

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Fifth Session — Eighteenth Legislature**

**May 10, 1978**

The Assembly met at 2:00 o'clock p.m.  
On the Orders of the Day

**WELCOME TO STUDENTS**

**MR. J. WIEBE (Morse):** — Mr. Speaker, I am very pleased to have the opportunity this afternoon to introduce to you and through you to the members of this Assembly, approximately 24 Grade Four students from the Herbert Elementary School. They are accompanied here this afternoon by their teachers Mrs. Gitzel and Mrs. Buhr. I understand that they have had a busy morning. It is unfortunate that the million dollar rain is following but I am sure all the farmers in the province appreciate it. I look forward to meeting with them briefly at 2:30. I would ask all members to join with me in welcoming them to the Chamber this afternoon.

**HON. MEMBERS:** Hear, hear!

**QUESTIONS**

**SGIO Claim — Buildall Construction**

**MR. C.P. MacDONALD (Indian Head-Wolseley):** — Mr. Speaker, I would like to pursue once again with the Attorney General some question related to Buildall Construction. Can you tell me, Mr. Minister, the defendant Richard L. Collver has stated that he has sold out his interest in Buildall Construction, lock, stock and barrel. Can the minister tell me whether or not the said defendant has ever requested of SGIO to be relieved of his bond obligations when he sold Buildall Construction?

**HON. R. ROMANOW (Attorney General):** — Mr. Speaker, perhaps this question would best be directed to the Minister in charge of SGIO because I have no personal knowledge of it. But having just consulted with the minister, I am advised that he has no recollection of such a request being made. Certainly I have no such recollection of it being made. There is no reason that I should have since I am not Minister in charge of SGIO. I think the answer is, No.

**MR. MacDONALD:** — Is that not a very strange and curious way to do business? Does the minister have any suspicions, or does the government, or does SGIO, are they curious in any way shape or form as to whether or not Mr. Collver has or has not completely disposed of all his assets in Buildall? Is this a sham transaction? Do they have any suspicions in this regard?

**MR. ROMANOW:** — Mr. Speaker, if I may, I am not sure that — while that may be important, or may not be important — the fact of the matter is that the government bases its claim on the so-called blanket indemnity document, the guarantee (one will see what the defences are and how it works out in court) but which guarantee should presumably, so the allegation is in the statement of claim attached to the defendant's throughout the piece, whether there is a sale or not a sale, it is on that document and other documents, I presume, or other evidence but essentially on that upon which a good deal of the SGIO case rests.

**MR. MacDONALD:** — Final supplementary, Mr. Speaker. Can the minister tell me whether or not SGIO's refusal to grant a bond to Buildall Construction at this time, or any future requests to obtain a bond, is it anyway related to the fact that Mr. Kirk Milne, the president of Buildall Construction is unable to provide any personal guarantees in relation to that bond?

**HON. E.C. WHELAN (Minister of Consumer Affairs):** — Well, I think, Mr. Speaker, the answer to that is the obvious. The record of performance would have a great deal to do with it. Certainly, if you had suffered a serious loss you would certainly think twice before you provided an additional bond. I think that's an obvious conclusion that would be made by any insurance company that was considering renewing or considering allocating a bond.

### **Miksoo Aviation**

**MR. H.W. LANE (Saskatoon-Sutherland):** — Mr. Speaker, a question to the Minister in charge of SEDCO. It became clear yesterday that there were financial dealings between this government through SEDCO and Mr. Si Halyk, independent counsel in that other case, to purchase Miksoo Aviation. Would you now advise this Assembly of the details of Mr. Halyk's experience, if any, in operating an airline which would cause you to enter into these financial arrangements?

**MR. ROMANOW:** — Mr. Speaker, I want to, if I may, make an answer to this question because the member for Saskatoon-Sutherland says that it became clear in this House that one Mr. Si Halyk had business dealings with SEDCO. I deny that on behalf of the government. I ask the member for Saskatoon-Sutherland to table before this House documentation to back that allegation.

**MR. LANE (Sa-Su):** — Supplementary, Mr. Speaker, to the Minister in charge of SEDCO and this will in part, perhaps, answer the question which the Attorney General poses. The press statement in today's Leader Post indicates that Mr. Halyk is taking over SEDCO's financial interest in Miksoo amounting to over \$100,000. That's in the Leader Post, Mr. Attorney General. Mr. Dan Creighton of Saskatoon says he has a contract to purchase Miksoo for \$250,000. Can you tell this Assembly why preference is being given, Mr. Minister, to Halyk by your government for a lower price?

