

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Eighteenth Legislature
49th Day

Friday April 29, 1977

The Assembly met at 10:00 o'clock a.m.

On the Orders of the Day.

INTRODUCTION OF GUESTS

HON. E. C. WHELAN (Regina North West): — Mr. Speaker, I should like to introduce to you and through you to all Members of the House a visitor from the Province of Quebec. Last year, her predecessor came to study the operations of SGIO. Yesterday, the new Cabinet Minister from Quebec in charge of Consumer Affairs and Co-operatives and Financial Institutions came to meet the SGIO officials and discuss insurance. She is here, this morning. Mr. Speaker, we would like to introduce Madame Lise Payette.

HON. MEMBERS: — Hear, hear!

MR. E. C. MALONE (Leader of the Opposition): — Mr. Speaker, I should like to join with the Minister opposite in welcoming our distinguished guest from Quebec. I hope that in her stay in Saskatchewan, that she will not only have an opportunity of studying SGIO, but will also examine some of the other democratic institutions in this province and be aware from her visit here that the people of Saskatchewan are very desirous of keeping this country unified.

HON. MEMBERS: — Hear, hear!

WELCOME TO STUDENTS:

MR. J. L. SKOBERG (Moose Jaw North): — Mr. Speaker, it gives me a great deal of pleasure in introducing a group of 55 students in the Speaker's Gallery, Grade Four students from Moose Jaw King George School, from the friendly city, as all in this Assembly realize. They are accompanied by Miss Weatherl, and Mrs. J. Neudorf and some of the parents came with them this afternoon. I wish the students from Moose Jaw a very pleasant stay here this morning. We'll be meeting with them at 10:15. I am sure that we could probably arrange for a drink in the Member's lounge, a short time later.

HON. MEMBERS: — Hear, hear!

HON. E. L. TCHORZEWSKI (Humboldt): — Mr. Speaker, I too, would like to introduce a group of very fine students from the school at Bruno, Saskatchewan. They are 37 Grade Eight students and are seated in the west gallery; they are accompanied by their teachers Mr. LePage and Mrs. Urban and their bus driver Mr. Marcoux and his wife is here as well. I know that Members of the House will join with me in extending a welcome to them. I hope that they find their stay in the Legislature interesting and informative. They are a very determined group of people, Mr. Speaker. They ventured out on their way to Regina and this Assembly several weeks ago. Their bus broke down at Dafoe, but they did not give up. They

started out again today and had a flat tire, but they kept on coming.

I hope that their trip home is a good one. I ask the Members to join with me in welcoming them.

HON. MEMBERS: — Hear, hear!

MR. M. KWASNICA (Cutknife): — Mr. Speaker, it is indeed a pleasure for me to introduce to Members of this House a group of some 26 high school students from the town of Cutknife, the historic town of Cutknife. I would like to point out, Mr. Speaker, that these students got up early yesterday morning, 5:00 o'clock; it's a long trip to Regina. I want to welcome them here, and I hope that they have an educational tour of the buildings. I know they'll enjoy the Question period which will follow. I'll meet them outside the rotunda for a few pictures, then for a short meeting in room 218. I want all Members to make them welcome from such a long distance.

HON. MEMBERS: — Hear, hear!

QUESTIONS

BAYDA INQUIRY

MR. E. C. MALONE (Leader of the Opposition): — Mr. Speaker, I should like to direct a question to the Minister of Mineral Resources. I think that most Members have been following the deliberation of the Bayda Inquiry which is presently taking place. Probably the ones who have the greatest interest in the result of the inquiry is the Government of Saskatchewan because of the operations of SMDC (Saskatchewan Mining and Development Corporation) in northern Saskatchewan and the exploration in the Uranium field. I wonder if the Minister would indicate to this House whether it is the intention of the Government to make a submission to the Inquiry? If so, what position you will be taking in such a submission?

HON. J. R. MESSER (Minister of Mineral Resources): — I cannot answer specifically for the Government at this point in time. It may be that the Government may present a brief to the Bayda Inquiry. It is not the intention at this time for the Saskatchewan Mining and Development Corporation to present a brief. The Corporation's attitude is that there are a number of other interests in the province, interests in regard to the development of uranium. We feel that they are capable of putting together and presenting a brief to the Bayda Inquiry. If SMDC feels that the briefs are not as open and informative as they think they should be they may then give consideration to a brief. But it 's certainly not the intention at this point in time, due to primarily the presence of other activities and other entities in the province who will in all likelihood be presenting briefs.

MR. MALONE: — A supplementary question, Mr. Speaker, perhaps I didn't word the question properly. I am not referring strictly to SMDC but the Government itself.

Would the Minister not agree, however, that the Government's action in this field and past governments of developing uranium resources in this province and indeed the tax situation that the Government would be finding itself in, that is through this development of collecting taxes, makes it almost imperative for the Government to state its position to the Bayda Inquiry as to whether the Government would like to see uranium development proceed, or not proceed, or proceed under certain restrictions or regulations. Would the Minister not agree that it is appropriate for the Government to make its position known to the Bayda Inquiry in this regard?

MR. MESSER: — I have been informed by my colleague the Minister of Environment (Mr. Byers), that the Government has just recently, within the last day or two presented a brief outlining the Government's position. It will be made available to them on Monday. The Government's position has in fact been put or is now being put.

MR. MALONE: — Mr. Speaker, if you will permit another supplementary. May I then ask the Minister of Environment, would the Minister indicate to this House whether the brief that your department is submitting deals only with environmental aspects of uranium development, or whether it covers the whole field, taxation, job creation and so on?

MR. MESSER: — Mr. Speaker, I believe the Leader of the Opposition is misinterpreting what I said. I said the Government will be presenting a brief to the Department of Environment which in turn I guess makes it available to the Bayda Inquiry. It is not the Department of Environment that has put that brief together; it is the Planning Secretariat of the Government which has put that brief together.

MR. MALONE: — Final supplementary. I wonder if the Minister would indicate to me the position that the Government will be taking in connection with their proposed refinery to be built by Eldorado? We are all aware, of course, that the Government through SEDCO has been purchasing land on behalf of Eldorado for this refinery. Would the Minister tell us today whether the Government will be taking the position that that particular project should proceed or not?

MR. MESSER: — Mr. Speaker, I get just a little bit frustrated when Members of the Assembly continue to mislead the Province of Saskatchewan about the Government or SEDCO purchasing land for the establishment of a refinery at Warman. The Government has purchased no such land, and the Leader of the Opposition I suggest is fully aware of that. They have undertaken to acquire options and there is a significant difference between an outright purchase and option. The option route was followed so that adequate studies and informational programs and hearings could be carried out, so all people in Saskatchewan would have an opportunity to acquaint themselves with that proposed activity before a decision was made. The Government is in no way, nor is any agency in the Government undertaking to encourage the establishment of a uranium refinery. We are simply saying, there is an option on the land. Studies will be carried out so it would be made available to people in

Saskatchewan and hearings will be held and it will be the recommendations that emanate from those hearings that the Government will base its decision on. It will not be done now. It will be some time before we have that information.

MR. E. F. A. MERCHANT (Regina Wascana): — Mr. Speaker, this is a new question. I was very interested in the quibble raised by the Minister. But I wonder if the Minister . . .

MR. SPEAKER: — I'll take the Member for Qu'Appelle.

CONSUMER WARRANTIES LEGISLATION

MR. J. G. LANE (Qu'Appelle): — A question to the Minister of Consumer Affairs.

The Consumer Warranties Bill has been introduced in the Assembly. We were given the assurance during the second reading by the Minister that a great deal of thought and research had gone into the preparation of the Bill. The concerns of many people were taken into account. I am advised that the Department of Consumer and Corporate Relations of the Government of Ontario has indicated that although they are reluctant to criticize your Bill, they say that many of the principles embodied in Saskatchewan's Bill have been 'routed out' of the Ontario Bill.

In light of that fact that the Province of Ontario which has been studying this matter for several years has found it inadvisable to proceed because of cost and the problems that it will cause the consumers: 1. Are you aware of the Ontario Government's position and 2. Are you in contact with the Government of Ontario with regard to their serious concerns about the Bill and about the principles that have been removed?

HON. E. C. WHELAN (Minister of Consumer Affairs): — First let me take the last question, are we aware of Ontario's position? Yes, we are aware of Ontario's position. We know that they are concerned about warranties. Some of the ideas that they put forward are excellent; some of their studies clearly indicate the need for warranties. We don't expect Ontario with the present Government ever to proceed with a warranties bill. When you talk about the bill, they have had one on the Order Paper, they have had one at one stage or another for four or five years and they have done nothing about it but, the material that they have brought forward is excellent.

Now, you asked me about the principles. I don't know what principles they have routed out or routed in. That's their bill and they run their own business. The Bill that we have put before the House has excellent principles in it. I said when the press interviewed me, two years, and it has been four years and four ministers have worked on it. It has been given wide publicity, wide surveillance, good consideration right across this country.

MR. LANE (Qu'Appelle): — Would the Minister not admit that if a government which has studied it for some period of years had serious legal concerns about the position of the Bill, and if major trade

groups have indicated to the Government that the cost to the consumer of this Bill will be literally horrendous, will the Minister be prepared to submit this Bill to a committee of the Assembly for review of consumer groups, those affected, so that we can determine the actual cost of this Bill?

MR. WHELAN: — First I think everyone has to admit that the cost to the consumer is the same and if it's horrendous after the Bill, it is horrendous now because if the consumer gets a lemon at the present time the consumer pays the shot. There is no question about that. This is information that is given to us by the Ontario people. I think they are asking us to admit to something or suggest something that puts us in the same kettle of fish as the Ontario group. You are making a mistake because our philosophy is different. Our interest in the consumer, I maintain, is different, and I don't think that you can compare the philosophies of the two governments as far as the consumer is concerned and that is a basic difference.

MR. LANE (Qu'Appelle): — I have a supplementary. Would the Minister not admit that when many groups have indicated to the Government and public that, in fact, the cost of this legislation which will be borne by the consumer is in fact greater than you have indicated, that with those concerns being expressed that the Government should have a duty to 1. Advise the consumers of the cost that will accrue to them because of this Bill, and I submit that your statement that there will be no increase in costs indicates perhaps a lack of awareness with your own remarks in second reading and 2. That with a Bill of this magnitude and the ramifications that it is going to have on interprovincial trade in Canada that a committee of the Legislature would be in order and would be proper and the Government has the duty to set up such a committee?

MR. WHELAN: — First, I think we should point out that the representations that we are getting have been placed before us over a period of four years at our request. They indicate clearly that the consumers, and I suggest that there are a great number of them, are anxious to have this Warranties Bill presented. People in other provinces who are responsible for consumers' legislation have also indicated this. When we are misled in this House that there are a great number of people asking for it to be withdrawn I think that is not correct. As far as the cost, I maintain in answer to the question, that the costs that are being suggested are not realistic, not accurate and I see no reason for putting it before a committee when it is before the people of Canada and the people of Saskatchewan for four years where there was ample opportunity for complete discussion, complete surveillance and I suggest at this time it's an after thought.

DELAY IN TRIAL DATES - COURT OF QUEEN'S BENCH

MR. E. F. A. MERCHANT (Regina Wascana): — Mr. Speaker, I would like to address a question to the Hon. Attorney General regarding the speed of trial dates in the Court of Queen's Bench in reference to other courts throughout the West. I ask the Attorney General whether he is aware that the situation now in Regina and Saskatoon is that in Regina, and I spoke, Mr. Speaker, to five chief clerks across the West

yesterday, in Regina if a trial is set down it takes seven or eight months before a trial date is obtained. In Saskatoon six months, while by comparison in Edmonton it takes one to two months, in Winnipeg less than a month. Even in Vancouver, which has always been considered a very slow centre, they are still three months ahead of us, they can have a trial in three or four months. I wonder if the Hon. Attorney General does not consider this has now reached a situation of such serious proportions that the Government would consider appointing an additional Queen's Bench Judge requesting the federal jurisdiction to appoint an additional judge?

HON. R. ROMANOW (Attorney General): — Mr. Speaker, I am concerned about court delays in general. I am not meaning this in an argumentative sense but I am not satisfied that the figures the Member has given me in terms of trial dates are fully accurate. I have no reason to dispute it, I just simply want to satisfy myself in due course from my own officials. I have not been notified by any of the judges or any of the Queen's Bench Court officials that there is a problem necessitating other kinds of drastic action. That doesn't take away from your general comment, however, about the need to speed up court proceedings.

