

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Eighteenth Legislature
47th Day

Wednesday, April 27, 1977

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

On the Orders of the Day.

INTRODUCTION OF GUESTS

**MEMBERS OF THE CANADIAN BRANCH OF THE COMMONWEALTH
PARLIAMENTARY ASSOCIATION**

MR. SPEAKER: — Today I would like to, at the beginning of this item, take the opportunity to introduce a very distinguished delegation from Ottawa. They are here on behalf of the Commonwealth Parliamentary Association and are sitting in the Speaker's Gallery. The delegation consists of Dr. Maurice Foster, Member of Parliament, who is chairman of the Canadian branch of the Commonwealth Parliamentary Association and Mr. T. C. Douglas, who is the vice chairman and chairman of tours and provincial coordinator for the coming Commonwealth Parliamentary Conference to be held in Canada this fall. They are accompanied by Mr. Ian Imrie, executive secretary-treasurer of the Commonwealth Parliamentary Association.

I know that all Members will join me in welcoming these delegates from the mother branch of the Commonwealth Parliamentary Association. I might say on a more personal note that Dr. Foster began his career as a veterinarian in Carnduff, Saskatchewan, so he is not unfamiliar with the Province of Saskatchewan. Mr. T. C. Douglas, although he didn't begin his political career here in Saskatchewan, at the provincial level has more than a nodding acquaintance with politics in Saskatchewan. I would like these gentlemen to stand and be recognized.

HON. MEMBERS: — Hear, hear!

HON. A. E. BLAKENEY (Premier): — Mr. Speaker, may I add my word of welcome to those so ably expressed by you to the group representing the Canadian branch of the Commonwealth Parliamentary Association. We have always had close ties with the Commonwealth Parliamentary Association and have considered it a very worthwhile way to keep our Legislature and its Members in touch and in tune with developments in the parliamentary scene all across the Commonwealth. Many of us have been welcomed in London and in other Legislatures and Parliaments of Canada and the Commonwealth. We have on those occasions very much appreciated the close links we have maintained with the Commonwealth Parliamentary Association.

May I express a particular welcome to a former Member of this Legislature from the constituency of Weyburn, from 1944 to 1961, and former Premier of this province from 1944 to 1961, T. C. Douglas and who, therefore, is no stranger to this Chamber and we welcome him back very warmly indeed.

HON. MEMBERS: — Hear, hear!

SENIOR CITIZENS 'ACTION NOW GROUP

MR. P. P. MOSTOWAY (Saskatoon Centre): — Mr. Speaker, I will be very brief because of the shortage of time. I would like to take this opportunity to welcome to this House a group of senior citizens called 'Action Now.' I am sure that most Members are aware of their activities and the things they have done and the things they are striving for in this province. It is their petition which I just presented very recently.

I would, in particular, like to recognize and ask this gentleman to stand up, the vice-president of Action Now, Mr. Joe Phelps, who is seated, I believe, behind me. If you would stand up, Mr. Phelps.

HON. MEMBERS: — Hear, hear!

MR. MOSTOWAY: — One who shares much of the workload with Mr. Phelps, and this is not to say that others don't also, Mrs. Eva Phelps. I think she is in the Speaker's Gallery. I would like you to welcome them, and I would also like you to recognize one other gentleman, a gentleman well known in Saskatoon and area, Dr. John Marion. I wonder if we could have you stand up, Dr. Marion.

HON. MEMBERS: — Hear, hear!

WELCOME TO STUDENTS

HON. N. E. BYERS (Kelvington-Wadena): — Mr. Speaker, I should like to introduce to you and through you to the Members of the House 30 Grade Ten students from the Kelliher High School. They are seated in the Speaker's Gallery and are accompanied here today by their teacher, Mr. Allan Shire and their bus driver, Mr. Jim Miller. Kelliher is one of the many high schools in my constituency and it does make fairly regular visits to this Legislature. I hope today that all Members will join with me in welcoming this group of students to this Legislature and hope that their visit here today will enhance their interest in the parliamentary system of democracy.

HON. MEMBERS: — Hear, hear!

MR. S. J. CAMERON (Regina South): — Mr. Speaker, I should like, if I may, to introduce to Members of the Assembly, through you, a group of Grade Eight students from Deshayes School in my constituency. They are accompanied by Mr. Foster, their teacher. I am sure they will have an enjoyable afternoon. I know being here beats being at school in any event and I look forward to seeing them a little later on.

HON. MEMBERS: — Hear, hear!

MR. E. F. A. MERCHANT (Regina Wascana): — Mr. Speaker, I wonder if I might join with my colleague, Mr. Cameron, in welcoming the group from Deshayes School. The students may know or may not know the school is named after a

very active Liberal, a Deshayes whose son practised law with me. As Members might be interested to know, three of Mr. Cameron's daughters, including one of the people in the gallery, all attend that school.

HON. MEMBERS: — Hear, hear!

WELCOME TO GUESTS

MR. J. G. LANE (Qu'Appelle): — On behalf of the Conservative caucus I should like to join with you and the Member for Saskatoon Centre in welcoming those representatives of the Canadian branch of the Parliamentary Association and also the very distinguished representatives from Action Now. We wish them sincere best wishes in their efforts.

HON. MEMBERS: — Hear, hear!

WELCOME TO STUDENTS

HON. N. VICKAR (Melfort): — Mr. Speaker, I should like to introduce to you and through you to this Legislature, a group of 35 Grade Eleven and Twelve students from the village of Annaheim in the Melfort constituency. This group is accompanied today by their teachers, Mr. Stolar and Miss McMorris, also their bus driver Mrs. Verhle.

I would like to welcome the students to the Legislature. I hope they had an enjoyable morning and I am looking forward to meeting them out at the well. I wish them a safe journey home.

HON. MEMBERS: — Hear, hear!

QUESTIONS

WHAT DOES GOVERNMENT CONSIDER TO BE ACCEPTABLE VACANCY RATE

MR. G. H. PENNER (Saskatoon Eastview): — Mr. Speaker, a question to the Premier in the absence of the Minister in charge of the Rentalsman's office.

Mr. Premier, the Minister has indicated on a number of occasions that the rent controls as they were introduced last year are here until there is an acceptable vacancy rate. I wonder if you could indicate what your Government considers to be an acceptable vacancy rate?

HON. A. E. BLAKENEY (Premier): — Mr. Speaker, I cannot give the Hon. Member an acceptable vacancy rate numerically, since vacancy rates are obviously a rather crude tool of measurement. It is possible, I suppose, to have a hundred vacant homes in Albert Park, all of them selling at something over \$100,000, and that would not appreciably contribute to assisting people to get rental accommodation. Even if they are available for rent at \$1,000 a month, that will also not contribute appreciably. Accordingly what we must look for are signs of the availability of rental accommodation within the means, or reasonably within the means, of those who are seeking rental accommodation. There is no such thing as cheap accommodation these days, but cheaper accommodation. I can't put a numerical figure on that. Certainly we are not looking for any huge vacancy rate of 5 per cent or 10 per cent. I would hope that there would be a vacancy rate which would offer tenants

some choice. Because obviously that is why one puts on controls, because there is a shortage of something or other. If there is no shortage of merchandise presumably one needs no controls on the price of that merchandise, if there is active competition. Similarly, I suppose if there is no shortage of rental accommodation there will be no need for controls; again provided there is active competition.

MR. PENNER: — A supplementary question, Mr. Speaker. Would the Premier give us some indication of his Government's assessment of the situation during the past 12-month period with regard to whether there has been an increased vacancy rate, not for 100 homes or so in an elite suburb of a community, but generally speaking across the community for example, in Regina.

MR. BLAKENEY: — While I do not have figures at my disposal, I think we have detected a modest easing, a very modest easing, of the availability of rental accommodation, both in Regina and in Saskatoon during the last 12 months. Whether or not that will continue will depend upon the level of construction of rental accommodation in the forthcoming 12 months. Members will of course know that none of this new accommodation is subject to the rent control program.

MR. PENNER: — Final supplementary, if I may, Mr. Speaker. In light of the fact that the Premier indicates that there has been an easing of the rental situation in Regina and he has mentioned in Saskatoon, would the Premier care to indicate why his Government has chosen to introduce a Bill which in effect places another level of bureaucracy in the control mechanism at a time when it would appear, in light of what the Premier has said, the Government ought to be moving to a decontrol kind of arrangement.

MR. BLAKENEY: — Mr. Speaker, I think the Hon. Member misconceives the legislation. It is in the hope of being able to facilitate decontrol that we introduced the legislation. The last time this province had rent control legislation was during war time and the years immediately following. And the process of decontrol involved firstly, the decontrolling of newly constructed accommodation, which is already part of our regular program. And secondly, the conversion of rent control to rent review, whereby each unit of accommodation was not subject to prior control but was subject to control on application by the tenant. It is for the purpose of enabling us to set up a rent review program, so that we can move from control to review to decontrol in an orderly way that we have introduced the amendments which are now before this House. May I add, for the benefit of the Hon. Member that our problems with respect to setting a date for decontrol of rent are not unique to Saskatchewan. Members will have noted the press which indicates that Alberta rent controls are to continue until 1980 notwithstanding they have made clear that their prices and income controls are going to be discontinued long before that date.

GOVERNMENT POLICY RE FAMILY HOSPITAL

MR. E. F. A. MERCHANT: (Regina Wascana): — Mr. Speaker, I want to direct a question to the Minister of Health. The Government, as Members know, has announced policy that pediatrics and maternity will be moved from the Pasqua Hospital to the General Hospital, as urology was moved to the Plains Hospital. As a result of certain recent circumstances it would appear that the Government is perhaps moving away from that policy which is raising hopes by doctors and people in the area that a truly family hospital will be maintained in their area.

Has the Government changed its policy, can the doctors and people of that area look forward to the possibility that you won't be taking pediatrics and maternity from Pasqua?

MR. BLAKENEY: — Mr. Speaker, I will answer Hon. Member by indicating that the Government has no policy with respect of that except to leave the operations of the hospitals in the hands of the hospital boards. If the Hon. Member suggests it, we can find out from the hospital boards what they have in mind and transmit the views of the board to him. But we do not indicate to the boards where they ought to operate urology and where they ought to operate pediatrics.

MR. MERCHANT: — Supplementary, Mr. Speaker. As Members will be aware the Clarkson Report to the Government suggested the move. Is the premier saying that indications are that there has been any change in that policy so that a family hospital can be maintained in light, Mr. Speaker, of recent thinking that a family practitioner should be able to conduct all of his practice in one hospital rather than having to flit from hospital to hospital. Is the Premier suggesting that there has been a change by the hospital boards in their planned policies in the South Saskatchewan region?

MR. BLAKENEY: — Mr. Speaker I tried to make clear, first, that there is no Government policy, so that strictly speaking, I am not able to answer the Hon. Member about Government policy, on which he is entitled to question the Government. With respect to the hospital policy, we have not been advised of any firm decisions taken by the hospital board in this regard. I again offer to solicit from the hospital board, views, if the Hon. Member wishes me to do so.

WILL KAMSACK REFINERY OPEN IMMEDIATELY

MR. R. A. LARTER (Estevan): — Mr. Speaker, a question to the Minister of Industry and Commerce.

The Kamsack petroleum plant was closed down in October, 1976. The refinery was closed down in October, 1976. Will the Government give support to the people of Kamsack by announcing a program to reopen this refinery immediately and give the jobs back to the people who were laid off when the refinery was closed?

MR. SPEAKER: — Order! Next question.

WILL MINISTER RESIGN IF GOVERNMENT DOES NOT ADOPT MARKETING BOARD POLICY

MR. W. C. THATCHER (Thunder Creek): — Mr. Speaker, a question to the Minister of Agriculture. In light of the very favorable news that the livestock industry received yesterday in that the Federal Minister of Agriculture (Mr. Whelan) will resign if the Federal Government does not adopt a marketing board policy, would the Minister of Agriculture consider doubling the good news to the livestock industry by indicating whether or not he will resign if his Government does not adopt a similar policy?

