million was transferred from the Fund, I think, directly related to energy. In the case of the grant to SMDC of \$1.7 million, and then a loan to GFO and then advanced through GFO to SMDC, this was primarily for uranium exploration and development. So there we have \$11.7 million or a little more, plus \$35 million, I think, directly related to energy development.

Mr. Chairman, the question again arises about the authorities. I refer the Hon. Member to Section 15 (1) (d) of The Oil and Gas Conservation Stabilization and Development Act (1973) as amended by Bill 128 in 1974 and we quote:

The Lieutenant-Governor-in-Council may, on such terms and conditions as he considers advisable, authorize the Minister to make grants and loans from the Energy and Resource Development Fund for the following purposes

and (d)

any other purpose considered conducive to the development of the energy and mineral resources of the province.

Now I think the Hon. Member will agree that potash is a mineral resource. This province, Mr. Chairman, has two primary objectives in respect of the potash industry. One is an assured fair return from the resource for the people of Saskatchewan and I think we have stated that on many occasions; secondly, an orderly expansion to ensure our position as a supplier of potash and to fuel our economic growth. To achieve these objectives, we introduced The Potash Development Act in 1975, which is, and I bring it to your attention again, an Act respecting the Development of Potash Resources in Saskatchewan. One of the powers conferred by this Act is the power to acquire, by purchase, any assets, and assets are defined to include mines, mining property and other real and personal property. Hence, there is legislative and statutory authority to support the contention that the acquisition of potash mines is one aspect of the development of potash resources. Therefore, Mr. Chairman, the acquisition of Duval and Sylvite is a purpose, I suggest to him, conducive to the development of energy and mineral resources in the Province of Saskatchewan

**MR. MALONE:** — You should get your law degree after that one. I think any Philadelphia lawyer would be proud of you in trying to develop that argument.

The fact of the matter is, and I am not going to dwell on this, that the purchase of the two potash mines is not the development of a mineral resource because the resource is already there and developed. It's not the exploration for mineral resources because the people of Duval and Sylvite did the exploration. The only way you can justify these payments is by virtue of a definition that the Government made in another Act which you are applying to this particular Act. That's the only way you can justify it.

It's a lawyer's argument. I say that you did very well in putting your case forward, but you are really having to scrape the bottom of the barrel to come up with that type of argument.

Let me move on a bit. I talked again, yesterday, about the amount of money that was received from Duval and Sylvite in taxes for the past few years. I gave you the figure of \$9.5 million from each, in the past one or two years, when the reserve tax was in effect. I invited you to check to see if those figures were correct. If they are not, perhaps I can sit down and you can correct me. If they are, I will just keep going.

**MR. SMISHEK:** — I am not in the position to either confirm or to deny those figures. Mr. Chairman, I think that the Hon. Member will appreciate that to divulge information on any individual taxpayer, corporate or personal, would be, I think, a breach of the secrecy and confidential nature that is required. We are required now, by law, to keep individuals out of the picture. I am not in a position, as I said, to confirm or to deny or to divulge information, taxpayer by taxpayer.

**MR. MALONE:** — That is very nice, Mr. Chairman, because it was that Government that, just very recently, was complaining that these companies owed certain amounts in taxes and were making quite a fuss about the fact that so many millions of dollars were owed. Indeed, they gave a list of the companies that were owing the money and how much they did owe.

But I take it, that if you are not going to refute these figures, that they are correct for argument purposes, on a rounded off basis. I am not going to get into a philosophical argument, I don't think anything would be served by that at this time. We can argue forever and we are never going to resolve it.

Let's just talk about dollars and cents. I suggest, Mr. Minister, that for the Government to break even on the purchase of Duval and Sylvite in the first year in operation, the second year, and so on, you must generate from those two companies approximately \$40 million, \$20 million each. You have to do that because you have to get the taxes back that they were paying and you have indicated that you are going to continue to pay taxes. You have to get at least \$9.5 million from each of them. You also have to get the interest that would have accrued on the money if it had been left in the Energy Fund, which I think we agreed yesterday was about \$20 million. Now my question to you is, can you give this House any assurance that in the first year of operation of those two companies by the Potash

Corporation, that the Government of Saskatchewan, on behalf of the people of Saskatchewan, will receive, at a minimum, \$40 million?

**MR. SMISHEK:** — Mr. Chairman, I am not in a position to give the Hon. Member the assurance that that will be the precise amount. It may be less, it may be more. How much less or how much more, I am not able to say. It will depend on the level of production, the level of sales and the price. I can tell the Hon. Member that this Government believes that it is a sound and a good investment. On the long-term basis the people of Saskatchewan, who are the investors through their Government in this, will realize the investment, the money that was invested, equity and the interest. I am not in a position to say how many years it will take but, as sure as I am standing here, I am confident that the people of Saskatchewan will be the long-term beneficiaries. They will be proud and grateful for the actions taken by the Blakeney administration to acquire potash on behalf of the people of Saskatchewan.

**MR. CHAIRMAN:** — Will you try and wind up your remarks? I would like to move on to another speaker.

**MR. MALONE:** — If I am being shut down in this way, Mr. Chairman, let me just finish by saying this. What you are telling us, telling the people of Saskatchewan, is that you are prepared to risk the sum of \$40 million per year, minimum. I stress minimum because the interest would keep accruing in the fund. It would get bigger every year if it was left in the Energy Reserve Fund with good compound interest, but to be kind, we will say \$40 million per year. You are risking that against some long-term benefit that you say will accrue to the people of Saskatchewan. You are unable to tell us today when that long-term benefit will accrue. Indeed, you can't even tell us today that it will accrue with any certainty. You are saying that it may accrue. In your viewpoint, in the viewpoint of the Premier and your colleagues, you feel that in the long run this may come about, and you are prepared to take that gamble and ignore the sum of \$40 million per year. At this time there are only two mines taken over which would be accruing to the benefit of the people of Saskatchewan. Year after year after year you can't come into this House and say to us with any degree of certainty that your plans to take over these two potash companies and others is going to generate to the people of Saskatchewan the same amount of money that has been generated by the taxes paid by these companies and from the interest that accrues on the Energy Reserve Fund.

**MR. SMISHEK:** — Mr. Chairman, I suppose really this is a repetitive question that the Hon. Member has asked. I suppose under the terms of the rules there are only so many repetitive questions that are permitted. Well, Mr. Chairman, the Hon. Member is posing the figure of \$40 million and I think that he is incorrect in his \$40 million calculation. The Cory mine as well as the Reconcile mine will be paying the taxes, the pro-rationing tax, the reserve tax and all the other taxes. If you come up with a calculation that that is worth \$20 million, then they will be paying the \$20 million. Whatever their tax requirement is, they will be required to pay it and will pay it.

In the case of the interest that would be accumulated on the

equity, as we have said repeatedly, this is a long-term investment and I am confident that the interest and the equity will be repaid through the investment that we have made in those mines.

**MR. COLLVER:** — Thank you, Mr. Chairman, it is a great pleasure to once again enter into the questioning of the Minister of Finance for this year's Budget.

The first question I would ask, Mr. Chairman, is pertaining to last year's Public Accounts.

**MR. SMISHEK:** — There must be something wrong with your mike. Sir, I can't hear you.

**MR. COLLVER:** — I am having difficulty hearing today as well. There may be something wrong with all of the mikes.

**MR. SMISHEK:** — Perhaps you might turn up the mikes.

**MR. CHAIRMAN:** — Speak as distinctly as you can into your mikes.

**MR. COLLVER:** — Mr. Chairman, I should like to ask the Minister why in last year's Public Accounts, the amount of long-term borrowings, allocated to SEDCO, is not reflected in the SEDCO corporation assets on the same financial statements? For example, with FarmStart, long-term borrowing is allocated for \$49,872,000 and the asset reflected is the same; for Saskatchewan Housing, long-term borrowing is allocated for \$19,736,000 and the asset reflected is the same. I wonder if the Minister might explain why the asset reflected in the financial statements for the year ending March 31, 1976, did not reflect the same number in the liability section of allocation of loans that it did in the asset section.

**MR. SMISHEK:** — Mr. Chairman, perhaps you might help me out. The Hon. Leader of the Conservative Party is referring to the Public Accounts. I would really like your assistance. There is a Public Accounts Committee. As I understand it, the Conservative caucus has Members on the Public Accounts Committee. My feeling is that Public Accounts, which are tabled and for which we have a committee, is the place to ask those questions, but I am not sure. The same thing could happen in the case of all the committees that we have. I am wondering what would be the purpose and function of committees if everything has to come to the Committee of Finance at a later time.

**MR. COLLVER:** — Mr. Chairman, before your ruling, perhaps I might just say that we are talking about the balance sheet for the last fiscal year ending that we have been able to examine, and we are now talking about the Budget for the coming year, the Estimates for the coming year. It is our intention to reflect the Estimates for the forthcoming year insofar as the Department of Finance is concerned with respect to all of the income and the expenditures of the Government of Saskatchewan. If we are talking about the Estimates of the Government of Saskatchewan and the income of the Government of Saskatchewan, then we must talk about the financial

statements from the last period of time we have under review. There is no way for us to reflect Estimates in a vacuum; we must reflect them on the statistics or the information that we have. Perhaps the Minister might be prepared to answer questions about the last financial statements as they are reflected on the coming Estimates.

**MR. CHAIRMAN:** — My ruling is this. I think that the Hon. Member for Nipawin is quite within his rights to question the figures here on Item 1 which is making a comparison of the two Estimates of the year in which the one year will not appear in the Public Accounts. I think that he is trying to make a comparison of the two, so my ruling is that he is within his rights in his questioning.

**MR. SMISHEK:** — Mr. Speaker, I don't think that the Public Accounts for the year 1976-77 have been published. I think the Leader of the Conservative Party is referring to the Public Accounts for the year 1975-76. Yes, that is the last that has been published and the information the committee has set on that, and that is what he is referring to. The Public Accounts for the year 1976-77 will not be tabled until next year. I agree with you that it is a comparison because I think that we will be establishing perhaps a new precedent. I raise it, you know, quite sincerely, so that other Ministers, as well as myself, can be guided because it is a new thing that we are trying to do.

**MR. CHAIRMAN:** — Again I have to rule that he is within order because he has to make a comparison with these figures. I see nothing out of order and my ruling is that he is in order. In the Public Accounts Committee the Member would not be able to bring in the estimated figures of 1977-78 because they would not be there. He is making a comparison which I think is fair.

**MR. SMISHEK:** — Are you referring to page A2 and A3 of the Public Accounts? Are you asking the reason for the difference between the \$62.7 million and the \$67 million, is that the question? On the right hand side is the amount that has been borrowed and advanced, whereas on the left hand side it may not have been borrowed and advanced. That's the difference.

**MR. COLVER:** — Mr. Chairman, that's not quite an explanation, I am sorry. The reflection on the right hand side, the viability section of the balance sheet is the amount that the Government of Saskatchewan has borrowed, as the Minister has pointed out on many occasions, through the Government of Saskatchewan, not through the Crown corporations. They have Government of Saskatchewan borrowings that your comptroller or accountant has allocated to various Crown corporations but what I want to find out is why have they allocated more borrowings to SEDCO than have actually been taken?

**MR. SMISHEK:** — Mr. Chairman, I could probably bring one other figure to the attention of the Hon. Leader of the Conservative Party. If he takes a look on the right hand side, the \$62,753,000, is the amount that we borrowed on behalf of SEDCO. Now on the left hand side is the amount that they have advanced, \$67,250,000, and plus I bring to his attention lower down,

another \$24 million. So there is \$67,250,000 plus \$24 million. The \$67 million is a receivable, the \$24 million is equity.

**MR. THATCHER:** — What page are you on?

**MR. SMISHEK:** — On page A2 and A3. Does that explain the question to the Hon. Member?

**MR. COLLVER:** — No, Mr. Chairman, it does not. There, of course, are allocations, various allocations . . .

**MR. SMISHEK:** — The other part, where did the money come from? It came from the cash position

. . .

**MR. COLLVER:** — No, no, no. Mr. Minister, I want to talk to you about the accounting for various funds that the Government obtains and in turn sets up in its accounts. We are talking primarily of an accounting principle I think. Let's take FarmStart as one example. The Government of Saskatchewan does not borrow money through FarmStart, it borrows money through the Government of Saskatchewan Treasury bills and loans. Then, the accountant allocates the funds to various Crown corporations and agencies such as FarmStart for \$49,872,000. The Government of Saskatchewan then, under loans and advancements, allocates the \$49,872,000 as an allocation of those moneys to the asset called FarmStart. That's the money that the Government presumably has advanced to FarmStart, it is not the equity in FarmStart, it is the advanced. Now, of course, it can be deemed to be equity, and it can be deemed to be advances since the Government doesn't charge interest on either side. The Government doesn't charge interest on loans and advances and it doesn't charge interest on Crown corporation investments. Since there is no interest allocation then it could be deemed to be the same kind of allocation.

But then if you take a look at, for example, Saskatchewan Housing, you will find that \$7,515,000 is shown as an equity presumably in Saskatchewan Housing. That \$19,736,000 is the allocation of loans and advances to Sask Housing, but at the same time shown on the liability section is \$19,736,000 as being the amount allocated by the department, by the comptroller's office, to Saskatchewan Housing Corporation as that portion of the total loans of the Government of Saskatchewan that are allocated to Saskatchewan Housing Corporation. Is that not correct, Mr. Minister?

**MR. SMISHEK:** — Mr. Chairman, let me try to help the Hon. Member. In this case again, I refer him to the right hand side. It is true that that is money that has been borrowed but it has been borrowed for a specific purpose or for a specific agency. Now, for example, in the case of FarmStart, \$49 million was specifically borrowed for FarmStart. In the case of the Saskatchewan Economic Development Corporation, we specifically borrowed for SEDCO. In the case of Sask Housing, we specifically borrowed for that agency and all the way down the list. The Government doesn't borrow this global amount of money and then divvy it up. We borrow for a specific purpose, as by Order in Council, every borrowing is authorized for a specific purpose. On the left hand side is the amount that has been provided to the particular

agency or corporation. On the top side is the amount of money that has been advanced to them, which is drawing interest; on the bottom side are investment and Crown corporations and other enterprises. Crown corporation for example, GFO, \$6 million, that's equity. Sask Development Corporation \$420,000, that's equity. In Sask Economic Development Corporation, that's equity. Sask Housing Corporation, \$7.5 million, that's equity and Saskoil, that's equity. Does that explain . . .

**MR. COLVER:** — Does the Minister of Finance suggest that there are borrowings in the name of SEDCO on the open market, or are they in the name of the Government of Saskatchewan and the Order in Council that you obtained through the Government of Saskatchewan is that you shall use that money for this specific purpose to advance the money to a particular Crown corporation or agency? In other words, you borrow money for a specific purpose as you've said but you borrow it through the Government of Saskatchewan, do you not? Then you allocate to the various Crown corporations.

**MR. SMISHEK:** — The answer is, yes. We borrow in the name of the Government but for a specific purpose. After we get the money, for example, if we received after borrowings, say \$204 million, which we say is for Sask Tel, we then cannot use it. We don't use it for other purposes, it goes for that specific purpose. But it's all borrowed in the name of the Government.

**MR. COLVER:** — I wonder then if the Minister would explain to me how he's borrowed, in the name of the Government of Saskatchewan, but not allocated to any particular purpose, \$41,128,051 in terms of long-term borrowings? Where did that authority for that money come from? And what did you do with that money? For what specific purpose did you borrow \$41,128,051?

**MR. SMISHEK:** — Mr. Chairman, these are not current loans. As the Hon. Member will appreciate in the series between 1961 and 1967; there was \$3.3 million for one series that comes due on March 5, 1981; another \$4.5 million that comes due on June 15, 1986; another on November 15, 1987 for \$5.8 million. That was the amount. Now that's one lot, that was highways. Another series is \$400,000. Another \$2 million was for relief from the Federal Government, during the early '40s. Then there was another \$13 million for highways during the late '60s. Now that is the information I have. That's for 1976-77 which comes out to \$40.7 million. Some of it was paid so that's why the figure is a little lower, but that's in total; those are the areas, highways and relief.

**MR. COLVER:** — Or in other words, Mr. Minister, what you're telling me is that you do not specifically borrow in a specific name, or in the name of a particular agency or Crown corporation, but that you borrow through the Government of Saskatchewan for a particular purpose. But do you use your funds, do you use the funds that are borrowed for whatever purpose suits the Government of Saskatchewan, for whatever purpose suits the Cabinet or Finance Office at that particular moment in time, is that correct, Mr. Minister?