The specific question you asked me was whether or not an additional Queen's Bench Judge appointment is not needed? I think the answer to that is clearly. Yes. I think the Member raises a good point. I have made some preliminary requests to the federal authority for an additional Queen's Bench appointment in the Province of Saskatchewan and I am very optimistic that they will agree to that request in the next little while.

MR. MERCHANT: — Supplementary, Mr. Speaker. Would the Hon. Attorney General be prepared then rather than waiting for the initiation of complaints by the Bench or Bar which may become used to the lengthy delays, the relatively lengthy delays, would the Attorney General be prepared to initiate an inquiry and do as I did yesterday, call Mr. Newis, call Mr. Yurick, and I think the Attorney General would find that he would be told that in Regina a trial would come at the end of November and in Saskatoon the end of October*?

MR. ROMANOW: — Mr. Speaker, if I may to answer the question. Yes, I will discuss this with the Director of Court Services, Mr. Huggett, who I believe would undertake such a phone survey. I met with Mr. Huggett on another matter yesterday. We did talk inferentially on the court situation because this is something that bothers me a lot. And again, I don't want to be defensive about this because I think that all provinces generally are finding a court backlog a problem and we have come to grips with it. But I do want to say that my reading of the western Canadian scene is that on balance Saskatchewan's record is very favorable, not perhaps as good as it should be, but very favourably and I have no indication from Mr. Huggett or from the acting deputy to the contrary. However, I will take the Member's suggestion in hand and we will undertake to see what the present situation looks like.

DROUGHT SITUATION - GRAZING LAND

MR. R. H. BAILEY (Rosetown Elrose): — Mr. Speaker, I would like to direct a question to the Minister of Agriculture since the Minister of Tourism and Renewable Resources is not here because the question concerns both departments. The Federal Government has announced some plans on how to deal with the drought situation in western Canada should it be a prolonged situation and the question I ask the Minister of Agriculture today is a question involving several thousand acres of land that was formerly in the Land Branch. It was taken over as regions surrounding mainly provincial and regional parks which were once grazing land. The question Mr. Minister is this. Is there a possibility on a one-year basis to return this land to the farmers in that area for grazing privileges in order to prevent them from selling their cattle off or having to move their cattle to pastures some distance away?

HON. E. KAEDING (Minister of Agriculture): — Certainly, Mr. Speaker, we would examine any possibility in light of the fact that there is an impending drought situation and we know that there are going to be some problems. We will be looking at every possibility to provide grass for cattle. If that happens to be in provincial parks I think we'll be examining that as well. I haven't met with the Tourism Department on this particular issue but it will certainly be one of the considerations in our consideration of what we might do in an emergency situation.

MR. BAILEY: — Supplementary question, Mr. Speaker. I think the Minister realizes that there will be a request coming in. No doubt much of the land is still fenced. Some has been taken out but I am assured by the people who have contacted me that they would put up temporary electric fences.

My question is, which department would it be at the present time that would receive applications from interested farmers? I assure you this would be on a one year basis only.

MR. KAEDING: — The applications should go to the Department of Tourism if the land is under their jurisdiction now. I would appreciate if such a request was made, if our department would be advised as well.

GRANT TO HOSPITAL IN KAMSACK

MR. R. E NELSON (Assiniboia-Gravelbourg): — Mr. Speaker, I have a question of the Attorney General. In his speech to the NDP nominating convention in Kamsack the Minister announced the Provincial Government would be approving the grant of \$1.1 million to the new hospital in Kamsack. I wonder if the Minister will tell us what percentage of that amount of grant of \$1.1 million will be paid by the Federal Government?

HON. R. J. ROMANOW (Attorney General): — None.

MR. NELSON: — Mr. Speaker, supplementary. What further grants are anticipated from the Federal Government through the Department of Indian Affairs?

MR. ROMANOW: — Mr. Speaker, I am taking some advice from the Minister of Health in this area for the specific details but he advises me he is not familiar with any projected funding from the Department of Indian Affairs, Federal. That could be subject to some further checking and correction, but basically we have no such information.

BAYDA INQUIRY

MR. C. P. MacDONALD (Indian Head-Wolseley): — Mr. Speaker, I should like to direct a question to the Minister of the Environment. The Minister of Mineral Resources indicated that the Secretariat of the Premier would be presenting or of the Government would be presenting a brief to the Minister but he did not indicate whether or not the Minister himself, the Department of the Environment would be making that presentation to the Bayda Commission or not or any other brief as a result of the brief presented to the Secretariat to the Bayda Commission?

HON. N. E. BYERS (Minister of the Environment): — Mr. Speaker, the brief that will be presented on either Monday or Tuesday of next week to the Bayda Commission does not necessarily represent the view of any one department of the Government. A number of departments of the Government such as Environment and Mineral Resources and so on are in effect presenting briefs. A number of departments have had input into the preparation of those briefs.

MR. MacDONALD: — I take it then from what the Minister says as a point of clarification, that that brief will be an overall presentation of the Government's view of uranium development in Saskatchewan and not specifically the Department of the Environment?

MR. BYERS: — Mr. Speaker, that assumption is correct.

LAND PURCHASED FOR URANIUM REFINERY

MR. R. KATZMAN (Rosthern): — Mr. Speaker, a question to the Minister of Saskatchewan Power. You made a statement just a few moments ago to a question that SEDCO has not bought any land on behalf or for Eldorado?

MR. MESSER: — Yes, I made a statement that the Saskatchewan Economic Development Corporation to the best of my knowledge is only taking options on land in regard to the establishment of a possible refinery in the Warman area.

MR. KATZMAN: — Mr. Minister, I believe you were in Crown Corporations when I informed the Minister and read the document where you have bought two quarters of land. Is that correct or not?

MR. MESSER: — I believe it was stated by yourself that several quarter sections of land had been bought by the Saskatchewan Economic Development Corporation but I do not believe that there was any proof that that land was in fact to be used for a potential refining plant by Eldorado Nuclear. I remind the Member as I remind other Members of the Opposition that the Saskatchewan Economic Development Corporation is undertaking to establish options on land for an industrial park in the Warman area of which part of the use of that park may be for a uranium refining plant for Eldorado Nuclear, so that it should not be assumed that whether sales were made or not, and that is yet to be proven the case, that it is necessarily and exclusively for the establishment or the obtaining of land for Eldorado Nuclear for a refining plant.

MR. KATZMAN: — Supplementary. I will table to the House a copy of the purchase. But is it not a fact that at that committee the Minister said that Eldorado Nuclear has first claim on those 10 quarters of land and you cannot refuse to give them no matter what the Bayda Commission says.

MR. BYERS: — Mr. Speaker, I should like to reply to this matter raised by the Hon. Member for Rosthern because it relates to dealings which my department has had with Eldorado in this regard.

I want to make it abundantly clear to all Members of this House and particularly the Member for Rosthern that at this point in time Eldorado has not presented to the Government of Saskatchewan a proposal to build a refinery anywhere in this province. Eldorado over the past two or three years has been looking at a number of alternate sites. Eldorado is presently in the process of preparing what is known to them and what is known to our public servants as their phase II report. Their phase II report is to identify some possible sites for a refinery anywhere in this province. I think that should be made clear to the Hon. Member because he continues to make the people of this province believe that somehow the Saskatchewan Government . . .

MR. SPEAKER: — Next question.

BAYDA INQUIRY – ELDORADO

MR. MERCHANT: — Mr. Speaker, I should like to direct this question to either the Minister of the Environment or the Minister of Mineral Resources. The Minister in charge of Mineral Resources in addressing himself to the question of the Leader of the Opposition about whether the Government was in favor of the Eldorado development did not answer that question and I ask the Government in your brief to the Bayda Commission will you be supporting the concept of a nuclear processing plant in Saskatchewan either at Warman or anywhere else owned by Eldorado or any one else.

MR. BYERS: — Mr. Speaker, the contents of the Government's submission to the Bayda Inquiry will be made available on Monday. It does not address itself to the question of the refinery.

MR. MERCHANT: — Supplementary. Is the Minister saying you don't deal with this very important question of whether the Government thinks we should have a refinery in this province or not? Are you saying that inquiry doesn't even deal with that question which is not only important to the people in the Warman and Saskatoon area, but also very important to the development of uranium in this province.

MR. BYERS: — Mr. Speaker, I think in all fairness the Government's briefs will be made available after they are presented to the Bayda Inquiry on Monday. It may be delayed until Tuesday. I have no control over that. Tentatively it is Monday afternoon. And at that time it will be public information.

ELDORADO NUCLEAR REFINERY LOCATION

MR. R. H. BAILEY (Rosetown-Elrose): — I should like to ask a question of the Minister of the Environment much along this same line. Do you as the Minister of Environment favor the establishment of a nuclear refinery near the city of Saskatoon?

MR. BYERS: — Mr. Speaker, he has asked me what my position is with respect to the establishment of a refinery at Saskatoon. My position concurs with that of the Government of Saskatchewan of which I am a Member. That position is that first of all the proponent must present to the Government of Saskatchewan, to the Environment Department, a proposal per se. Secondly, if there is a proposal, I as Minister of the Environment will then instruct that the proper environment assessment procedures be undertaken. Thirdly, there will be public hearings on the proposal after we get the proposal, but at this time we have no proposal. Fourthly, only after we have public hearings on the proposal, which we don't have at this time will there be a decision made on behalf of the Government of Saskatchewan as to what our position is. We cannot take a position on a hypothetical project that we have no proposal for at the present time.

SOME HON. MEMBERS: — Hear, hear!

POINTS OF ORDER ON QUESTION PERIOD

MR. MERCHANT: — Mr. Speaker, I would like to address a question to two answers given by Ministers. I've noted, Mr. Speaker, that you've developed a fairly effective means of sitting down Opposition Members, namely you move to another questioner. I suggest to the Minister that when Ministers have transgressed you've got to in some way develop an equally effective tool and, of course, sitting them down isn't as equally effective because the Opposition is on behalf of the people, seeking information.

In two references in today's Question Period, one by the Minister in charge of Mineral Resources (Mr. Messer), he said, and I wrote down the quote:

"I'm tired of Members opposite misleading the House", which I suggest to you is obviously as contentious and improper as using the word quibble. The Minister in charge of SGIO said,

"Mislead in this House," and also said "Misinformed by the Hon. Member". Again the repeat of those kinds of words.

Now, Mr. Speaker, I know how they developed starting to use those words. The Hon. Attorney General uses those words whenever he's answering a question to the Conservatives and it applies, Mr. Speaker, when he's answering questions to the Conservatives, but I think, Mr. Speaker, you've got to bring some means of controlling Government Members when they are answering questions to balance the view here.

MR. MacDONALD: — Same Point of Order. Mr. Speaker, I think this was the worst demonstration of political pot shooting by the Members of the Cabinet, that I've heard in a long time in this House. Mr. Speaker, I say it honestly. The Member used the words, I also wrote down the same words, "sick and tired, mislead" and so forth. We allowed the Minister of Environment to get up and make a political speech, Mr. Speaker, when he wasn't even asked a question. All I'm suggesting, Mr. Speaker, if you are going to shut up the Opposition, you better keep them quiet too or there will be a real problem.

SOME HON. MEMBERS: — Hear, hear!

MR. SPEAKER: — I think the Member for Indian Head-Wolseley, while I appreciate him volunteering questions on Point of Order . . . Order! While I appreciate the Member for Indian Head-Wolseley volunteering comments on Points of Order, it's unfortunate that he abridges his own rules when he's making a Point of Order.

To the Member for Wascana I would say that I sometimes despair at the fact that Ministers do have some political content in their answers. I think there would be a great therapeutic effect if we were all to take the Question Period today and review it carefully. As to the people who asked them questions and the people who have answered the questions, I think I could find just as many breaches on one side as the other. I agree that some of the answers were political, but some of the questions that initiated them, also had some political debate in them as well.

I think all Members should have a look at the Question Period transcript and learn something from it.

MR. COLLVER: — If I may, Mr. Speaker, I'd still like to get a ruling from you whether the words 'mislead the House' and whether the words, 'when it applies to the Conservatives it's true,' whether those are unparliamentary or not.

MR. SPEAKER: — I believe I heard something to the effect of 'misleading the House or mislead someone' and I would say that's inviting debate and I didn't hear the other comment the Member mentioned, I'm sorry.