**HON. N. VICKAR (Minister of Industry and Commerce):** — For the benefit of the hon. member who is making those allegations, I care less where that statement comes from. SEDCO is not involved in any dealings whatsoever with this Si Halyk at this particular time . . . (interjection) . . . I care less what he says. Mr. Speaker, if I can report I will. SEDCO is involved only to the tune of \$100,000 with Miksoo Aviation . . . (interjection) . . . That's right, I said that yesterday and I'll say it again today. We have no involvement whatsoever with anybody else. If the operation is sold by Miksoo to anybody, if it be Si Halyk or whoever it may be, we will then decide what we will do and how we will collect our \$100,000.

**MR. LANE (Sa-Su):** — Mr. Speaker, a final supplementary on this point. Mr. Creighton has been apparently shunted aside in favor of Mr. Halyk and Mr. Creighton has attempted this morning to find out from local SEDCO officials what exactly is going on, to discuss the matter.

Now, Mr. Speaker, I would like to ask the minister this. The local SEDCO officials told him that they had been given instructions not to discuss the matter with him at all. Who

gave those instructions? Was it you or was it a member of cabinet?

**MR. VICKAR:** — Mr. Speaker, I wonder what the hon. member is trying to allege here. What is he trying to get at? All dealings with SEDCO or anybody else are 100 per cent above board. We have no connections whatsoever with Creighton. He is dealing directly with Miksoo himself. SEDCO is not involved. If the hon. member is trying to cover up by making these allegations to cover up, there is something else wrong, Mr. Speaker.

**MR. S.J. CAMERON (Regina South):** — Mr. Speaker, a question of the Attorney General. The Attorney General was asked yesterday in this House about a conversation he apparently had with Kirk Milne who I understand is a former employee and political associate of the defendant Richard Collver in that action, in which Milne has alleged that he sought to make some arrangements with SGIO to settle the claim. I want to know from the Attorney General what that conversation was all about and why he did not meet with Kirk Milne. I think he owes a far greater explanation to the House today than the one he gave yesterday.

**MR. ROMANOW:** — Mr. Speaker, I said yesterday, words to the effect that Mr. Milne called me in the first week of October, 1976. This is not now a representation of the exact words but the essence of his telephone message to me was that he wanted to have a meeting with SGIO officials in order for him to make a submission to them respecting bonding him for some future or some prospective project, in order to recover the proceeds from that project, in order to keep Buildall afloat as a consequence or as a part of the matter which was the subject's question for the last few days. He wanted to meet with me. I do not know whether I undertook to meet with him or not, I cannot recall but the simple fact of the matter is that I undertook to get myself acquainted with the officials at SGIO as to the background on the situation.

As a result of conversations that I had with SGIO officials, I endeavored to call Mr. Milne back in Calgary to tell him that I did not want to meet with him. I was not able to do so. I contacted him Saturday morning in Saskatoon by telephone and told him that I was not prepared to meet with him. The basic reason why I was not prepared to meet with him was that it was obvious to me that there were difficulties on the Buildall situation as a result of the background information I got from SGIO. Quite obviously, being a politician, it does not take very much to realize that in that kind of circumstance a politician should make every effort not to inject himself one way or another into the situation. That was the reason for the decision. I told him over the telephone and urged him to see the general manager, John Greene. I think it should have been dealt with between him and the corporation, and that I think is the essence of the conversation.

**MR. CAMERON:** — A supplementary. He also is alleged to have said that he sought to meet with you because he wasn't getting a chance to meet with SGIO. Now, can the Attorney General indicate what information did he draw from SGIO when in conversation with Mr. Milne, and is it in fact that Mr. Milne wasn't able to meet with SGIO with respect to this thing:?

**MR. ROMANOW:** — Well, Mr. Speaker, as I recall, Milne's proposal was to be involved in some project in the coalfields of Alberta, a walking crane project or something of that nature. His bond had been cancelled or withdrawn by SGIO prior to his telephone call to me.

There was a withdrawal at the bank of credits at Calgary sometime in September with

respect to Buildall Construction. SGIO felt, knowing that the variety of Buildall projects were running into arrears, I don't know what the figure was at the time, but in arrears at that particular time and that there were difficulties in the situation, it was apparent that one in my position in any event, should not inject myself directly. The result was, having been told this information, in effect I communicated, I didn't — I don't think I told this exactly to Mr. Milne — in effect, I communicated to Mr. Milne that I had no interest in meeting with him on this matter as he had requested. I think he understood that and accepted that.