HON. E. KAEDING (Minister of Agriculture): — Mr. Speaker, No, I will not give him that assurance.

MR. THATCHER: — Supplementary question, Mr. Speaker. So much for the doubling of the good news. Would the Minister indicate whether in view of his position on livestock marketing boards which have not been implemented by his Government, but which the Minister continually puts forward as his proposals, would the Minister not consider it to be appropriate to put such a plebiscite to the cattle industry in Saskatchewan and stand or fall on a personal basis on the results of such a plebiscite?

MR. KAEDING: — Mr. Speaker, I think that I have indicated fairly clearly in the past that I am prepared to listen to farm groups and livestock groups that want to discuss with me possibilities of bringing in that kind of a program. I have heard from one group, I haven't heard from any others at this point in time. I am still waiting to hear from other groups. I think we need to have a fairly clear indication from farmers across the province what they want in the field of livestock marketing. Certainly we will be waiting to hear what they have to say. At that time we will make up our minds as to what we are going to do. In the meantime I can assure you that I have no intention of resigning my position.

CORRECTIONAL CENTRE – SASKATOON

MR. H. W. LANE (Saskatoon-Sutherland): — In the absence of the Minister of Social Services, a question to the Attorney General. From the recent announcement of a proposed correctional centre in the city of Saskatoon, I am wondering whether there has been any move taken by your Government to ensure that in light of recent escapes and disturbances at correctional centres you will increase the level of guards to prisoners at the correctional centre in Saskatoon?

HON. R. ROMANOW (Attorney General): — Mr. Speaker, as the Member no doubt will recall during the consideration of Social Services Estimates, I believe the Minister clearly demonstrated that there are adequate guards looking after the question of correctional services. I would simply say that in my judgment the question by the Member betrays an attempt to try to build some kind of concern or some kind of fear in the residents of Saskatoon and area about this correctional institute. Our escape record is very good indeed and all adequate precautions will be taken as they have been in the past.

MR. LANE: — Supplementary, Mr. Speaker. I take it then from the reply that there is no move under way by this Government to increase the level of guards to prisoners. So my question is this: has the Government given any consideration of the possibility that the citizens of Saskatoon may not want this facility unless there is some better management and better protection in the facility than in the other two centres?

MR. ROMANOW: — Mr. Speaker, I don't know what better answer I can give than point to the statements made by the Mayor of the city of Saskatoon, Mayor Cliff Wright. He says that he welcomes the location of such a correctional facility for the city of Saskatoon. I know that the Member for Sutherland is well-known in his attempts to try and create these kinds of concerns, which I think are ill-founded and really are not the kinds of comments that lend to a rational discussion of the issue. However, if there is any kind of substantial concern by the citizens of Saskatoon over and above what the Mayor has indicated, undoubtedly the Government will take notice of that.

GOVERNMENT POLICY RE FAMILY HOSPITAL

MR. MERCHANT: — Mr. Speaker, a further question to the Premier. He seems somewhat delicate about a matter, jumping in to answer the question for the Minister of Health. Surely, Mr. Speaker, the Government co-ordinates hospitals throughout the province. I wonder if the Premier would elucidate on his statement that the hospital board has made no firm decision to abandon the plan. By that do you mean . . .

MR. SPEAKER: — Order! Next question.

BEEF CATTLE MARKETING BOARD VOTE

MR. THATCHER: — A question again to the Minister of Agriculture, Mr. Speaker.

In light of the Minister's answer a few moments ago, will the Minister of Agriculture give assurances today in this Assembly to the cattle industry that under no circumstances his Government would implement a beef cattle marketing board without a vote of legitimate cattle producers?

MR. KAEDING: — Mr. Speaker, I can assure the Member that no action will be taken in that regard without due consultation with the agricultural people.

WILL GOVERNMENT ALLOW SASKOIL DRILLING RIGS TO DRILL WATER WELLS

MR. E. A. BERNTSON (Souris-Cannington): — Mr. Speaker, a question to the Minister responsible for Saskoil. I understand in North Dakota and Montana, they are also suffering from a pretty severe drought. They are using oil rigs to bring in deep water at 1,400 feet. Will this Government allow the use of Saskoil drilling rig facilities to bring in deep water in our drought stricken areas in southern Saskatchewan?

HON. E. COWLEY (Minister in Charge of Saskoil): — Mr. Speaker, Saskoil, like most other oil companies doesn't have any of its own drilling rigs, so certainly all of the no rigs we have are available.

MR. BERNTSON: — Supplementary, Mr. Speaker. Will Saskoil - will this Government allow municipalities and farmers in our drought stricken areas access to their geological data to help find this deep water?

MR. COWLEY: — Certainly, I think as the Member for Kelsey-Tisdale points out, that the Saskatchewan Research Council has probably the most extensive underground water supply information of anyone in North America. The Saskatchewan Oil and Gas Corporation is certainly prepared to co-operate with the Department of the Environment or the Department of Municipal Affairs to the fullest extent possible in terms of making geological data and information available with respect to underground water sources. I am sure that I can speak on behalf of my colleague the Minister of Mineral Resources to assure this Legislature that if such assistance, technically or otherwise, plus information data is needed that the Minister will provide; and further if there is data in the hands of private companies which might be considered useful and I am sure my colleague would be prepared on behalf of the Government to approach them and to see whether or not such data would be available as well.

MR. R. A. LARTER (Estevan): — Mr. Speaker, a question to the Minister in charge of Saskoil. There are a few private companies in Saskatchewan that have indicated to you that they would like to use production credits to drill for oil. Is there a chance that the Government could work with these private companies and have them on a standby for emergency drilling for water? Could the Government coordinate this?

HON. J. R. MESSER (Minister of Mineral Resources): — I think that that matter would have to be discussed with the companies if there is that indication. We will certainly contact them if there is indication that they may have equipment that could be utilized for that purpose. I am sure being good citizens of the Province of Saskatchewan they would undertake to allow us if we could undertake the coordinating process to use their services.

GOVERNMENT POLICY RE FAMILY HOSPITAL

MR. MERCHANT: — Mr. Speaker, a question to the matter with the Premier. I ask the Premier if the hospital board is now reconsidering the previously planned decision to move pediatrics and maternity from Pasqua. Would the Premier be good enough to indicate whether the use of the word 'firm', in no firm decision, means they are moving towards a decision that some preliminary discussions have been going on about reconsidering?

MR. SPEAKER: — Order! I will take the next question.

WHEN WILL RENT CONTROLS END IN SASKATCHEWAN

MR. PENNER: — A question to the Premier. In light of the statements you made earlier in Question Period today of your Government's recognition of an increasing vacancy rate among apartments and other dwellings for rent, could you give us an indication - assuming that the trend continues as it has - in Regina now the .7 per cent, that statistic is old, (it is probably closer to 2 per cent or 3 per cent) - under those conditions when do you see the end date for rent control in Saskatchewan?

MR. BLAKENEY: — Mr. Speaker, I think the question is sufficiently hypothetical that I cannot assist the Hon. Member. We will simply have to watch the trends as they develop. The purpose of the legislation is to permit us to act differently with respect to different centres, different urban centres. It would be our hope that some smaller urban centres would be able to be decontrolled fairly promptly and that some other smaller urban centres may be able to be moved from a control to a review category I cannot assist the Hon. Member in knowing when we would be able to move Regina and Saskatoon from the control to the review category.

POINT OF ORDER RE QUESTION PERIOD

MR. E. F. A. MERCHANT (Regina Wascana): — Mr. Speaker, on a Point of Order.

MR. SPEAKER: — What is your Point of Order?

MR. MERCHANT: — My Point of Order is that we went about eight minutes into the Question Period with the Crown Corporations Report. Mr. Speaker has always given us that extra time . . .

MR. SPEAKER: — I have the Member's Point of Order. I apologize to the Member I didn't notice that we had gone that far into the Question Period. Perhaps we could carry the Question Period on for a few more minutes.

QUESTIONS

BUFFALO FILTRATION PLANT

MR. N. A. McMILLAN (Kindersley): — A question to the Minister of the Environment.

Better than one month ago I placed a question before the Minister in this House regarding information that the Department of the Environment had received from the Buffalo filtration plant outside of Regina. I was requested at that time to place the question on the Order Paper, which I did on the 29th of March, and I have yet to receive an answer. I wonder if the Minister has some particular problem with supplying the information or if he could undertake to explain the answer to me now, why he has been unable to supply that information to date?

HON. N. E. BYERS (Minister of the Environment): — Mr. Speaker, I have a written

response that I will be providing to the Hon. Member very, very soon. The question was put on the Order Paper as a non-debatable question, which I understand it is our prerogative to answer at our convenience. May I say to him that I will be providing it to him as soon as possible.

MR. McMILLAN: — Mr. Speaker, one supplementary question I should like to ask the Minister, if he has that information available now, why he is unable to give it to me at this time?

DELTA HOLDINGS IN LA RONGE

MR. G. N. WIPF (Prince Albert-Duck Lake): — Mr. Speaker, a question to the Minister of the Department of Northern Saskatchewan.

On two previous occasions I have asked a question on this and have received a doubtful answer. Would the Minister of the DNS tell this Assembly today if the DNS has been doing maintenance work, like installing electrical plug-ins, doing plumbing and doing landscaping for Delta Holdings Limited in La Ronge.

HON. G. R. BOWERMAN (Minister of Department of Northern Saskatchewan): — Mr. Speaker, the same answer which I gave the other day should apply to the same question which is raised today.

MR. WIPF: — Mr. Speaker, all I got was that he doubts it. I would like a yes or no answer from the Minister. Can you answer 'yes' or 'no' to the question?

MR. SPEAKER: — Order, order! I will take the Member for Wascana.

HIRING OF DISABLED PEOPLE BY PUBLIC SERVICE COMMISSION

MR. E. F. A. MERCHANT (Regina Wascana): — I wonder if I might direct a question to either the Minister of Health (Mr. Robbins) or the Minister of Labour (Mr. Snyder), or the Minister in charge of the Public Service Commission (Mr. Smishek). I raised with the Minister of Labour the question of the hiring of people with retardation and other physical disabilities. I wonder if the Government would consider bringing some leadership in that area by opening a program which would hire people in the Public Service, 2 or 3 per cent of the Public Service who could not ordinarily find employment in other areas. Does the Government have any plans in that regard?

HON. G. T. SNYDER (Minister of the Department of Labour): — As I indicated during Estimates when the Department of Labour was before the committee, it is a matter of some concern and some interest to the Government, and one which we are taking under advisement.

MR. MERCHANT: — Supplementary, Mr. Speaker. A program will be beginning,

a training on the job program with people with special needs, and it will begin on the 16th of May. That is the reason I didn't know whether the question should better have been directed to the person in charge of the Public Service.

Could the Government indicate what percentage of public servants you hope to hire under those kinds of circumstances, and what kind of money will be involved in creating jobs for people with those special needs?

MR. SNYDER: — I think with respect to details related to the training on the job program for disadvantaged people, probably the most appropriate place to arrive at the answers will be when the Public Service Commission has its Estimates before the House, within the next day or two. They will be able to provide for you more precise answers in terms of the amount of money available through the program and any specific details of the program.

KAMSACK REFINERY

MR. R. A. LARTER (Estevan): — Mr. Speaker, a question to the Minister of Industry and Commerce (Mr. Vickar).

Can the Minister tell me if the Government is going to reopen or assist in the reopening of the Kamsack Refinery?

HON. N. VICKAR: (Minister of Industry and Commerce): — Mr. Speaker, there are some plans, we are negotiating with some people on a project in Kamsack which might relate to that particular industry.

MR. LARTER: — Supplementary, Mr. Speaker. Could you tell us the approximate date when this will take place, the discussions?

MR. VICKAR: — Very shortly.

MR. H. W. LANE (Saskatoon-Sutherland): — From a different point of view, Mr. Speaker, I am hoping that the Minister of Industry and Commerce, with his colleagues hooting and jeering about the question of the Kamsack Refinery, doesn't leave with us the impression that that is what you think of the people of Kamsack in regard to opening up the refinery.

MR. SPEAKER: — Order, order! I will take the Member for Thunder Creek.