MR. LANE (Qu'Appelle): — . . . the Point of Order that was raised, Mr. Speaker, and my concern with the inconsistency of the approach and I suggest that with respect as follows. I specifically sent to you, as a Member, a question that I had asked and I asked for your comments, as to why the particular question was ruled out of

order. There was one word in that, in the final line of the question and the word which you gave me for ruling, was, I made the comment that there was perhaps poor management. You circled the word poor and said that that tends to invite debate. I'm prepared to obviously accept that ruling. But it was one word out of a lengthy preamble to a question, one word, and it was ruled out of order. I submit, Mr. Speaker, that when we get political answers as we've had today, which were a lot more than one word they should have been cut off by Mr. Speaker as quickly and as succinctly as it applies to the Opposition and that's my concern.

MR. SPEAKER: — I'll certainly accept the Member's advice about clamping down on debatable comments made in the Question Period. I'll try to apply it equally on both sides of the House.

COMMITTEE OF FINANCE - DEPARTMENT OF FINANCE - VOTE 11 (Cont'd)

ITEM 1 (cont'd)

MR. R. L. COLLVER (Leader of the Progressive Conservatives): — Mr. Chairman, last evening and yesterday afternoon we talked to the Minister of Finance about the games that are being played with the accounting system in the Province of Saskatchewan to fudge the facts and to hide them from the people of Saskatchewan.

The Member for Thunder Creek (Mr. Thatcher) brought forward one specific example of that particular fudging of facts. We attempted to show yesterday afternoon that the transfer of funds from all Crown Corporations to the consolidated fund and back were also a means by which the Government of Saskatchewan could fudge the facts.

Today, I'd like to raise another matter with the Minister of Finance pertaining to primarily and it's in the same area, the changes in legislation that he has requested this House to enact, pertaining to the accounting for the Government of Saskatchewan.

My first question of the Minister of Finance is this and it's a two part question. The first part is this; during the first 15 days of April, now after the year end, do you receive revenues pertaining to the previous year and do you pay expenses pertaining to the previous year? The second part of the question is, during the last 15 days of April, 1976, would the Minister provide to this Assembly the amount of cash received on previous years' billings for the year ended March 31, 1976? In other words, were taxes or taxation that applied to 1976 received between the days 15th of April and 30th of April, 1976 and any expenses that were paid between the 15th of April and the 30th of April, 1976, pertaining to the previous year?

HON. W. E. SMISHEK (Minister of Finance): — Mr. Chairman, first of all I disagree with the Hon. Member completely that we have been trying to fudge the facts or hide anything from the people of Saskatchewan. Maybe that's his method and his way of reading things, but there is no intention and there has never been any intention on the part of our Government or the previous administration in case of the

accounting procedures to try and hide anything from the people or from this Legislature. Perhaps the Hon. Member might spend a little more time to look at the facts, inform himself and then to be able to see that there is nothing being hidden away from the Members of the Legislature or from the public.

As far as his first question of whether or not revenue that was received in the first 15 days of April for the previous year is taken in or expenses paid, the answer is Yes.

On this last part between April 15 and April 30, 1976, on the amounts of money that might have been received over previous years and the bills, we will provide that information for him, but it will take a while for us to get the calculations, because we just don't have it here.

Now, as the Member was referring to legislation that is being introduced to deal with this, perhaps when the Bill comes in we might have that calculated and inform him, because it's just not possible for the year 1976, to have that information at hand, but we'll do the calculations and give him the answer.

MR. COLLVER: — Mr. Chairman, I want to draw this to the Minister's attention. First of all if the Minister has informed me that, yes, both revenue and expense are included in the previous year end accounts for the 15 days from April 1st to April 15th, therefore we are showing cash received in the Public Accounts for the year end of March 31, 1976, which is the latest year that we have under review, for a period from April 15th of one year to April 15th of another. That is a fact. The Minister has introduced a bill into this Session, Bill No. 76, requesting that this Legislature pass a section by amending Section 61 by striking out the word 'fifteen' in the third line and substituting 'thirty'. Now the month of April is a normally very high, cash received month. It is the month in which people pay their income taxes; it is the month in which people pay a great many bills. The month of April is probably the highest cash money paid to the Government of Saskatchewan of any month, which is why I asked what were the amounts received from the 15th to the 30th of April. But it is probably, if not the highest, certainly one of the highest cash months that the Government of Saskatchewan has. Now the Minister has suggested that we amend this Bill in this Session, to add to next year 15 additional high revenue receipt days in cash, to the amount that can be received from the previous year for previous billings, that will be added to the income for the Public Accounts for the period from April 1, 1977 to March 31, 1978. Therefore, in the forthcoming year under review the Minister will not be looking at and we will not be looking at a financial statement that reflects one year's income and expense. We will be looking at a financial statement that reflects one year plus 15 days, income and expense. The Minister shakes his head. I ask him to check with this comptroller because I think he'll find that that's true. When he extends by 15 days the amount of money that can be received on the previous year, he is extending an extra 15 days worth of revenue and admittedly expense, but I suggest to the Minister that the month of April is one of the extra high months in which cash is received and therefore the Government of Saskatchewan will receive an extra 15 days worth of revenue in this forthcoming year, that it did not have in the previous year.

Now you say, it's only half a month, a half a month of a

billion dollars, one-twenty fourth of a billion dollars worth of revenue. And it will be more than that because it's an extra high cash received month. Now the reason we suggest for this extension of 15 days to a period of time that says 30 days instead of 15, the reason we suggest is that the Minister knows full well that the deficit that he is projecting for the forthcoming year is too small, relative to the amount that they anticipate spending in cash. He wants the ability to add to that revenue a very substantial amount of revenue in the order of \$40 to \$50 millions of dollars, so that when the review is done, on this particular financial statement the Minister will be able to say we projected \$40 million and we got a \$40 million deficit, when in fact, there will be closer to \$100 million deficit because additional income has been included in the Government of Saskatchewan accounts.

Now that is only one area, Mr. Chairman, where you are adding revenue, additional revenue, to the potential for fudging these accounts. I will get to another one in a moment. I ask the Minister to counter that statement, that an additional 15 days in revenue will be added to the period 1977-78?

MR. SMISHEK: — Mr. Chairman, it is very easy to deal with his argument, because first of all we are not proposing in the amendment to extend a greater time for revenue. I don't know how you read the legislation. It is only on the expenditure side, bills that come in late for the previous year, but not in case of revenue. Leader of the Conservative Party, please read the legislation before you get all excited. I think one of these days you are going to have a heart attack, because you really don't know what you are talking about.

MR. COLLVER: — Mr. Chairman, I wonder if the Minister would be happy to read the Bill himself and find out that it doesn't specify an expense; it specifies the extension for the period of time from 15 to 30 days. Where now there are 15 days allowed inclusive of previous year business, there will be 30 days in which to include the provision for the previous year's business. That section applies to both. The section under the Finance Act, Mr. Chairman, provides the Minister with the authority to now include the first 15 days of April worth of revenue, which the Minister has agreed to this Assembly today, that he includes the first 15 days of revenue received on the previous year's business.

MR. SMISHEK: — I am sorry, Mr. Chairman, I have just answered the question; it just applies to expenditure and it does not apply to revenue. I would like you to take a thorough look at the legislation because as I say you don't know what you are talking about.

MR. COLLVER: — Would the Minister tell me under what section of the Act he is now receiving revenue in the first 15 days of April, applicable to the previous year?

MR. SMISHEK: — We haven't got a copy of the Act here, but we will get a copy of the Act and we will tell you.

MR. COLLVER: — If you are not prepared to answer the question at this point in time and he will get the Act and tell us under what Section he receives revenue in the first 15 days, perhaps we can go on to another section.

On this same Bill 76, with reference to the Public Accounts in the Province of Saskatchewan, I should just like to read to this Assembly the first part of this Act.

Notwithstanding any other provision of this Act or provisions of any other Act, the Treasury Board may authorize the money of a special purpose fund, or any other money held or administered by any department, board, commission, Crown Corporation or other agency of the Crown, and not otherwise payable into the consolidated fund, to be deposited in the consolidated fund on any terms and conditions the Board may specify, including payment of interest and any interest so payable, shall be a charge upon and payable out of the consolidated fund.

Now this means, Mr. Chairman, that the Treasury Board, not the Legislative Assembly, may now decide to move money from any other corporation, no matter what act we pass in this Assembly, that says certain amounts of money are limited to a Crown Corporation of cash. The Government of Saskatchewan, the Treasury Board, may move this money back and forth at its whim. As we interpret that section of the Act, the Treasury Board may even move money back and forth to the consolidated fund of superannuation funds that it is administering on behalf of other organizations.

In other words, because it is notwithstanding any other Act of this Legislature, the pension funds administered on behalf of Sask Power may be used, in cash, to finance the day to day operations of the Government of Saskatchewan. And the Government, through the Treasury Board, may decide to set no interest on that money or maybe decide to set 1 per cent or 2 per cent or any rate of interest that it deems advisable on that money.

It is turning over to the Treasury Board, in the Province of Saskatchewan, absolute and total fiscal control of the Government of Saskatchewan. The Government of Saskatchewan already was performing under the basis of this Act in the last year, the year under review, and passed this Act only because the legal council and the auditor drew its attention that it didn't quite have the authority to make the kinds of transfers between funds and so they had to clarify the law to make sure that what they had already done was legal.

We now have, when this Act is passed, total and complete taxation without representation. Because the Legislature will not be responsible for the administration of money as it relates between Crown Corporations, the Government of Saskatchewan may use the transfer of cash money to hide as it did, for example, in the example brought forward by the Member for Thunder Creek (Mr. Thatcher), to hide the fact that one Crown Corporation lost money to the extent of the interest on the money that they transferred from 'Loans' to 'Equity'. That is only one example. They use that transfer of money and transfer of cash to cover any inequity that the Treasury Board happens to find itself in. It means that the Legislature will not have the right to establish the limits on borrowing on terms of Crown Corporations because notwithstanding anything in any other Act,

the Government of Saskatchewan may transfer back and forth between the consolidated fund and those Crown Corporations any amounts that it deems advisable, at any interest rate that it deems advisable.

It means that the Legislative Assembly will no longer have an opportunity to establish any limits as it relates to the activities of the Treasury Board or, in fact, as it relates to the activities of any directors of the Crown Corporations because they come under the direct responsibility of the Premier and his Cabinet. In other words, the Treasury Board and it means that the Treasury Board and the Premier and his Cabinet totally and completely control, control, Mr. Chairman, the money in the Province of Saskatchewan as it relates to the Government and all their agencies, not the Legislature.

Now the tradition of our Parliament is that the Legislature shall control the funds. The electorate representatives shall control the funds and yet this Government, through this legislation, has made totally meaningless, and in addition, Mr. Chairman, as already through its actions and then retroactive-type legislation that it is now passing, has already made totally meaningless the presentation of any Budget, the presentation of any Estimates, the presentation in fact, of any Public Accounts, because it may do with the cash whatever it deems advisable without reference to the Legislature.

MR. SMISHEK: — Mr. Chairman, obviously the Leader of the Conservative Party is awfully impressed with his own verbosity. Whatever argument he had, I think he lost because he repeated the same argument about ten times over and I am not sure whether he knew exactly what he was talking about.

Mr. Chairman, just as I said he was wrong in the previous assumption so that I can prove myself right and him wrong, I refer him to the Treasury Department in the auditing of Public Accounts, Chapter 37, the Bill that we are amending, the part where The Finance Act, Section 36, which we are not amending, let me read it to him.

The revenue of any fiscal year may be received at the office of the Treasurer and placed to the credit of the account of such fiscal year up to and inclusive of the 15th day of April in the next following year.

Mr. Chairman, that provision has not been changed in the case of the revenue. We are merely making the change in case of expenditure.

I think I am going to stop, Mr. Chairman, because I don't want to repeat this all over again because we are just going to waste time, I suggest. Can I read it to you again or have you heard it? Are you satisfied? You are not satisfied, that we are not going to be taking the revenue in except up to the 15th Day. That is what I read to you. We are not changing Section 36. Section 36 of The Finance Act deals with revenue. Section 26 does not; it deals with expenditures. Is that clear? Fine, thank you very much. Now maybe we can get on.