**MR. SMISHEK:** — Mr. Chairman, I remember the total figure of \$985 million that is there is not something that the current Government by

itself has borrowed. In the last year and so far this year, we have borrowed money on behalf of a specific agency for a specific purpose, but it is true that previous administrations have borrowed for capital works. An example is highways. I can tell the Hon. Members that since '71, this administration has not borrowed any money for highway construction or for hospital construction or school construction. We have used the current money for those purposes.

**MR. COLLVER:** — The Minister has not paid the loans that the previous administration had built up in the books for these various and sundry purposes. And perhaps, Mr. Chairman, it might be advantageous at this time to shift gears just a bit. In the same financial statements of the Government of Saskatchewan that we are looking at, we find that the total increase in loans from 1975 to 1976 was some \$93 million. In other words, the Government borrowed \$93 million more than it repaid in that period of time, in terms of the funded debt and Treasury bills of the Government of Saskatchewan.

It also increased its loans and advances by some \$88 million that it advanced to the various Crown corporations. Perhaps the Minister might inform this Assembly today why would the increase of \$136 million in the year 1976 in terms of the increase of the so-called item, 'short term advances to Crown corporations', be necessitated for, since the Government of Saskatchewan obviously borrowed the money some place or at least a major portion of it, and then advanced the money to Crown corporations? More importantly, what was the rate of interest that was charged to the Crown corporations on the \$154 million worth of advances over the year 1975-76?

**MR. CHAIRMAN:** — Order, order, please. I'd like to beg the indulgence of the Committee to allow the Member for Rosetown-Elrose to introduce a group of students. Is leave granted?

### **WELCOME TO STUDENTS**

**MR. R. H. BAILEY (Rosetown-Elrose):** — Thank you, Mr. Chairman. We have in the Speaker 's Gallery, a group of 22 Grade Five students from Hodgeville. On behalf of the Member for Morse (Mr. Wiebe) who is the Member for their constituency, I certainly want to welcome them here. They are joined by the bus driver, Mr. Martin as well as their chaperones, Miss Sylvia Wilson and Mrs. Lowe. And, Mr. Chairman, as you realize, being one who is with no biases and no prejudices, I should like to tell the Assembly that the teacher accompanying this group is Miss Bailey, a very remarkable young lady, and without prejudices, Mr. Chairman. I'm sure that everyone would agree with me that she's just about the most perfect teacher whom you'd want to find any place. We want to welcome you all here. On behalf of the MLA (Mr. Wiebe) from Morse I hope to join you in a few moments and if we can arrange it for some pictures and drinks later on.

We are certainly pleased that you are able to be with us today.

**HON. MEMBERS:** — Hear, hear!

**MR. W. C. THATCHER (Thunder Creek):** — Mr. Chairman, again on behalf of the Member for Morse I would like to thank the Member for Rosetown-Elrose for introducing the children. I would like to say to the children, on behalf of the Member for Morse, that unfortunately he's one of the vanishing species in this world. He is earning an honest living, attempting to get his farm operation rolling this week. I'm sure the Member for Morse will be very sorry that he's missed you. I would also like to extend congratulations to the teacher accompanying these students for having such a capable MLA as a brother.

**HON. MEMBERS:** — Hear, hear!

**Committee of Finance - Department of Finance cont'd**

**MR. SMISHEK:** — Mr. Chairman, I was beginning to wonder what the Public Accounts Committee was doing again. I thought the whole purpose of the Public Accounts Committee was that these kinds of questions could be asked. And I, again, ask you to consider that little problem.

In 1975 there was, in the case of short-term advances, \$18 million; in 1976, \$154.8 million. Why the difference? Mr. Chairman, the answer is quite simple and that is that we make short-term loans to these agencies until we're able to borrow on a long-term basis. Those are normally up to 90 day loans that are made available to those agencies. We borrow on the short-term basis, different amounts at different rates which are available to those agencies. But my officials tell me that between '75 and '76 the interest rate depending on a particular . . . would have been in the order of eight and a half to nine per cent.

**MR. COLVER:** — Well, Mr. Chairman, perhaps we should then explain why we're bringing this information into the Department of Finance and why we are bothering to discuss this.

Under the current Budget we are talking about income and expense, we're talking about money that the Government expects to bring in, in the current year and the coming year and the money that the Government expects to spend in the coming year. But when we look at the latest published financial statements of the Government of Saskatchewan, we find that prior to any legislative approval for borrowing, prior to any legislative approval for large term capital financing of Crown corporations, prior to bringing to the attention of the Legislature at all the fact that Crown corporations required large sums of money, not short-term money to tide it over a short-term period, but large quantities of capital, some \$136 million to finance long-term capital projects, we find that prior to any legislative authority for this, the Government of Saskatchewan has, in fact, advanced the money to the Crown corporations to achieve these various means or reasons that they may have had for the borrowing of the money. They've advanced the money to the Crown corporations and have gone ahead and performed the action anyway, which indicates, in our judgment, the kind of disdain which the Minister of Finance and, in fact, this entire Government, holds for the Legislative Assembly. In addition to that, Mr. Chairman, the juggling of funds from one so-called fund to another so-called fund . . .

**MR. COWLEY:** — You tell us about that.

**MR. COLLVER:** — We are going to do just that. That juggling necessitated this year, the introduction of legislation to change the rules in the Legislature for something that the Minister of Finance had already done. Let's talk about just one area of this as an example. The Liquor Board added some \$71 million worth of retained earnings, built up in its fund, and had it invested. They were earnings that had been achieved over the years by the Liquor Commission. The Government of Saskatchewan which operates its consolidated fund on a cash basis decided, Mr. Chairman, to use the money for whatever purpose; to use the money from the Liquor Board, probably to invest in these short-term advances to Crown corporations, probably, but one can't tell for certain. And at the same time, in the year 1975-76, they didn't want to say that they had taken these retained earnings out of the Liquor Board to finance this kind of short-term investment. So what did they decide to do? They decided to show in a cash statement that, in fact, the money hadn't been transferred at all. In the consolidated fund, they showed as a so-called fund, Mr. Chairman, not a transfer of retained earnings, but as a so-called fund of \$70,600,000.

Mr. Chairman, in any other organization this is known as juggling funds. And to give you a prime example on a personal level, here is what people do. Here is what can be done. A fellow goes out to the bank and borrows a thousand dollars. Two months later he goes to the finance company and borrows \$2,000. He goes into the bank and pays off the \$1,000. Now he has got a \$2,000 line of credit. His credit rating is getting better. He then goes back to the bank and borrows \$3,000 and he takes \$2,000 and repays the finance company. Now his credit rating is pretty good at the finance company and the bank. He shuffles along until one day he owes \$25,000; he spends the \$25,000 and says to heck with it and walks away. It is called kiting of loans.

This very same procedure has been occurring in the Government of Saskatchewan for the last number of years. The Government is presenting to us, in this Legislative Assembly, meaningless income and expense budgets, meaningless income and expense forecasts, because when it needs cash it just does what it wants to anyway. One set of books, that they have in terms of Crown corporations and other agencies, are so-called as the Government tries to suggest, so-called subsidiaries of the Government Finance office. The Government Finance office in Crown corporations, I heard one Minister say, is a Crown corporation that acts like a holding company for all these various Crown corporations. They are all on an accrual basis. Their financial statements are taken on an accrual basis, but the consolidated fund is on a cash basis. So when the Government of Saskatchewan goes beyond its legislative authority, and the Provincial Auditor suggests in his report, commitment of funds in excessive amounts appropriated by the Legislature, the Government Finance office brings in a bill in the following session.

**MR. COWLEY:** — We didn't bring in any bills.

**MR. COLLVER:** — You didn't? An Act to amend The Liquor Act is right there and I quote from the Bill, Mr. Chairman:

The Treasury Board may at any time direct that all or any portion of the retained earnings of the board be transferred to the consolidated fund.

It doesn't matter that it was opposed to its legislative authority when it transferred it before, no matter that the Provincial Auditor drew it to their attention, they transferred the money, Mr. Chairman, and then they got legislative authority to do that very same thing.

**MR. CHAIRMAN:** — Order, please! I would like the decorum of the House to maintain the same manner which it had for the first hour, if we could possibly keep it that way for the rest of the day. I would also like the questioner, as closely as possible, to keep his remarks to Item 1. Perhaps we have been a little lenient with him, but I ask him to adhere to this the following time. I would also like to mention to the Members to my right to assist me in keeping order in the House as well.

**MR. COLLVER:** — Thank you, Mr. Chairman, I appreciate your kind words and I hope the Members opposite will recognize those kind words for what they are.

Mr. Chairman, in trying to deal with any budget presented by any organization, one has to have financial information and financial statements that are meaningful. But one can't tell with the Government of Saskatchewan what is happening to the various funds, the various income and expenses because first of all the Government has two different kinds of accounting procedures; one the accrual basis, the other a cash basis. Whenever it wants to transfer funds, it just does so without the legislative authority and then proceeds to get the legislative authority after the fact.

Mr. Chairman, two Department of Finance Bills have been forwarded in this Session. I haven't seen the second one, but I assume it is to correct anomalies in the way that the Government of Saskatchewan was accounting for its particular finance office; certainly the first one was. The first one was to correct anomalies in the accounting system and the Provincial Auditor drew to the attention of the public the fact that the Government was transferring these funds.

But, Mr. Chairman, when you take the consolidated financial statements, so-called consolidated funds, and you examine in detail the amount labelled 'due to other funds', the Community Capital Fund, the Energy Resource Development Fund, the Market Development Fund and the Liquor Board, you would think, if you looked at the financial statement, that that was a long-term investment owed by the Government of Saskatchewan to these various funds and that they had the cash on hand to meet the fund because it is called a fund. But, in fact, they don't. Instead of \$382 million they have, in fact, \$250 million. The remaining \$154 million, although shown as short-term advances to Crown corporations, nevertheless, is an investment in the Crown corporation exactly the same as the next section of the balance sheet loans and advances and exactly the same as investments in Crown corporations and other enterprises.

Mr. Chairman, the Government of Saskatchewan is not reflecting, in its financial statements, the true means by which it is achieving the necessary funds to operate the business of the people in the Province of Saskatchewan. Therefore, when they present to us a budget, which is supposed to be reflective of the true expenditures forthcoming and the true receipts forthcoming in the coming year, what they are really doing is a

cosmetic job. We said this last year in terms of specific complaints. Now we are complaining, if you want, about the juggling of cash between one agency of the Government and another agency of the Government, between one agency of the Government and the consolidated fund. What we are complaining about this year is the fact that the Government of Saskatchewan is not required, as is every other organization in Canada, to consolidate its financial statements into one financial statement. If you are to get a clear certificate from an auditor, you are required today by any leading auditor, not certainly by legislation, but by any leading auditor to consolidate your financial statements or they must make a note to those financial statements stating that they were not consolidated. Does the Government of Saskatchewan do that? No they do not and they don't consolidate their financial statements, Mr. Chairman, primarily because the true picture that should be available to the people of Saskatchewan is quite simply too shocking for them to release.

Mr. Speaker, one could go on, in fact, about the priorities of the Government in terms of this Budget and the Estimates for the coming year. One could go on and talk about those priorities, how the Government's priorities are backward, how they let services go by the wayside, and financial holes in the ground that are meaningless, that don't add any meaningful production to the Province of Saskatchewan.

One could go on to talk about the roads and the way they are deteriorating all over the Province of Saskatchewan because the Government of Saskatchewan just doesn't have the resources, after it finances its programs of acquisition of existing assets, to provide the necessary funds for those needed capital projects.

One could go on and talk about, in terms of the totality of the Government Finance office, the way the Government operates its Government Finance office and its various and sundry so-called Crown corporations such as the Crown corporation that it calls a mutual fund which has a set of officers who are playing the game of the mutual fund and, at the same time, the Government Finance office is earning less on its operation than any mutual fund or any financial institution in Canada, almost nothing.

One could talk about the way it reflects, in its financial statements, so-called investments. Mr. Chairman, the basis of this entire government operation is wrong. They refuse to accept the fact that one cannot operate a business the size of the Government of Saskatchewan without adequate financial information, without financial statements that present a true picture of what is going on and without consolidated statements that tell the people of Saskatchewan what, in reality, is happening with their money. Furthermore, Mr. Chairman, its disdain for the legislative process, its disdain for the Legislative Assembly in terms of transferring money back and forth between agencies and then getting the legislative approval afterwards, must reflect on their ability to manage the various organizations for which they are supposedly accountable to the people of Saskatchewan.

In conclusion, Mr. Chairman, I would suggest to the Minister of Finance that he review, not only with the Provincial Auditor's Department but with his Comptroller's Department, the entire system of the presentation of financial information as it relates, not only to the consolidated fund, but also to all of the Crown corporations in which the Government of Saskatchewan now has invested hundreds of millions of dollars of the people's

money. I would suggest one thing further and that is the Government of Saskatchewan recognizes, the Minister of Finance recognizes, and all of the Ministers opposite recognize that you are not playing a game of major corporation in terms of the operation of the Government. The Government is not a corporation. The Government reflects the views, or is supposed to reflect the views, of all the people. When you make the presentation to the press and to the people of this province, that somehow you are acting like a corporation, somehow you can justify subsidiary corporation and intercompany loans and shareholder loans and the juggling of figures back and forth (just like every corporation, says the Minister of Finance) then you are not reflecting the wishes of the people of this province because that is the very thing that this Government said was wrong in major corporations. That's the very thing that you told the people of the Province of Saskatchewan should not be done by major corporations. But their financial statements do not reflect the true picture because they can juggle the funds with management fees and they can juggle the funds with intercompany loans and they can juggle the funds back and forth between subsidiary corporations. And that is precisely what the Government of Saskatchewan should not be doing, but is doing.

**MR. SMISHEK:** — Well, Mr. Chairman, stripped of the verbiage in the last 15 minutes the Leader of the Conservative Party displayed his utter lack of knowledge about government financing and what it is all about. I noticed that he was particularly trying to catch the eye of the media hoping he could get a headline, which he should manage very successfully in the last while, about his knowledge.

Mr. Speaker, the Leader of the Conservative Party perhaps is an expert to give this Legislature some advice on kiting, on the juggling of funds and what corporations do, because I have noticed some headlines in the paper in the last several months that have carried his name in that respect. So I appreciate him giving us this bit of information about juggling, about kiting and what it is all about. The only thing, Mr. Chairman, that became very evident is that the Leader of the Conservative Party has not done his homework, has not been reading the Public Accounts accurately, has not really looked at the financial overview of corporations of the Government itself. I invite the Leader of the Conservative Party to challenge the credibility of such organizations, like Standard and Poore, like Moodys that came to this province to make a very thorough examination, in order to determine our credit rating and in order to determine our method of accounting, in order to take an overview. Mr. Chairman, the Leader of the Conservative Party is telling the people that he is more confident, he is more knowledgeable than Standard and Poore and Moodys that are recognized as the most reputable firms in this whole area of financial accounting, in the whole area of the financial capability of provinces, of corporations, as well as local governments.

I will rely much more on people like Standard and Poore and Moodys to make the assessment because the one thing that they don't like and don't accept is juggling and kiting in which the Hon. Member seems to have some expertise.

Mr. Chairman, it is interesting to note that the Leader of the Conservative Party is talking about legislative authority in the area of borrowing for Crown corporations in terms of the

location of funds. He is questioning the legislative authority. Mr. Chairman, may I invite the Leader of the Conservative Party to read The Department of Finance Act, as part of Item 1, which gives the Department of Finance the authority to borrow and to advance money, to spend money and also to transfer funds. The authority is there and has never been questioned. What we did find, Mr. Chairman, in the case of the Liquor Board funds, is that there was a difference of opinion between two lawyers. That is the purpose of an amendment to The Department of Finance Act and that is what the auditors said, that there is a difference. But he didn't say that his auditor or his legal counsel was right. He was saying that there needs to be a clarification. He didn't question the right of the Government to transfer funds from the Liquor Board into consolidated revenues or to transfer the fund into the Department of Finance for investment.

The Leader of the Conservative Party got so carried away that he said that not only did they bring in one Bill, they brought in two Bills, in order to find this authority. Bill No. 2 of The Department of Finance Act has already been tabled and I invite him to take a look. It is a Bill which was required by statute to provide for an increase in salary for the Provincial Auditor. Presumably since he has been challenging the Provincial Auditor and his capabilities, I would presume that he is going to be voting against this Bill, Mr. Chairman.