GOVERNMENT POLICY RE FAMILY HOSPITAL

MR. MERCHANT: — Mr. Speaker, I wonder if there is some possibility if I could ask the Premier, and I don't know what the error is in this question, what does the Premier mean, or what did the Premier mean when he said that there was no firm decision regarding the reconsideration of the movement of pediatrics and maternity from the Pasqua Hospital?

MR. SPEAKER: — I shall rule the Member out of order again. I will tell him at the proper time why I am ruling him out of order. I think it will be evident to him then.

STATEMENTS

SETTLEMENT WITH CANADIAN NATIONAL TRANSPORTATION LIMITED

HON. G. MacMURCHY (Minister of Municipal Affairs): — Mr. Speaker, I should like to inform the Assembly of a settlement reached with Canadian National Transportation Limited.

On April 7, Members will recall a settlement was reached with Canadian Pacific Transport which had attempted to abandon its in-province services. Over the past year, CN Transportation Limited has also attempted to alter trucking service by charging rail express rates for goods shipped by truck. Rail rates are up to four times the rates charged by other truckers under the Highway Traffic Board Regulations. This action clearly breached the law and constituted a challenge to the Highway Traffic Board's regulatory authority. As a result of actions taken by the Board, CN Transportation Limited will renew its entire licence and will service all centres at regular rates. The Board will co-operate in an effort to allow CN to reduce its operating costs.

Mr. Speaker, this settlement represents the second occasion in which a rail company has changed its predetermined course of action. As a result of the province's efforts I am sure all Members will welcome restoration of service at normal rates to 200 centres in Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. S. J. CAMERON (Regina South): — Mr. Speaker, I should like to comment briefly if I may. We are indeed pleased that again a settlement has apparently been obtained with the CN in the same way one was earlier obtained with CP.

I indicated earlier with respect to the CP agreement, and I think I ought to indicate here again, that there was a lengthy period of uncertainty in many areas of the province as a result of the confrontation of the government with those two companies. That confrontation, I think, could have been avoided. I am not sure, but the Minister may be more the vanquished than the victor in connection with the arrangements he made. I want to say seriously to him that I hope he is going to have a look at the current rates being set by the Highway Traffic Board with respect to movement of goods in the province by trucks, because I think we have come to the point in time when in fact the rates are unrealistic. And I think that in part is causing some of the problems which are surfacing in this respect and in other respects. I think it is time we had a thorough review as a matter of fact of those rates to see whether or not they are at realistic levels.

MR. J. G. LANE (Qu'Appelle): — I should like to comment on the Minister's statement, Mr. Speaker.

I find it somewhat strange that the Minister has to

announce an agreement of a position that the Government had argued for some considerable period of time. The Government had taken the position that they were bound by statute and the historical background to supply these services and now seems to have to get into negotiations. That implies, I think, somewhat dramatically that the Government's position is a lot weaker than it had led the people of Saskatchewan to believe. I would think that the people of Saskatchewan shouldn't hold out any great hopes on this agreement until such time as we see it. I understand negotiations are still going on with CP, notwithstanding the out-of-court settlement and I think it would be unwise for the people of Saskatchewan to be caught up in any agreement when we don't know which communities are being served and which are not.

POINTS OF ORDER ON QUESTION PERIOD

MR. MERCHANT: — Mr. Speaker, before the Orders of the Day, might I raise a Point of Order and in doing that say that by and large I find you fair with me and I'm wondering (and I dare say the Premier is wondering) how he avoided answering that question on three successive occasions?

MR. SPEAKER: — The Member asked a question about Pasqua Hospital regarding pediatrics and maternity care in that hospital. The Premier, in answering the question, said that he felt it was not within his jurisdiction to report on behalf of the board of the hospital. Each subsequent question that the Member for Wascana asked on that matter dealt with that particular jurisdiction, which the Premier had disclaimed as being his jurisdiction. Consequently, he cannot answer the question. The question should better be directed to the board of the hospital.

MR. MERCHANT: — Surely, Mr. Speaker, any spending by the Government and the Government funds, it is within . . .

MR. SPEAKER: — Order! I don't think I can permit further comment on it. It is to the Hospital Board of Directors that the Member was asking questions. He was not asking about the Government's jurisdiction. Consequently, I cannot accept your point.

MR. E. C. MALONE (Leader of the Opposition): — Mr. Speaker, I wonder if I could just add to the Point of Order, and I draw to your attention the fact that the Premier rose to answer the question, which was originally directed at the Minister of Health. Now it may very well be that the Premier does not have the knowledge that was required to answer the question, but it was the Premier who put himself in that position. As I say, the question was directed to the Minister of Health, the Premier indicated to the Minister that he was going to answer it, indicated to this House that he was going to answer it. He rose and attempted to answer the question. I would suggest, Mr. Speaker, that when he puts himself in that position he should be in a position to answer the question as asked, or if not able to do so, then refer the question back to the Minister of Health.

MR. SPEAKER: — Well I think it is up to the Premier to decide whether

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he will answer the question or whether a Minister will answer. That's always been the procedure of the House.

MR. W. C. THATCHER (Thunder Creek): — Mr. Speaker, in contrast to the Member for Wascana (Mr. Merchant) I don't find you always fair, in fact many times quite the contrary.

Now today I asked a very basic question, which may not be important to you or to Members of the Assembly, but happens to be important to the livestock industry whether we are going to have a vote on a very controversial question . . .

MR. SPEAKER: — Order, order! I will ask the Member not to debate the issue but to put the Point of Order.

MR. THATCHER: — The Point of Order is why was I not allowed a supplementary to a very basic question of public . . .

MR. SPEAKER: — All right. I have an answer for the Member. If he will sit down I shall give him the answer. The answer is this. The Member asked a question at the beginning of the Question Period with regard to marketing boards. I allowed the question and a supplementary. Later on the Member asked a question which was very much the same as the original question with regard to the Federal Minister allowing his personal reputation to go on the line with regard to the matter. Let me draw the Member's attention to Beauchesne, Citation 171 (c):

That a Member may not multiply with slight variation a similar question on the same point.

I might say at this time, that the Member has asked (he may think that the question is important) the question many times in this House, so much so that I now know the Minister of Agriculture's answer by heart.

COMMITTEE OF FINANCE - DEPARTMENT OF FINANCE - VOTE 11

HON. W. E. SMISHEK (Minister of Finance): — Mr. Chairman, the persons who are here are Murray Wallace, the Deputy Minister of Finance; right behind me is Harold Jones, the Assistant Deputy; and Morley Meiklejohn, the Director of the Investment and Financial Services Branch. There are other officials in the back who may be called later, and I'll introduce them if necessary.

ITEM 1

MR. W. C. THATCHER (Thunder Creek): — Mr. Chairman, it's a pleasure that finally we are going to be able to deal with the Department of Finance. I think we have all waited with some degree of interest for examination of these Estimates. It's nice that the Government has found the time that they could perhaps present them to this Assembly.

Mr. Chairman, the Budget with which we are dealing, the financial situation of this province, brings up many questions both provincially and federally. This Government has proposed a budget which over the year 1977, through to March 31, 1978,

indicates deficit financing of about \$85 million. I believe they were \$40 million short last year. They are budgeting I believe it is \$45 million of a deficit this year. I think these numbers in themselves raise some very basic questions and some very valid questions in the minds of Saskatchewan taxpayers. I believe it raises a question of competency, a question of competency in exactly what went wrong in this province in the year 1976. What happened when things rolled in this province in spite of this NDP Government? Things were rolling in a fashion that they have never rolled in before. All the economic indicators, the pertinent economic indicators, indicated that the economy was just humming. You can go through them, your housing starts, your employment indicators, I don't have to go through them, you know what they are as well or better than I do. All of them indicated that this province was having a boom and a record year.

Now when one reads the Budget Speech of the Minister across the floor, you would come to the conclusion that 1976 was an off year, that 1976 was a year when things just weren't all that great in the Province of Saskatchewan. We only had record incomes in the farm sector; we only had record retail sales; we only had almost record everything you care to name. Yet you fellows across the way couldn't balance the books. Therein lies the question of competency. In a year when revenues flowed into the Treasury in a manner in which they may never quite flow in again, proportionately, you couldn't balance the books. Therein lies the question of competency.

One may sit in that important portfolio of Minister of Finance and you can try to act like John D. Rockefeller, and you can try to dress like John D. Rockefeller, but unfortunately, that does not give you the expertise of any John D. Rockefeller. In short, Mr. Chairman, this Government blew it, you squandered our dollars, you wasted them and then we have moved into year 1977 when some of the indicators do indicate a significant downturn in the economy.

Now what basically was the situation as you prepared your budget? I think it is a fairly accepted fact that tax revenues are reaching their potential, that you really can't go that much further in taxation. If I can be so bold, I believe that I am merely echoing the opinions of your deputy minister, at a speech he made some time ago. In fact, since your deputy minister made this speech in a public forum, I have no hesitation in quoting him. When you couldn't balance things in your budget last year, obviously you had to deficit for this year. Of course your deputy at least didn't agree with that. I believe he made a comment, he thinks that that is the kind of thing that would be politically disastrous in Saskatchewan, something that doesn't make much sense. Boy! Was he right on that one, particularly where the economy hasn't slumped significantly. It doesn't make much sense to do it for fiscal reasons, to stimulate the economy, the way you would have to in an economic downturn.

Now to read the Minister's Budget Speech, I suppose in his view, we had an economic downturn. The only economic downturn we had was that the Minister and his government had totally and completely lost control of the Government, that you have lost control of expenditures, that you have totally lost control of the economy.

I suppose that many of these comments could also be

directed at the Federal Government, because when it comes to losing control over their Government, losing control over expenditures, losing control over almost everything else that they administer, they make you fellows look like minor leaguers. I'll grant you, the Federal Government is making moves to clean up their act, but they are not very good ones. I suppose the Federal Government led the way in letting governments run away with their increase in size and their extravagant expenditures and not putting the lid on. Now we are not paying the price for things that the Federal Government and governments such as yours have done.

Simply take a look at the devaluation of our dollar when it is allowed to float. I certainly hope the predictions of where it is going to end up are wrong. When that dollar is allowed to float, in the world economy, the indictment of the Canadian economy as a whole comes very clairvoyantly and harshly clear, that we Canadians are simply living far beyond our means. Probably it is an indication that the governments have been living far beyond their means.

About a year and a half ago the Federal Government introduced Wage and Price Controls, they put wage and price controls on business, they put them on labour, they put them on many other aspects of the economy. Some provincial governments put on the identical controls, others like this Government attempted to sort of be in them and be out of them at the same time. I am one of those who believes very strongly that controls in our economy were necessary, and could have worked. Unfortunately governments, such as the Federal Government and governments like yourselves, refused to attempt to control yourselves, either refused to or were unable to. Perhaps a little bit of both.

Instead, what do we see? We're still seeing heavy wage increases. Mr. Minister, it is a very shocking fact, and I am sure that with a little bit of help you can do some compounding of salary increases at the 9 to 10 per cent level. I am sure you will find, going at the 8 to 10 per cent level that you are doubling in effect the salary in about seven years. I would be very interested to hear some Minister of Finance, either provincially or federally, tell me exactly what he has got in mind at some point in time down the road, as we double these salaries in about eight to ten years. What have you got in mind for our people? Are they going to be doing twice the amount of work? Are they going to be doing double the productivity? I don't think anybody in their wildest dreams can say, yes, to those questions.

So what have you got in mind? A further deterioration of the standard of living in Canada? A further devaluation of our dollar where imported goods become more and more expensive. In your reply, Mr. Minister, I would like you to tell us exactly what you do have in mind, what is the fate down the road for us?

Mr. Chairman, I believe that this Government has only 25.5 months left before they become past tense. I think the question of the people of Saskatchewan is simply this, can we afford you for another 25.5 months? Can we afford your drunken spending sprees, can we afford your incompetence; can we afford your increase in the size of government?