Mr. Chairman, with the argument, he too, wasted about 15 minutes of everybody's time and repeated the argument at least 10 times over. Mr. Chairman, let me bring to his attention that the reason for us changing, for making the amendment, is so that

we, first of all, can take the money together and invest it. Now to consolidate revenue so that we can have a better investment method, that is one reason. Secondly, we thought the authority was there and had been followed for a long time, but the auditor in examining the provision, checked with the Attorney General's Department and his own lawyers and there was a difference of opinion as to whether that authority is clear. That is the purpose of it. We are not trying to make any changes but to clarify because there is a legal difference. The Attorney General's Department says that we have the authority to do what is proposed and what was in the Act; the auditor's legal counsel is not too sure. The auditor's report does recommend that this be clarified so there be no question about it and that is why we are making the change, Mr. Chairman.

MR. COLLVER: — I am very pleased to hear that the Minister intends and is on the record to follow that particular Section of the Act in terms of revenue. That is not our legal opinion that has been provided to us about the interpretation of that Act. I know that the Minister is certainly well versed in law and has consulted a lawyer on it today. He has read from a Section of the Act, but he, I didn't think, got a legal opinion where we did and were concerned. I am glad that he is on record as saying that he will not take the additional 15 days worth of revenue into the books.

As far as the other Section is concerned what the Minister has suggested does not take total fiscal responsibility away from the Legislature. I suggest to the Minister that he get a legal interpretation on that. I suggest to him that the transfer of cash, as suggested last evening and as suggested yesterday after . . . on this side of the House and the other by the way, by ourselves, by the Member for Thunder Creek and, in fact, by the Member for Saskatchewan Potash, we also said that because the major multinational corporations transfer funds amongst their subsidiaries, transfer funds between branches, establish various and sundry inter-company and inter-departmental management fees, it is impossible to get a true picture of the relationship of that particular corporation and, therefore, the financial statements are meaningless in terms of multinational corporations. Now the Minister suggests to us that that is not true of the Province of Saskatchewan. The financial statements here, even though the Government of Saskatchewan has the ability to move funds back and forth at will, the Treasury Board, without reference to the Legislature, even though the Treasury Board has the authority under this new Act, to ignore every other Act of the Legislature, as it relates to transfer funds. He is suggesting that our financial statements are somehow different; our financial statements are meaningful and are to inform the people of Saskatchewan the true facts as to what has happened in the preceding period.

I suggest to the Minister that is not true. I suggest to the Minister that this provides too much power to the Cabinet; too much power to the Treasury Board, adding to the already lengthy list of Bills this Session that have added more and more power in the hand of the Premier and his Cabinet.

I suggest to the Minister that the people of Saskatchewan and the people of Pelly are going to tell the Government of Saskatchewan what they think of the Premier and his Cabinet taking all power and all control away from the elected representatives.

MR. SMISHEK: — Mr. Chairman, I don't know how many times one has to repeat the answer but I think if you take a look at the report of the Provincial Auditor, I think it is self explanatory. Any person with the ability to read and comprehend, I think, will understand why the amendment is coming. It is not intended to give any additional authority; the authority was there. It is a matter of clarification of the law. We are not adding any additional power that was there to start out with.

The Leader of the Conservative Party, once again, went into the whole question of accounting. He made that same charge yesterday and then left before I had a chance to answer him. He left somewhere around 4:30 yesterday afternoon, after he had made the allegation and then ducked. I pointed out to him that the Securities and Exchange Commission . . . Mr. Chairman, I think I am going to stop because I want to answer the Member's question. He raised questions then he doesn't listen to the answers.

MR. CHAIRMAN: — Order! The Minister is replying to your question and he would appreciate your attention, please.

MR. MacDONALD: — On a Point of Order. What a ridiculous statement.

MR. CHAIRMAN: — Order!

MR. MacDONALD: — Mr. Chairman, on a Point of Order, let me finish my Point of Order. Everyone there can talk all he wants. Maybe he is asking and discussing the next question. To have them shout that he has to listen, what kind of a place is this?

MR. CHAIRMAN: — Order! I should just like to state to the Member that they didn't tell him, I asked him to listen. And if I am speaking out of line, well and good.

MR. COLLVER: — Mr. Chairman, quite frankly, may I have the floor, Mr. Chairman?

MR. CHAIRMAN: — State your Point of Order. Order, please!

MR. COLLVER: — Mr. Chairman, it is possible as the Minister well knows to listen to the kind of speech that the Minister makes, at the same time as preparing for the next question. And quite frankly, Mr. Chairman, I do not believe that it is incumbent upon either the Chairman or this Assembly to suggest to the leader of a political party that he must at all times be looking at the speaker.

MR. CHAIRMAN: — Order, order please! I might just say in many instances you were correct, but I happened to notice and it was drawn to my attention. If it is of some concern then I can see no reason for two people laughing about something and this is my reason. I wanted to draw to your attention that the Minister was replying and I am doing nothing more than doing what I thought was the proper thing at the proper time.

WELCOME TO STUDENTS

HON. N. E. BYERS (Kelvington-Wadena): — I wonder if I might beg the indulgence of all of the Members in the House to turn to another matter for just a moment to introduce and welcome to this House this morning 36 Grade Six, Seven and Eight students who are seated in the Speaker's Gallery. They are from the Hyas public school. They are accompanied here today by their teacher, Mr. F. Buk and their bus driver, Mr. Allen Lynch. They left home early this morning, about 7:00 o'clock, and travelled all the way from Pelly which some Hon. Members will know is a fair distance from Regina. They are going to have lunch here and visit the Western Development Museum. I want all Members to join me in welcoming this group to the Legislature. I hope that their stay here, which will be for about the next half hour or so, is productive and they will hopefully see a good demonstration of this Chamber at work during their visit here. We hope they will return again on a future occasion with their interest in the parliamentary system enhanced.

HON. MEMBERS: — Hear, hear!

HON. D. L. FARIS (Arm River): — Mr. Chairman, I wonder if I could take the same opportunity to welcome to the Assembly a group of students from Hanley school. They are accompanied by Bernice McIntyre, Don Lockhart, and the bus driver, Art Kendal. I'll be meeting them immediately following their observation of the proceedings in this Assembly, to talk with them, and I hope they will enjoy this opportunity and have a safe journey home.

HON. MEMBERS: — Hear, hear!

Department of Finance cont'd

MR. SMISHEK: — Mr. Chairman, the Leader of the Conservative Party in the Estimates of the Department of Finance has made on a number of occasions, allegations that there is something wrong with our method of accounting, and that there is lack of accountability to the public. Mr. Chairman, I think I have, on several occasions, said that the procedures that we are following are accepted accounting procedures recognized as being among the best accounting methods that have been established for public financial and public accountability. Now, yesterday afternoon, the Leader of the Conservative Party, in his usual tirade, made a number of allegations, and then he left when I was trying to answer his allegations. This morning he again made similar allegations. As I was trying to answer them, he was, I noticed, in a conversation with one of his Members. I think that that is why, Mr. Chairman, that I deliberately asked whether the Leaders of the Conservative Party is listening to the answer and I think it is only fair because I don't know how many times I have to repeat the answers.

I bring to the attention of the Leader of the Conservative Party, again, the position expressed by the Securities and Exchange Commission which have the toughest accounting standards that have ever been recognized anywhere in the world. When we submit our prospectus, it examines not only the economic position of the province, but also the accounting position. Now, Mr. Chairman, he is shaking his hands. Mr. Chairman, let me also draw to his attention a very recent document which is circulated right across Canada by McLeod, Young and Weir, one

of the investment companies of this country. They made an analysis of Saskatchewan since our budget was presented. It is interesting to note, and I circulated this to all Members in the House, the upgrading of Saskatchewan bond rating to double A in June, 1976 by both the major rating agencies was a reflection of the provinces economic and financial standing and a sound budgetary management, Mr. Speaker. Now, Mr. Chairman, I will suggest that these people know a good deal more about accounting and about financing than the Leader of the Conservative Party. And I would also suggest that the rating agencies, Standard and Poore and Moodies know a good deal more and how they view the economic situation of the province as well as the accounting proposition. The Leader of the Conservative Party, or somebody said, that he doesn't look at the accounting procedures. Well, Mr. Chairman, I can inform the Leader of the Conservative Party that one of the things that they look at, and very thoroughly, is the public accountants of all Crown Corporations financial statements. The over-all government management, and that is on the basis that they determine the ratings, Mr. Chairman, again, if I may, suggest an authority and a well reputed, well established, and this is not a private agency, it is an American government agency Securities and Exchange Commission that, who as I've said have the highest standards that have ever been recognized or established anywhere in the world for accounting standards and requirements. Now, Mr. Chairman, I rest my case.

MR. COLLVER: — Mr. Chairman, I wonder if the Minister would mind just sending across the House that prospectus that he just held up, that he presented to the Securities Exchange Commission. He held it up; it's a public document; I wonder, yes, could you send it across the House, I left my copy upstairs. Could I send one of the Pages over? I'll send it right back. I'll be happy to send it right back.

MR. SMISHEK: — It is the only one I have.

MR. COLLVER: — Mr. Chairman, it was certainly of great advantage to the people of Saskatchewan that I paid particularly close attention to what the Minister of Finance just said. His remarks were in keeping with the comments which I had made earlier. Mr. Chairman, he quotes a document circulated by McLeod, Young and Weir, who by the way, obtained commissions from the Government of Saskatchewan for the placing of the bonds in the market that the Government of Saskatchewan circulates and which obtained commissions paid by the Government of Saskatchewan in exchange for the services which they render. I would suggest that that particular comment might not be quite as unbiased, quite, they might be using phraseology in an attempt to sell, if you want, their particular issue of a particular bond that they may be commenting on, and they may be attempting to use those words that are selling words, to convince buyers that they should obtain the Government of Saskatchewan securities. And I'm not suggesting for one moment the Government of Saskatchewan securities aren't excellent investments. I'm not suggesting for a moment the Government of Saskatchewan has not received from the Poore rating agencies an increased rating and with justification because the Government of Saskatchewan borrowings have not kept pace if you want with the borrowing of the high population centres in our country but because the Government of Saskatchewan borrowings relative to the necessity of the Province of Saskatchewan have remained relatively low, relative to our total population. The Government of

Saskatchewan is blessed with a substantial source of energy. We have about 15 per cent of the reserves in Canada of oil. An arrangement has been made to build up cash resources and funds in our province and other provinces and other areas that North American doesn't have and we have been able to use those funds for what the government calls capital expenditures and what we call waste of money. The minister held up in his hand this morning a prospectus for the Securities and Exchange Commission. In the prospectus there are a great number of items that are mentioned, that are discussed. Nowhere in that prospectus, nowhere, is discussed the accounting procedure of the Government of Saskatchewan, nowhere in this prospectus, nowhere in the document. Let me just read the account policies for the Minister from notes on the financial statement.

The accounts in the province are maintained on a modified cash basis whereby revenues are recorded as collected and expenditures are charged to accounts and payments are made. The financial statement reflects the cash basis accounting with two major modifications. Accounts payable at the end of the year, etc, etc.

The consolidated fund goes on to explain that the province had accrued receivable and it says fixed assets are treated as expenditures. That's the comment that the notes to the financial statements make in terms of the accounting policies of the Government of Saskatchewan. Then it goes on to talk about the flows of the Government and the federal-provincial tax sharing agreements, sinking funds, special purpose funds, and it outlines in some detail all of the various areas of the Province of Saskatchewan in which the Government of Saskatchewan is involved. In addition, Mr. Chairman, it outlines some of the loans the Government of Saskatchewan is involved in, and some of the payments the Government of Saskatchewan is involved in in terms of making loans. Now what an investor looks at in terms of this particular prospectus, is whether or not the Government of Saskatchewan has the ability to repay its loans. And that's what the rating agencies look to, the ability of the Government of the Province of Saskatchewan to repay its loans, and we suggest that the Government of Saskatchewan does have the ability at this point in time to repay its loans. But we also suggest, . . . oh the Attorney General shakes his head . . .

MR. ROMANOW: — You were saying another thing yesterday.

MR. COLLVER: — Does the Attorney General want to get on his feet?

MR. CHAIRMAN: — Order, please, order, order! I asked the Hon. Member to sit down. Order! Carry on.

MR. COLLVER: — Mr. Chairman, I wonder if the Attorney General, who now seems to be leaving the House, would just pay attention for a moment as well. Mr. Chairman, what we were suggesting is that if you continue to hide the facts from the people, and in fact from yourself, as you are, if you allow funds to be transferred from agency to agency at the whim of the people who are making the decisions, then what you are going to have is a situation in which the Province of Saskatchewan will be less able to meet its obligations in the future. We are involved, and I notice the Attorney General is quite involved in speaking

with various Members and he is not paying attention.