Mr. Chairman, nobody has been changing the rules, nobody has been playing games with the public purse. He talks about the money, that somehow we are playing games and not getting the benefits and that the money isn't really there. Well, Mr. Chairman, I could tell the Leader of the Conservative Party, if he thinks that the money that we are receiving from the Energy and Resource Development Fund, from all the sources, from all the taxes that come in, that we are somehow keeping that money in a vault and that I can deliver that money on his request and I count it every day, well I hate to disillusion the Hon. Member, but that isn't the case. Money that we have is invested very quickly. It is true that some of that money may not be available today, but some of it may be available tomorrow.

I refer him to page B2 of the Public Accounts as he was wondering where the money is. There we will find the short-term investments, some of them for 30 days, some of them for 60 days, some of them for 90 days. Some of them are commercial papers that we buy in order to get the best advantage, to make sure that every cent of money that comes in, is accumulating interest for the people of Saskatchewan. Obviously the Leader of the Conservative Party doesn't know what all that means because his knowledge of accounting and his knowledge of investment is obviously very limited. His knowledge also of the authorities, in terms of what the Government can do, is also very limited. I invite him to take a look at the authorities in the various Crown corporations. If the authorities were not there, Mr. Chairman, then I am sure the Provincial Auditor would be bringing that to the attention of the Public Accounts Committee and to the Legislature.

Mr. Chairman, he also raised the accounting procedures. May I advise the Hon. Member that the cost basis of accounting for consolidated groups is precisely what is used by the Government. But he, apparently, has not been able to fathom that.

If, Mr. Speaker, there are things that are wrong, that is why we have the Public Accounts Committee. The Public Accounts

Committee has yet to report. I do not know, and I wouldn't want to presume, what they will be suggesting in terms of changes that have to take place in legislative authority or whatever. Mr. Chairman, the Public Accounts Committee is a committee that we rely on for such advice. Presumably the Committee will be coming forward - Conservatives do have representation - and we will be looking with anticipation to that Committee's report and what kind of changes that ought to be made.

May I assure the Hon. Leader of the Conservative Party, that under The Department of Finance Act, there is clear legislative statutory authority for us to invest in short-term papers and commercial papers, in bank notes. That is where the money is. He is shaking his head and I suppose in his experience of juggling and kiting, he is suspicious of everything and everybody, but I can assure him that the money is there. At times we do advance some of that money to our Crown corporations on a short-term basis until we are able to arrange for long-term money and that's certainly provided in the law, Mr. Leader of the Conservative Party, and I don't see anything wrong. Remember that those corporations, when we provide or advance them the money on a short-term basis, pay the interest to the consolidated fund.

Now, Mr. Chairman, I really find it difficult to find out what it is that the Leader of the Conservative Party is trying to say. He says we are not providing information, in terms of borrowing and for what the money is going to be used. I invite the Leader of the Conservative Party to look at the Budget Speech on page 42. I bring to his attention that we advise the Legislature of how much money we will be borrowing this year. We provide the Legislature with a non-budgetary transaction, loans, advances and investments, estimates for 1977-78, Crown corporations, Saskatchewan Power Corporation. We propose to borrow \$113.3 million; SaskTel - \$73 million, Saskatchewan Housing Corporation - \$45.9 million, Sask Economic Development Corporation - \$26.7, FarmStart - \$24 million. Government Finance office - \$17.7 million, Saskoil - \$15 million, Saskatchewan Land Bank Commission - \$13.9 million, Saskatchewan Municipal Finance Corporation - \$10 million, Saskatchewan Water Supply Board - \$1,030,000, for a total of \$340,530,000. It's what we propose to borrow for these agencies. If the Leader of the Conservative Party says we do not provide this Legislature with the amounts that we propose to borrow and how we propose to spend them, the Leader of the Conservative Party either hasn't read the Budget Speech or has found it too burdensome or too heavy for him to understand.

He made reference to the GFO, Mr. Chairman. I am advised during the Crown Corporations, when the statement and report of the Government Finance office was being considered, he wasn't there. In fact, my information is that while he is a member of the Crown Corporations Committee, he seldom, if ever, attended. Now he finds it more important, I guess, to look after the affairs of his political party than to attend to the duties of the Legislature and that, I guess, is his right.

**MR. BERNTSON:** — On a Point of Order, I would just like to point out that the Leader of the Conservative Party is not on the Crown Corporations Committee. The representatives on the Crown Corporations Committee for the Conservative Party are the Member for Estevan and the Member for Qu'Appelle.

**MR. SMISHEK:** — Well, Mr. Chairman, he made references. Somewhere there is a lack of communication between his Members and the Leader of the Conservative Party. Surely they have a responsibility to inform him of what goes on. If he is not a member of the Committee, I withdraw that, but someone mentioned that he was a member. I apologize for that, Mr. Chairman, but obviously there is a lack of communication between the Leader and his caucus. When he makes references about what is going on in GFO and other corporations, it seems to me that his Members, as committee members, have a responsibility to keep him posted and informed.

**HON. E. L. COWLEY (Provincial Secretary):** — Mr. Chairman, I don't very often take part in the debates, except when my Estimates are up with respect to the Committee of Finance, but I very seldom have an opportunity to respond to the Leader of the Conservative Party. I made two or three speeches in this House attempting to deal with issues which he has raised, but he either is not here or seems to leave very quickly.

All I want to do, Mr. Chairman, is to talk about one issue the Leader of the Conservative Party raised today, which is the so-called 'short-term investments' and his so-called 'short-falls. The Leader of the Conservative Party is fond of entering this House, putting forward some gobbledegook and some half-truths, making an issue, getting a little bit of press coverage and then leaving. Then he goes out, repeats it and he comes back in the House and says the same thing. He said it again today in this very debate and all I want to do, Mr. Chairman, is to read into the records some comments I made. They're my own comments with respect to the point that the Leader of the Conservative Party was making.

I said at that time, and I repeat now, that the Conservative Leader went on to decry the fact that this Government has just a little over half of our cash forward in cash or marketable securities as of March 31, 1976. He said that was 'fiscal mismanagement' - those were his words, Mr. Chairman. I wonder how the Tories do it in Ontario. We're being criticized for having only a little over half of our position in cash or marketable securities. In Ontario, as of the same date, that is March 31, 1976, they didn't have half of it, Mr. Chairman, they didn't have a quarter, they didn't have any of it. No, Mr. Chairman, they had a grand sum of \$155,124,000 in the hole. And not only that, they had a bank overdraft of \$463,460,000. Now talk about mismanagement in the Member for Nipawin's terms and I used his methods.

You know, it is no wonder, Mr. Chairman, that the banks give the Conservatives so much money. They can't afford to let them go down the tubes. That's what I said, Mr. Chairman, in the Budget Debate. Now I know that the Member for Nipawin, Mr. Collver, will say look to Alberta. Well, Mr. Chairman, I did. I used the Leader of the Conservative Party's very own patented method, the one he used again today, one, by the way, that I don't agree with, but it's his method so I used it. I'm reminded of one other legislative sage, who happened to be a Liberal, who said that population was the acid test of the Government. Well that got him and I'll use the Conservative Leader's special and unique technique to examine Alberta.

As of March 31, 1976, the Conservative Government in Alberta

had a surplus of \$516.6 million, like our cash carry forward. They also had an amount due to the Heritage Fund, which is similar to our Energy and Resource Development Fund, of \$1,500 million. The total surplus was shown as \$2,016.6 million. Mr. Chairman, they only had in cash and short-term deposits, \$933.3 million. Now, Mr. Chairman, using the Member for Nipawin, Mr. Collver's simple minded and illogical approach, they had a short fall of \$ 1.833 billion. Now, Mr. Chairman, if we had mismanaged our affairs, which we haven't, then Alberta, that Conservative mecca by the Collver standard, has been a colossal disaster.

Mr. Chairman, the Conservative Leader's criticism wouldn't hold up to scrutiny before a kindergarten class. It's shallow, it's erroneous and it's deceitful. I'm disappointed as I was at the time that the press of this province chose to report his criticisms rather than taking him apart and asking him some of the relevant questions as to how it's done elsewhere and what's reasonable.

Now, Mr. Chairman, as I said I don't like to get into these debates. The Minister of Finance is more than able to handle himself with respect to the Member for Nipawin, but I have tried two or three times to make that point when the Member for Nipawin was here, and I have always missed. We had him today, I knew he wanted to ask another question so he wasn't likely to leave and I thought it was an appropriate time to stand up and make the point.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. COLLVER:** — I am very pleased that the Minister responsible for Sask Potash has entered into this little discussion and has brought up the kind of accounting methods used in governments elsewhere, whether it be the Province of Alberta or the Province of Ontario or anywhere else in Canada. Quite frankly the Government accounting methods across Canada are archaic, to say the least. Quite frankly, in terms of the Province of Alberta, and I haven't looked at that particular financial statement, but I'll take the Minister of Finance's own words and his own calculation of what's happened in the Province of Alberta, if the Government of Alberta indeed reflects funds in a cash statement, a consolidated fund and says that it has \$1.2 billion in a fund and, in fact, only has \$900 million in terms of cash and short-term deposits, then quite frankly, I think the Province of Alberta is erroneous, too. If that is the fact, then they are mismanaging their affairs in addition to the Government of Saskatchewan, in the same way.

I just want to add a couple of things in terms of what the Minister of Finance said and in terms of what the Minister responsible for Sask Potash said. First of all, the Minister of Finance suggested that Standard and Poore comes and reviews the Government's financial and accounting procedures. That is the biggest bunch of nonsense that I've ever heard in my life. They review the ability of the Government of Saskatchewan to repay. What they measure, primarily, is the total debt per capita. If the total debt per capita, in terms of the Province of Saskatchewan, goes up then the credit rating of the Province of Saskatchewan, as far as that organization is concerned, will go down. If the total debt per capita goes down, then their credit rating will go up. That's primarily what they measure. They also take into account the current financial position of the province.

They take into account the financial position of industry in the province and basically measure the ability of the Government to repay. They also take a look at the cash income and expense, a portion of the Government's Budget.

But in terms of measuring whether or not the Government of Saskatchewan is using the transfer of funds to fool the people, they do not measure that. In terms of talking about whether the Government of Saskatchewan is using the fact that it's on an accrual basis in its Crown corporation, and a cash basis in its consolidated fund, and transferring funds from one to the other to cover certain deficiencies in cash, prior to the next accounting review; they don't measure that. They don't examine that, and nor would the Minister of Finance even suggest that they would examine that portion of the Government's financial technique.

As far as what the Minister in charge of Saskatchewan Potash said, pertaining to the so-called short-term loans and advances to Crown corporations, one might describe those naive at the very least. If one takes a dollar out of this pocket and puts it into that pocket and says that pocket is going to pay this pocket's short-term interest and then says, how much have your assets increased, the answer is, nothing. If you take it out of here and put it into there, there's no change. You still have the same amount of money. You still have the same amount of investments, but you reflect in your financial statements that you have \$382 million worth of funds plus cash carried forward, when, in fact, what you have is \$250 million worth of investments to outsiders and \$154,780,000 worth of investments in yourself. Short-term so you say; short-term you say and you're going to pay interest on it.

The Minister of Finance suggested that somehow this money was available. The cash is there, he said, the money's there. It's invested in yourself, Mr. Minister. It's taken out of one pocket and put into another pocket, Mr. Minister. And that money in turn is used as expenditures in the Crown corporations, Mr. Minister, pending the receipt from the Government of Saskatchewan of a budget that said how much you were going to borrow on a long-term basis. You want to talk about legislative authority; you present to the people of Saskatchewan in 1977-78, the fact that you are going to borrow \$340 million in 1977-78. But what you've done, Mr. Minister, is of that \$340 million, you've already used \$154 million. I'm skipping a year now but I could go back and get the budget for 1976-77 and then I could reflect it to this particular financial statement. What you're saying is, we're going to borrow \$340 million, but we've already got \$154 million invested of the \$340 million, by means of short-term loans and advances.

Generally speaking, short-term loans and advances are used to finance short-term short falls in the necessary cash needed to operate the Crown corporations. No one objected in the year previous when the Government of Saskatchewan had short-term advances to Crown corporations of \$18 million. That's rational. That's reasonable; a million into these Crown corporations to help tide them over. But an additional \$136 million in one year of change seems to anyone who takes a look at this financial situation and the financial picture to be untoward. They are not financing short-term needs at all, but are financing long-terms of those Crown corporations prior to getting legislative authority and the presentation of that in a budget.

Mr. Chairman, as far as the lack of understanding is concerned, I suggest that the Government opposite fully understands how to manipulate the funds from one agency to another, fully understands how to indicate to the people, on the one hand, that they are marvellous fiscal managers and, on the other hand, to juggle the cash from agency to agency to cover what might be termed as mismanagement in the short run, by the people of Saskatchewan if they examined the situation.

Mr. Chairman, I would like very much to continue this great discussion. The Members have also mentioned that periodically they have found me, during the sessions of this particular Legislature, out of the House, but so, too, has the Leader of the New Democratic Party, so too has the Leader of the Liberal Party. For the first time, I believe in the history of this Legislature has one party commented on the necessity for the leader of another party to be out of the House. I challenge my record against any other leader in this House, any other leader in this Assembly in terms of days here, Question Periods here and the amount of participation in terms of the debate of this Assembly. I challenge any other leader in this particular Assembly that it is the first time in the history of the Saskatchewan Legislature attention has been called to the fact that a leader of one party has to be out of the House; that is in keeping with their obvious fear of the Progressive Conservative Party and that is in keeping with the comments made in Kamsack last evening by the Members and the speakers who were at the meeting as to who their enemy was. It is interesting to note that that continued 'enemy' situation and 'enemy' attack has got to be made by . . .

**MR. CAMERON:** — Mr. Chairman, on a Point of Order. I don't think this Committee is interested. My Point of Order is this: we are hearing a dragged out debate about where the Member for Nipawin spends his time. That's a question about which, I know, many Members of the Committee are not very interested. Our function here is to get to the Estimates of the Department of Finance and not drag around where the Member for Nipawin spends his time. From our point of view we don't care much whether he is here or whether he isn't, but let's get back to the Estimates of the Department of Finance.

**MR. CHAIRMAN:** — The Point of Order is well taken.

**MR. SMISHEK:** — Mr. Chairman, I hope that the media is going to take note of this. I was going to ask the Leader of the Conservative Party a question. Where did he learn his funny mathematics because there is no school of accounting that would accept or recognize or consider his funny mathematics as a way to finance or to keep the accounting of government or private books? Mr. Chairman, I ask the Conservatives to take note of this. I have before me the preliminary prospectus dated April 14, 1977 which was submitted to the Securities and Exchange Commission in the United States as we are going for another debenture. It is necessary to submit a prospectus. In this document is a complete financial situation of the Province of Saskatchewan, including all the detailed data in respect to our Budget. Mr. Chairman, the Securities and Exchange Commission is recognized as being the toughest in the world for standards of accounting. I am glad to see that the Securities and Exchange Commission accepted the prospectus in total, Mr. Chairman.

Now, somehow, Mr. Chairman, the Leader of the Conservative Party is saying that he knows better than the Securities and Exchange Commission in the United States, which knows more about accounting than he will ever learn even if he lives to be a thousand, Mr. Chairman. Now I agree he has some strange ideas and he has some funny ideas and some phony ideas, and particularly phony ideas about mathematics. Now again we saw the spectacle of him raising a number of phony issues. He was not able to prove them and like a coward he decided to run when he was under attack.

Mr. Chairman, in the Securities and Exchange Commission when you file a prospectus - there is a red line out here and it is called a red herring, Mr. Chairman. That is precisely what the Leader of the Conservative Party has been trying to do in the past while, raise a series of red herrings and run away.

**MR. COWLEY:** — Mr. Chairman, I just have a couple of brief comments to make. I am sorry that I can't respond to the Member's comments with respect to the Government Finance office. I am certainly sorry that he wasn't in the Crown Corporations Committee when we discussed the Government Finance office with respect to the way in which it is financed.

The Member spoke about the cash and the accrual basis of accounting. The consolidated funds in Saskatchewan certainly are on a cash basis. I think if all Members check, that will be true for all other provinces and for the Government of Canada as well. The Crown corporations, under the aegis of the Government Finance office, are on an accrual basis. That's true of the Government Finance office as well; it's on an accrual basis.