Mr. Chairman, I suggest to you today that perhaps one of the greatest indictments that can be levelled at governments,

and this one included, is that they do not even know what it costs to run their government. Now they may know, but they certainly won't tell you. When you inquire about it, the answer that you receive back, well it's impossible, and if you did arrive at a figure it would be irrelevant. Basically, this is why governments have gone out of control because governments will not take a look at what are the internal costs of government. How much out of a budget do we need to strictly have a government? It is argued that more and more of the government is moving to the grant structure, that less and less of it is being done in Regina, that it is being apportioned out as grants to municipalities, and school units or out into various groups which the Government may fund.

Mr. Chairman, I suggest to you today that if we are going to go this route, let's go all the way. Because when it comes to keeping the lid on taxes, when it comes to keeping control of expenditures this Government, and probably any other government, could take a darn good lesson from the small rural municipalities around this province. I should like to send out a real bouquet to the city of Estevan, which actually reduced its mill rate, one of the few governments in Canada today that actually reduced its mill rate.

Today I stopped in at the municipal office of the RM of Caron, where there are eight farmers who sit on that council. They held their mill rate exactly where it is. I don't know how many other rural municipalities there are around the province that have done that but let me tell you that this Government could take a lesson from these people. If you are serious about moving further and further into the grant system, I suggest to you today that you give the cities and the municipalities and the school units far more power in collecting their own taxes, because they can spend that money far more efficiently than you can, instead of forcing them to come to you with hat in hand. You have usurped the powers of boards such as this, local governments such as this and made them more heavily dependent upon you. I suggest to you that you can learn a heck of a lot by going and seeing how these people run their affairs.

Mr. Minister, you have been a disaster in your tenure as Minister of Finance, \$40 million deficit last year, \$45 million for this year. How high is it going to go for next year, what is the real deficit going to be? Last year we were talking in terms of a \$2 million surplus I believe. Well, you were only out about \$42 million. What's the true bill going to be for next year?

Last year when we took your Estimates apart pretty heavily in Committee, it was suggested by the Opposition that you had under budgeted in many areas, particularly in the areas of salaries, virtually every powerhouse Cabinet Minister over there was on his feet scoffing at us. I am not the type that would stand here and rub salt in your wounds since the words of the Opposition were so prophetic one year ago. What's the bill going to be for next year? Do you say \$45 million; I shudder to think of just how high it is going to be? What is it going to be the year after, when it's, shall we say in terms of the NDP, that it's a year of disaster for the Province of Saskatchewan, I guess we could term it the year of salvation.

What's the bill going to be when you try to buy your way

back into office? When you take that familiar NDP tack and try to bribe the taxpayers with their own money, what's the bill?

Take a look at what has happened to our per capita debt, the record of borrowings that are going to happen this year. You know it is not very hard to borrow money. Even as a private individual you can borrow lots of money; governments can borrow it easier and in much more massive amounts. Regrettably, it is a little trickier when you have to pay it back. Any dummy can borrow money, there are a lot of people around who will loan it, but it is considerably more difficult when you have to pay that money back and meet the interest payments. With the expertise that this Government has shown in the past two years I can only say, things don't look good for at least twenty-five and a half months.

MR. SMISHEK: — Mr. Chairman, the first comment that the Hon. Member made was that, "finally we are here," to consider the Estimates of the Department of Finance. I think, in fairness, I want to draw to the attention of the Hon. Member that both myself and the House Leader have been trying to work with the two Opposition parties to try and reach agreement on a date to consider our Estimates. We had offered the Department of Finance to be before the Committee of Finance first, but it wasn't possible to arrange it at the request of the Opposition parties. The Opposition critic knows it very well. There have been days that he was not able to be here. We did try to accommodate his attendance in the House. Honestly, I think if he was fair he would have to confess that that was nothing else but a cheap, cheap shot. I don't want to start out on that basis, but I think he and I have talked about it. He said, look, he can't be here on certain days, now we can accommodate him. We did try to accommodate him and the Leader of the Conservative Party. And to have this kind of abuse is just totally uncalled for and unfair.

Mr. Chairman, the Hon. Member has obviously forgotten what the Budget Speech looks like because he confuses the figures. One thing that he is correct on is that the total figure as presented in the Budget Speech for the two years of drawing down the cumulative funds is \$85 million, but that does not mean deficits per se.

May I inform the Hon. Member that it is for '76-77 that we foresaw a deficit of \$45 million and for '77-78 it's \$40 million. He reversed those figures. Just so that he is straight on the figures.

The Hon. Member knows full well that the reason for last year's deficit was because of the cow-calf operation. Is he opposed to that? I'd like him to tell us. The Government did agree to provide assistance to the farm people to the tune of \$32 million. We did agree to assist the citizens of Saskatchewan to the tune of \$8 million or in that neighborhood, because of the disasters that we've had. Those two items, added \$40 million of unforeseen expenditures. No one was able to predict that this was going to be the situation when we were preparing the Budget last year. And we reported that honestly in the Budget and we reported honestly some of the difficulties during the year.

One thing that we as a government introduced in 1972-73 was cyclical budgeting. We did say at that time that there is no particular merit in running deficits, nor is there particular merit in running surpluses year after year. It is important to try to have a surplus or surpluses during periods where the economy is growing and is buoyant and this is what we did do over the three year period, three or four year period. We built up a cash carry forward of \$111 million last year because there was some slight decline in our economic growth and because of unforeseen expenditures we're drawing some of the surplus down. This year primarily because of the situation in our farm economy, again we see merit in drawing down some of the surpluses, but even after all that is done we will still have a cumulative cash carry forward hereafter. The Hon. Member knows that. It's all set out in the Budget Speech, I think, clearly and understandable to any average person, any average citizen.

In the case of the economic conditions in Saskatchewan, Mr. Speaker, I do not propose to repeat what I said in the Budget Speech on March 10. I think that the performance of the Canadian economy was sluggish last year and the same the year before. In comparison, the economic growth and development in Saskatchewan was excellent compared to that of Canada, compared to that of any other province in the Dominion of Canada, except perhaps for Alberta, that might have had a slightly better growth situation.

In the area of employment, no province can match Saskatchewan, and I think that this is an indication of good management of the economy.

Mr. Speaker, the Hon. Member I am sure has read articles, not written by ourselves, but written by people who are not necessarily political friends of this Government, who have described Saskatchewan as the best managed region in North America. Mr. Speaker, this was by people who are not our political allies. I suggest to him that tells a clear story. Mr. Speaker, when people like Standard and Poors and Moody's examine our financial situation as a province, in the way we manage the business affairs of the province and the kind of a budget that we have, including our Crown corporations, and despite our increase in borrowings, and a larger debt, they have come up last year and given us a 'AA' rating, compared to an 'A' rating that we had previously. I think this is another indication of how well this Government has been managing the affairs of Saskatchewan for the people of Saskatchewan.

Now, I think if the Member were honest, he would have to admit and confess that things in Saskatchewan are indeed in good shape, certainly in much better shape than they were under the administration of the Liberal Government a few years ago.

Mr. Speaker, the Hon. Member somehow tried to touch, in his debate, on the Federal Government. And certainly I am not going to try to defend his political colleagues in Ottawa. Perhaps I could be much more critical and anything that he wants to tell about them, fine, I'm likely prepared to second the motion, if he's prepared to introduce it. If he has a quarrel with the Prime Minister or the Minister of Finance, I suggest that he apparently is going to be having a debate with the Minister of Agriculture. Maybe he then wants to take on Mr. Macdonald. I think he's going to have his hands full, if he tries to do that or perhaps his next one is going to be

Pierre Elliott Trudeau. However, I invite him to make the challenges that he wants to make. That's his right.

Mr. Speaker, the Hon. Member made reference to the wage and price control and our position. I think our position has been set out clearly. We certainly co-operated with the Government of Canada. We agreed that inflation has been a serious problem. It still is a serious problem. But the problem has to be dealt with by the Government of Canada. I suggest the federal Anti-inflation Program and I don't think one can say that it has been a particular success. It has had some effect on tempering probably inflation, but primarily at the expense of the workers, rather than reducing prices and reducing the rate of profits, significantly.

We felt that in the public sector area and because of the collective bargaining agreements that we had and when they were expiring, that we were not in a position to sign an agreement with the Federal Government and I'm glad that that was the decision that we made. Had we fully co-operated or fully endorsed and signed an agreement with the Federal Government and handed the public sector over to the Government of Canada, I think we would have been in serious problems. We would have lost many of our most valuable work force because had the federal guidelines been applied to the Saskatchewan public sector, this would have indeed spelled trouble for us.

The Hon. Member raises the question of when are we going to stop the kind of wage increases in the public sector area. Well I suppose the answer lies in the rate of inflation that we're going to have in this country, that's one. Two, is what is happening in our neighboring provinces. I can tell the Hon. Member that in the wage area we look very seriously at our neighboring provinces of Alberta and Manitoba, whether it be in the public service per se, some of the Crown corporations, teachers, universities, hospitals, and we have developed a mechanism to try and monitor wages. We have also to look at the nation as a whole, because if our wages and our working conditions get far behind those of other provinces then we're going to be in serious difficulty of attracting the kind of people that we need or keeping the highly skilled people that are needed in this province.

We, by and large, follow the rule of paying somewhere in the average or in the middle of Manitoba and Alberta, because we are in that kind of situation, whether it be in the civil service, hospitals, or Crown corporations. I think that that is where we are at the present time. There is a concern, right across the country about the wages paid to the public service. I'm glad really that the public service and hospital workers and a lot of these people who were underpaid, that their wages have come up to a level where they can enjoy a standard of living equal to workers employed in industry and service in the private sector.

The Federal Government, in some of the instances, I think, has created some problems for the provinces. But by and large I think that the public service in Saskatchewan is not being overpaid. I don't know what the future percentage increases or future rates are going to be. I will concede that where increases get out of line, they do create problems, but I don't think that we have had that kind of a situation.

He asks about the productivity. I'm satisfied, Mr. Chairman, that the productivity of the Saskatchewan public service is as good as any of the rest in Canada. My guess is that it is better, because I think that by and large the morale and the spirit of the public service is better here than it is in other parts of the country, because of the kind of challenges that they have in working for the people of this province, and the kind of working conditions that they work in. In some areas there is need for improvement, but I'm very proud, Mr. Chairman, of our public service. They do a good job for the people of Saskatchewan and I think it is unfair for politicians to be downgrading many of the people who do an excellent job for the people of this country. True, like in private industry, there are people who are probably not put into proper sort of positions. I can say this, I think, without any hesitation, that the performance of the people working for the Government of Saskatchewan is as good as anywhere there is in the private sector and in many of the areas their performance is better.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Chairman, the Hon. Member makes reference that there are twenty-five and a half months left. Well, I recall from '71 that some of his colleagues were saying that the end of the Blakeney administration was going to come in '75. Well, Mr. Chairman, the record speaks for itself. 1979 is going to tell its own story. I feel reasonably confident when I see the performance of the Liberals and the Conservatives, the tweedle dee, tweedle dum parties and their performances, where nobody knows where they stand, then I think, I become more optimistic with every passing day that whenever that election is going to be called, the Blakeney administration is going to be returned as the government.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — Mr. Chairman, I should also like the Hon. Member to do his own study and investigation in case of the Saskatchewan taxes and in the area of our borrowings. I think if the Hon. Member is fair and honest with himself and does a thorough analysis, he will find that in total, taking the income taxes and all the taxes put together that Saskatchewan people are paying in total taxes, they are at about the second or third lowest of all the provinces in Canada.

SOME HON. MEMBERS: — Hear, hear!

MR. SMISHEK: — I have not had a chance to analyze all the budgets, because some of them have just been introduced, but we know this, that we were the second lowest taxed population in Canada. Now with the new budgets and our new budget, there probably have been a few . . . but I'd say that the people of Saskatchewan are the second or third lowest tax paying group and at the same time the services for the people of Saskatchewan are greater than that in any other province in Canada. For example, programs like the Drug Plan, the Hearing Aid Plan, the SAIL Program, the Dental Program, the Family Income Plan, the Government Insurance Program. All of these, Mr. Chairman, add to the improvement of the quality of life and an improvement in benefits as well as a standard of living which is much more equalized. That we do

not have the same kind of disparities between the very poor and the very rich as exist in other provinces is because we, as a government, have taken those measures to redistribute the income and create a better standard of living for all.