We are involved in an agricultural province in which there is the possibility, Mr. Chairman, for less than an average crop yield, for which there is the possibility and the potentiality for relatively low government revenues in any particular year because we are so dependent on the agricultural sector of our economy. And I suggest to the Minister of Finance, let Saskatchewan suffer one less than bumper crop as the bumper crops it has had in the last four or five year, let us have one average crop or less, as we are bound to have, because nature doesn't seem to give bumper crops all the time, and Standard and Poore will be in there in a second re-rating the Government of Saskatchewan bonds downward, and significantly and substantially downwards because the major thing they measure in terms of the ratings of the province is the ability of the Government to repay in terms of its total obligations relative to the population and its taxation base. That's what it measures. Nowhere in this prospectus does it talk about the Government's ability to manipulate the cash back and forward from agency to agency, from Crown Corporation to Crown Corporation, from Crown Corporation to consolidated fund and back again. Nowhere in this prospectus, and nowhere, Mr. Chairman, does it mention in this so called letter that the Minister of Finance just raised, does it say anything about accounting policies; it says budgetary management, budgetary management which means in terms of any investor the ability of a government or an organization to repay, that's what it means, the ability of a government or an organization to repay its obligations. But if we go on manipulating funds as we are, and using our funds unwisely as we are, in terms of burying them in the ground, and already existing industrial capacity, adding no new jobs and no new productivity, if we go on doing that, I promise the Minister of Finance and I promise the Members of this Assembly that we will have a re-rating by these organizations. They will be in here and rate us downward. The problem, Mr. Chairman, with using government borrowings today to finance short term loans and advances in significant amount as the Minister pointed out yesterday, the problem is that maybe when your rating has dropped you won't have the ability to borrow the funds. There were periods of time in the history of the Government in the Province of Saskatchewan when funds were quite simply not available to the Government of Saskatchewan. They were just not available to any government no matter what political party they may have belonged to and what we are really concerned with Mr. Chairman, is the fact that the Government is continuing to manipulate, continuing to use its money for short term advances, continues to dance between Crown Corporations which are losing money, causing them to show profits when they don't show profits at all, causing them to put their money into consolidated funds and so-called interest free advances and causing them to use these short term funds and the inability in future, the potentiality in the future of not being able to cover those kited loans by means of going to the market, because the cash won't be available to you.

MR. SMISHEK: — Well, Mr. Chairman, I guess the position of the Province of Saskatchewan was in desperate shape during the short period of office that the Conservatives were in Saskatchewan, and all I can say God spare us from the kind of woolly thinking that the Leader of the Conservatives has if he ever had a chance to be in government. Sure enough the rating of Saskatchewan would go down with a big thud in a hurry.

Mr. Chairman, the Leader of the Conservative Party made reference to McLeod, Young and Weir as somehow being our agents. We inform the Members of this House that McLeod, Young and Weir are not part of our management group. They are not part of our syndicate group. They are merely bond dealers. True, they go and sell our bonds like anybody else. They are not part of our management group and so they have really no particular reason to be writing what they have and make a kind of an analysis. There is nothing in it for them. They would not get any more or any less in terms of selling our bonds. Mr. Chairman, one thing is pretty clear that the Leader of the Conservative Party has not a good deal of working knowledge about the way the U S Securities and Exchange Commission operates. If they were not satisfied with the form of accounting Mr. Chairman, if they were not satisfied with the form of disclosure, they would not approve the sale of our bonds in the U.S. public market, and that is very clear. But they are satisfied with our accounting procedures and disclosures. Mr. Chairman that is why they do approve us in the kind of a way as they do. You say that we are hiding the facts. Mr. Chairman, if we were trying to hide the facts, then I can assure this House that none of the investment companies would make money available to us. I am sure that if we were hiding the facts, the U.S. Securities and Exchange Commission would not permit the sale of our bonds in the U.S. public market. It is because there is full disclosure and full satisfaction with the accounting procedures that we have Mr. Chairman. I don't know how many times one has to repeat the same argument. I don't think that the Leader of the Conservative Party is adding anything to this debate. I think he has repeated his position on three separate days. We have dealt with them. Fine, we are prepared to carry on in this kind of a circle but I think there is a point that things get too repetitive, Mr. Chairman, and I think the rules do provide somewhere that you have to get moving and stop the repetition.

MR. MacDONALD: — Mr. Chairman, I appreciate the fact that I was not here when the energy fund was discussed yesterday from which I understand, quite a lengthy debate or discussion went on and however I want to get into it from a very different aspect if I might. I want to get into it from the whole philosophy of the NDP Government.

The NDP ran an election campaign and, of course, have indicated throughout their great philosophy on the purchase of potash mines, of Saskoil and so forth. They wanted to provide for the people of Saskatchewan the benefit of the resources of the country. I am suggesting to the Minister, and I have on previous occasions, that the method of handling the resource revenues of the province is a disaster and is a bad deal for the people of Saskatchewan. By leaving alone the purchase of potash mines, by collecting the taxes, and the revenues generated from the interest on the Energy Fund, the people of Saskatchewan would be far better off in actual dollars received. What you are doing with your fetish for obtaining the purchase of a piece of paper which gives you a supposed title to a potash mine, is that you are sacrificing the real benefits to the people of Saskatchewan. I would like to ask the Minister a few simple questions if I might, and get down and perhaps we can have an intelligent discussion on it. The first question I would like to ask is if the Minister can very briefly give me a statement of exactly what is the philosophy of his Government on the disposition of the Energy Fund? I know yesterday they

got in the legalities of it. To get into the legality of it I am not interested. I notice, in the purchase of Duval, the Energy Fund provided all of the money, if I understand correctly. In the purchase of the proposal with Sylvite, you are only intending to put in \$108 million. In some things the Department of Finance is charging interest to some Crown Corporations for money that it loans in other Crown Corporations. It seems to me very inconsistent, so I would like to ask him if he can indicate very briefly what is the position and the philosophy of the Government of Saskatchewan on the disposition of the Energy Fund?

MR. SMISHEK: — Mr. Chairman, as the Hon. Member is aware, the Energy and Resource Development Fund was established as of the passage of Bill 42. We took what was referred to as the Windfall profits from oil and established a fund called the Energy and Resource Development Fund whose purpose is to use the fund in a variety of ways. One is for energy development and expansion of energy. Two, is the expansion of total resource development including the acquisition of those resources that we think could best be, whose purpose would be best served if it were under the control and ownership to a significant degree, by the people of Saskatchewan, in particular potash. We have said that we believe that 50 per cent of potash should be owned and developed by the people of Saskatchewan. There are other resources that we want to develop in the energy field like uranium, subject to all of the considerations of safety and in that area, as the Hon. Member is aware; we have established a commission. We are interested in acquiring and owning as much of the oil to make sure that it is being developed in an orderly way and in a total scheme of things that not only is there development but that there is the consideration for conservation and for the safety of the people. I think, in a nut shell, that that is our philosophy in the case of resource development in as far as the use of the Energy Fund is concerned. Some of it has been used for the acquisition of potash; some of it has been used to provide funds for oil drilling as we pointed out yesterday. About \$35 million has been spent and because of us getting more money from resources, this affected equalization payments to the tune of about \$35 million a year. So out of the Energy and Resource Development Fund we are taking \$35 million a year; two years ago, last year and we propose in the coming year to put it into general revenue because of the loss that we suffered from equalization so part of the money is used for general purposes.

MR. MacDONALD: — Now let's get down to some specific questions. First of all I notice in the Estimates last year the revenue from potash was estimated at \$118 billion. And if I take this and I am going to do some rounded figures and if you want to get specific you may do so. I am taking that would mean that there are nine potash mines in the province, that the average revenue from each potash mine would be approximately \$13 million recognizing that IMC contributes far more and so forth but I want to get into the general idea of Sylvite and Duval. They come in within the average mine if I understand it, so I would think that somewhere along the line at least for initiation, for beginning purposes we will say that that would mean that each potash mine would generate approximately \$13 million in taxes if we averaged it out among the total number and I know that is an over-simplification. This year would be about \$10.5 million on an average. Could the Minister tell me if that

is because Duval is no longer in it? Perhaps it is just that the general taxes, the prices of potash are down and so that Duval, even though it is purchased and operated by the Government of Saskatchewan by Saskatchewan Potash Corporation we still pay the same taxes as before so that means that the general revenue will be about 10.5 or 9.5 no, 10.5 approximately, for each potash mine this year, as I understand it, and I want the Minister to correct me if I am wrong on this. He can do it by standing on his feet or shaking his head. We are discussing now the proposal of the purchase of Sylvite which is to expend about approximately \$144 million.

MR. SMISHEK: — We bought it since you were away Cy.

MR. MacDONALD: — You did: Is the deal consummated, Sylvite since . . . We now own another one, so now we paid \$144 million approximately. Is that correct? The terms of the agreement were the same as prior to my departure, which was \$108 million, \$36 million approximately borrowed, so that means that we took \$108 million out of the Energy Fund which was generating a revenue of approximately 9 per cent according to the Minister's figures earlier in the House, which would then mean that \$108 million, \$108 million at 9 per cent would generate income to the people of Saskatchewan and to NDP Government, \$10 million a year and I say that is approximately, I am using rounded figures. I would think that if the Energy Fund was used on a long term investment we could probably at today's interest rate come close to 10 per cent on generated revenue. So we are taking on, and I want you to remember that \$10 million figure, so we took \$108 million . . .

MR. SMISHEK: — We went through all this yesterday.

MR. MacDONALD: — I know, oh, you went through all of this, well then this is my pet thing and I am glad that some of the other boys got into it while I was away. All right so in reality we are turning . . . Could the Minister tell me what are the terms of the \$36 million, the length of the loan, the interest rate and the amount of debt retirement required each individual year for the \$36 million borrowed for Sylvite; I want that particular figure.

MR. SMISHEK: — Well, Mr. Chairman, you have raised a number of questions. Let me try to answer them, and then I am going to answer the last questions as well. You raised a question about the assumptions that are made on revenue from potash of last year as compared to this year. Last year we estimated \$118 million to come from potash and this year we estimate \$95 million. The reason for the difference is not because of taking over Cozy or Sylvite. Cory • mine, as I said yesterday, as well as Sylvite, are going to be paying the reserve tax and the prorationing tax in the same way. I think you are aware of that. One reason really is the level of production in total and we are hoping it might increase. Last year we had projected a production of 6.75 million tons. This year the revenue, and it was based on \$70 per ton and as you know the reserve tax is related to the price as well as the amount of sale, this year, we are projecting, because of the market hopefully we are low, production at 5.8 million tons and at the price of \$62.30. That

is the reason that the take is going to be less to the province.

Now I think we dealt with a number of other questions that you raised. I think that we dealt with them. You can probably raise other questions about the loan for the acquisition of Sylvite or the \$36 million. Really we borrowed \$75 million and the term of the loan is 5, 6, and 7 years - \$25 million to be repaid. Five year, 25, at six years, 25 and at seven years and the effective rate is eight and three-eighths.

MR. MacDONALD: — That is kind of interesting because, what it really means for the first seven years, the people of Saskatchewan are going to get absolutely zero out of Sylvite as far as revenue is concerned. If you take \$36 million, half of \$70; it is a little more than half; if you are going to pay back \$25 million a year for three years, the fifth, the sixth year, the seventh year, you are going to end up at what interest? Could you tell me what the interest charged per year would be? Eight and three quarters? What are the calculations? Well, I won't do the calculation because I haven't got a calculator here . . . maybe the Minister . . .

MR. SMISHEK: — Don't worry yourself.

MR. MacDONALD: — No, I don't want to get in to the mathematics of it. Now here is a point I want to make, Mr. Minister, and I am going to try and make this as brief as I can because I understand the boys got into it yesterday. This really concerns me, because it is a bad, bad decision in my judgement. We are talking here, first of all Sylvite, we will just take that as an example. Here is a mine that is being purchased that is now generating approximately \$10 million to the people of Saskatchewan a year and that can be, I got figures from the potash industry at 9.5 million. It may only be 9 this year; it may have been 10 last year but I am saying that we can be fair and round off the figures at 10. You can say it is 9 if you like and I won't argue with you.