### **SGIO Claim — Buildall Construction**

**MR. W.C. THATCHER (Thunder Creek):** — Mr. Speaker, a question to the Attorney General. Mr. Attorney General, you have gone to great lengths to indicate both to this Assembly and to the press and to the public, that SGIO sought outside independent counsel, I believe that was the terminology that you used, before the Crown corporation came to the decision to file a statement of claim against Buildall Construction. Mr. Attorney General, I think you would have to agree that some questions have been raised in the last couple of days, both in the press and in this Assembly. Would the minister agree that the fact this morning in Crown Corporations, you apparently refused to table a letter or a transmittal from SGIO to one Mr. Halyk, who I understand is your independent counsel in this matter?

In light of what does appear to be some association of Mr. Halyk to your government in one form or another, whatever that may be, Mr. Attorney General, are you still going to cling to the assertion that Mr. Halyk was an independent counsel, even by your standards?

**MR. ROMANOW:** — Mr. Speaker, I say that, and I challenge the hon. member for Thunder Creek or anyone of his associates to allege outside of this House, on the basis of what they questioned on Miksoo, to allege that Mr. Halyk has acted as not an independent counsel. I challenge them to get out there and say just what.

**SOME HON. MEMBERS:** Hear, hear!

**MR. ROMANOW:** — I challenge the press to ask the leader of the PCs or the member for Thunder Creek, to ask any one of those members specifically do they allege that Mr. Halyk has acted without independence or without freedom. Mr. Halyk was given this file sometime in October or November of 1977. By any stretch of the imagination with respect to Miksoo, by any stretch of the imagination, he wasn't even involved in that operation until the last day or so, according to the Minister for Industry, the Minister in charge of SEDCO. By any stretch of imagination with respect to the Miksoo operation and even that, the \$100,000 of which you people are trying to make something, is an attempt to mud sling Mr. Halyk, is an attempt to divert a matter which should be left where it properly should be left, namely, the courts — on this Buildall situation with respect to Mr. Collver.

It is not a political lawsuit, the allegation by the PC leader and continued by your caucus over these days that it is, has made it a political issue, when you should have left it to the independence and the integrity of the judiciary and the bar.

**SOME HON. MEMBERS:** Hear, hear!

**MR. THATCHER:** — Mr. Speaker, I was asked a question but I guess I am not allowed to

answer so I will have to ignore it, much as I would love to answer it.

Mr. Attorney General, if I would be allowed to comment, your voice is rising. Mr. Attorney General, is it true that Sask Potash Corporation has been doing a great deal of legal work with a gentleman who was formerly involved with, in fact, the head of the Legal Aid Society in Saskatchewan, a one Mr. Albright? And isn't it true that this Mr. Albright who was doing extensive legal aid or legal work for Sask Potash Corporation, just by accident, happens to be a very newly acquired partner for one Mr. Halyk? Mr. Attorney General is that a coincidence or is this part again of this highly independent outside counsel that SGIO consulted?

**MR. ROMANOW:** — Mr. Speaker, I don't know what work Mr. Albright has done or is doing for the Potash Corporation of Saskatchewan. I will undertake to find that out and give the answer to the hon. member. But I believe that the record will show, if there is a union as between Mr. Albright and Mr. Halyk, with respect to law services, that union has only recently come about — within a matter of weeks, if that. (Inaudible interjection) No. The SGIO file was October-November 1977. Mr. Speaker, I say that the members of the PC caucus are into the gutter by this kind of an allegation in an unparalleled way. Because by innuendo, not by direct allegation, but by innuendo they are saying that Si Halyk is, as counsel, perverting his ethics and his oath to the Law Society of the province of Saskatchewan, to aid and abet the political purposes, as they would allege, of this government and I flatly deny that. And, furthermore, not only do I flatly deny that, but I say that your not putting one piece of paper anywhere, either in this House or outside this House to show that; your not having the guts to get outside this Assembly and say it so that Mr. Halyk can defend himself, proves that you are in the gutter with this allegation.

**SOME HON. MEMBERS:** Hear, hear!

#### **SGIO Claim — Buildall**

**MR. E.F.A. MERCHANT (Regina Wascana):** — A question, Mr. Speaker, to the hon. Attorney General as chief law enforcement officer. I ask the Attorney General whether, when you were discussing the matter with Kirk Milne you discovered that there was a walking crane contract and were for some reason afraid to meet with Kirk Milne. Secondly, if you then had knowledge that Mr. Collver had done the very curious thing of not seeking to be released from his guarantee; if at that time you were suspicious or not, that Mr. Collver still maintained some ownership in Buildall and that the apparent transaction of his ownership in Buildall had, in fact, been a sham transaction and a sham passage of ownership?