In the area of per capita debt, Mr. Chairman, I have demonstrated (I don't have the figures handy but we could dig them up again), but I gave to this Legislature a comparison a few months ago of where we stood, province by province and Saskatchewan's per capita debt was the lowest in Canada. It was the lowest. Now we have made some additional borrowings. Perhaps we might have dropped a notch, Mr. Chairman, but in case of the per capita debt, at the present time, Saskatchewan either has the lowest or second lowest per capita debt in Canada and I think that too speaks well for itself in the kind of management that we have had.

Mr. Chairman, the Hon. Member in closing, asked the question of what might be the deficit for the coming year. Well, Mr. Chairman, if we have unforeseen expenses and that might happen because disasters do come about and government is maybe called upon to help the people of Saskatchewan, because this Government is committed to the wellbeing of the people of Saskatchewan to help the people of Saskatchewan wherever we can when they are in need. Then, Mr. Chairman, we may have, if we face a disastrous situation, to provide additional funds through the Government to assist the people. I am unable to predict that at the present time. If I were able to predict it, Mr. Chairman, we would have been able to include it in our Budget and be able to tell you the story.

So what the bill may be, as he posed it, will depend on the kind of situation that we face during the coming year. In fact, I said, Mr. Chairman, that if the potash companies pay the money that they are owing and we are still in negotiations on the equalization formula with the Federal Government, if those two things take place, and without any disastrous situations, then not only will we be able to balance the 1977-78 budget, but end up with a surplus.

MR. THATCHER: — Mr. Chairman, I should like to very briefly tell the Minister a little story.

There's a young fellow from a neighboring ranch, south of Caron, who works, has worked for some years in the Moose Jaw Wild Animal Park. He walked up to me about a month ago and said, "Colin, have a cigar." I said, "Bob, I didn't know that you smoked cigars." He said, "Oh, I couldn't afford them before, but the Government has taken over the Wild Animal Park now; I can afford them now." Not only that, where there were three of them who used to run that Wild Animal Park, there are now eleven. But methinks the Government is being a trifle defensive about the public service because when I used the figures eight to ten per cent, I said salaries, I didn't say anything about the public service personnel. I believe the Minister spent some time defending that because maybe he has a guilty conscience about it, I don't know. I don't believe I used the term Public Service.

Mr. Minister, you can make reference to the previous administration and I can only say that we on this side of the House would have to view the past five to six years as one of "real tragedy in Saskatchewan. You know, I can think back to, was it 1964, when my father was about in the same chair you are, and brought down his first budget. You got more money from Ottawa last year than what he had to run the whole province in that year, and his government never had the kind of dollars rolling into the treasury that you have had. I just wonder what could have happened in this province. Instead, what have we had from you people in the past five years? That growing socialist penchant, which incidentally isn't original, because you socialists haven't had an original idea in one hundred years. Your whole objective has been to control things, drive private initiative out ever since the inception of socialism in Europe some hundred years ago. You've never had an original idea. There was nothing original about taking over the potash industry, about moving into the oil industry; Karl Marx and Engels, they thought of it over a hundred years ago, it's just taken you this long to get to it.

It's been a real tragedy what has happened in this province in the past five years. We've got as many natural resources as Alberta has. In many ways we have more natural resources. We have far better agricultural land than Alberta and the Government talks about the fantastic job they have done. You know, really, it has just shown in the past five years how great a province we've got, because even under your incompetent government things have hummed. Our farmers were making money, and no thanks to you whatsoever. Of course, when our farmers are making money we all know that that economy goes on eight cylinders. And what exactly have you done in the year of buoyancy? Again, the Minister refers to 1976 as a year of non-growth. You know you don't even believe that one yourself, 1976, a year of non-growth. I'll be interested to see the Statistics Canada figures on that, the Minister knows far better than that.

This year was a year that we should have had tax decreases. We didn't need any tax increase this year had you been doing your job. Instead, you have jacked up the income tax, and you spend this saying, well, you are not going to be paying any more than what you paid before. The Federal Government gave you 10 points of tax room. You didn't have to pick them up. The option was there to leave them, or pick up part of them, or pick up none of them. You chose to pick them up. And this was a time when you could at least have held the line on your provincial income taxes. You have raised income taxes from 37 per cent to 40, then you announced that interim one, I believe last December, and now we are up to 58.5 per cent. All right, the Federal Government has given you the tax room, what difference does that make to an average taxpayer, whether he is being nailed by you, or by the Federal Government? This was a year when we could have been very seriously lucky at reducing the sales tax; none of these things were possible, unless the Government was doing its job, unless the Government was controlling itself. None of this was done by you. The civil service has continued to grow, you have been spending dollars which have become worth considerably less by inflation since 1971, and it has been an easy matter for you to increase your expenditures in the last five years. Inflation has been doing it for you, but it would appear that this situation is coming to

an end. But in the last five years you have built these spending increases into your budget, many of which have become uncontrollable and which you as a political party will find it philosophically difficult to back off from. At the same time your revenue limits have probably reached their limit, in fact, they probably reached it one year ago. And yet you have built these increases into your budget and they are going to be there next year, and where are you going to get the dollars from? You are obviously going to have to go back to the taxpayers. You have ruined the natural resource industry which was a natural field for you to move into, to attain additional revenue, instead of telling the potash industry to get busy and crank out some more production, so there are some more jobs, some more royalty revenue. Instead, you have destroyed them, and most of the companies are just all too happy to cash in and get out of here if you will give them their price. All too happy to get out of here. You've ruined the oil industry. In fact, you've ruined about everything you've tried to touch.

You talk about our taxation levels. You know Alberta really hasn't got all that much more than we have - sure they've got some oil, and they developed that oil - and we've got oil. And what have you done about developing it? You've chased the oil people right out of here. You know what the difference in the tax rate is in Alberta? They have every single Albertan when he buys a commodity, on virtually everything; he pays five per cent less than we in Saskatchewan. Maybe it was impossible to reduce the sales tax or eliminate the sales tax. This was an excellent year where we could have dropped from five to three, but only if you were running a tight ship, and you haven't run a tight ship. Again, you have completely lost control. You know it is very frustrating for a Canadian when he listens to a news broadcast. They find that the last few days in Ottawa the economic pie of this country has been divided up, that secret meetings have been held between big unions, big business, and of course the government. I don't know whether your Government has been represented at these supposed secret meetings or not.

Isn't that wonderful, the big multinationals who fly the flag of free enterprise, but which are no more free enterprisers than my friends across the road, and the big unions in there to get their slice, and of course the big governments. Where does that leave the guy on the street; where does that leave the farmer or the unorganized worker, or the small or medium-sized businessman? He is sort of out in the cold isn't he, as this pie is being divided up down in Ottawa.

Of course, inflation has worked to the advantage of governments at all levels, particularly to this one over the past five years, because it has allowed you to make these tremendous spending increases. But the bill has come due; \$45 million budgeted for this coming year, a deficit budget in this coming year of \$45 million. And that is based on indicators from last year. As you well know things do not look all that great in the agricultural sector, at this particular point in time, things aren't looking all that favorable in the natural resource field. Where are the dollars coming from? You built these increases in, how are you now going to pay the bills? It will be highly interesting for the Minister to tell us.

I would also be interested in the Minister telling us

about this, that we are the lowest or second lowest taxed province in Canada. I don't particularly think that gibes with Ontario, compared to Alberta, compared to British Columbia, I think the Minister is out on a limb on that one. Alberta tax rate of 38.63; 58.5 in Saskatchewan, translate that into dollars and it adds up. Five per cent on every consumer item purchased. Put that in there, Mr. Minister. I would like to suggest to you there are those who say that sales tax is the fairest form of taxation; that it is a tax on the ability of one to pay. I would suggest to you that this logic is nonsense, it is a harassment tax on our working people, our lower middle and lower income group. When a person in an affluent tax bracket is buying a car, buying a commodity, begrudgingly he pays that five per cent. But for somebody who is not in that income tax bracket, that five per cent is just a harassment. It can be a decision between buying a big item and not buying it. It doesn't hurt your middle income, they pay it. Particularly in terms of business, a corporation, it's a tax deductible item in the vast majority of cases, if not all of them. What happens to your average wage earner? He's got to own a car to go to work. He can't deduct that five per cent. A company buys a vehicle, they simply deduct the sales tax right off the top. If a farmer is buying an item, if it's an agricultural item, if it's a truck or a car, he can depreciate the whole thing off. What happens to that wage earner who can't do that? It is a harassment tax on him. There are other ways of taxation, other than that sales tax, that are a much fairer form. Particularly in view of the situation that Alberta has no sales tax, this was a year that the province should have definitely looked at reducing our sales tax, our sales tax figure, from five to three per cent. But you could only do that if you were running a good ship across the way. In the case of this Government, that was an impossibility.

MR. SMISHEK: — Well, Mr. Chairman, the Hon. Member is taking a shot gun approach of touching on a number of items and it's pretty hard to answer them, in fact, he disappeared. Mr. Chairman, it would be an exercise in futility for me to try to answer him. Perhaps we can agree on Item 1.

MR. CAMERON: — As a matter of fact we are not going to agree on Item 1. The Member stepped out just momentarily and will be back in a minute. The Minister can respond if he wishes, or not respond as he chooses; well I have the urge, I have a mind and I'm listening and I'm paying attention to what the Member is saying. When my colleague comes back, we will be discussing it further.

I want to ask you a couple of general questions. For individual income tax you are estimating, I think about a 21 per cent rise this year in income for the Government out of individual income tax, am I right in that first of all?

MR. SMISHEK: — Mr. Chairman, the answer is yes. I think it's even somewhat higher. I believe that the Hon. Member is aware that the reason for that is because the Federal Government has vacated some of the tax room, and the province picked it up and that isn't unique to Saskatchewan. The same is true right across the country. It was slightly better than 9 points, and if you

go down the list of revenues, you will find there that the Federal Government used to cost share on a 50-50 basis, medical care and hospital care and post-secondary education. We now have established program financing where they provide a cash payment partly and part is to be paid through the income tax. Insofar as the taxpayer is concerned that, in fact, what the taxpayer will be doing this year, he will be paying less income tax than he did last year.

MR. CAMERON: — I gather I'm right in thinking that, as a matter of fact, you provincially were going to raise an additional \$44,000,000 out of personal income tax from the rest of the provinces, I think that figure is accurate. Would you tell me, let me put the question to you in a different way. How much additional revenue would you anticipate deriving this coming year from the personal income tax rate in Saskatchewan?

MR. SMISHEK: — Mr. Chairman, out of the transfer of tax points, I'm not sure whether that is the question that he is asking particularly, but of the transfer of the federal tax points to Saskatchewan we expect \$55,000,000. That's out of the transfer of 9.14 of the tax points. Is that the particular question that you wanted?

MR. CAMERON: — Well we're getting to the area that I want to inquire about. What I can't understand is this. I appreciate it's my own ignorance, it's not what you are telling me. If the transfer of the nine points will yield \$55,000,000 for you, then I see we expect in total to raise \$44,000,000 more in Saskatchewan by way of personal income tax than before. Now, does the \$55,000,000 include corporate tax as well, or is it solely personal income tax? How is it, the transfer of the nine points, raised - \$55,000,000, and all that we expect to raise is \$44,000,000 more than we raised last year, as I read the figures.

MR. SMISHEK: — Maybe the answer is for me to sort of take you through the whole scenario. We start off with an estimate this year of \$310.6 million. Now you might want to write this down. Now the transfer of tax points of 9.1 is worth \$55 million. If you deduct that you would end up with \$255.6 million. Now remember we had an increase, a provincial increase of four points, less the \$20 in tax credit and that's what yields \$17.5 million. Now if you deduct that you would have \$238.1 million which would have been last year's tax base. Now in addition to that we had for 1975-76 a tax adjustment of \$2.8 million which brought it to \$240.9 million which was last year's tax base. Is this the information that you are seeking?