The potash industry claims that as the price of potash increases the taxes increase. It is very funny, as you know how the reserve tax formula goes and I won't get into that; that is a very complicated thing. What I am saying is that what is really happening even if you gave Sylvite a 50 per cent net, profit and the potash Minister claims it is 15 per cent, we are talking \$15 million that you have gained if you owned it all, in taxes and net profit. Then you have a loan to repay, and I have to say that that loan on a five or six year basis has got an interest rate and everything else, if you amortize that over the seven years has got to cost you \$10 or \$12 million a year. It has to come very close and if, Mr. Minister, if your deputy would like to argue with that give him the exact figure. I would appreciate it. I say it has got to cost you at least \$10 million. So the first seven years you are going to make \$5 million, and I am saying that is at the outside. It could be \$3 million. That is going to be the return for the people of Saskatchewan, maybe five at the very most, \$5 million for the first seven years. But then all of a sudden you say that at the end of the seven years we have the piece of paper and get \$15 million if we keep prices as they are today. But at the end of seven years you have it.

Now let's take the other argument, or the other proposal. We turn around and just keep things as they are, the status quo, and let's not forget that the Energy Fund is resource revenue. It is coming to the people of Saskatchewan; that is number one. Number two, you are making approximately \$10 million a year in taxes, right now, from Sylvite, \$9 million if you want to say; I say \$10 million. From the \$108 million invested over a long term period when it turns around it is going to be bringing in nine to ten, that is over 20 and for the first seven years you are going to get \$5 million and for the same seven years you could use it by just leaving it as it is. You are going to get \$20 million and I am under estimating the \$20 million. So we are talking in the difference of \$5 million and \$20 million, and this is a maximization of resources. But then you say again in seven years we turn around and we get the title to the deed. Then we are going to make \$15 million of the \$12 million. But if you left the Energy Fund alone, you are going to take it in the reverse. You people know at 10 per cent it takes 7.2 years to double it. That \$108 million should now be worth \$216 million, and all of a sudden we are now talking about \$21 million of revenue in seven years, plus the \$10 million taxes, which is \$30 million. And all I am saying, Mr. Minister, and you are the Minister of Finance, and there are a bunch of financial officials behind you, and I say that a simple mathematician in Grade Ten or Grade Nine could calculate and tell you that the worst possible formula for maximizing resource benefits is to buy a potash mine that is already in the Province of Saskatchewan at an outlandish figure, which inflation is less then eight years, has doubled the value of the asset (at least you are paying double) and you are turning around here and because of a socialist philosophy to own that piece of paper, you are actually robbing the people of Saskatchewan of 50 per cent of the benefit of resource revenues in order for you to obtain that piece of paper. I challenge you, Mr. Minister, or any member of your officials in your department to say that those figures are wrong. When you start talking of my averaging, because you have the figures and I don't, but the philosophy is absolutely true and if you want to turn around and leave that Energy Fund in there for 15 years . . . you know something, we had \$500 million in the Energy Fund if you took interest. You should take that \$500 million for 15 years, then just think what the maximization of resource revenue would be for the Province of Saskatchewan. Just stop and contemplate it. And you can buy all the dang potash mines in the world you want and it would be a drop in the bucket as compared to what you would receive, or the people of this province would receive if you kept your cotton pickin' hands off the Energy Fund, and just let it double and triple and quadruple and use the resources then when the non-renewable resource of oil is dissipated and is no longer available. That's the only time you need to do it. Leave it in the ground, or leave the Energy Fund alone as long as you are receiving revenue from oil and when the non-renewable resource runs out then you have the interest. You know what the interest rate on the \$500 million would be; it would be astronomical.

I will just give you two simple examples. In seven years it would double - that would be \$1 billion, and because it is three or four years of age it would be about \$1, \$2 or \$3 billion. In 15 years it would be \$2.5 billion and that's \$250 million a year at current interest rates coming into the Province of Saskatchewan in 15 years from the resource revenues. You know what you fellows are going to have? Why you just want to own those pieces of paper. You want to own their potash. You have

nothing now, and if you buy the remaining 50 per cent of the potash thing you are going to take the next \$500 million and you know what you are going to get so that you own five mines? You are going to get \$50 million a year in revenue, maybe \$60 million, maybe \$70 million, and you are robbing the people of this province of \$250 million a year revenue, plus (that's just from the Energy Fund) plus the \$10 million of taxes each year that they are now getting from the potash industry.

You great mathematicians in the back seat, you great financiers sitting in there advising the Minister, you know what I am saying is true. I hope you have been advising the Minister and debating with him, because if you haven't you have been letting down the people of this province and letting them down very, very badly. All you are doing today is you will take \$108 million to purchase a potash mine that has been generating a revenue of \$10 million without buying a new thing, without buying an asset that isn't here, without creating a new job, without generating any new revenues except maybe 15, 20, 25 per cent above the taxes. Gentlemen, that's a bad decision for Saskatchewan and the concept and the tragedy of it is that your NDP supporters, Mr. Minister, you have been able to convince around the province that you have maximized resource benefits. What you have done you have done the exact opposite. You have dissipated them; you have destroyed them; you have robbed future generations of it, and all because of an NDP philosophy that you wanted it to.

It was kind of interesting; I talked to an old colleague of yours, John Richards, when I made the speech during the Budget Speech and brought this point out. He said I can't understand and the rest of Saskatchewan can't understand that argument. He said I just think it is important from a philosophy point of view, but he said, from a dollar and cent, you are absolutely right. You know it. I would like to hear your argument, Mr. Minister, how you can maximize resource benefits.

MR. SMISHEK: — Well, Mr. Chairman, I don't think that the Hon. Member added anything new to the argument on potash. It is the same thing that has been told so many times, the argument presented by the Liberal spokesman. I don't think that I can add anything new to refuting his argument outside of probably taking up 10 or 15 minutes to rebut him. I don't think that there will be very much new. We went through this whole discussion last night. I appreciate that he wasn't here, but his Leader raised questions as did some of his colleagues. The thing is that we really differ philosophically and we also differ with the Liberals financially, because on the long-term basis we are convinced that the investment we are making in potash, development of potash, the total resource development, is a good investment, and it is in the interest of the people of Saskatchewan. And that is our difference. Perhaps we will never be able to reconcile that.

I remember the other areas in the past that Liberals objected to and differed. I think by and large, history has proved that the measures which we have taken were correct measures and were in the interest of the people of Saskatchewan. There were some things that were not as successful, but by and large, Mr. Chairman, I think that the NDP decisions and judgements in the interests of the people of Saskatchewan are appreciated and accepted by the people. Time will tell how the people are going to judge us.

Perhaps, Mr. Chairman, I might just correct some of the calculations which the Hon. Member was making and how he was adding the sums up. In case of the interest rate, I think he was trying to charge up to one mine the \$75 million loan. It is \$36 million that is going to be assigned to them; the other money with the Potash Corporation, is invested and is drawing interest which in fact is better than what we borrowed because it is short-term. We are getting 8.5 per cent and we are paying eight and three-eighths per cent. So in fact we are making a little bit of money on the borrowing.

The loan, as far as I am concerned, is going to be repaid from the production of potash and the mines are going to appreciate. The important thing, as the Hon. Member knows, is that had it not been for the arrogance and the lack of co-operation on the part of the industry when we asked them to expand because of the potash demand as we see it, the world market is going to increase in the 1980s, and because of their position in taking the Government to court at every turn, that they left us virtually no option. I am glad that negotiations have been successfully concluded in the case of the two mines. I am hoping that as soon as possible we can reach that 50 per cent mark. True we and the Liberals are going to differ.

The other thing which is also important to remember is, that had the Liberals been in office the Energy and Resource Development Fund wouldn't have been here, because they would have passed that money on to their corporate friends. Now the Saskatchewan Government, through the wisdom of the Blakeney administration, was able to get that money. We know that the oil resource is a depleting resource and it is important, therefore, for us to develop other resources so that future generations have their future protected.

MR. MacDONALD: — Mr. Chairman, I just have a couple more comments. My goodness, I would like to get into a real debate with him.

First of all, when the Minister talks about the Energy Fund let's be honest. You sat on your hands, you sat on your butt, you refused to do anything when the price of oil skyrocketed and finally the Federal Government had to jump in with the Export Tax and you know it and everybody knows it. Bill 42 was an aftermath. You tried to get back at them as quickly as you could.

There is only one point I want to make, Mr. Minister, and I want to sum up my argument on the maximization of resource revenue. You know the one great tragedy is the NDP has been in the Province of Saskatchewan now for five years and they have not generated a five cent piece on new resource revenue. They haven't generated a five cent piece on new resource revenue, and that may be an extreme exaggeration, because it might also be an extreme certitude. You have produced revenue from the oil that you bought. There was existing production, but from potash, there hasn't been any new development. In oil what you have done, you have driven the oil companies out of Saskatchewan and now we have 200 wells a year being drilled most of them by Saskoil and SPC exploration. We averaged 1,000 wells a year for ten years. But in the interim, in that same period, private initiative has contributed \$500 million in the Energy Fund plus all the potash taxes.

Just stop for a moment and consider - close to \$1 billion I would evaluate coming from the private sector. Yet the NDP has spent this \$500 million. It dissipated everything else that we had and you haven't generated a five cent piece, and that is the fallacy of your argument, Mr. Minister. You say in the long-term that it is going to be a good investment, in the long-term. Let's not kid ourselves. If the Reserve Tax structure stays the same, the more the increased value of potash, the more you get in tax revenue. That's the name of the game and the Reserve Tax and you know it and T know it. It makes no difference what happens in the plight of potash, the equation stays the same and all I am saying, Mr. Minister, the maximization of your philosophy or your policy, your maximizing of resource revenue in this province by state control, state ownership, has been a disaster. The only revenue that has come into the coffers of the consolidated revenues of this province is from the private sector and you dissipated all the Energy Fund; you dissipated the future of this province for all the resource revenue that should be theirs in the years to come.

MR. R. N. NELSON (Yorkton): — Mr. Chairman, I thank you very much, you and the group for allowing me to introduce this group of very charming young ladies from Yorkton - 40 Brownies who are accompanied by seven other charming ladies - Mrs. Thompson, Mrs. Mroczko, Mrs. Lozinski, Mrs. Zmud, Mrs. Procyshyn, Mrs. Hebert and Mrs. Krasowski. These ladies have just arrived and I have been visiting with them for a few minutes out in the halls and they will be touring the city of Regina, visiting the RCMP building and various other places. I hope to meet them here again at 3:00 o'clock where we can have lunch and I am sure that you will all join with me in welcoming them to this House and wish them a very enjoyable and interesting stay in Regina.

HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Chairman, very briefly there is where we draw the sharp lines of difference. The Hon. Member argues that the private industry has generated \$500 million into the Resource and Development Fund, plus all the money from potash. Now this is where the real difference lies between us and the Liberals. We say that that resource belongs to the people of Saskatchewan.

MR. MacDONALD: — You are getting the money.

MR. SMISHEK: — It is not their resource. All we are doing, we permitted them to develop it, and that is not only our philosophy there are other governments, even many of the knowledgeable Liberals (it I may put it that way) who are prepared to open their eyes a little wider, agree that the resources belong to the people. All that we have done is allowed the private industry to develop it on behalf of . . . certainly, Mr. Chairman, it is true that they paid the taxes, but at the same time they have been very difficult. Some of them have refused and failed to pay taxes. Mr. Chairman, I again remind the Member that that resource belongs to the people, and we hope it will be developed in the interest of the people.

MR. A. N. McMILLAN (Kindersley): — Mr. Chairman, I have only two very brief remarks to make on segment No. 1 of the Budget Debate and they are both

sort of related in a way. The one concerns your idea or your attitude toward cyclical budgeting and I think it was a political move on your part to try and sort of convince people that that was going to be the approach you used, and in a sort of a perverse sort of a way you are, I guess, involved in this cyclical budgeting accounting procedure. I was trying to decide why your Government, or why anyone for that matter be he in the private industry or in the public accounting or Government accounting, would want to institute a cyclical budget. I think there are probably times when cyclical budgets are a real asset to a measurement of a measure of financial success and the reflection of the economic situation. I could think of one specific instance, probably where cyclical budgets would be used most, and that was through the introduction of a specific economic program by a private corporation or a government, a program which was to last perhaps for a period of five years and the government wanted to be in a position to measure the success of that program and have a reflection of the success of that program over a five-year period. Then I think if you instituted a five year cyclical budget and didn't worry so much about the specifics of annual accounting procedure and an annual financial statement, then I think it would probably be of some value. But I am not convinced. This Government certainly has shown a distinct lack of having any specific government economic programs to institute and it is difficult for me to understand why you have moved away from the standard procedure of reporting and measuring financial successes on an annual basis. I say that could probably be acceptable, or it would be more clear to me why you would institute cyclical budgeting, if you had a specific economic program you wanted to measure.