**MR. ROMANOW:** — Mr. Speaker, I did not make those kinds of inquiries. To the best of my knowledge, I did not know prior to the phone call from Mr. Milne, the status of Mr. Collver in Buildall one way or the other. When Mr. Milne called me he may have mentioned that Mr. Collver had sold out his 30 per cent interest, or the per cent interest and I am not sure whether I read that today or it was said at the time of the conversation, but his interest in Buildall.

When I called SGIO I did it with the purpose of being brief, quickly over the telephone, as to whether or not there was anything that I should know, or should I be alerted to, with respect to this potential meeting with Mr. Milne. I learned, as a consequence of the conversation, that there were some difficulties that Buildall was experiencing on the

bond, on the construction. I don't know whether at that time or not there was a mention of Mr. Collver's involvement by the SGIO official. But the sum total of what I learned was enough to alert me, as, I think, a prudent and hopefully reasonable responsible politician, not to meet with Mr. Milne. Not because I didn't want to meet with him on a personal basis, or not because as MLA he didn't have the right to phone me up. I don't allege that at all. I just felt that the situation, as a result of that phone call, progressed that political prudence dictated I should not meet with him. As it turns out with all of the political questioning involved in this matter, I think that was political prudence well taken. I simply called up Mr. Milne and told him that in a short conversation. As I say, I don't think he attached any significance or importance to it; I think I made it fairly clear. That was the end of the matter.

**MR. MERCHANT:** — Supplementary, Mr. Speaker. The minister indicates that you knew then that the matter was in arrears and you know now that the contract is in a great deal of difficulty. I ask the minister this question. When the bonding was given, clearly there must have been enough money in the contract to justify the granting of the contract. SGIO must then have been satisfied that there was not only enough money to cover the cost but also enough money to make a reasonable profit. I ask the hon. Attorney General whether there was some tragedy in the contract that occurred or whether alternatively the government is now suspicious that there was some bleeding off of money by Buildall and as a result of the possible bleeding off of the money to shareholders or others that is the reason that the contract is now into the glue for such a large amount of money?

**MR. WHELAN:** — Mr. Speaker, I think the key part of this whole action is there had been bonds for a long, long time starting back in 1969 for Buildall. It was when they ran into trouble in 1976 that we had to take a look at it. Why wouldn't we? The bank had cut off their credit, which indicated clearly that they weren't responsible, that they weren't reliable. The people who were building for them had run into financial difficulty. Automatically . . .

**AN HON. MEMBER:** Why?

**MR. WHELAN:** — . . . Well, if a bank cut off their credit, I think it must be obvious why. They were operating in an improper fashion; there was something about their whole operation; they weren't . . . well I think in answer to that question that is one of the reasons why it is before the courts to ascertain exactly the question that you are asking. We have put our position clearly in a statement of claim. The people who are directors of SGIO, I think, would have been open to criticism if they had refused to do this. People are saying that it is political; I don't think it is political at all. I think it is their responsibility and they did precisely what they had to do.

**MR. MERCHANT:** — Mr. Speaker, the minister indicates that the money has disappeared but doesn't indicate where the money went. I ask the hon. Attorney General, as happened with one of the defendants, Collver, in a similar lawsuit, whether you have investigated allegations that assets were being squirrelled away? This was one of the allegations in a previous lawsuit, that assets were squirrelled away. Have you investigated the admissions made by Mr. Collver in the previous lawsuit that substantial sums of money were paid to him and other shareholders and is that where the \$1.2 million has gone? I am asking you, did the money end up going to shareholders, going outside or going to companies that were involved, did the money end up being squirrelled away by the defendant Collver or other guarantors?

**MR. ROMANOW:** — Mr. Speaker, I answered a question similar to this the day before. My answer to the hon. member is that SGIO, having engaged an independent counsel, would be guided by the advice that that counsel should give to SGIO with respect to all facets of this case. I think that is the answer that is involved there.

### **Answer to question on Mr. Albright and PCS**

**MR. ROMANOW:** — While I am on my feet, Mr. Speaker, I took notice of a question with respect to Mr. Albright and Potash Corporation work. I have been advised by the Minister in charge of the Potash Corporation that Jerry Albright has done three pieces of work for the Potash Corporation. He prepared a brief in January, 1978. He advised on a labor relations case also early in the new year, January or February and handled a very small lawsuit. The entire amount of fees are probably less than \$1,000 to the Potash Corporation. All of the jobs were given and undertaken and have been either been completed, are completed prior to joining with Mr. Halyk, which apparently is to start on the 1st of June of 1978. Again I say, dispelling any suggestion that there is for this, for anything that kind of an imputation on Mr. Halyk.