MR. CAMERON: — Yes, in part. Now last year you estimated that you would collect in income tax \$256.4 million. That was last year's estimate of the amount you expected to raise in the province by way of personal income tax. Can you tell me roughly what the actual was?

MR. SMISHEK: — Mr. Chairman, when you get into income tax, what is a tax base? The actual instalment payments for 1976-77 were

\$233.9 million. Then we had adjustments for previous years worth \$43 million, but the tax base for last year was \$233.9 million. But the real collections, because of the previous year's adjustments of \$43 million, bringing it to \$227 million. Is that what you are looking for?

MR. CAMERON: — Yes. Now I gather that you actually took in \$20 million more last year in income tax than you expected, at about this time last year.

MR. SMISHEK: — That's right, but there is always the problem — remember this that in the case of income tax you make your estimates and a lot of that is also dependent on the information that we are able to get, provided by the Government of Canada, and the adjustments for previous years is something that always throws you as well.

MR. CAMERON: — Okay, now we have laid the base. This year you are expecting to raise by way of personal income tax \$310 million. Last year you actually raised \$20 million more than you anticipated. Now I come to this year and my questions about this year are how likely are you to be accurate this year? Now, I notice and the part I want to get to is this, I notice that you are budgeting for terms of inflow, an increase this year from \$256 million last year to \$310 million this year. In other words, it is a very sizeable increase in what you will derive in the personal income tax. That's what you are banking on this year. Last year we actually took in \$20 million more than we expected. Now my question for this year is: are we not likely as a matter of fact this year to take in less than \$310 million? The reason I raise that is this, the province obviously is now going through some economic troubles and, indeed, if the drought conditions continue in the province, it is my view you could fall far short of that \$310 million. And if that was the case you would be looking at a pretty large deficit at the end of the year.

MR. SMISHEK: — Well, Mr. Chairman, I have already told the Hon. Member that \$55 million of the \$310 is a tax transfer because of what has happened. I don't believe that to be the case, you know because of people worrying about possible drought and so on. Based on the best estimates we are looking at an average year. Certainly the employment looks good and even if we had a drought this year and our crop would be less than average, remember that our farmers do have a fair supply of grain on hand that they will be selling. Say, for this year, as I indicated in the Budget Speech, that there will be, for example, the cow-calf assistance program to come into play. You know, based on the best estimates that we are able to make, we will be able to derive that kind of revenue.

MR. CAMERON: — I want to follow up there with a couple of detailed questions on that same topic. Can you tell me what net income figure you used last year in deriving your estimates and what net income farm figure you used this year in coming to your estimate of \$310 million?

MR. SMISHEK: — Net farm income?

MR. CAMERON: — Net farm income for the province.

MR. SMISHEK: — It might take a while for us to get that information. We'll come to it as soon as we can get that information for you.

MR. CAMERON: — You appreciate what I am coming to. I am interested to know what net farm income you used last year in deriving your estimates and what net farm income you anticipate this year in coming to your estimate this year? What I really want to do is to test the soundness of your estimate, that's my purpose. Now, the second question which is related, is do you anticipate any payment in 1977 out of the Western Grain Stabilization Plan? Have you anticipated a payment from that plan in coming to your estimate of income tax for the year?

MR. SMISHEK: — No, because any payment from that fund would not be paid until probably June of 1978, so it wouldn't come in the 1977 year.

Mr. Chairman, if the Hon. Member would look at the Budget Speech and look at page 50, which will not give him the '77 figure but will give him the 1975 and 1976, there is the farm net income and the realized net income. Now remember that as far as '77 these figures are obtained from the income tax figures. As I have said, we will not have that figure as you can well appreciate, we are not able to get any exact figures until the information is provided to us from the Government of Canada. Now about the province and Federal Government we work fairly closely in trying to get estimates on things like income tax. One of the things is that he should also recognize that if our income tax and our tax revenues do rise there is where equalization comes into play, which will help our revenues through equalization if our income tax and other taxes do drop. So I think you have to be looking at the total income of the province.

MR. CAMERON: — For the time being, Mr. Chairman, let's not sort of fuzzy up the issue. In order to make an estimate of the amount you are going to derive in personal income tax in the 12-month period we are now in, you have to make some estimate of what the net farm income is going to be for 1977. You know the amount you raise in income tax is very much dependent on what the net farm income is going to be in the year that we are now in, so I am interested to know what is your estimate in net farm income for 1977 that you must have because you have got an estimate Of the tax you are going to raise by way of personal income tax for the year?

MR. SMISHEK: — Perhaps, Mr. Chairman, in as far as our income, remember that the Federal Government does the collection, our cash flow is going to be based on 1976 and not on 1977, because that's the way the tax collection system does work. From the standpoint of the revenue and the cash flow that we will have, and we now know what 1976 was like, I think we can be fairly certain that that will be the cash flow. Now there may be adjustments in future years. You know in the year following, there might also be adjustments in terms if the incomes drop, whether it is

farm income or wage earners' income. There is also the adjustment that will come through equalization.

MR. CAMERON: — Do you in fact have an estimate of 1977 net farm income?

MR. SMISHEK: — Mr. Chairman, if the Hon. Member will turn to page 17, I don't know whether you have the Budget Speech, it says:

Farm cash receipts in '77 should be close to last year's level but higher operating costs will cause realized net farm income to decline marginally.

Last year's net farm income in 1976 was \$2.262 billion. So we expect them to be close to that level, but they will be affected by rising farm costs.

MR. CAMERON: — I want to follow up one or two more areas here with you. You are anticipating that you are going to collect an additional \$20 million in gasoline tax. Now that is a whopping increase, I think it is about 35 per cent more money you think you are going to collect on the gas taxes in the coming year than you collected in your estimate last year. I am curious about that one in two respects. One is this - that if in raising the gasoline taxes I think you indicate that it tends to deter consumption when you raise the tax, that's point number one; point number two is, where do you expect this sort of tremendous increase, or at least some increase, I shouldn't say tremendous, some increase in consumption of gasoline in the province to come because as I say, it looks to me about a 35 per cent increase in what you are collecting in gas tax?

MR. SMISHEK: — Mr. Chairman, remember that our tax is coming back to 19 cents from 15 cents. This is bringing it back to the level that it was in 1971. If one wanted to argue really it means that for a good number of years there has been no increase. What we are doing is restoring what was the situation back six years ago. What has happened, as the Hon. Member will know, is that the Federal Government has invaded this particular tax field. I think there was only about two cents being paid and it is now about 15 cents. We are estimating that there will be an increase in the number of vehicles of about three per cent and added vehicles will mean added consumption. You know it just follows like night follows day. And the price increase of four cents, I think would yield in the order of \$17.5 million.

MR. CAMERON: — I gather the four per cent increase would result in \$17.5 million, based upon past consumption or based upon your estimate of future consumption?

MR. SMISHEK: — Future consumption?

MR. CAMERON: — Well, how do we get to \$20 million if the four cent raise is \$17.5 million, how do you get it up to the \$20 million increase you anticipated?

MR. SMISHEK: — Well, Mr. Chairman, based on experience, the number of added vehicles which is three per cent, you've got to take three per cent of the total. I think if you do that, you come up with about \$20 million.

MR. THATCHER: — Mr. Minister, I was out of the Assembly for a moment, could the Minister tell me his actual figure that he collected last year for the education and health tax and the gasoline tax and the corporate income tax? Your actual figure.

MR. SMISHEK: — That's for 1976-77?

MR. THATCHER: — Actual for E & H, your gasoline tax and your corporation income tax?

MR. SMISHEK: — Now, Mr. Chairman, I have to warn the Member that these are preliminary. Final figures are not available. The Member will know that the final closing date was just a matter of 12 days ago. These are unaudited statements, so these are preliminary figures. In the case of E & H - \$169.2 million. I am rounding out the last figures. In the case of the gasoline \$59.4 million; corporation income tax - \$77.8 million. In all cases I am dropping the figures and rounding them out.

MR. THATCHER: — Mr. Minister, I should like to ask you why, if \$169.2 is your actual figure for the E & H tax, in view of the fact that the economy does appear to be slowing down, we don't know how much, but I think that you will agree that it does appear to be slowing down.

You are budgeting for an increase in \$17 million over what you actually received. In the case of the gasoline tax, granted you have a tax increase in there, but obviously you are budgeting for consumption. In your corporation income tax, I believe that you raised the tax rate there from 12 to 14, I believe I am correct.

Would that not bring in more revenue than what you are estimating? I am interested, particularly, in the logic of your budgeting of \$187 million when you, in fact, your preliminary or actual figures are \$169 million.

MR. SMISHEK: — Mr. Chairman, the Hon. Member will note the closeness of our estimates. That is within slightly better than \$2 million and I think that the department officials should be commended for that.

You raise the question and I might pass on to the Hon. Member what the E & H tax was in 1975-76. We had, at that time, estimated \$139 million, the actual in 1975-76 was \$147.5 million, so we had tremendous growth between 1975-76 and 1976-77. We now see a 10 per cent increase from that source of revenue. For his information we realize that the farm net income will decline and in our projections we take that into account. We see further growth in retail sales and we know that there have been price increases. If nothing else that is a

factor which is going to yield. One of the big areas, as you look about the province, you see there is a fairly substantial amount of construction, both in the private and in the public sector, and that is a very significant sales tax or E & H tax producer.

MR. THATCHER: — Mr. Minister, I am particularly interested in your comments in the increase of construction because I am advised by one particular head of a construction company that there really isn't that much work around, that the bidding involved right now is the most competitive that he has seen since probably back to 1970. That cases, or similar jobs, that last year or the year before, they were lucky to have two bids to open, now they are opening anywhere from 10 to 20 bids. I find the remarks surprising in that particular area.

I find your remarks surprising on the E & H tax because of the very heavy dependence that this economy has on the farm income sector being very high. The Minister well knows, even though the farming community makes up perhaps a small percentage of the total, but in terms of their impact on the economy, it is vastly greater than what their percentage in numbers is. Therefore, I do find it inconsistent of the Minister making this budgetary assessment on E & H tax, on economy that probably one has to be very optimistic to suggest is growing over 1976.

I should like to ask the Minister in addition, in terms of his gasoline tax, which has already been raised by the Member for Regina South (Mr. Cameron), the increase in the provincial tax on gasoline, would the Minister indicate whether he is making this tax as a means of discouraging consumption of gasoline or whether it is strictly a revenue raiser?

MR. SMISHEK: — I would hope that it would be both.

MR. THATCHER: — Mr. Minister, do you feel that the gasoline tax is a fair tax? I will qualify that, I was going to say that certainly Members Of your Government have talked many times about the great rip-offs that our oil companies are taking on the public of Canada and consumers of this province. I am sure that the Minister knows that if anybody is ripping anyone off it is the combined Federal and Provincial Governments that are ripping off the consumer. I believe that, as of today, 19 cents on a gallon of gas in Regina is a provincial motive fuel tax, if I am using the correct terminology. I think it is 4.3 that is a Canada sales tax and 10 cents is a federal excise tax. Would the Minister agree that, while life is being made miserable for people who are forced to drive a car, and I am sure the Minister will agree that in today's society that it is necessary for one to have a vehicle, at least for the vast majority to have a vehicle, does the Minister really believe that this gasoline taxation, by both the Federal and Provincial Government, is a fair tax?

MR. SMISHEK: — First of all, I do not agree with the Member's purple phrases, that the Provincial and Federal Governments are ripping the people off regardless of the political stripe of a government. When I sat in Opposition I didn't think that the

Liberal administration was ripping the people off. I differed with them in philosophy, but I think that this is an unfortunate choice of words on the part of the Member to say that governments are ripping people off. I would hope that he, as a Member of the Legislature, and presumably since he is in politics and has the idea of someday being the government, that he doesn't sort of make that kind of a bed for himself, because it is regrettable. That is probably the reason today that the public is critical of politicians and the kind of phrases the Member is using, I think, downgrades government politics and politicians.