I would like to say as well, in regard to cyclical budgeting, there is a vacuum which exists there, and that is, of course, the fact that you haven't put a time limit on a cyclical budget. The Provincial Auditor suggested to you in 1972 when you made it well known that you were going to sort of attempt to keep this sort of budgeting practice, he suggested at that time that it would be wise for you to give the people of Saskatchewan some sort of idea about how long your cyclical budget would last. As you know, budgeting and accounting procedures are for the benefit of shareholders and those people that manage funds; they are a reflection of the sort of successes or failures of programs instituted and they are very necessary.

My point is that for you to institute a cyclical budget and say that we are going to measure our successes or failures not on an annual basis but on a cyclical basis, is useless, useless for you to submit a cyclical budget idea to the people of Saskatchewan if you don't tell them what the cycle is.

Now it is possible, we could come out of the eight years of your government and sit down over those eight years and say, well we had a cyclical budget for eight years and we ended up \$100 million ahead or \$100 million behind. That's fine, that would be one aspect. You could stand up and say, our Government in itself is an economic program and we want to measure our successes or failures on that basis. You haven't done that. It is possible that one could assume, and establish a 100 year period and measure the province's financial or economic successes from 1905 to the year 2005. The day we get to 2005 we can look back and say we have been coming in the right direction, we're in the black here as a province. I say

it is a failure of your government in economic planning not to have put a time limit on a cyclical budget. Give us some idea about what standards of measurement you're applying to our financial situation. That's the first question.

I would like to ask you if you can give me some idea about the length of this cycle?

MR. SMISHEK: — Mr. Chairman, it is a thing that is not easy to predict, because it is really based on the economic cycle, not in a particular period of years. I don't see any particular merit of setting out so many years, because that is not the way our economy functions. There are many variables in our economy. The thing that is important to remember and he talks about why we went into cyclical budgeting, he somehow misses the point, that all the annual measurements are still there and are available and he knows it.

If I could repeat myself again, but I refer him to page 22 of the Budget Speech, where we state the 1973 position that we took; there is no magic in annual budgeting. In fact, most of the people don't live on the basis of year to year; it is a longer period than that. Mr. Chairman, I might mention to the Hon. Member that I have had a number of people that are fairly knowledgeable in the area of government financing and budgeting that are indeed complimentary of us, going into a cyclical budgeting system and making it work. Others have tried it and have not been successful, so that in itself says something about the effectiveness of our people to be able to make the whole system work. It is a fairly simple and straightforward position. When we started cyclical budgeting in 1973, in the first three years we accumulated money. We didn't go and spend unnecessarily; we put money away, because we said, based on the Saskatchewan economy which is still largely an agricultural economy, we do face problems of markets, we do face weather conditions and unforeseen problems as we did last year, and some downturn because of world markets in grain sales in the coming year. We do have money to be able to offset those small deficits that have taken place and still end up with a surplus.

Mr. Chairman, there is no particular period of time; it is not a period of five years or six years or three years; it is over an economic cycle.

MR. McMILLAN: — Mr. Minister, in effect you say, we are very proud of the fact that we have been able to make a cyclical budget work. I don't follow you there. I am not a professional accountant, and neither are you. I think you and I probably approach these things and look at them on sort of the same level, as a layman. What are you making work?

You say now, instead of losing money this year, instead of having a deficit, we don't; we have a cash carry forward of \$27 million. Your cyclical budget hasn't changed anything in Saskatchewan. All it has done is change your means of reporting, and this was to be my second point. I want to point out to you that you have done something that I consider a little strange. I don't think it accurately reflects the true financial picture in Saskatchewan as we have generally established it on an annual basis. You suggest there is not magic in annual financial statements. Well, there is. There is a lot of magic. The

magic is to the people of Saskatchewan. We have to take a look at one specific period of time, examine our financial statements and measure our successes or failures, always in the past; there were few exceptions. It has always been done on an annual basis. There is magic in that. There is magic in doing it on a five year basis or whatever term, if you want to apply a cyclical budget. There is a lot of magic in sitting down and examining financial statements. If you don't think the appropriate way to do it in Saskatchewan is to do it on an annual basis, tell the people of Saskatchewan on what basis and on what terms or length of time you would like them to be able to measure your success. I ask you how long this cycle is going to last, what period of time are we supposed to examine, as the public, to determine your successes or failures. You say, you don't know; it depends on the economy. I'll tell you what it depends on if it comes to the next provincial election, and you have been in for eight years, and we are down \$400 million or \$500 million in finances, over what you would term a cyclical budget from 1972-79, for example let's say we are down \$800 million. That could be a cycle of your government. You are going to say to people, no, no, don't measure our successes or failures on the basis of these seven or eight years, or our economic program has only just begun. We are not completed. I say that until you put a lid on that cyclical budget or give us some idea about the length of time you expect us to be patient and wait to measure your successes, it is useless; it is not working.

Maybe you have received some accolades for being able to apply accounting procedures to government accounting in such a way as to be able to reflect budgeting on a cyclical basis. I say that is no great success. You may find yourselves in some sort of problem in the next few years when the Committee that is establishing the establishment of generally accepted government accounting principles comes in and suggest to you that the best way for you to report to the people you represent is on an annual basis. You have no idea what is going to happen. Don't tell us your program is a success yet.

I just wanted to point out that you are not doing the people of Saskatchewan a favor by putting in a cyclical budget and then saying, don't judge us on our successes. That's all that an annual financial statement does. That's why we do it from March 31, to March 31. It is to give us some idea about the progress or lack of it that we have made in a year. Now you have taken that yardstick away from us. We still have our annual financial statements. We are prepared to use those, because we can't measure you on a cyclical basis; you won't tell us what the cycle is. As Opposition Members it is our responsibility to report to the people of Saskatchewan your level of success. We get up and we do it; we only have one yardstick, your annual financial statements.

We stand up in this House and we say last year, the Government was a failure in economic terms. You get up and say, hogwash, it is not true at all, you can't use that annual statement; it's not a yardstick for you to use; we do it on a cyclical budget; that's the yardstick which you must use. What are you doing to us, if we have to accept that? Then we can't report to the people of Saskatchewan. We can't. What are we to say if you don't allow us to use your annual financial statements?

We can say our progress to day, based on the annual financial statements that the Minister doesn't like us to use, has not been good. They say to us, well when will you have some idea about the performance of the Government? What are we to tell them? We don't know. We are not provided with a yardstick. The Minister refuses despite the suggestion by the Provincial Auditor that he put a limit on the cycle, or at least inform us as to how long that cycle is going to be, refuses to provide us with that information, in fact, won't take a stand. I say, if we are to accept your suggestion that we accept the cyclical budgeting from the Provincial Government, then you are not doing the people of Saskatchewan a favor at all.

I'll point out one thing. If we are to abandon the annual financial statement as a measuring stick, how misleading it can be to the people of Saskatchewan. You have abandoned it, and you have attempted through its abandonment to mislead the people of Saskatchewan. Here's how you do it.

Estimates, and you list here the cyclical budget at this time runs from April 1, 1972 to March 31, 1978. I suppose that's a cycle; that's a cyclical budget. Here's what we do; we measure your annual financial success.

Budgetary revenues from this year, Budgetary Cash Inflow \$1.4 billion, approximately \$1.5 billion, estimated net cash decrease \$45 million, Cumulative Cash Carry Forward, \$111 million. This is your cyclical budgeting term. It is listed under Budgetary Revenue. Now I asked the Provincial Auditor, I said, "Would this be considered a generally accepted accounting practice to, in effect, take a net asset, transfer it to a current account, revenue, and call it revenue, or income for the province?" He said, "Well, you can't actually say it's not a generally accepted accounting practice, because there are no such things for governments." There are no generally accepted accounting practices; that's why we have a committee today in Canada trying to establish such things. I suggest to you that if they take a look at the way you are applying accounting principles to Saskatchewan, that their suggestions and their final committee report will be radically different from the procedure you have adopted here. Your Cumulative Cash Carry Forward is not a revenue; it's an asset.

This year, your performance, on the only yardstick that we are provided with, that we can meaningfully measure, your performance is bad from an economic standpoint. We are going to lose money in this province, \$60 million. It's going to work out to deficit budgeting it's called. Your way to overcome that, to make it look to the people of Saskatchewan as though we are not going to lose any money this year, is to say No, we have \$111 million in revenue that we get from last year's revenue. That's what you are saying. The normal procedure in private business would have been to close that cash account out at the end of last year, transfer it to net assets, either owners equity or retained earnings, one form or another, transfer it to assets and start all over again this year.

If the company found it was going to be \$65 million short when it drew up its budget for the coming year, it might look very seriously at transferring a net asset account to a current account and it would list it as a loan, I am sure, or a transfer of some nature. I say that for you to list it as revenue is inaccurate. I say that is tied into your supposed concept of

cyclical budgeting. I don't think it affords the people of Saskatchewan an accurate picture of the financial position of Saskatchewan. That's my only point.

MR. SMISHEK: — Mr. Chairman, just very briefly. The Hon. Member is referring to page 8 of the Estimates. I think he is misreading what is said. It says statement of estimated budgetary revenues and expenditures for the partial fiscal period April 1, 1972 to March 31, 1978. Budgetary Revenues, \$111.6 million. That's what it's saying. I think the Hon. Member misses the total point. There is still very clear accounting on a year to year basis, but we are not that; this Committee wouldn't be sitting. We are providing the Committee and the Legislature with full estimates of what we project the revenues to be, as well as what we expect the expenditures to be for this year, item by item, as has been the case in the past.

Mr. Chairman, I draw the Hon. Member's attention to page 22 of the Budget Speech? I think if he reads that more carefully, he will see more carefully what has happened.

MR. McMILLAN: — I only have one further thing to say. I don't argue with what you have in the book there. I think if you apply the only yardstick we have to measure financial success, your \$111 million there is misleading. You have said this applies to April 1, 1972 to March 31, 1978. I want you, when I sit down to turn to your deputy minister next to you and ask him why we submit financial statements. It is to reflect our economic position, our measure of success or failure. I am saying you are removing that yardstick from the people of Saskatchewan by adopting a cyclical budgeting procedure and not telling the people of Saskatchewan what the cycle is. How are we to measure? We come to you and say, to date we are not pleased. You say, well, don't worry, we are way up we're still ahead net money, 1972-1978. That's nice to know but it is meaningless as far as our ability to measure your successes. My only point is that you would be doing everyone in. I don't argue with your approach to cyclical budgeting. I think there is probably a great deal of merit in it particularly for governments which want to measure their own successes and are confident that they have them to go on, and I assure you if we form the Government in 1979 and are there for four years or eight years or twelve years we are going to go back to the people of Saskatchewan and say, "Look, we were in power here for eight years from 1979 to 1987; here is our success in that period of time." Are you telling me that the cycle of this Budget will last until you are out of power and that will be your measure of success? That's all I want to know; give us some idea. You say, we don't know; it depends on the economy. If the economy slumps badly I know darned well how long your cycle is going to last. It is going to last until it comes back to a point where you think it will make you look good politically. And if in 1979 you are still ahead money, that's when the cycle is going to end because you are going to stand up and say, "we've approached this economic management of the province as a party, as a government. Here is our term of office. Here is our cycle of budget and we were successful." That's the question I asked you; give us some measurement, some yardstick. Don't tell us it depends entirely on the economy how long your cyclical budgeting lasts.

MR. SMISHEK: — If the Hon. Member wishes to measure on an annual basis he is free to do it. He can apply his own interpretation. Now I can't determine what the economic cycle is going to be and if he at some future time wants to measure things on the basis of duration of the political success of any particular government, that is possible to measure. You know, we are not setting out in this Budget any particular one form. The annual Estimates are provided and, therefore, there is a clear measurement on an annual basis as well as over a longer period of time. If he wants to go back for another year, which is easy to estimate, he can make his own choice, Mr. Chairman.