The Member left the suggestion the one time he was at the Crown corporations Committee and he left it in the House again today, that somehow, because the consolidated fund is on a cash basis and the Government Finance office and the Crown corporations are on an accrual basis, there was some juggling of funds back and forth between them. I think any Member with even a limited knowledge of accounting who looks at those accounts may question the results. That is obviously why the Legislature is here. But I don't think any Member will suggest that there is any way in which one can show money in the Crown corporations and, at the same time, show these funds in the consolidated fund, which is what the Member for Nipawin was suggesting, that is somehow you get double counting this way. He talked about the dollar in this pocket and putting it in that pocket. Certainly companies, governments and all kinds of people move funds from one company to another in terms of short-term investments and sometimes long-term investments. You only get in trouble when you take the money out of somebody else's pocket and put it in your pocket. There are some Members in this House who have more experience with that than I do. But with respect to the dollar in this pocket and the empty pocket over here, let's look at what happens, what the options are.

The consolidated fund has a dollar in this pocket and the Saskatchewan Oil and Gas Corporation has an investment to make or perhaps it is working capital and doesn't have a dollar in its pocket. Now there are lots of ways that it could be worked out. The consolidated fund, Mr. Meiklejohn's branch, could take the dollar from the consolidated fund and buy some notes from the Royal Bank of Canada, in which case the consolidated fund would have the bonds and would get the interest. With that dollar and its eight per cent interest, they would have at the end of the year \$1.08 in that pocket.

The Saskatchewan Oil and Gas Corporation could go to the Royal Bank and borrow, probably at nine per cent, the dollar. At the end of the year they would have to pay out the \$1 and the nine cents interest and the Royal Bank would have the \$1.09. The Royal Bank would take the \$1.09 and give it to the consolidated fund, except for the penny which the Royal Bank would keep. The consolidated fund would have the \$1.08 at the end of the year. The Oil and Gas Corporation would have made long-term arrangements and would have paid the \$1.09, and there would be \$1.08 over here and nothing over here. The money would have not crossed between agencies as the Member for Nipawin suggested.

On the other hand, the consolidated fund could loan to the Saskatchewan Oil and Gas Corporation the dollar; charge them eight per cent interest and have \$1.08 at the end of the year. The Oil and Gas Corporation would have to pay out the \$1.08. In the case of the Government Finance office, it advances that interest, the working capital and other funds, to the Crown corporations under it. There is always the option of going to the bank, for example, and borrowing the money instead. Indeed, I want to point out to the Members, particularly in the Conservative caucus, the legislative authority is there.

Now the Member for Nipawin made a great point about a change of \$136 million last year, in the amount of funds that were invested in short-term within various government agencies. I don't have the figures before me, but I am willing to make a rough guess that if one looked at the changes within, for example, the Government of Alberta, they would be at least twice as large over the past year. Mr. Chairman, the whole operation is one of money management and of getting the best value for the Government entities that are contained in the Crown corporations and the agencies and the advance accounts and the consolidated fund out of that. I was Minister of Finance once. It isn't the Minister of Finance, the Member for Regina North East, who sits there and does that all himself and it certainly wasn't me. It was a branch under Mr. Meiklejohn at that time and it is still primarily that branch that does that. It attempts to make the best investments, short-term and indeed long-term, and borrowings as well, for the Province of Saskatchewan.

I don't claim to be, as the Member for Nipawin does, any accounting wizard. Indeed my knowledge of accounting is pretty elementary. I don't mind admitting that. I never claimed to be an accountant. I've talked to a great many people in my capacity as a Minister of the Crown, financial institutions and the banks, and they all have a high degree of respect for the money management. I think the Members in the Liberal Party will agree with that. They may not agree with where we invest the money, in terms of some of the Crown corporations. We have a difference of opinion there.

I think if some of the Conservatives would talk with some of those people, they would find that the people in the chartered banks and the people in the financial institutions have a great deal of respect for the way in which the Province of Saskatchewan, the people in the Department of Finance, manage the short-term and, indeed, the longer term financial requirements of this province. I think the Member for Nipawin, in his desire to seek headlines and to seek out some gross, filthy problems, does a disservice to the province and, in particular, to the people who are responsible on a day to day basis for the management of this money.

**MR. THATCHER:** — Mr. Chairman, I've listened with some concern to the debate that has gone on in the last little while. I've listened with some concern to some of the references that have been made to a court case, which is now taking place. Frankly, Mr. Chairman, I'm surprised that you have allowed these aspersions to go on because I think they are as slimy and as rotten as you can get. I have a matter before the courts myself and you can now search it out so that you can use that against me.

Mr. Chairman, I do not believe anything that's before the courts right now has any place in these Chambers. The courts will make their ruling on it. I firmly believe that any Member of this Assembly has the right to defend himself and does not lose that right, simply because he happens to have won an election. Frankly, I think we can stop making these references that have been taking place in this Assembly with all too much regularity. They do no one any good, not you, not us, not any side of this House.

Mr. Chairman, if I could return to the question of the Department of Finance, I would like to ask the Minister a few basic questions that may make him look pretty good. I would like to go to page 59 on the Budget and on the top line, 1976, there is a figure Cash and Investments of \$405,529, I suppose that's \$405,529,000. I would like to ask the Minister what that figure currently is today, approximately, in the best estimate that he can make? I realize he may not have final figures, since his books have just recently been closed. Could the Minister give me that figure and, very briefly, could you tell us exactly what this entails?

**HON. R. ROMANOW (Attorney General):** — Mr. Chairman, while the Minister of Finance is looking up the specific answers to the questions, I should like to enter this debate. I should like to make one or two comments.

First of all, I think the preceding comments of the Member for Thunder Creek are totally out of order. As far as I know, no one has made any reference to any lawsuit, but I am perfectly prepared to accept, as we are on this side, his admonition. We'll be looking very carefully to that same admonition being followed by Members on the opposite side, Members of his own party in this area. I simply want to say, Mr. Chairman, that in my judgment you've handled this exchange with the utmost of care and propriety. Questions of direct issues of lawsuits certainly have not come before the consideration of the House, as they would clearly be out of order.

I do think that there is an issue which is tied in here with the Conservative Party and the Leader of the Conservative Party. I think some questions can be asked.

For about two years now in this Legislature and outside the Legislature, in the two by-elections and there is going to be another by-election, I have been trying to figure out what it is that the Liberal Party would have us do financially, or would not have us do financially, in terms of taxation, in terms of programs, in terms of financing, in terms of money management. I have been trying to figure out what it is that the Conservative Party and the Leader of the Conservative Party would have us do in terms of taxation, in terms of money management, in terms of resources, in terms of revenues. After listening very carefully, I think I'm entitled to draw a conclusion, especially after

today's performance by, at least, the Conservative Party, something which I think is an issue with public figures. I say the conclusion one can draw is that the Conservative Party is totally incompetent to be placed in charge or in control, if that should ever happen, of the finances of the Province of Saskatchewan.

Now, I just want to point to two or three examples of what I mean. Mr. Chairman, I heard during the Sutherland by-election and during the Prince Albert by-election, something called zero based budgeting, that we should be coming to a zero based budgeting. A major plank of the Conservative Party is something called zero based budgeting. I see no reference whatsoever to that in this Legislature or any kinds of criticisms or any kinds of expositions or any kinds of positions be taken on zero based budgeting.

**MR. BERNSTON:** — Yesterday.

**MR. ROMANOW:** — Yesterday? I'll check the record on that yesterday. I would like to know if that is, in fact, the case. We'll check. We'll have it back for 7:00 o'clock tonight. We'll see this, as to zero based budgeting.

Mr. Chairman, the strange performance today by the Leader of the Conservative Party suggested that Premier Lougheed somehow was mismanaging the financial affairs of the Province of Alberta. That is the clear suggestion.

**MR. LANE (Saskatoon Sutherland):** — Twist.

**MR. ROMANOW:** — The Member says I'm twisting. I'm saying to the Member that the Provincial Secretary has clearly, on his feet, said that this is the way the budgeting in Alberta is done and he's correlated your arguments to the Alberta situation. He has said that's the case. I'm asking you to deny that, on your feet. I'm asking you to deny that the Provincial Secretary's statements in this area are wrong. I'll be sitting down in a moment and I'll be wanting to hear this, because I heard distinctly the Leader of the Conservative Party say that Premier Peter Lougheed was also incompetent in the financial affairs. That's the only conclusion. I find that a very strange operation. Everybody noticed that statement in the House very clearly. Everybody noticed it. He didn't correct it. He didn't amend it. In unparalleled arrogance, he's going to tell the Lougheed Government that their accounting methods, if that's the way they are, as the Provincial Secretary has described it, as the Minister of Finance has described it, are archaic. The methods in Alberta are the same methods as here; these are archaic. Well they are incompetent too. Not only is the Blakeney Government, the NDP incompetent but those Alberta boys, they are incompetent, too.

**MR. LANE (Saskatoon Sutherland):** — Mr. Chairman, a Point of Order. Before the Attorney General gets completely carried away, perhaps we should just stop and read back the record.

**MR. ROMANOW:** — Mr. Chairman, I want to say that I don't understand the Conservative Party of Saskatchewan. I'm going to come to the Liberals in a moment. I don't understand the Conservative Party in the Province of Saskatchewan. We're trying to figure out competency and the financial management and the financial affairs

of the Province of Saskatchewan. Two things have now arisen, zero based budgeting and Alberta is mismanaged like Saskatchewan. If they are doing the same thing, then they are mismanaged. They are doing the same thing. That's the clear fact of the situation. They are mismanaged as well.

The Leader of the Conservative Party has funny mathematics. I mean very funny mathematics. He says he doesn't care what Standard and Poore's say. He's got his own mathematics. He doesn't care what the Securities Exchange Commission says, as the Minister of Finance points out to me. He's got his own mathematics.

I'm saying what in the world would any objective, fair minded person draw from the collection of those conclusions that one makes. The only conclusion that one can draw is that the Conservative Party in Saskatchewan has exhibited absolutely no degree of knowledge or skill in the management of the financial affairs of the Province of Saskatchewan. I say, Mr. Chairman, that no Conservative Party could ever be given the trust, by the people of the Province of Saskatchewan, to manage the financial affairs of the province. They couldn't.

I got a bit of an education this afternoon, listening to some of the comments made by the Leader of the Conservative Party. I didn't know what kiting was. I never heard of it before in my life. I assume now that there is something that I've learned. I didn't know that that existed. But the people of Saskatchewan have been told now, that this exists and that we are doing it. They are not going to back it up, but we're doing it.

Now, Mr. Chairman, I say to this House that lawsuits or no lawsuits, I'm entitled to draw some conclusions from those comments. I think the people of Saskatchewan are entitled to draw some conclusions. The conclusion that clearly comes to the bottom line of the whole awesome situation is that this party is just very grossly incapable of grasping the fundamentals of the financing of governments. Boy, it would be a sad day for the people of the Province of Saskatchewan if they should ever get a hold of the public purse, exhibiting their concepts of zero based budgeting and kiting and things of this nature that we've heard today and juggling, as part of the record of the Province of Saskatchewan. I tell you that is an issue. As far as I'm concerned that is an issue and I think it's an important issue for all the people of the Province of Saskatchewan.

Now, Mr. Chairman, I would simply conclude, with respect to the Liberals, to say that we know where they stand on this matter. I think we know that they have taken, consistently, a very narrow minded and ultra-conservative approach to financing. They have.

**MR. CAMERON:** — Ultra-conservative?

**MR. ROMANOW:** — Yes, very much. The Liberal Party really takes the point of view that the techniques of the Late Premier Ross Thatcher were techniques which, if they should ever by some fluke again be given the reigns of power, should be applied to the Province of Saskatchewan. I remember those techniques. These weren't techniques of budget paring with a stiletto. These were budget techniques of hatcheting with meat axes in programs and no sophistication was provided there. I think that the people of Saskatchewan can draw a conclusion.

**MR. LANE (Saskatoon Sutherland):** — Mr. Chairman, on a Point of Order. Yesterday the Premier of the province announced that there were some Bills to be tabled that had no substance. Are we to take it then that none of the speeches left from the Government side have any substance either?

**MR. CHAIRMAN:** — I don't think that's a Point of Order.

**MR. ALLEN:** — Mr. Chairman, on a Point of Order. I think that the Member opposite has exhibited on two occasions, in the last five minutes, gross disrespect for this Legislature. He knows that he doesn't have a Point of Order. He knows you can't get up and talk like that in the Legislature, interrupt the speaker, unless you've got a legitimate point. My goodness, I think you should discipline the Member, Mr. Chairman.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. CHAIRMAN:** — Order; In reply to the Hon. Member, I might say that according to the Rules and Regulations, you cannot make a Point of Order on a Point of Order. I have to not accept that Point of Order; you are out of order. Might I just remind all the Members that I think that we are here for something much greater than what we have been discussing this afternoon and that seems, to me, to be discussing parties against parties and so forth. We're here to discuss the finances of the province. I would certainly like you all to adhere to this and come back to it. I also noticed a little earlier a comment made toward the rulings of the Chairman and the way he conducted his manner. I suppose I would certainly take those rulings to heart if they came from a Member who was sitting in the House constantly, but I feel that I have done the best I can. If I have allowed something that is not relevant to the proceeding of the House, it is the Member's right and prerogative to rise then and to bring it to my attention, but not afterwards. I wonder if we could proceed please.

**MR. ROMANOW:** — Mr. Chairman, I'm not quite sure how I can respond to what you say, other than I believe that in our democratic system it is parties and principles and philosophies of parties that govern and run governments. It's personalities that make up those parties, with their attitudes. I think we can and should, as people of Saskatchewan, properly make certain judgment calls on the kinds of controls on finances that the Liberals would have if they should be given the office and the kinds of controls and financial policies the Conservatives would have.

I simply want to conclude, Mr. Chairman, by saying that to my way of thinking, this afternoon's short intervention by the Leader of the Conservative Party, leaving largely unexplained issues of zero based budgeting and provincial auditing and leaving largely unexplained and, perhaps explicit/accusations of the incompetence of sister provinces of which their own political party is a member, those kinds of performances can lead to no other conclusion by the Members of the Legislative Assembly that it would be highly improper and not in the interest of the Province of Saskatchewan to ever give them the reigns of office in this province. I draw that conclusion from the statements this afternoon.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. CAMERON:** — Mr. Chairman, I want to respond, in part, to the invitation of the Attorney General, I don't know where the Attorney General has been in the past two years, to indicate more clearly some of the areas where we clearly differ from the Government in terms of spending. I'm happy to do that for him.

I can tell you one thing we certainly wouldn't be doing, given the inflation pressure in the province and the concern among agriculture producers about the rising cost of fuel which you find all over among farmers, is raising the gasoline taxes from 15 cents to 19 cents and creaming off another \$20 million in that area. Telephone rates is another area. You find in the Estimates that there is \$9.5 million in profit which is going to be transferred from Telephones to general revenue this year; telephone rates that have been increased to generate additional profit to be transferred into the general revenue. We wouldn't be increasing telephone rates at this point in time with the inflation we have for the purpose of taking another \$9.5 million and transferring it to general revenue.

Turn to the Power Corporation, the power and gas rates in the province, which again were raised in each of the last two years in order to generate larger profits in that corporation to transfer additional funds to general revenue. This year you're creaming away \$15.2 million of the Power Corporation into general revenue which, as you know, is nothing but another way to tax. You are using power rates and gas rates at a period of time when we have this massive inflation; you are increasing the rates to generate \$15.2 million more to transfer into general revenue.

The Energy Resource Fund - we've been talking to the Minister about that one at some length. How he justifies taking \$105 million of that fund and transferring it to general revenue is something else for which he's going to have to answer. How he can take \$227 million out of that fund and buy potash mines and, thereby, lose \$22 million in interest and not draw that much back from tax is another area for which he's going to have to answer. I will tell you the Liberal Party would take a very different approach there. It was your intention when you established the Energy Resource Fund to use that fund, among other purposes, to keep fuel prices in this province at more realistic levels. That was one of the original purposes. You have since abandoned that purpose. You do not now intend, and you have not intended for some time, to use that Energy Fund in order to keep fuel costs in this province under some realistic control. That is another area that we would have a very different policy from that followed by you.