In the whole area of gasoline taxation, we will take a look in Saskatchewan, at the present time, where the gasoline tax is 19 cents the same as it was six years ago, in 1971; that today, in proportion to the cost of gasoline, the tax is significantly lower. I will agree with the Hon. Member that the tax that goes to the public purse, both provincial and federal, is sizeable. I think the Federal Government collects about 15 cents now in the tax per gallon. I think there are two or three taxes, the province 19, so there is another 34 cents in tax that the people pay. I think the Hon. Member is also aware of the demands of the public for better highways as well as safety programs. I think that if he sort of looks at it in another way, that the tax that is paid on gasoline is somewhat proportionate to the incomes in many cases now and what it used to be. I don't accept his phrasing that it is any form of a rip-off.

MR. THATCHER: — Well, Mr. Minister, it may not be a form of rip-off, in your terminology, because when it comes to taxation your Government has been ripping the taxpayers of this province from one end to the other and your gasoline tax is no different.

Right now on a gallon of gas in Regina the total federal tax amounts to 17.4 per cent of the total. Your total provincial tax amounts to 23 per cent. Add these very simple figures, and I think your people will confirm these figures, add these two together and you get the incredibly high figure of 40.4 per cent of a gallon of gasoline going to various levels of government. And that is not a rip-off ! And with the prospect of the taxation on gasoline going even higher, now exactly who is being ripped off? It is a corporation that has a fleet of cars out. No way, that is a business expense, they write it right off the top and on top of that they get 10 cents back from the Federal Government. Is it the farmers? Again, it is a business expense for them, except for that portion which is used on a personal basis. On top of that they get 10 cents back. So whom are you nailing to the cross? You are nailing the ordinary wage earner who has no deductions, who cannot qualify as a business expense or whose gasoline expenses are not considered the part of a cost of living. He can't deduct that. He is the guy whom you are nailing, everybody else can write it off. If you have a company, if you are a fanner, and you have incorporated your company, you can then deduct the bulk of even the red gasoline which you are buying. So whom are you nailing, and who is ripped off? Forty per cent of the tax is going to the government. On so many occasions I have heard people on that side of the House talk about how these oil companies are ripping us off.

I pose a question, again to you; at 40 per cent and the

prospect of it going even higher in about three months, tell me who is ripping us off? I would like to see the figures to contradict that one.

MR. SMISHEK: — Let me, again, state that if the Hon. Member took a look at the fact of what the gasoline price was and what it is today, that the percentage of tax collected by both the federal and provincial governments today are lower than as a percentage it was several years ago.

MR. MERCHANT: — . . . prices so high.

MR. SMISHEK: — That is true, the prices are up so high. All of a sudden the Hon. Member for Regina Wascana and the Hon. Member for Thunder Creek have become really concerned about the ordinary wage earners.

Mr. Chairman, another point, and I don't know whether there is very much more that can be gained outside of reminding the Hon. Member that in Saskatchewan, as he is aware, of the 19 cent tax that is paid, 3 cents of that goes to the AAIA (Automobile Accident Insurance Association) to keep our insurance rates down. I invite you to take a look at our neighboring Province of Alberta or go to Ontario, or go to other provinces and compare them all across the country, it is still the lowest insurance in relation to the price that is paid, the benefits are as good as can be found anywhere across this country.

MR. CAMERON: — Are proud of that \$100 . . .

MR. SMISHEK: — Well, the Member wants to deal with side issues. I think he had a chance in Crown Corporations to deal with the Government Insurance. I merely bring to the attention, as a reminder, that 3 cents of the gasoline tax goes toward government insurance.

MR. MALONE: — I want to direct some questions to the Minister in connection with the use, perhaps better described, misuse of the Energy Fund.

I think, according to your Estimates, it is quite clear that the sum of \$35 million has been appropriated from the fund for this coming year. The similar sum of \$35 million was taken from the fund last year and I think it is clear that up to this time approximately \$270 million, in addition, has been taken from the fund to facilitate the purchase of Duval and Sylvite and those are approximate figures, of course.

I assume that the \$35 million going from the Energy Fund directly into general revenue is to be used for that purpose, general revenue, to pay the debts of the Government, to pay for the various government programs. The other \$270 million has been taken to buy the two potash companies. As I understand the arrangement, it has been given to the potash companies with no interest and so on. According to the Minister in charge of the Potash Corporation, I believe that this money may be paid back and it may not be paid back, the decision has not been made.

My question to the Minister is in connection with these two items. Can you tell me by what legislative authority, of this Legislature, that has permitted this transfer of money, that is the \$35 million into general revenue and the \$270 million to be used for the purchase of Sylvite and Duval? What authority do you have to make that particular disposition of the funds?

MR. SMISHEK: — Bill 42 gives us the legislative authority.

MR. MALONE: — I wonder if you could show me where in Bill 42 it does, Mr. Minister. I have a copy of the Bill in front of me and I refer you to the amendment. Chapter 73. If you would indicate to me where, firstly, in that particular amendment it authorizes you to take \$35 million and put it into general revenue and, secondly, where it authorizes you to take \$270 million to buy two potash companies?

MR. SMISHEK: — Mr. Chairman, Section 15 (4) of The Oil and Gas Conservation Stabilization Development Act and Treasury Board Orders No. 327 of 1976-77 and 468 of 1975-76 gives us the authority.

MR. MALONE: — Are you suggesting then, Mr. Minister, that these funds are considered to be excess for the purpose of which the fund was created. I will ask you to have a look at the section again because it suggests that money in the fund considered by it to be an excess of what may be required for the purposes be paid to the Minister of Finance to deposit in the consolidated fund. So if the funds aren't in excess of the requirements of the fund I suggest they cannot be transferred into the consolidated fund. And similarly, I suggest that in connection with \$270 million to be used to purchase potash mines that subsection 4 does not permit that at all because that money has not been transferred into the consolidated fund, it is being used to pay Duval and Sylvite.

MR. SMISHEK: — Well, Mr. Chairman, as the Hon. Member is aware, I am not a lawyer and I don't propose to be arguing the law. I have given him the legislative authority, which has been accepted, including the Auditor as well. In a case of the \$35 million that we are taking into consolidated revenue from the Energy and Resource Development Fund, I might inform the Hon. Member that the reason for us taking that money is because of the loss that we have suffered because of the Federal Government. Taking into account the Energy and Resource Development Fund as part of our revenue, and this is the loss that we have suffered in equalization and we are really replacing that \$35 million with the loss we have suffered in equalization.

MR. MALONE: — I really don't care what the purpose is. You are the Government, you are going to determine how you are going to spend the money. What I care about is how you justify that spending when the Act clearly says, that is the original Bill 42 and the amendments to it, that the money going into the Energy Fund is for the development of energy resources. There is this particular provision that says where there is an excess of funds required for the energy reserve fund and you had just indicated there hasn't been an excess, that that money can be paid into the consolidated fund. Let me put to you, assume for a moment that

that \$35 million was in excess although you say it wasn't, what about the \$270 million taken to buy the two potash mines? That is not paid into the consolidated fund. That is not money to be used for development or exploration for energy resources. That money is being used to buy existing assets. It is not used to explore for potash or to develop potash. It is being used to buy existing assets of those two companies. And I suggest to you Mr. Minister that your Government, in handling the energy fund in this manner, is in breach of the provisions of this particular Act. That is very clear that you are in breach of it. Now you don't have to be a lawyer to get up and argue that particular point. I know the usual, over there when you are stuck for an answer, you say you are not a lawyer. Perhaps I should have had one of the non-lawyer Members of the caucus ask the question. It is very clear on the face of it that for at least the \$270 million you do not have the legislative authority to use it in the manner that you do and secondly, if you are saying that the \$35 million was in excess for the purposes of the Energy Fund I would like to know what the purposes of the Energy Fund are?

MR. SMISHEK: — Mr. Chairman, the Hon. Member has now made reference the case of the authority for the acquisition of the potash mines. Again, I refer him to the legislation, that is The Oil and Gas Exploration and Development and Production Act and regulations under the Act. I refer him to the authority of Section 15 and Section 17 of the Act and the Energy and Resource Development Fund regulations. Regulation 283/74 and regulation 233/76 are the legislative authorities which are contained in the legislation and were regulations under the Act and were passed in accordance with the Act. Now as for him asking questions on the statutory authority, I don't think I can say very much, they are there. Mr. Chairman, we believe that the authority is there. Certainly the legal authority has not been questioned by the Provincial Auditor. If that were the case, I am sure he would have been drawing that to the attention of the Legislature.

MR. MALONE: — Sorry Mr. Minister, I am not ready to leave the point yet. It is not up to the Provincial Auditor to determine legislative authority. It is up to the Provincial Auditor to determine whether money is spent for the purpose that it was appropriated. He doesn't go behind the regulations to see if the regulations are, in effect, legal or correct. Now I draw your attention to Section 17 under which you make regulations, and this is a common section. It says very clearly, Mr. Minister, that the Lieutenant-Governor-in-Council may make such regulations not inconsistent with this part. And I suggest to you that any regulation that says you can take the money to firstly, put into general revenues or secondly, buy potash mines, is inconsistent with this part. And it doesn't take a genius to figure that out. I want to know just how this came about because on the face of it you are in breach of the very Act that you passed yourselves, on the face of it you have misused \$70 million plus \$270 million - \$340 million of the taxpayers' money. It is clear on the legislation that you passed yourself.

MR. SMISHEK: — Mr. Chairman, I totally disagree and deny the Hon. Member's allegation.

MR. MALONE: — Well, would you undertake this, would you consult with your officials and see what their advice is on this particular point, and perhaps have an answer for us tomorrow?

MR. SMISHEK: — I can consult them now.

MR. MALONE: — All right. I can wait for you.

MR. SMISHEK: — Mr. Chairman, the officials tell me that the whole matter was thoroughly discussed and dealt with between the Department of Finance and as far as the legality of whether the authority was there, with the Attorney General's department. The advice that was received from the lawyers of the Attorney General's department indicates the authority was there. It permitted the expenditure of these funds for the acquisition of the potash mines and for the use in the way the money has been spent from the Energy and Resources Development Fund.

MR. MALONE: — Before we get off this point. I suggest to the Ministers that you, I mean collectively, your Government, have left yourselves wide open to a lawsuit for misuse of taxpayers' money because you do not have the authority to use the money in which you have estimated. I want to go back to this particular subject of the use of the Energy Fund. You indicated earlier that the \$35 million was not excess in your view. That is, it is part of the fund and it wasn't excess for the use of the fund. What is the fund being used for at this time, short of buying potash mines? We know that \$340 million have been taken, I am not sure what is left, I suppose about \$172 million, according to the figures, as I recall them. What is happening with that money?

MR. SMISHEK: — Could you repeat that question, I didn't quite hear it.

MR. MALONE: — You referred to the section in the Act which said that you could take the \$35 million and put it into consolidated revenue, and I referred you to the section which reads that if there are excess moneys in the Energy Fund it can be transferred to the Consolidated Fund. I asked you whether the \$35 million was considered to be excess revenues, and your answer was no, now maybe you want to reconsider that. Aside from that what is happening to the funds that are left, that haven't been taken and used to buy potash mines? What are the future plans for that money and what is happening to the money right now?

MR. SMISHEK: — Perhaps when the Member asked the question, whether those were excess or not excess funds, obviously whatever may be interpreted, it may be said that whatever money is there can be interpreted to be excess. Now the money that is there in the Resource and Development Fund is invested and is accumulating interest for the people of Saskatchewan.

MR. MALONE: — I know I asked this before but I wonder if you would give us the approximate interest rate again, I believe it is

around 9 per cent, isn't it?

MR. SMISHEK: — Mr. Chairman, I don't have the exact figure but it was between 8 and 8.5 per cent.

MR. MALONE: — I should just like to move into another area now if I may. You have taken \$270 million out of that fund, and I am rounding it off, I think it is a little more to buy Sylvite and Duval.

MR. SMISHEK: — No, \$227 million.