Item 1 agreed.

Items 2 to 4 agreed.

ITEM 5

MR. R. KATZMAN (Rosthern): — Mr. Minister is this the figure that it costs you to collect the education and the five per cent? What is the total pay-out that you pay to the people that collect that for you a year?

MR. SMISHEK: — Mr. Chairman, the amount that was paid to vendors, I think that was the question that you asked, was \$2.9 million in total. This is from where the E & H tax is administered.

Item 5 agreed.

ITEM 6

MR. KATZMAN: — Is there any commission paid to the people who collect the tax on your behalf like Gulf Oil and these other oil companies? With the Education and Health Tax there is a commission paid that is collected on your behalf. Is there any commission paid to any of the collectors, the oil companies and so forth on this tax, the gas and so forth?

MR. SMISHEK: — Yes, in both the motor fuel as well as tobacco.

MR. KATZMAN: — Do you have the figure please?

MR. SMISHEK: — On gasoline, one-tenth of one cent per gallon. In the case of industrial fuels, one twenty-fifth of one cent per gallon.

MR. KATZMAN: — Do you have an approximate approved figure you think that will be the total payout? If you don't have it handy you can give it to me later.

MR. SMISHEK: — We don't have it handy. We will try and get it for you.

Item 5 agreed.

ITEM 7

MR. McMILLAN: — Well, I have a fairly simple question for the Minister. I note that this year he expects to collect \$1.6 million under Succession Duty Tax. I suspect that is deferred payments. I hope that's all it is. Previously he collected \$4 million. I wonder why the increase of four people on his staff and a budgetary increase of roughly \$90,000 at a time when the department is supposed to be shutting down services?

MR. SMISHEK: — Mr. Chairman, as you may be aware the office was established in late 1974 to administer the two Acts; when the Federal Government discontinued the collection of the activities on behalf of the province, staffing was kept to a minimum because we did not know precisely what the work-load would be. Experience in the past year and a half indicated that an increase in staffing was needed notwithstanding that only three per cent of the estates in Saskatchewan are dutiable, returns must be filed on all estates. For every estate, you have to file a return. Now that we have decided to eliminate both Succession Duties and Gift Tax the activities of this division will be gradually wound down. It is not possible to simply abolish the division and eliminate the provisions for the following reasons: (1) Succession Duty returns may be filed within six months of the time of death, so you have that period of time to wait, therefore, it is possible that we will still be receiving returns up until June. (2) Some of the dutiable estates, especially the larger ones, are exceedingly complex and negotiations with lawyers and trust officers regarding the evaluation etc., are frequently prolonged for several months. (3) Where duty is payable it may be spread over a period of six years, therefore, it is possible that we will be receiving some revenue up until 1982 and 1983.

MR. McMILLAN: — Well, the point is, in the past from 1972 until this year you've operated apparently with eight people or less I expect. You have operated all the functions of this office and handled deferred payments and you have handled the very large estates that you are going to be handling this year. This year you may be handling estate, the same number of estates you handled last year, roughly, you may be handling them up until June, up until six months, up until one half as long as you did last year. Conceivably the work-load this year will be one half what it was last year except for, hopefully, the elimination of some pencils and erasers out of your office and that stuff that has to be moved. I don't understand how with potentially one half the work-load this year, because your department is going to be only operating on an active basis, receiving submissions and returns up until June, how you can warrant a 50 per cent increase in the number of staff and a \$90,000 increase, better than 50 per cent, in your budget. You didn't adequately explain it to me. You said, we are still going to be carrying on part of our duties but they are only going to continue until June.

MR. SMISHEK: — Mr. Chairman, point number one, as I said earlier, it will really be administration. Succession Duties and Gift Tax will carry on until 1982 to 1983. I want to bring to the Hon. Member's attention that the four added positions were added during the year of 1976-77 because remember every estate has to

be reported. It was during the year that we added those positions. We are not adding them as of April 1st. We are hoping that based on the experience that we will have during the year that we will be able to eliminate some of the staff but it will not be possible to abolish all the staff. Now we will be monitoring that very carefully; we're not adding jobs for the sake of adding jobs. The longer the Succession Duties stayed, the larger volume of work there was for administration because of the roll over for a period of six years; but I am hopeful, the staff here, the senior officials, are hopeful that past June we will be able to monitor and be able to start grinding it down and reducing staff.

MR. McMILLAN: — Yes, well it still dismays me how for four years you had a staff and the year you are going to shut it down you increased staff. I can assume then when I look at that figure of 12, if we were to come back here next December probably it would be greatly reduced. I can't conceive how you would have any great difficulty in handling deferral payments. You receive the cheques, transfer them to the Finance Office or whoever cashes them for you or transfer the funds checking off the amount owed and if they aren't paid you get a collection agency going and that's that. I am glad to hear you say you hope that it will be considerably honed down by the end of the year but it is a pretty dismaying figure.

MR. SMISHEK: — Yes, but we have to budget for it.

Item 7 agreed.

Item 8 agreed.

ITEM 9

MR. KATZMAN: — Are any of these employees transferred from other areas within the department and that is why it shows as a separate item?

MR. SMISHEK: — It used to be a management improvement branch.

Item 9 agreed.

Items 10 to 23 agreed.

ITEM 24

MR. KATZMAN: — Is that the three cents per gallon of gas?

MR. SMISHEK: — Right.

Item 24 agreed.

Items 25 to 28 agreed.

Vote 12 agreed.

Vote 44 agreed.

Vote 51 agreed.

Vote 55 agreed.

Vote 56 agreed.

VOTE 57

ITEM 1

MR. J. G. LANE: (Qu'Appelle): — Mr. Minister could you explain that Crown enterprise share in the Statutory?

MR. SMISHEK: — That is the interest on public debt paid to us by Crown Corporations, Mr. Chairman.

Item 1 agreed.

Supplementaries

ITEM 8

MR. LANE: (Qu'Appelle): — Mr. Chairman, the Government has indicated that it is getting out of the disaster fund, the disaster relief fund. People are being pretty bluntly told that they better take out SGIO insurance because the Government is going to assist them.

I raise the matter and the present Minister of Government Services indicated that that wasn't true. I now see TV ads stating that, in fact, that is the Government's position. Would you explain what the Government's position actually is on the provincial disaster relief fund? Is the Government out of this totally as the SGIO ads indicate or is it still going to have a disaster fund?

MR. SMISHEK: — Mr. Chairman, the intent of the new program that we are trying to develop is to provide assistance in those areas where no insurance is available. Where you can buy insurance, that is an area where we are not going to be providing assistance. As things stand there was a fair bit of discrimination. One group of people buy insurance, pay the premiums and there is a disaster; they collect the benefits. Another group of people don't buy insurance even though insurance is available. Now there are areas that insurance is not available and that is where we will provide assistance and part of our program has also been operated with the Federal Government. Those are their rules as well.

MR. LANE: (Qu'Appelle): — The Federal Government rules have they been changed in the last year that would change them to what you have just said? My understanding is that in the Federal rules pay a graduated percentage depending on the value of the damage. Has that been changed? What are the new Federal rules that you are referring to?

MR. SMISHEK: — That is right. It is their interpretation, Mr. Chairman. Up until, as I understand it, up until 1974 there was one set of interpretations but since then they have taken the position of whatever is insurable they are not going to provide assistance.

MR. LANE: (Qu'Appelle): — I find the policy somewhat in conflict with statements

made by Government Members opposite. What you are doing is putting an unfair burden on those who cannot afford insurance for these other matters which is contrary to the public proclamations of the Government Members opposite. I think it is an unfair burden. I think it is probably cheaper for the Government to continue the existing situation and repair for acts of God or whatever which are not covered by insurance as had been done in the past, for those events that happen very seldom. To require people to take out insurance now and seemingly mainly through SGIO will do two things. (1) It is a sneaky way of getting some added revenue for SGIO. (2) It discriminates against the lower income people who will not be able to afford the added insurance, and for that I disagree with your policy.

MR. SMISHEK: — It is unfair to suggest the people have to buy insurance from the Government Insurance Office as that is not the case. They can buy insurance from anyone. It is their right to buy insurance wherever they can. I suggest to the Hon. Member if, for example, that both he and I own a home and a fire occurs; he insures his home and pays the premiums over the years and I don't. He will then collect insurance and he is saying that because I haven't insured that somehow the public should be responsible, that I as an individual had no responsibility to buy insurance for protection of that home.

Federal rules have changed and I think there is an argument for that. We have had differences as well in some of the areas in their application. But it seems to me wherever insurance is available the people do have a responsibility to buy insurance and I don't think it is necessarily discriminating.

MR. LANE (Qu'Appelle): — Would the Minister refer to me exactly what provisions you are referring to on the change in the Federal rules. I believe it was done in the past by Order in Council. There was a certain graduated scale depending on the amount of the damage. There was a cost-sharing program and it varied. If that has changed I would like to know when it was changed?

MR. SMISHEK: — Are you asking whether the Federal disaster program is still there and the formula hasn't changed? It is the application of the formula. In case there is a disaster, the Federal Government is saying now, as I understand, since 1974 wherever insurance is available they are not going to provide for cost-sharing.

MR. LANE (Qu'Appelle): — I am asking you to either refer to me or give to me a copy of the regulations or whatever that you are referring to, because my understanding in the previous position was that the Federal Government supplied the funds based on a certain formula and it was the Provincial Government; that in fact, determined how the money was to be allotted.

MR. SMISHEK: — Mr. Chairman, the Federal Government, I am told, does not have such a thing as regulations; they have guidelines. The interpretation that they gave us, back in 1974 has changed and I can tell the Hon. Member that since 1974 we have received nothing. In 1974, 75, 76 in Federal cost-sharing, we can give you the formula and the guidelines as they apply. I don't have

them here.

MR. LANE (Qu'Appelle): — I am aware of the formula and you advise this House that it hasn't changed. I would like to get a copy of the guidelines because I can recall over the last couple of years, the Government opposite making it very clear that how this money was to be spent was their decision and that the Government was taking full credit for the handouts for people who had to leave their homes, the one-shot effort pending the last Qu'Appelle election, for example, that type of manipulation of the funds, which was done for pretty narrow political purposes.

If the guidelines have been changed so that the Federal Government is saying it is only non-insurable items, so to speak, that can be covered, I welcome the guidelines and I apologize if that is the case for leaving any impression that it was a Provincial Government's decision. I find it strange that up until very recently, under the same formula, the Provincial Government could spend as it saw fit and then made an application for the blanket amount based on the total amount of damages. I have a strong suspicion that, in fact, what has happened is that it is a Provincial Government decision as to how disaster funds are to be allocated.

MR. SMISHEK: — Mr. Chairman, for the information of the Hon. Member, any money that has been paid out has been provincial money and then there is a claim made to the Federal Government. I can tell the Hon. Member that since 1974, 75, 76 we have not received a single penny from the Federal Government in assistance and their position is as my officials tell me, a very rigid position, that anything that is insurable they are not going to cost share. It is only those things that are not insurable that they are prepared to take a look at any cost-sharing.

We will be glad to give you the guidelines for your information.

MR. LARTER: — Mr. Chairman, could I ask just one more question? This concerns me, just what the Member for Qu'Appelle is asking. We have, on this sharing plan from the Federal Government and the Provincial Government on flood claims, we have, I would guess \$100,000 claims down in our area that have never been honored; it was promised by the EMO. I wonder what is to happen in this case? Is the Provincial Government going to pick up these then?

MR. SMISHEK: — Mr. Chairman, I don't know the particular case, I would be glad to discuss the problem with the Member after, and look into it.

Item 8 agreed.

Item 30 agreed.

Vote 11 agreed.

Supplementary Estimates agreed.

MOTION

SITTINGS OF THE HOUSE

HON. R. J. ROMANOW (Attorney General): — Mr. Speaker, by leave of the Assembly I would move seconded by the Member for Kelsey-Tisdale (Mr. Messer) that:

Notwithstanding Rule 3, this Assembly shall commence Wednesday, May 4, 1977, and each Tuesday, Wednesday and Thursday thereafter meet at 10:00 o'clock a.m. and there shall be a recess from 12:30 o'clock p.m. until 2:00 o'clock p.m.

MR. R. KATZMAN: — May I ask a question? I assume that refers to only the third session of the 18th Legislature?

MR. SPEAKER: — This particular Resolution would only last until this session is completed; it is not irrevocable.

Motion agreed.

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