Let's get into the area of liquor prices. Again we have had increase after increase in the price of liquor. As my colleague the Member for Thunder Creek has indicated to you on several occasions, you know who is having to pay the shot for having those increases in the price of liquor. Again, this year they were increased. Why - to raise the revenue for your general purposes, a big \$.5 million more than last year. Every item - telephone rates, gas rates, power rates, liquor rates - goes up, up, up. Tobacco taxes again were raised to raise another \$4.2 million. Again with the background of general inflation that we have seen over the past couple of years which is reaching . . .

**MR. CHAIRMAN:** — Order, order!

The Assembly recessed from 5:00 o'clock p.m. to 7:00 o'clock p.m.

**MR. THATCHER:** — Mr. Chairman, I believe the Minister before 5:00 o'clock had an answer to a question that I had asked.

**MR. SMISHEK:** — The Hon. Member, I think, referred to the Budget Speech and the amount that we had in cash in investments in 1976. He wanted to know the current up-to-date figure. The audited figure that I have is, as of April 28, 1977, \$227,714,205. Our estimate for the end of March, 1977, is about \$290 million. That is an estimated figure.

**MR. THATCHER:** — Mr. Minister, perhaps I could ask two questions to save some time. Could the Minister basically tell me what this is in terms of investments? As one looks at this particular column, it has continually risen over the years from 1967 to 1976; that is a rather sharp drop off.

**MR. CHAIRMAN:** — Order, please.

**MR. THATCHER:** — Mr. Chairman, I will start over again. I should like to ask the Minister two questions in this area. Could the Minister briefly explain what kind of investment this would be sitting in? Secondly, that is a rather sharp drop from \$405 million down to \$290 million; would the Minister explain to this House what is behind this drop of about \$205 million to \$215 million.

**MR. SMISHEK:** — Mr. Chairman, I think we have had questions similar to those. It is mostly the payments that were made out of the Energy and Resource Development Fund. Those were the expenditures out of the cash advances. One example is the \$121 million that was used for the acquisition of the Cory Mine. If the Member wants the total breakdown, we can provide it but it will take us a little while to get all the information. There was, I think, \$16 million for drilling out of the Energy and Resource Development Fund for last year. It was primarily those expenditures. In the case of where the investments are and what type of investments they are - I don't know whether he has the Public Accounts with him, which is the current information that I have at hand. If he looks at page B2, there are short-term investments of the cash in investments. It will give you the breakdown - chartered bank deposit receipts, \$24.7 million; chartered bank notes, \$48 million; the chartered bank domestic swaps, \$105 million. That is where the money is.

**MR. THATCHER:** — Mr. Minister, you indicated that the bulk of this drop is because of payments out of the Energy Fund. I recall a Question Period about a month ago when you were asked the question of how many dollars go into the Energy Fund on a per month basis. Subject to correction, I believe that you answered that it was approximately \$10 million per month. So that means that, theoretically, \$120 million went into the Energy Fund and yet we are still coming out with a figure which is \$115 million short from what it actually was one year ago. I am sure the Minister would agree that is a fair drop in dollars. Could you briefly tell us, I won't hold you to them, but approximately, just what sort of pay outs these were? I am not asking these be to the dollar, but the round figures as you see fit.

**MR. SMISHEK:** — Mr. Chairman, it is sort of further information to the Member. I haven't got all the figures at hand. Now the money went out of the Consolidated Fund into the Energy Fund because it is the way the system works. Out of the Energy Fund were the payments for investments into the Potash Corporation Duval, \$121,428,715; loans to GFO \$1,687,000; drilling credits for oil drilling \$16,212,980. That is the information that I have at hand at the present time. That comes to \$139.3 million.

**MR. THATCHER:** — Mr. Minister, I believe there was a cash shortfall or a cash deficit in last year's budget, was it \$40 million or \$45 million? Forty million dollars. Is there any way that \$40 million came from this \$405 million? In essence you had to take the money to balance your books from somewhere. Did you take it from this figure which we are talking about?

**MR. SMISHEK:** — Mr. Chairman, in the case of the amount that we had estimated, what might be the projected deficit for last year was \$45 million. I think I have explained that on several occasions. If you are asking whether any money came out of this to offset that, the answer is. No. . . . of the \$35 million that we take on the annual basis which is budgeted for. We have dealt with that.

**MR. THATCHER:** — Mr. Minister, if the Energy Fund did take in the round figure of \$10 million a month last year, and we are talking \$120 million, the equity position here has dropped a \$115 million. It seems to me that we are talking in terms of \$235 million that has come out of this particular figure. Now you mentioned, I believe, \$121 million which was used for the purchase of potash mines and \$16 million which went for drilling credit. Could the Minister tell me what happened to the balance of the dollars which is quite a bit, approaching \$100 million?

**MR. SMISHEK:** — Mr. Chairman, it might take awhile to give you the answer.

Mr. Chairman, we started with \$405 million. Then during 1976-77 that fund, which comes out of borrowings that we made, was \$464,375,000. You can keep adding this on and then we will start subtracting. Crown corporations contributed to the sinking fund, \$18.2 million and some additional revenue, a small amount, \$106,000. Then the funds that were applied into the budgetary outflow was \$103 million, due to other funds. That is set out in schedule 13 and I can give you that breakdown, \$67,080,000; increase in working capital advances were \$19.5 million; loans and advances, that was the money we borrowed for Crown corporations like SPC, like Sask Tel and I gave you that figure initially of \$464,375,000, and then the payouts of that was \$447,300,000; sinking fund payments, again, in that area was \$18,500,000, a different amount than the one I gave you; investments in Crown corporations and other enterprises a small amount of \$120,000; interest on public debt, and again I can give you the breakdown of that because it is set out in a schedule, of \$4.3 million.

Once you have added and subtracted, you have, and the figures that I gave you were at the end of February, \$227 million. Since then it has grown to \$290 million. Now if you want further breakdowns of particular amounts I have them and am prepared to provide you with the information. The last figure is for the end of March, that's March of 1977. It is an estimate and not the exact. That's not an audit. Our estimate is \$290 million.

**MR. THATCHER:** — Mr. Minister, I do not pretend to have the keenest mind when it comes to figures. They were coming pretty fast and furious. But many of the transactions which you have indicated appear to be fairly routine ones, ones that you would do year after year, and probably have been done all the way from 1967 on.

Now you'll note that this figure has continually increased. There was a dramatic increase between 1975 and 1976 which I would assume was strictly accumulations in the Energy Fund. Now, you indicated that your estimated figure for the end of March would be \$290 million for 1977 versus \$405.5 million for 1976. Mr. Minister you have stated that \$121 million came out of the Energy Fund for the purchase of the potash»mines, \$16 million for drilling credits. The rest of these transactions which you have been going through strike me as rather complex but they seem to me to be rather routine things that you would do year after year. Now, Mr. Minister, when you take the figure of \$405 million, and you take what you told this House approximately a month ago, and it was an approximate figure of \$10 million a month going into the Energy Fund, that's roughly \$120 million. Now you add this on to that \$405 million and then you start subtracting \$121 million, that you say came out for the purchase of potash mines, the \$16 million in drilling credits, and I believe there was another one that I missed for a very small amount, I come out with a figure of \$388.5 million.

Now, Mr. Minister, you have gone into some very complex things that have gone on including sinking funds, etc. It would seem to me that these sorts of transactions must have gone on in 1967, that they must have gone on in '73, '74 and '75. I apologize for being a little slow on the draw, but I think you will appreciate some of these figures are rather complex. I am wondering just what happened to this \$100 million. If I'm in left field, I apologize. I am afraid I'm confused but my curiosity is aroused.

**MR. SMISHEK:** — Mr. Chairman, I'm trying to help the Member. Perhaps if he referred to page 810 of the Public Accounts which doesn't give you the current year or the year you are asking questions on but does for the year before. I think that gives you the complete reconciliation and might be helpful for you to grasp the details.

Now let me give you the figures and these are again until February 28. In the case of the Energy and Resource Development Fund, this is from April 1 to February 28 as it's in the eleventh month period, the mineral income tax and the royalty surcharge produced \$96 million and the composite Crown royalties \$1.2 million and repayment of the '75-76 grant to SMDC produced \$1.7 million for \$99,225,000 rounding it out. Then, out of that we paid, repeating the same figures I gave before, the drilling costs for oil, \$16.2 million; in loans to the GFO, \$16.8 million; investment in the potash, \$121.4 million. Now in the current year's operation, because of the potash investment, the income for that period was just about \$99.4 million, and the expenditures were \$139.3 million, so that's a deficit position of \$40 million. That's not the fund that's at a deficit, it's only for the current year's operation. The Community Capital Fund was \$11 million; Grants and Development Fund, \$250,000; agricultural grants, \$213,700. We had liquor board deposits because that \$405 million that you were initially raising, that's the total of cash in investments, including the liquor profits. It's just not going to the Energy and Resource Development Fund. There was \$25

million deposited and transferred to budgetary revenues, again \$40 million. I would be happy, perhaps at the close of the Estimates, to go through this, because there is nothing secretive about it. It is all there and accounted for.

**MR. THATCHER:** — Mr. Minister, would it create any problems for your department to take this schedule that we have on A10 Public Accounts, and upgrade those '76 figures to '77 figures? Do your people have access to this in a short period of time? Do you have these sorts of figures available with you? I'm simply taking the schedule that you mentioned on A10 which arrives at that figure of \$405 million. Can you do that for the year '77 or do you not yet have these figures computed?

**MR. SMISHEK:** — As the Hon. Member is aware the actual closing of the books for the province is April 15. We are at the present time working on the figures. I don't think that we will have those figures in any sort of solid form for about another couple of weeks because there is just so much to be done.

**MR. THATCHER:** — Mr. Chairman, I don't wish to hold proceedings up over this point. I realize that these will be published in Public Accounts one year hence. In order to leave this area, could I ask the Minister if his department could furnish me with these figures when they are completed?

**MR. SMISHEK:** — I didn't hear the question, sorry.

**MR. THATCHER:** — I'm aware that they will be published in Public Accounts one year hence but I would like to ask the Minister, so that we could move on to another area, that when his department has these figures, when they are finished computing them, could I have a copy of a schedule similar to what we have on page A10 of Public Accounts?

**MR. SMISHEK:** — The answer is, yes, but they will be unaudited figures. Will the Hon. Member be satisfied with that, because when they are audited there might be some minor changes? But we would be glad to do it. I'll ask the deputy to make a note of it, and as soon as they are available, we will be happy to provide them.

**MR. THATCHER:** — I shall move to another area. Also on page 59 of the Budget, I note that there is a category for loans, advances and investments. Now you have a variety of sub-headings here. One I would like to ask you specifically about is the Saskatchewan Economic Development Corporation which shows advances of \$91,348,000. Could the Minister tell me, at this point in time, approximately what equity the Government has in SEDCO?

**MR. SMISHEK:** — Mr. Chairman, at December 31, 1976, \$40,780,000 roughly.

**MR. THATCHER:** — Mr. Minister, I asked that question because in reference you indicated the equity was \$40 million; I suppose this goes back to a discussion this afternoon about some strange accounting methods and probably this is very innocent, but I still would like

to ask it regardless. SEDCO in their annual report, or the 1976 annual report, shows a long list of advances from the Province of Saskatchewan. There are two in particular which I would like to ask you about because there is an advance of December 2, or maturing December 2, 1981 of 9 per cent to the value of \$15 million. There is a second one of July 2nd maturing July 2, 1994 at 8.58 per cent for \$1.8 million. Now it indicates by note that effective April 8, 1976, by the authority of an Order in Council, these two advances were converted to non interest bearing advances. In other words, they were re-classified into the province's equity. Now, Mr. Minister, by doing this, SEDCO eliminated interest on \$16.8 million which is approximately \$1.5 million to \$1.6 million in interest charges, which in essence would have taken SEDCO from a net income of a \$108,000 to probably a loss of \$1.5 million, simply by this bookkeeping transaction. Now I'm curious how the province handles this in its books through the Government Finance office, because your equity in SEDCO has now gone up \$16.8 million. Now who owes whom, or who owes what? Really it's strictly a bookkeeping thing but it changes the picture of SEDCO very, very drastically. When you say your equity in SEDCO is now \$40 million, how have you come up with this figure of \$40 million? Does that \$40 million include the \$16.8 million that SEDCO suddenly changed from a loan from the Government to simply being equity of the Government in SEDCO? How are you now showing that? How is this \$40 million arrived at, is it in a similar fashion?

**MR. SMISHEK:** — Mr. Chairman, I'm not sure whether the Hon. Member is a member of the Crown Corporations Committee but presumably he had the opportunity there to get a lot of detailed answers. I refer him to the annual report of SEDCO on page 9. At the year end, the corporations' investment portfolio totalled \$23.2 million in 15 companies located and operated in Saskatchewan. That is the one portion of it, in the 15 companies where the investment is and then the other \$15 million you refer to, plus the \$1.8 million, is the other which comes to \$40 million.

Now, Mr. Chairman, I would like to pass this on to the Hon. Member. In view of the capital structure, SEDCO had been under study for some time. The fact that SEDCO by its very nature, as I am sure he is aware, is a lender of last resort in many instances, means the degree of risk it assumes is greater than a lender in a private sector. For this reason, it follows that SEDCO will probably have a lower rate of return on its money. Mr. Chairman, a study was commissioned in 1975 to review the capital structure of SEDCO with the view to meet its special needs. The study was conducted by a well known and reputable investment company. As a result of this study a recommendation was made to the effect that SEDCO's capital structure be composed of eight parts debt and two parts equity for normal requirements. It was recommended, also, that SEDCO's investment money be on an equity basis rather than a loan basis. The money was to be provided on an interest free basis. The decision was made to effect this change as at the first of the province's 1976-77 fiscal year. Now, Mr. Chairman, our view of the capital structure of SEDCO is now more realistic in terms of comparisons with a private sector, also in terms of greater risks that it assumes in its business transactions. I think if you review SEDCO you will find it has helped industrial development in the province, it has helped to create jobs, it has helped with the economy of Saskatchewan. We believe that SEDCO is serving a very useful purpose in the Province of Saskatchewan for economic development.

**MR. THATCHER:** — Mr. Minister, firstly, I'm not a member of Crown Corporations. I find it rather difficult to be two places at once. I'm Chairman of Public Accounts which normally meets at the same time.

Mr. Minister, I don't believe that you answered my question. I did not ask about the merits of SEDCO. I haven't got around to questioning it yet but it may evolve to that. You have converted \$16.8 million, from a loan to SEDCO, into straight equity. It is a transaction which puts SEDCO in a position of profit rather than substantial loss, which I think does give some credibility to the point made earlier about some strange bookkeeping techniques in the Province of Saskatchewan. It certainly raises some questions anyway. But the fact is that you have done this. Now how does the Department of Finance show this \$4 million was a debt? Are you now showing that as an asset? Mr. Minister, I am sure you are aware that this was made retroactive.

**MR. SMISHEK:** — Mr. Chairman, again I suppose that next year's Public Accounts will show this more clearly. That \$16.8 million that you refer to, in the case of the Public Accounts, would have been shown as loans and advances but will now be shown in the books as equity. Again I refer you to page A2 of the Public Accounts, which isn't for the current year but for the previous year. Now there is nothing mysterious, or nothing peculiar about that. It was a matter of converting certain loans into equity, based on the recommendations of the study which was made by an investment company, that in an organization like SEDCO, we needed to have a larger share in equity as compared to loans.

**MR. THATCHER:** — Mr. Minister, are you serious when you suggest that what is, in effect, a loan is suddenly being converted to an asset with no indication what happened to the interest payable? I hope you will explain that one. This afternoon I heard you make a lengthy speech on the orthodoxy of your accounting and your bookkeeping procedures. Here has to be one of the most blatant examples of completely distorting the picture of a Crown corporation. By simply making that little conversion you have changed a Crown corporation to having a profit of \$108,000 from what is, in reality, a deficit of about \$1.5 million. Now show me where I am wrong, if this is not so. How do you now show the interest? I don't see any notation for that being paid. It has just gone; it was made retroactive. Now if that isn't fuzzy bookkeeping, Mr. Minister, I find it particularly astonishing after that lengthy dissertation which you made this afternoon.

**MR. SMISHEK:** — Mr. Chairman, I don't think there is anything strange or peculiar about it. You ask how the interest will be shown. It will not be shown because the \$16.8 million will be converted, or has been converted, into equity on which there will be no interest paid. It's an interest free situation which I have already described, Mr. Chairman. The Hon. Member may find it strange but I don't think there is anything strange or peculiar. The same thing could happen in the case of the private sector where money may be provided for direct investment as equity. Certainly every corporation that starts a business has to have some equity money as well as money that it will borrow.