MR. MALONE: — I am sorry, the total figure is \$270, okay, \$227 is taken out of the fund, meaning therefore that we don't have interest accruing on that money any more. I believe the interest would be about \$21 million, \$20 million in that area, if the money was in there at between 8 and 9 per cent. My next question to you is: what taxes were collected from Duval and from Sylvite prior to the Government purchase of them from the period of time, I guess, from when the reserve tax was introduced?

MR. SMISHEK: — Mr. Chairman, you want it for the total period since they were in operation?

MR. MALONE: — Just since the reserve tax was introduced, which is what, a year or so ago?

MR. SMISHEK: — I can tell the Hon. Member before the completion of the agreement of purchase that all the taxes were paid up by Duval and Sylvite, but I don't have those figures. It would take us some time to do the calculation. We can do it, but it will take some time because these companies were in operation and to get the reserve tax you would have to go company by company, month by month and we just don't have those figures at our fingertips here.

MR. MALONE: — I think it is important that you get them, because I think it is fair for us to compare what you collected in taxes from Sylvite and Duval with your reserve tax being in force, and compare that to what you are losing in interest from moneys taken from the Energy Reserve Fund. Now I have no idea what the taxes are. They may be \$10 million each, they may be \$50 million each, I have no idea. But I think it is appropriate for us to ask for that information, so that that comparison can be made.

MR. SMISHEK: — For the information of the Hon. Member, in case he is not aware that both the Cory Mine and the Rocanville Mine will continue to pay the taxes on the same basis as Duval paid and as Sylvite paid, they will not be exempt from the provincial taxes, whether it is the prorationing taxes or the reserve tax. There is going to be no loss in that area. Now in the case of the interest, because we made the investment, Mr. Chairman, we take the position that this is a good investment in the interest of the people in developing the large potash reserve that we have

for the people of Saskatchewan. He and I disagree on the philosophy of it. I suppose we will always disagree, but we think it is a good investment and may I assure the Members of this House and the press that those potash mines now in the ownership of the company will continue to pay the taxes.

MR. MALONE: — We disagree, you say it is a good investment and I say it is a bad investment. Now I have, let's get down to the nitty gritty, the dollars and cents; the information that I have just been provided with, and it may be correct, but it is the information that I have received, is that Duval and Sylvite paid approximately \$9.5 million each in taxes for 1975 and 1976. The taxes included the reserves tax, the production tax and royalties and the prorationing fees. So what you are doing is you are taking from those two companies say \$19 million in taxes in those two years, and I am subject to correction, I emphasize these figures. And you are replacing that \$19 million with \$220 million used to buy those two mines, which would have itself generated about \$20 million to the Treasury of Saskatchewan. So on the face of it, just on a dollars and cents basis, for those years you are losing about \$1 million. Now do you dispute that?

MR. SMISHEK: — Mr. Chairman, Yes, I dispute that.

MR. MALONE: — Well how can you possibly justify the purchase just on a dollars and cents basis?

MR. SMISHEK: — Well, Mr. Chairman, the companies as I said, continue to pay taxes. These are long-term investments. They are not investments that are being made just for today or tomorrow. We have gone through this argument, in this House, I don't know how many times over. I doubt that we in a philosophical sense will agree.

MR. MALONE: — Dollars and cents now.

MR. SMISHEK: — Mr. Chairman, I think that the Liberals have had the same kind of a feeling about other business enterprises. I suppose philosophically they differ with corporations like Government Insurance which provides the best service and the cheapest insurance to the people of Saskatchewan, and I think that is agreed to. I suppose that philosophically they differ with the Saskatchewan Power Corporation because it is publicly owned and providing a service to the people at the cheapest possible cost. I suppose they differ with Sodium Sulphate, which is another corporation which we invested in a number of years ago at very little money and have been getting excellent returns. I regret really that we didn't, as a province, a number of years ago when the technology was there, that we didn't find the money to develop the mines ourselves rather than have the private sector develop the mines, particularly the private sector which is not under the ownership of the Canadian people, in the majority of cases.

MR. CAMERON: — Mr. Chairman, I want to ask the Minister to go back to the use of the Energy Fund. The Legislature gave you the power

under The Oil and Gas Conservation Act, you may want to direct your attention to this, to use the fund for five purposes. Five purposes as follows: (a) to reduce the wholesale prices of refined petroleum products, that's the first use to which you can put the Energy Fund.

MR. SMISHEK: — What section?

MR. CAMERON: — Looking at The Oil and Gas Conservation Act, Section 15.

My first question is: has any portion of that fund been used for that first purpose?

MR. SMISHEK: — I think there probably have been some amendments because I'm looking at the office consolidation that we have . . .

MR. CAMERON: — Let me direct you, I'll direct your attention . . .

MR. SMISHEK: — Bill 128 was an amendment to Bill 42 and I don't have those words.

MR. CAMERON: — Let me ask you, have there been any payments out of the Energy Fund for Saskoil's purposes?

MR. SMISHEK: — Some through the drilling credit program, but none to Saskoil directly.

MR. CAMERON: — Would you explain for Members please, what you mean by some for the drilling credit?

MR. SMISHEK: — Well the Hon. Member may be aware that we provide royalty credits for exploration to oil companies in Saskatchewan and Saskoil together with other companies received that benefit.

MR. CAMERON: — Do I understand you to say you actually made a payout from the fund in respect of this particular item?

MR. SMASHES: — In total, Mr. Chairman, the drilling credits paid to the oil companies were \$19,465,622 as I have it at the present time.

MR. CAMERON: — Can you tell me when, what period of time we are talking about, roughly how many oil companies?

MR. SMISHEK: — It's for a period April 1, 1974 to April 1, 1977 or March 31, 1977. That's the period. It's really a period of three years. I don't have the oil companies, Mr. Chairman, but I do have year by year breakdown for the information of the Member. Between April 1, 1974 to March 31, 1975 (I'll give you the rounded figures) \$2,065,000, if you want the exact figure, I'll give it to you. In April 1, 1975 to March 31, 1976,

\$14,170,000. April 1, 1976 to March 31, 1977 - \$19,465,000. That's year by year. Now the total is \$35 million that has been paid out.

MR. CAMERON: — I see. Now let me just see that I understand this. You have made payments out of the Energy Fund in each of the years 1974-75, 1975-76, 1976-77, in each of those three years. In 1974-75 you paid out roughly \$2 million. In 1975-76, you paid out \$14 million and in 1976-77 you paid out \$19.4 million. I understand that's correct; so we have a total payout from the Energy Fund of something in excess of \$35 million to oil companies for the purposes, I gather, to encourage them to explore. Now, do you have a list of the companies to whom you paid out these grants?

MR. SMISHEK: — No, I don't have the lists with me. We can get that.

MR. CAMERON: — Would you undertake to provide the official Opposition with a list of all the companies that received grants and the amount they received and the dates upon which they received them?

MR. SMISHEK: — Mr. Chairman, I might advise the Hon. Member, because I appreciate that there is so much thrown at people in the House, that for the year 1974-75, for 1975-76, they are in Public Accounts. For 1975-76, they are on page H42 and H43. I'm sure you have a copy of the Public Accounts for 1975. They are there for the world to see and we will try to provide you with the information for April 1, 1976 to March 31, 1977, but remember that these will be unaudited.

MR. CAMERON: — Same area, Mr. Chairman, of inquiry. I don't want to be interrupted in this particular area of inquiry, then we'll have to come back to it.

MR. CHAIRMAN: — Well, I think we try to be fair and I think we've had all afternoon with the one party, I would like to give at least a little time to the other one and you certainly have an opportunity to come back to it.

MR. J. G. LANE (Qu'Appelle): — My first question is . . .

MR. CHAIRMAN: — State your Point of Order.

MR. MALONE: — I wonder if the Member would be good enough to indicate whether he's pursuing this particular area or whether he's moving on to another area of the Estimates.

MR. LANE: — Well I suppose we could first ask for a ruling, Mr. Chairman, if that's a Point of Order.

MR. CHAIRMAN: — Well, I have stated my ruling based on the fairness which I think I am trying to do for the House.

MR. MALONE: — Let me just say on the Point of Order, Mr. Chairman, that for the good conduct of the business of the House and of the Estimates, surely it would seem reasonable that we could complete a particular topic. I can assure the Minister that we're just getting started on this particular topic. I fully recognize the Member may have some very legitimate questions upon this topic, but I think it would serve the House business well if we finish this particular topic before we move on to what the other Member is going to talk about.

MR. CHAIRMAN: — Well, I have made my ruling and I'm based on the reason of it, I'm here to try and be fair with all Members of the House and I think that I have been quite fair with the official Opposition.

MR. LANE: — Can the Minister advise me which departments are in the process of having the so-called PMIS system set up? Would you describe it and at what stage the various departments are at in the institution of the management system.

MR. SMISHEK: — Mr. Chairman, in case of the Departments of Agriculture, Labour, Environment, Industry and Commerce, Tourism and Renewable Resources . . . maybe I'd better start all over again, because there is another list that we have. You might make sort of two columns for yourself, departments and then another column of 'used as budget documents' and another column 'in process'.

Agriculture, used as budget documents - Attorney General's and also Attorney General, process - maybe it's getting a little too complicated. Consumer Affairs, Co-ops, Culture and Youth, Environment, Finance (Finance is just in process), Government Services. In Health we've got part of it, just in process. Highway Traffic Board, in process; Highways in process; Industry and Commerce, used; Labour, used; Provincial Library, in process; Provincial Secretary, in process; Social Services, used; Core Services, in process; Tourism and Renewable Resources, in process.

MR. LANE: — Would you explain first of all the difference, I'm not sure what you mean by 'budget documents'. Secondly, would you explain what the system is trying to accomplish, particularly with regard to the Attorney General's department?

MR. SMISHEK: — Mr. Chairman, the purpose of PMIS in a general way is a management concept that endeavors to focus attention on the outcomes or benefits derived from government programming and then to relate these output definitions back to resource inputs, consumed in the delivery of the program. The concept, when applied, details a system of documents and procedures having two purposes. One is to assist program management in planning, operating and controlling their programs and as a by-product, the provision of budgetary information that may assist the Treasury Board and their staff in evaluating expenditure plans and program performances. Now that's a very brief description. Mr. Chairman, I think that we do have a booklet that I'd be glad to provide to all the Members. I think it is a system that

we're trying to use for more accurate budgeting, for better, more effective management procedures.

MR. LANE: — My question was: at what stage is the implementation of the Attorney General's department? In what areas of that department have you established PMIS and what are the various goals in each aspect?

MR. SMISHEK: — At the moment, Mr. Chairman, there are two branches that are using the process in the budget documentation and one sort of in process, but I can't tell you which ones. We'll try and find out which of the branches. The department is not totally on PMIS.

MR. LANE: — Okay, what about the Department of Social Services? What areas are under PMIS there, or in process of being established?

MR. SMISHEK: — Social Services - 16 branches that are used and one is in process. I don't know how many are not. I'd be glad to give a list to the Hon. Member because I think all of this becomes sort of meaningless. We'd be glad to provide a list, because one would have to take a look at the number of branches in every department, how many are used and how many in process, which will be a much more meaningful bit of information.

MR. LANE: — What I would also like to have, in addition to the list, implementation in each department or branch so that we can start to assess the part when we know when the starting date for judging the performance. Is that in order?

MR. SMISHEK: — I suppose it's in order, but don't expect us to produce it tomorrow. We'll take note of the question, but it might take us awhile to dig up the information.

MR. LANE: — Well, I have a series. I recall from Public Accounts, that I believe your now deputy opposes what is called zero-based budgeting and that was the indication given in the Public Accounts of a year ago. Is that a fair statement or not, and if so, would you explain why, and if not, what studies the Government is doing with regard to zero-based budgeting?

MR. SMISHEK: — Mr. Chairman, I don't know what particular expertise the Hon. Member has in public budgeting or in the private budgeting. We don't believe that the so-called zero-based budgeting concept, and I don't know enough about it to be able to debate it, but I have heard the reference asked, the odd question about it. Our people don't think it goes far enough. We think that the PMIS system is much more precise. It provides better information and is more definitive.

The Committee reported progress.

The Assembly adjourned at 5:00 o'clock p.m.