**MR. THATCHER:** — If a private company did it, they would be laying charges on it.

**MR. SMISHEK:** — Why would they, if they were putting more money into equity? I don't see how you can lay charges because the money for the company puts in more money into equity. I just don't find anything strange or peculiar about it. Certainly the money is accounted for and reported to the Legislature. The Hon. Members may differ but there is nothing secretive, nothing hidden about it. It is exposed to the Crown Corporations Committee as well as reported to the Legislature.

**MR. CAMERON:** — I wonder, Mr. Chairman, if the Minister could tell me first of all who did the study? Secondly, who commissioned the study? Was it GFO that paid for it?

**MR. SMISHEK:** — The study itself was commissioned by SEDCO and the people who did the study were Dominion Securities Harris.

**MR. CAMERON:** — Did SEDCO provide GFO with a copy of the study, and did GFO then have a look at it and make some recommendations in respect of it?

**MR. SMISHEK:** — Mr. Chairman, I would presume that GFO did receive a copy. I should tell the Hon. Member that since the money is really provided to the Department of Finance, not to GFO, SEDCO did make the request after the study was completed, directly to the Treasury Board and the Treasury Board agreed to provide the money.

**MR. CAMERON:** — I gather then the study would have gone to the Treasury Board or else to the Department of Finance or GFO or perhaps to all three. I gather that one or more of those bodies that I mentioned studied the study, assessed and analyzed the report and then made a decision because it had to be your decision, in effect, to convert the loans from loan status to equity status.

**MR. SMISHEK:** — Mr. Chairman, the Department of Finance made the study or rather reviewed the study. The study was made on behalf of SEDCO by Dominion Securities Harris. A report was submitted to them. SEDCO then made a request to the Department of Finance. We analyzed the report of the Dominion Securities Harris people. We thought that the points which they made were reasonable. The Department of Finance officials submitted their analysis to the Treasury Board and the Treasury Board, on the final analysis, did concur in a conversion for the loan of \$16.8 million to equity.

**MR. CAMERON:** — Mr. Chairman, as the Minister knows we consider this transaction to be of some importance, particularly with respect to the background of SEDCO, which we have been questioning now for some period of time. It is a vital transaction that took place with respect to your department and SEDCO. I am sure Members, who are particularly interested in this area, would want to see that study and have a look at it. Therefore, I am going to move, seconded by Mr. Thatcher:

That the Committee request the Minister of Finance to table immediately the study done, respecting the capital equity ratio and related issues affecting SEDCO.

The debate continues on the Motion.

**MR. SMISHEK:** — Mr. Chairman, I must rise to oppose the Motion.

**SOME HON. MEMBERS:** — Oh no!

**MR. ROMANOW:** — With heavy heart.

**MR. SMISHEK:** — The Hon. Members may use all kinds of choice words. I think the review, that has been made, has been important to the Government to examine the total picture of SEDCO. The Hon. Members know that there are many organizations and companies which SEDCO assists, and to be providing information which may deal with the internal functions of particular companies which we have assisted, I don't think is fair and in the interest of the public. I think we have given the Hon. Members a very clear report on SEDCO's operation. They have had every opportunity to ask questions in Crown Corporations. We have said the reasons behind the transaction of why we converted the \$16.8 million from loan to equity. Mr. Chairman, I do believe that this would be establishing a dangerous precedent where internal documents would have to be tabled and provided for on every occasion. Mr. Chairman, I would ask that this Motion be turned down.

**MR. CAMERON:** — Well, Mr. Chairman, if I may speak to that briefly. I find that a totally indefensible attitude, totally indefensible. Let me tell you why. As you know full well, and as the Minister in charge of Finance knows, we have been questioning for some time the operations of SEDCO. We have felt that in many respects SEDCO has been mismanaged. The consequence, we have said, of that mismanagement is the loss of some millions of dollars to the people of Saskatchewan. One of the things that we noticed in looking at this year's annual report of SEDCO was that \$16 million that the Government had loaned to SEDCO, on an undertaking by SEDCO to repay with interest, was cancelled retroactively and converted to equity. We became immediately suspicious of the reason for which that was done because it is apparent on its face, at least, that it was done in order to convert a loss, a substantial loss by SEDCO to a modest profit. We told you it was a juggling of the books, a juggling of the books in a manner that no one ought to be accepting as Members of the Legislature. Now you have come forward and said that there was good reason for that. This is the point I want to make to you, Mr. Minister, listen to this; I am going to expect some response.

You come forward in this Committee and tell us it was done for a very good reason. You said, and this is the first time I have known of it, the study was commissioned in 1975 by the agency SEDCO, paid for, I presume by SEDCO, but (and this is the important point) that study was made available to you and in respect of that study you came to certain conclusions. That is to say, you analyzed the document, you made a decision based upon the analysis provided to you by Dominion Securities. You are saying to us, that's why we did it. They recommended a capital equity ratio of eight to two, so we were merely following their recommendations. You are, therefore, putting a position before

us and asking us to accept this, based upon a study which has been seen by you but not by us. If, in responding to our questions, you rely upon the study, then I say to you that you are now wanting to deny us the study so we can have a look at it in the same way you did. Relying upon it to give us the answers is an attitude which is totally indefensible. One day, one day you are going to begin to answer for this whole business of secrecy in government.

SEDCO, as you know, has been one of the chief offenders in our submission. We have had a very difficult time getting information about SEDCO. We are concerned about the way in which the management or mismanagement of SEDCO has been carried on in the last couple of years.

This, again, is another instance of a whole variety of similar instances which are now growing where you are seeking outside studies. You are making decisions upon them and advising us of the content of them in response to questions we have. Then you say that you refuse to give it to us.

An elected Member of the Legislature has a lot more responsibility than what you are prepared to give him. We have a right to see those studies. We pay for that study. If you are going to make significant decisions, based upon studies of that kind, we have a right to have them. This is merely another, in a series of similar examples, where the Government has information which it wants for some purpose or another. One can only conclude that because it must be embarrassing to them they will not give it to Members of the Assembly. I can't think of anything that is more contemptuous of the responsibility of elected Members of the Assembly than to continue in this way, to refuse them information on very vital questions. I say to you that sooner or later, Mr. Minister, and Mr. Chairman, this attitude of superiority and arrogance is going to hurt you and hurt you badly because the public of the province has the same attitude we do and that is if studies are done and decisions are made, we ought to have them.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. THATCHER:** — Mr. Chairman, I find the attitude of the Government on this Motion astonishing, not surprising, but astonishing, particularly in view of the sanctimonious speeches that I heard coming from that side of the Assembly this afternoon. You criticized a Member of this Assembly pretty harshly when he suggested that your methods of accounting were fuzzy and not in keeping with accepted accounting principles. This evening we have come across one of the prime examples that probably you can find. A corporation is given a loan by the Province of Saskatchewan on which it must pay interest. The entire picture of that Crown corporation is changed to one of a profit position from a fairly substantial deficit position. You make a retroactive ruling which cancels the interest, cancels the loan and transfers it from a debt to an asset. Now if that isn't fuzzy accounting, I don't know what is. When asked to provide the basis for your action on this, which if it is as forthright as the Minister has indicated; you should have no hesitation in doing so.

Mr. Speaker, Mr. Chairman, the Minister in charge of the Potash Corporation is incidentally no ball of fire when it comes to providing information either. Once upon a time potash production used to be in the monthly statistical bulletin but I

notice that it isn't there any more. It used to be, until Bill 1 and Bill 2 came into effect. After listening to the Attorney General's sanctimonious speech and the Minister of Finance's sanctimonious speech, I can't put into words the contempt that this Government deserves.

**MR. COLLVER:** — Tonight we have heard a real turn around. I ask the Member because I notice the rest of the Members opposite are in the Cabinet and, of course, they would have a vested interest in not releasing this kind of information. But I am going to address my few remarks right now, particularly to the Member for Cumberland (Mr. MacAuley) and for Meadow Lake (Mr. McNeill), but in particular to the Member for Cumberland who is a man of integrity and who is a man of honesty and a man of honor.

I would like to suggest to the Member for Cumberland that the other day, not very long ago in this Assembly, we witnessed the Members opposite calling for the immediate tabling of documents. Table the documents quickly, said the Members opposite. Table the documents to show that the hospitals weren't clean. Table the documents that did show that they weren't as clean as they should be. What did we find? We found the Members opposite insisting that the Progressive Conservatives table the documents. We tabled those documents, and we table documents. We tabled the documents from Estevan. We tabled a document on the Regina General Hospital from the President of the union.

Here tonight the Minister of Finance suggests that he has a document from Dominion Securities. He suggests that this document from Dominion Securities, that earns a large commission in the handling of government business, instructed the Government in their best judgment to convert a loan to equity. The Minister is not prepared to give the definition of equity as it relates to a government. The definition of equity in terms of government financial statements relative to private corporations, the Minister is not prepared to give. The Minister suggested tonight, and we have heard it before from the Members opposite, including the Minister in charge of Saskatchewan Potash, that we have to take these moves because you can't tell anything about major corporations' financial statements. We have to take these moves because you can't read those financial statements properly because they are juggling funds from one to the other. The Minister of Finance tonight suggested that we are juggling this fund, a small amount relative to the total, just \$1.8 million. We hear him tonight saying that we are doing this because we have a document, a document from Dominion Securities. He is asked by the Member for Regina South to table the document, a reasonable request, a reasonable suggestion. It is the same kind of document as the other kinds of documents. We table them and the Members call immediately that we should have someone in for a witness. Perhaps we should put in a further motion if we are going to talk politics, perhaps we should put in a further motion, Mr. Chairman, to have the President of Dominion Securities come to justify that such a document was issued to the Government of Saskatchewan and whether or not it supports the Minister's contention that Dominion Securities told the Government of Saskatchewan that this is the way they have to govern their accounting, this is the way they have to govern the set-up of their Crown corporations. Dominion Securities told the Government of Saskatchewan, and they naturally obeyed, that this is how they are to run their accounts. That is what the Minister said to us tonight, that he has such documents. When the Member for Regina South asked to see such a document the Minister says we can't

release it. We are not going to table it. Why don't you say like you did before, Mr. Attorney General, to table the document, table the document, as you did before Mr. Minister. We hope you will. Mr. Chairman . . .

**MR. ROMANOW:** — Sit down.

**MR. COLVER:** — We will sit down in due course, Mr. Attorney General. I will sit down when I cease to be recognized by the Chair, Mr. Attorney General, then I will sit down.

Mr. Chairman, documents were tabled by us. Where are the documents by the Minister of Finance? No document. Some document is better than no document. Where is the document from the Minister of Finance? He says he has to speak against it. He says he can't possibly table the document, to which he himself referred. That bastion of capitalism, Dominion Securities, told the Government of Saskatchewan how to behave and they automatically behaved that way.

**MR. CAMERON:** — Mr. Chairman, I want to, for the information of those Members who, I am still optimistic, can exercise some independence of mind, brief those Members who aren't familiar with it, with a little more fact in respect of the matter.

Government Finance, from time to time in the past, has made a series of loans to SEDCO so that SEDCO could carry on its operations. Those loans had totalled at the end of 1975 some \$72.2 million. That is the amount that had been loaned by the Government to SEDCO. From April 1, 1975 to March 31, 1976, SEDCO had two loans which had been made to it by the Government, among others. One, for the amount of \$15 million which bore interest at nine per cent, was due December 2, 1981. Then there was a second loan, which SEDCO had throughout the year, of \$1.878 million returning 8.58 per cent to the province to July 2, 1994. When SEDCO began its year 1976, it had those two loans among others. As of March 31, 1976 those two loans were cancelled by the Government. The question is, when were they cancelled, at the beginning of the year or at the end of the year? Had they not been cancelled, SEDCO would have had to pay interest throughout the year because it had the use of the loans. The interest would have been approximately \$1.5 million. Now when was the decision made to convert that interest bearing loan to equity? It was made in February, 1977, one month before SEDCO's year end. It was done retroactively to April 1, 1976. It is very clearly, in effect, a contract which had been entered into between the taxpayers of the province. They loaned to SEDCO \$16 million bearing interest at nine per cent and 8.85 per cent. It was cancelled by SEDCO and the Minister, a month before the year end in order to cover up what would have been over a \$1.5 million loss. That is the background.

The Minister says we did it for good reasons. Despite the appearance of the thing, which may lead to all sorts of suspicions, we did it nonetheless for good reason, because we had commissioned the study in 1974-75 by a well known investment house. They made certain recommendations to us<sup>^</sup> there should be an equity capital ratio of eight to two. We took the recommendations and that's why we did it. It is not at all related to the fact that we would have sustained a loss in SEDCO again, which would have been very embarrassing for us. That's not the reason we did it. We did it on sound financial advice from a sound investment institution.

That being the case, we then reasonably say to the Minister, show us the document, a pretty vital question. You sort of creamed \$1.5 million of the taxpayers' money, in a way, because SEDCO was responsible to pay the interest during the year. You did that retroactively. We say to you, fine, if you had good reason for it, but let's clear the air. Give us the study and we can have a look at it in the same way you did.

But you want to defend your position with a study that you are not prepared to give to us. You can see the imbalance in that. I tell you if the head of the CIA suffers another vacancy, I know whom Members here could recommend to head it up. With your sense of secrecy, you know, you'd be a great head of the CIA or some of the departments of the FBI in the United States.

As I said to you earlier, this is only one example. Let me relate to you some other examples. These are examples of documents in the possession of the Government affecting the expenditure of millions upon millions of dollars, that you have not made available to us; studies in respect of your takeover of the potash industry, in respect of which we've already spent some \$200 million plus. We spent a long time seeking from you additional information, studies, analyses that you had done about that tremendous financial investment you were making. You refused consistently, and continue to refuse, to make those available to us.

We sought other studies. We've sought studies in respect of the cost of moving grain in Saskatchewan by rail, studies that were commissioned by the Transport Agency. Once again, you used your majority to deny us access to that information, to those studies.

Then we asked you to provide studies that you had done about the rationalization of the Prairie Branch Line System. Again you refused to give us those studies. Then we asked the Attorney General, the other day, to give us the study that one of his people had done in respect to the provision of support service to the courts in the field.

**MR. ROMANOW:** — No, never.

**MR. CAMERON:** — No, and he wouldn't give us that either. I mention here only five examples, five examples of documents of a vital nature that we've requested, but the Government simply says. No, you can't have them. Yet on the other hand, as the Member for Nipawin rightly points out, when he suggested he had a document in his possession, you never heard a greater chorus of cries for the tabling of the document than what came from the other side of the House.

**MR. ROMANOW:** — Baloney.

**MR. CAMERON:** — Baloney, nonsense! The Attorney General is one of the chief offenders, one of the chief offenders. I saw him conferring with the Minister of Finance asking if they could release the study. The Minister of Finance no doubt said to him that it would be embarrassing if they did. They wouldn't want it disclosed . . .

**MR. CHAIRMAN:** — Order! Order!

**MR. CAMERON:** — . . . because Members may very well find . . .

**MR. CHAIRMAN:** — Order! Just one at a time here please.

**MR. CAMERON:** — . . . does not support, doesn't support the decision that was made by that Minister and his department in connection with the cancellation of those loans. If there is a loud voice coming from the other side, when the Member for Nipawin says he has a document, the loudest of all is the Attorney General. Then when the Minister of Finance turns to him for some advice on whether a document should be tabled, he's the first to say no. Why? It may embarrass you. But I'll tell you that you're going to be embarrassed, irrespective of what you do, because you know you are going to be embarrassed if you give us the document and you know you are going to be embarrassed if you don't give us the document. So you are going to sustain embarrassment in any event.

Just to repeat, as I said earlier, it's that kind of arrogance and boldness that begins to set in, in government, denying to people and denying to Members. Any self-respecting Member over there, who has any sense of independence, would take you out behind and tell you to give us those studies. What are you hiding? What are you hiding?

I, therefore, ask some Members opposite, who may have some independence of thought still left in them, to have a word with you in the period we break, when we come to vote on this thing.

**MR. SMISHEK:** — The Hon. Members are aware that within the Government there are a lot of studies made that are internal. It's important that the Government be given the right to study certain things in order to be able to make judgments and decisions, that are not always subject to be filed in the Legislature or made public. That has always been the tradition, regardless of what government.

The Hon. Member, I know, worked for Otto Lang and I'm sure that in the federal Ministry of Transport, prior to that Justice, there are studies that are made that are private for the internal use of the department or the Government. This is another example of a study that was made, which was commissioned by SEDCO, in order that management would have a better idea of how to manage the affairs of SEDCO and, particularly, to be able to determine a better relationship between equity and borrowed money.

Mr. Chairman, as the Hon. Members know, SEDCO functions for the purpose of developing economic growth in Saskatchewan, to be able to make loans to those people who are perhaps of a higher risk and, for that reason, they may have difficulty in obtaining funds through the normal channels like banks.

Mr. Chairman, SEDCO has a good record in terms of assisting industrial development in Saskatchewan. There is nothing embarrassing about this, nothing embarrassing about SEDCO. There is nothing that we are trying to hide.

Mr. Chairman, I regret the Hon. Leader of the Conservative Party trying to drag in the good name of Dominion Securities Harris, an investment company that has served this province well,

that has served every province in Canada. I don't think it is fair to try and drag in people who do business and do studies for us or for anybody else, that they be subjected to this kind of harassment and abuse.

Mr. Chairman, the Hon. Member said that Dominion' Securities told and we obeyed. Mr. Chairman, the fact is that it was a report that we commissioned. They didn't come here to tell us; we asked them to do the study. They submitted a report, and based on that report, we made certain decisions. You know, Mr. Chairman, once you strip all the frills and all the words in this argument, what the Conservatives and the Liberals are telling us is that they are against Saskatchewan businesses. They are against Saskatchewan owned small businesses.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SMISHEK:** — They would prefer to have multinational corporations rather than have small Saskatchewan businesses, operated and owned by the people of Saskatchewan.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. CHAIRMAN:** — Order! Order! I think the hon. gentlemen know the Rules and the Regulations of the House. Many of you are not new Members and you know the way that it should be conducted. I can certainly address my remarks to all sides of the House. If you are interested in expediting the Finance Estimates here, let's proceed in that fashion. That's all I ask. I am interested in seeing that you all have an opportunity to discuss it. I think that is your privilege. Let's act in an honorable manner.

**MR. SMISHEK:** — Mr. Chairman, I think I still have the floor.

**MR. CAMERON:** — On a Point of Order!

**MR. CHAIRMAN:** — What's your Point of Order?

**MR. CAMERON:** — My Point of Order, Mr. Chairman, is that the Member for Thunder Creek was on his feet before . . .

**MR. CHAIRMAN:** — Order! When I interrupted and ordered, the Minister of Finance was on his feet. So he can proceed, and that's my ruling.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SMISHEK:** — Mr. Chairman, any time you touch a sensitive nerve, the Liberals start to whine and cry. They have really exposed themselves in this debate and in this Motion; they are against Saskatchewan owned businesses. They are against small Saskatchewan enterprises. They are against the people of Saskatchewan. What the Liberals want is large multinational corporations to own the manufacturing, the mining, the mills of Saskatchewan, Mr. Chairman.

SEDCO was established as a company in Saskatchewan to assist in financing small manufacturing, to develop Saskatchewan owned companies. They have done a good job. They have created many thousands of jobs in Saskatchewan, through the SEDCO operation.

Mr. Chairman, we again tear off the mask. What the Liberals would like to see is Saskatchewan continue as a have not province, as Saskatchewan was during the seven years of Liberal administration. It's envy. They don't want to see a situation where we have full employment/where we are creating additional jobs. They are against manufacturing and the development of manufacturing in Saskatchewan. They are against economic growth in Saskatchewan. Mr. Chairman, this is really the nub of the issue, it is envy and jealousy. The New Democrats have done a great job to put this province on the road. The people of Saskatchewan will never return to those lean, dry, hungry years of the Liberal administration. They know it, Mr. Chairman, and that's really why the whole thing hurts.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MALONE:** — It is very interesting to see the Minister of Finance today.

**MR. CHAIRMAN:** — Order. The Member for Regina South is the one who was on his feet prior to that.

**MR. CAMERON:** — What we have seen again, and we saw it last year in much the same way, is the Minister caught with his pants down. That's what has happened. Oh yes! He thought he was going to pacify Members about the decision his office took to convert those two loans to equity, retroactively in that way, and save the embarrassment and the loss by saying that they had a study. Now he shouldn't have done that. Then he went on to say that the study was done by this investment house which he named. By way of admission and some careful questions that were put to him for this purpose, he went on to say that we relied on the study, we analyzed it, then we came to our decision. The questions were asked for the purpose of laying the ground work for the Resolution.

The Minister got caught with his pants down again. Now what he is doing is using his old classic solution of thinking he is going to cover up his embarrassment with bombast and rhetoric and misinformation and old argument. In the process, of course, what he is doing, as he always does when he is caught in this unfortunate condition, is to dig himself in even further. He is getting in further and further. I venture to guess, that if he digs himself in any further at all, he'll then look to the Attorney General for a pair of pants to cover up.

**MR. THATCHER:** — Mr. Chairman, if the Minister would agree, if the Government would agree, I would like to get back to the business of evaluating his Estimates. Frankly, I would love to engage in debate with him over SEDCO in a similar tone that the Minister used to initiate this; one which has become all so familiar from this side of the Government, strictly rhetoric, no numbers, no rebuttals, just political garbage and political tripe.

There is the Motion before you, a very valid Motion, a Motion that, I think, clearly will demonstrate just what a sanctimonious group of hypocrites the supposedly big guns of this Government made of themselves this afternoon.

**MR. ROLFES:** — Get the silver spoon out of your mouth!

**MR. THATCHER:** — Well, one thing about it, my friend, you'll never know what one tastes like.

Mr. Chairman, I would call for the question on this vote. Furthermore, I would call for a standing vote. Let's vote on it. Let's get back to the business, and just do something different, something a little bit different that hasn't been done for about a month. Let's get something done in this place.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. THATCHER:** — I can't stand now, stop it.

**MR. J. G. LANE (Qu'Appelle):** — We'd like to get down to business, the business of being responsible with the public purse, something that seemingly has been forgotten by the Members opposite. That is supposed to be the object of this Committee. Here we are making an effort on a supposed document stated by the Minister of Finance that, in fact, books have been juggled and the records of SEDCO have been juggled so that the people really can't find out the true financial status of SEDCO. That's what you said.

You have accused the Opposition of bringing into disrepute the name of Dominion Securities. Yet the one who has done that is the Minister of Finance by trying to blame them for juggling the books of SEDCO so that the people can't get a true record and a true view of what's going on in an operation, which more and more is becoming a political football of the Government, a political handout for the Government and an example of pure bad management and bad loans by the Government opposite. The financial record of SEDCO is a sorry one, to say the least.

The interesting thing, and I think the press has seen it tonight, is the record of the Attorney General. When an opposition party makes an accusation, he is prepared to call in the Canadian public to have them testify if necessary. But let the press see the Attorney General here tonight as House Leader. This Government says they have a document in which a reputable public company has said to juggle the books, to hide it so that SEDCO can't be found out, to shift the financial position of SEDCO. But the Attorney General as the House Leader won't allow the public of this province the right to view the financial affairs of this Government and the financial actions.

Now it is a very, very strange thing - perhaps the former Minister of Agriculture could talk about his cover-up in the Land Bank, and the fact that he won't allow the public to look into the Land Bank actions over the last five years - that's another matter.

The point is what we are doing with the financial administration of the Government opposite. You have made the allegation, Mr. Minister, that one of Canada's soundest financial companies, most respected, has told you to fudge the books so that we can't find out what SEDCO is doing, and what is happening to the financial affairs of SEDCO. That's what you have implied.

I agree with the Member for Regina South when he said that you were just trying to appease the Opposition by saying someone

else told you to do it. I'll bet you the same person who told you to steal the money out of the Liquor Board, drain it dry this year, and put it in the consolidated fund was probably the same one who told you to change the capital ratio of SEDCO so that it would look better than it truly is. The fact is that SEDCO is so poorly run that the number of bankruptcies would shock even the Member for Saskatoon Buena Vista (Mr. Rolfes) and that is tough to do! Why? The Attorney General as House Leader is going to have to justify it. When it comes to a matter of several millions of the taxpayers' dollars, he is so reluctant to give a supposed study. Now one of two things exists; either the Government is covering up a study or, in fact, such a study doesn't exist, and you are really trying to demean the reputation of Dominion Securities. I suspect that's what you are deliberately trying to do.

**MR. MALONE:** — Mr. Chairman, I should like to call the question after I have had the opportunity of saying a few words.

I think all Members here should be aware that there is a different situation between the document that we are requesting of the Minister of Finance and the document of the Member for Nipawin. We know that the document that the Minister of Finance has in his possession is real and is there. He has told us about if he has told us in these proceedings that he had such a document from Dominion Securities. I, for one, have some suspicion that there were no documents when the Member for Nipawin stated his case recently in this House. That's the difference, Mr. Chairman.

Mr. Chairman, we in the Liberal Party think that SEDCO is in a mess; we know it is in a mess. One of the reasons that we know it is in a mess is because of the failure of that Government and the Minister in charge of SEDCO to give any meaningful information to this House, since this House commenced sitting. Almost not a day has gone by that a question hasn't come from the Members who sit to my left or from this caucus to the Minister in charge of SEDCO. The answers are usually no answers - I don't know, I'll take it under advisement. It happened before my tenure of office, and on and on. I don't think we have had a single answer from that particular Minister in Question Period, or in Crown Corporations.

Today, we try to ask the Minister of Finance a few questions about SEDCO because he has some responsibility for that particular Crown corporation. We bring to his attention something we brought to the attention of the press and this House some time ago. Through a slight of hand and some juggling of the books SEDCO was magically changed from a loss situation to a profit situation. We point out that this artistry in bookkeeping has caused some concern to our caucus. It causes some concern to the people of Saskatchewan, I am sure, when a company that is owned by the people of Saskatchewan can change from a loss situation to a profit situation.

The Minister reveals tonight that that decision was made because of a report from a highly reputable firm, indicating that such a decision should be made. I suggest to you, Mr. Chairman, that when the Minister stands in his place and says that the reason for a government decision was because of a report that was commissioned, and that decision is taken as a result of that report, that the Opposition is entitled to see that report, the whole report.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MALONE:** — There is nothing unusual about such a request. The only thing unusual, Mr. Chairman, is the fact that the Minister of Finance has refused to divulge that report or to table that report. That is what is unusual.

Mr. Chairman, we are determined we are going to get to the bottom of this mess in SEDCO; we are determined that we are not going to let this slide away. Everybody wants to get out of this House, to go back to their jobs, to go back to seeding, or to get up to Pelly or whatever. We are not going to get out of this House on the basis of letting the Government get away with what they want. We are not going to leave this House until we have done our job as an opposition, to query the Government, to question the Government as to their conduct. Believe me the questions about SEDCO have been unanswered and remain unanswered.

Mr. Chairman, I am going to ask that you call the question. No doubt the Motion from the Member for Regina South will be defeated on the voice vote. We intend on asking for a standing vote. When that standing vote is taken and the bells are rung, we intend on leaving. We'll be back when we decide what position we are going to take as far as the questioning of SEDCO continues. I hope the Government will use the time that we are going to give them. It will be ample time to consider their position. Perhaps after that time has gone by, we can get some answers from the Government, some answers that are meaningful, some answers that we can properly appreciate as an opposition. The people of Saskatchewan can look and determine whether this Government is doing a good job or not.

Mr. Chairman, I call for the question.

**MR. ROMANOW:** — Mr. Chairman, I wonder if I just might make a very brief statement. Perhaps the Leader of the Opposition might also contemplate some things while the bells are ringing and he is waiting for the vote. He might contemplate the fact that SEDCO was before the Crown Corporations Committee for, as I understand it, two or three days. That's fine; you boys had the chance to ask all the questions that you wanted to ask, under the rules of the House.

Mr. Chairman, the allegations by the Leader of the Opposition just now, are and have been, and this is the whole thrust of the Liberal Opposition, that SEDCO has been a bad show. It was repeated just now by the Member for Wascana. The allegation tonight is that there are no answers, no opportunity to ask questions. I am saying that when you ask us to think when we are giving the answers, you should think about the questions and the opportunity to question that you had for two or three days. I don't know how many days that SEDCO was before the Crown Corporations Committee. Every year, the Crown Corporations Committee comes up. Every year, there is a financial statement. There are losses and profits shown. There are questions that can be raised. You guys had all your questions on that. You had all the options in this regard.

I want to make a second point. The Minister of Finance, in speaking to this matter of the report, was asked a question. I am paraphrasing now - was there any kind of study or outside report or any other kind of report that went into the mix of this

thing. I think the answer was, fairly, Yes. The answer was Dominion Securities. The Opposition draws from what the Minister of Finance said, that Dominion Securities said they should be taking this bigger action. You can take a look at the record. I am sure that he said, at least as I understood him, that there were a number of documents, a number of factors that went into the mix.

So you can ring the bells. You can stay out. You can stay out all night. You can stay out all week. You can tie up the taxpayers' money as long as you want. You can keep the House here for one week, four weeks, five weeks. I am simply saying that you people have had ample opportunity to debate it in the Crown Corporations Committee. You will have ample opportunity to place a motion on the Order Paper of the House to debate this over again if you want. You can do all of that. This is Committee of Finance, consideration of the Finance Estimates, not SEDCO, nor a report commissioned by SEDCO. You people can act as irresponsibly as you want by staying outside as long as you want. I am simply saying that to represent that somehow there has been no opportunity to ask questions and to get answers, is surely a very serious misrepresentation by the Opposition Parties.

Mr. Chairman, I am ready for the vote, no doubt the Leader of the Opposition will want to rebut me. That's fair pool. Let's take the vote. I hope they go out in caucus not too long and come back to have the vote. As the Member for Thunder Creek says, we have a lot of other questions to ask on Finance. Let's get on with the business of asking the questions.

**MR. MALONE:** — I do want to rebut the Attorney General because I think his remarks are very open for rebuttal. He says we are wasting the taxpayers' money by going out of here and letting the bells ring for a little while. I say to you, Mr. Attorney General, we are trying to protect the taxpayers' money. That's our job in opposition. The way we protect the taxpayers' money is to determine whether the Government is acting properly. When the Minister of Finance, the senior Minister in the Cabinet, refers to a report as to why something was done with SEDCO, we want to see that report. When he refers to the report and says it was because of that report that we took these certain actions, we're entitled to see that report. Don't sit back there in your pious and smug way and say that we're wasting the taxpayers' money. You're wasting the taxpayers' money and we want to find out the details of how you are doing so. We want to find out what you are doing with the taxpayers' money. Believe me, Mr. Attorney General, tonight we haven't been able to find out because your Minister of Finance, on your advice no doubt, refused to table one simple, small report. I ask you to reconsider the situation. I ask you to table that report so we can get on with the business of the House.

**MR. ROMANOW:** — Mr. Chairman, there are other Members on our side who will undoubtedly want to get into this. I know the former Minister in charge of SEDCO has comments to make.

I will make just one very brief comment. I want to say this. I as a Minister, receive reports from either internal people or external people. I use my example as Attorney General. When it's an external legal opinion given to me, to arm me, to make the proper decision legally or politically, policy wise, I do not

intend to table that report, period. I think that analogy can be drawn with respect to any other report in this regard. Governments can't function otherwise. Legal opinions, financial opinions, all kinds of policy advice and recommendations, if they are going to do the job, have to talk as candidly and as openly and in as many various options as can be. Everybody would agree with that. I don't know about this report. I am not talking about this report. I am telling you that when somebody asks me whether or not I have received a legal opinion upon which some action is based and if I am going to table that report, I am telling the Opposition right now the answer to that is loud and clear, No. That has always been the position of every Attorney General of every provincial government and every federal government. You can't make it work otherwise. That is the simple fact of the matter.

Mr. Chairman, in that regard, the Members of the House will appreciate that that is the circumstance in which it is tied up. That is the only comment I want to make in respect of the report.

**MR. COLLVER:** — I have a question for the Attorney General, if I may, before he takes his chair to do the vote.

The external documents to which the Attorney General referred, would he quote from those external documents in this Assembly as an excuse for an action, naming the name of the external person who advised the Attorney General's office, and then not be prepared to table the document?

**MR. ROMANOW:** — Mr. Chairman, this has happened regularly. I remember the potash debate, I think everybody in this House does. For months, I was one of the Ministers involved in that debate. Go back to the record; you were asking the question - who did your marketing study? We named them - British Sulphur. We were asked if we would table the report. We said. No. You said, why. We said because it obviously talks candidly about market problems and market concerns, and we were not going to do it. The Member for Thunder Creek said - did you hire a firm called Ward, Davies and Beck with respect to The Potash Development Act? The answer was, yes. We were asked if we wanted to give their opinions. The answer was, No. It happens on a regular basis.

Now obviously, on occasion, there may be a document which needs to be tabled, that has to be, and it is proper to be tabled. I am saying that if a minister of a government says he needs to get the best advice that he can, I say that the advisors are entitled to know that the advice that they give is going to be confidential, in order to give the fullest and frankest advice. That is the way government operates. I don't think there is anything wrong with that. I don't think there is anything secretive about that. There is nothing which says it is undemocratic. It is the operation of the mechanism.

**MR. MERCHANT:** — Mr. Chairman, I, too, as would the Attorney General, like to say something generally about the question of the releasing of documents. But before I do that, the Attorney General said something that I think all Members of the House should carefully examine. He indicated, contrary to what the Minister of Finance had said, that he was prepared to draw some distinction that the Minister of Finance may not have indicated, that the reason for this change in equity was because of that report

**MR. ROMANOW:** — I did . . .

**MR. MERCHANT:** — I do know what he said.

**MR. ROMANOW:** — You weren't even here.

**MR. MERCHANT:** — I was here for every minute of what he said. If you don't know what he said then you shouldn't have been trying to get him off the hook. He is on the hook. What he said was that report was the reason that they changed the equity. That is what he said and you know that is what he said.

**MR. ROMANOW:** — Baloney!

**MR. MERCHANT:** — Would you get a handkerchief for the big mouth of the Attorney General, Mr. Chairman, and just shove it right into his mouth. If that is not what he said . . . well, I know that is what he said. When I hear you indicate that he said, well there were a number of reports and the Government made that decision, that report may have come in; all that I can see is that you are trying to wiggle him off the hook. He is clearly on that hook.

Mr. Chairman, the second question has to deal, not just with this narrow report in this question, but the question raised by the Member for Regina South, freedom of information on documents. He raised this in a Bill the other day . . . absolute hogwash. The most amazing thing, Mr. Chairman, about that hogwash, about small business is . . . the war on business. Mr. Chairman, it is such a treat to find Government Members now trying to turn the tables around when they know that the one community in this province that categorically rejects them is the businessman of this province. Then they sit there and say we have a war on small businesses.

Mr. Chairman, the deeper question is freedom of information, freedom of information raised by the Hon. Member for Regina South in an excellent address, I thought, the other day. Then the Member for Last Mountain got up and adjourned debate. I dare say, Mr. Chairman, that that is the last we will ever hear of that Bill because the Government knows full well that if they were being more candid, they would find that their business decisions would not test in the light of day.

The Auditor General said the other day, and I think that it is so apropos to this question, that public funds are, in effect, trust funds and must be treated accordingly. Financial controls and safeguards over funds in the public sector should be at least as reliable and strong as those over trust funds in the private sector. He went on, Mr. Chairman, to say that those kinds of documents should be readily available to the public, readily available to the representatives of those who are investing, as this Government chooses to invest.

Mr. Chairman, what really is the Minister of Finance saying? He says that they have done something that is highly suspect to any fair reading of the matter. He said we have done it because of some financial report. Surely there can be no reason similar to that reason enunciated in the potash debate, there is no market condition in question here. All that flows on this question is the political consequences of whether that report is there, the political consequences of whether the reports says what the Minister of Finance says the report says. As our Leader has said,

we have a situation of the Minister of Finance being caught, caught as he was caught once before in this House. Then once again we see the Attorney General jumping in to bail him out. Mr. Chairman, I think the consequences of this kind of thinking in this vote go far beyond the narrow question of whether this report will come to us. That is the reason that we, in the Opposition, view it so seriously and will, as our Leader has said, be viewing it seriously in the next half hour or so.

**HON. J. R. MESSEY (Minister of Mineral Resources):** — Mr. Chairman, the Member for Wascana said that he wants to carefully examine the activities of this Government. He talks about the narrowness of this question, that it should go beyond that and look more generally at the Government. I agree with him. I think the point that we should be addressing ourselves to, now, is carefully examining the record of the Opposition in scrutinizing the activities of this Government in the Crown Corporations that it administers and for which it is responsible.

I am a member of the Crown Corporations Committee. The Saskatchewan Economic Development Corporation was supposedly scrutinized by the Members of the Opposition. But did they bring to the Crown Corporations' attention the debate that takes place in this Legislature this evening? No! Not for one moment, Mr. Chairman. The inept attitude of those Members in that Crown corporation is now just being undertaken to be corrected by the Opposition and by the Leader of the Opposition. They talk about the withholding of information and the freedom of information. This Provincial Government is more free with its information than any other provincial government in Canada, any other in Canada.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MESSEY:** — I ask the Members, I ask the Liberal Opposition in this Legislature, where they think that Opposition Members would be with the Federal Government of Canada in asking for such information with the Department of Regional Economic Expansion or, for that matter, the federal Development Bank. They would not get one-tenth of the information that we freely give to the Opposition Members and the general public in the Province of Saskatchewan.

Mr. Chairman, I ask them just to look at the annual report that the Saskatchewan Economic Corporation makes available to every citizen in this province. There is not another development corporation in Canada that is so candid in its information and its conduct of business with businessmen and clients in the Province of Saskatchewan.

Mr. Chairman, they try, I think, with this inept attempt, to cover up for their lack of performance during the Thatcher years, when the Saskatchewan Economic Development Corporation was an embarrassment, an embarrassment to everybody in this province.

**MR. MALONE:** — It still is.

**MR. MESSEY:** — The Leader of the Opposition says that it still is. Under that former Liberal Government they wouldn't even look at a small businessman. If he wasn't willing to talk about \$500,000 or more - get out of our office, we don't even want to talk to

you. It was only under this Government that we started to look at the requirements and the needs of small businessmen in small urban communities in this province.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MESSEY:** — Yes, Mr. Chairman, we may have some losses but we don't apologize for those losses because we are willing to take a risk on those small businessmen. Mr. Chairman, because of the activity and the progressiveness of this Government, through agencies such as SEDCO, we have, thankfully, hundreds of small businesses in this province that would otherwise be broke or not operating.

**SOME HON. MEMBERS:** — Hear, hear;

**MR. MESSEY:** — I say to you, Mr. Chairman, that the former Liberal Government turned a blind eye and a deaf ear to them for seven years. And as the Attorney General says, yes, it was a war on business. The Member for Qu'Appelle, Conservative Member, former Liberal Member, tries to relate that in trying to convey to the Saskatchewan people that this Government is not open with its information, by escalating that argument to the Land Bank saying we don't give information.

I ask the Member to look at the annual reports in the Land Bank. We described every parcel of land that was bought, every parcel of land that was leased, the price that was paid for it, improvements on that land and the price that was paid for those improvements. There is not another government in Canada, provincial or federal, that provides that kind of information to the general public, not one, Mr. Chairman.

Mr. Chairman, this is nothing but a hypocritical, inept attempt of both the Liberal and Conservative Opposition to cover up for their lack of performance and for the lack of performance of their colleagues, who unfortunately formed governments in other provinces in Canada.

The Saskatchewan Economic Development Corporation's equity ratio is less than any other development corporation in Canada. Its percentage of money lost, its percentage of business failures, I suggest to you, is less than any other in Canada.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. MESSEY:** — We have, in Saskatchewan, a development corporation of which we should be proud. I seriously question the ability and the intelligence of the Opposition Members who try to make a political football out of that Crown corporation which is a significant asset to the people of Saskatchewan.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. THATCHER:** — Mr. Chairman, for those Cabinet Ministers who may stray from time to time in these Chambers, I should like to take a moment to tell the former Minister of Industry and Commerce exactly what we are talking about. The Minister has talked about a lack of intelligence over here. I could point out to the Minister, if he didn't know, perhaps he might have learned

in his long years in this Assembly which may be coming to an end, that had this business that we are talking about, of which you don't seem to be aware, been brought up in Crown Corporations the Chairman would have done his job and ruled it out of order because it was not the year under review. Surely to goodness you have been in this House long enough to know that. Even the rookies know that.

What we are talking about is something relating to the Department of Finance, which relates to some \$16.5 million being converted from a debt into an asset. We got talking about fuzzy accounting methods that were brought up this afternoon and rebutted rather strongly by Members of your party. What we are talking about is one loan of \$15 million, which was issued by Order in Council on the 24th day of June, 1975. What this Order in Council did was authorize the Minister of Finance to borrow \$15 million from the Minister of Finance in Canada. In essence he, in turn, loaned this money to SEDCO. Under this provision, which the Minister could find if he is not to busy, SEDCO agreed to reimburse the consolidated fund for all expenses incurred in connection with the issue, all printing costs and legal fees and sinking fund expenses. All we ask for tonight in Finance Estimates is to know what happened to this \$16.8 million. In other words, there is \$15 million and another one worth \$1.8 million that were cancelled.

All we have asked is, what happened? We were then advised that a report was submitted by SEDCO or done by SEDCO by Dominion Securities which asked to see the basis for this transaction. As far as debating the merits of SEDCO, I would suggest that has deteriorated only by people like yourself who obviously didn't know what the debate was all about, wandered into the House and decided to take an opportunity to shoot off your mouth. Perhaps if the Minister could find out, before he mouths off again, exactly what we are talking about, we can perhaps return to the business of the Government Finance office.

I understand we are going to adjourn at 9:00 o'clock. We can chalk up another marvellous day in the Legislature, one that has been wasted. Estimates could have been finished a good hour ago. We can chalk up another evening to total nonsense, mainly on the ignorance on the part of this Government.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. COWLEY:** — Mr. Chairman, I will try with a little less bluster and a few more facts in this debate, rather than those the Member for Thunder Creek just exhibited.

I want to say first of all, Mr. Chairman, that the issue which we are discussing obviously involves one of the Crown corporations - SEDCO. I want to make a couple of general comments before I go to the particular issue at hand.

First of all, with respect to the comment made across the floor by the Member for Wascana that it wasn't in the year under review, followed by the comments from the Member for Thunder Creek who said it would have been ruled out of order, I would like to inform both of those Members that there was a brief discussion in Crown Corporations, it lasted 20 minutes or so, with respect to the debt equity ratio and with respect to the change. I have in my hand a copy of the SEDCO annual report, page 22, Item 10, effective April 1, 1976, by authority of

Order in Council, advances due December 2, 1981 and July 2, 1994, converted to non-interest bearing advances with no fixed return of repayment, in the amount of \$16,685,523.

**MR. MALONE:** — When was the decision made?

**MR. COWLEY:** — Well, Mr. Chairman, the Leader of the Liberal Party wasn't there to ask the question. The question, I submit, is not relevant to what I'm discussing. The point I am making is the Item which we are discussing was in the annual report. It was in order to raise the questions in the Crown Corporations Committee. It was raised in the Crown Corporations Committee and it wasn't ruled out of order. So we can scratch that.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. COWLEY:** — The second point the Members are making is that in the Crown Corporations Committee they were stone-walled all the time, no answers, the Government kept turning them down. I have here the Minutes of the two days of the Crown Corporations Committee when SEDCO was before them. The first one is Thursday, April 21, 1977, Minutes 16.

1. Lists the Members present, and I was present, as was the Member for Kelsey-Tisdale (Mr. Messer).
2. Was the Crown corporation the Computer Utility, and it was passed.
3. Lists SEDCO and the officials.
4. The Committee requested the following information, and it was the cost of furnishings, etc., and the Minister agreed to supply the information.
5. The following document was tabled in the Committee by the Hon. Mr. Vickar, SEDCO investments of shares, December 31, 1976.
6. The following information was requested by the Committee - statement of equity held by SEDCO in shares and loans in Meadow Lake Wood Industries. The Minister agreed to supply the information.
7. The following information was requested by the Committee - the day of opening and the closure of the Meadow Lake Wood Industries. The Minister agreed to supply the information.
8. The Committee requested the Minister to table copies of the Meadow Lake newspaper report on the opening of the Meadow Lake Wood Industries. This was agreed.
9. The Minister agreed to consider the advisability of tabling a copy of the receiver's report on the Meadow Lake Wood Industries.
10. The Minister agreed to present Orders in Council which related to SEDCO's loans and investment in Meadow Lake Wood Industries to the Committee.
11. The Committee adjourned.

No motions defeated, nothing in the Minutes about any motions by the Members for information that were turned down.

Tuesday, April 26, 1977, Minutes 17.

1. Lists the Members who were present, I was present again, as was the Member for Tisdale-Kelsey.
2. Lists the SEDCO officials who were present.

3. The following documents were tabled in the Committee by the Hon. Mr. Vickar: T-14, the cost of furnishings and chairs, board rooms of the SEDCO head office;
- T-15 - date of decision to seek equity capital for SEDCO;
- T-16 - response to Minutes of April 21, 1977 re Meadow Lake Wood Industries Limited;
- T-17 - report of the Meadow Lake progress on the opening of the Meadow Lake Wood Industries.

4. The Committee requested the details of the financial involvement of SEDCO and Henninger-Malting Limited. The Minister agreed to supply the information.
5. The Committee requested details of SEDCO's involvement in Pay Way Feeds and further whether Pay Way Feeds is a subsidiary of Intercontinental Packers. The Minister agreed to supply the information.
6. Crown Corporations passed the annual report of Government Printing.
7. Committee adjourned.

Now, Mr. Chairman, I think that, in no small measure, goes a little way towards rebutting the comments made by the Members opposite that (a) they couldn't ask the questions which they are raising now, with respect to why and the dates, etc., of the debt equity changes; or (b) any documents which were involved with respect to that; or (c) that they were stone-walled with respect to all of their questions and motions etc., with respect to information on SEDCO.

I wish to get back to the point at issue, Mr. Chairman. The report that the Members opposite are talking about is a report which was commissioned by SEDCO, of which this Assembly was informed by the statements made by the Minister of Finance. I was in there, same row, two seats across, listening to that. He said it was a SEDCO report. I want to inform the Members what the general procedure is when a Crown corporation such as SEDCO, which comes under the aegis of the Treasury Board, has a consideration which it wants to bring before the Government with respect to a debt equity ratio, as an example. SEDCO commissioned the report. The SEDCO board considered it. SEDCO then brought it before the Government, and in this case, it would come before Treasury. The Treasury Board would, in considering it, look at the information put forward by SEDCO, would look at the supporting information put forward by SEDCO, which in this case happened to be the Dominion Securities Harris report. Then they would receive a recommendation from its Treasury Board officials, perhaps get some other outside information, might contact the Government Finance office, make a decision and recommendation to Cabinet. That's the process that has gone through, Mr. Chairman. This was but one small part of the decision-making process with respect to the change in the debt equity ratio with respect to SEDCO.

I think, Mr. Chairman, if anything has been demonstrated today, like the comments that the Opposition have made with respect to SEDCO and their luck in getting information in the Crown Corporations Committee, it is that they have at least in a small way not presented the facts as they are.

Motion negatived on the following recorded division:

## YEAS - 15

Malone	Anderson	Ham
Merchant	McMillan	Katzman
Cameron	Collver	Wipf
Thatcher	Larter	Lane (Saskatoon Sutherland)
Nelson (Assiniboia- Gravelbourg)	Bailey	
	Lane (Qu'Appelle)	

## NAYS - 24

Smishek	MacMurchy	Feschuk
Romanow	Mostoway	Rolfes
Messer	Whelan	Cowley
Snyder	Kaeding	Tchorzewski
Byers	Kwasnica	Vickar
Lange	Dyck	Skoberg
Kowalchuk	McNeill	Allen
Robbins	MacAuley	Thompson

**MR. COLLVER:** — Mr. Chairman, I have only one question for the Minister of Finance and for the Attorney General. It was my understanding that the Leader of the Opposition was going to stay out while the bells were ringing and leave the bells ringing until he got the report. I understand there was some traversing back and forth. I just wonder if they got the report. We would also like a copy. Would the Minister of Finance provide us with a copy?

**MR. ROMANOW:** — Mr. Chairman, I don't know what I can say to that. I would now say that, because of the Special Committee on Law Amendments and Delegated Powers, I would move that this Committee rise and report progress and ask for leave to sit again. Progress was reported and the Committee given leave to sit again.

The Assembly adjourned at 9:20 o'clock p.m.