### **SEDCO dealings with Miksoo**

**MR. J.G. LANE (Qu'Appelle):** — Well, in light of the facts just given by the Attorney General, I think the Attorney General is well aware of a legal maxim that justice must not only be done but seem to be done and I'm sure the Attorney General — we now have potentially a couple of pies. Would the Attorney General be prepared to urge and have a judicial inquiry into the SEDCO loan or the SEDCO financial dealings with Miksoo Aviation to make sure that the public have the satisfaction that things are being done properly?

**MR. ROMANOW:** — I don't know what the press will do with respect to that but I know why the member asks that question because he hopes that that will be the headline for the report. But I say to the hon. member and I say to the members of this House, on what conceivable basis could or should a judicial inquiry be conducted? Is there an allegation of wrong doing that you are making? I am asking you if there is an allegation? Is there a piece of paper or any kind of a documentation being made in this area? Is Mr. Halyk precluded from dealing with the owners of Miksoo for a buy-sell agreement of the airline? Is Mr. Halyk precluded from dealing with SEDCO? Then what is the allegation? Why the public inquiry? Now, I say, Mr. Speaker, that justice must be done. Justice, not only must be done but it must be respected. It was not we who alleged the very moment that the statement of claim was issued that it was political and have pursued this matter in the fashion that you have done it. If you believe what you say about justice being done and appearing to be done, for goodness sake, tell your leader and tell your caucus to stop this continual looking under rocks to try and divert the issue politically to some other area and let the matter be determined in the courts.

**SOME HON. MEMBERS:** Hear, hear!

**MR. J.G. LANE (Qu'Appelle):**— A supplementary, Mr. Speaker. Will the Attorney General be prepared to reinforce his view, of course, that this is not a political vendetta and table the letter of transmittal or instructions to Mr. Si Halyk to institute the action on behalf of SGIO.

**MR. ROMANOW:** — Mr. Speaker, I would have to take notice of that question. I gather the minister in charge was asked that question in Crown Corporations today. I don't

May 10, 1978

know what his answer was . . . Fine, if he refused. I still want to take notice and consider the reasons why and I want to consider the question.

### **SGIO — re Buildall**

**MR. A.N. McMILLAN (Kindersley):** — A question, Mr. Speaker, to the Attorney General or the minister responsible for SGIO.

At any time with respect to these matters, respecting Buildall and the statement of claim that has now been issued, at anytime during the past or during the present, have you or the minister responsible for SGIO, or any other people acting on your behalf, asked that the RCMP be involved in an investigation in any way with respect to this matter?

**MR. ROMANOW:** — No.

**MR. McMILLAN:** — A supplementary question. With respect to the same matter, have you investigated the fact that SGIO made payments to Management Associates Western Limited and have you checked to see if any of those payments, which were made to Management Associates on behalf of Buildall, ever fell into the hands, either directly or indirectly, of the defendant in the case, Mr. Richard L. Collver?

**MR. ROMANOW:** — We take advice from counsel and we will take such steps as counsel recommends SGIO to take to protect the interest of SGIO in this case, as in others.

### **SECOND READINGS**

**HON. R. ROMANOW (Attorney General)** moved second reading of Bill No. 70 — **An Act to amend The Election Act, 1971.**

He said: Mr. Speaker, it is a pleasure to rise in relative tranquillity and say a few well chosen words on The Election Act. I will move second reading of an act to amend The Election Act, 1971, at the conclusion of my remarks.

In 1974 I had the privilege to present to this House a series of amendments to The Election Act, 1971, setting up Saskatchewan's first controls on election expenses. This system was in place for the 1975 provincial general election, and while there were some problems, for the most part, I think all parties adhered to the new controls and they worked fairly well. After the election the government promised to review the legislation and to bring forward amendments to correct the defects. Since that time there has been an extensive review of the election expense legislation. The conduct of political parties and candidates in the by-elections in the Prince Albert-Duck Lake, Saskatoon-Sutherland and Pelly by-elections has also revealed parts of the legislation that are in need of attention.

Mr. Speaker, there are two basic systems of controlling election expenses in Canada that we know of today. The first is what I would call the Ontario system. The only controls in this system are on the size of contributions to political parties and candidates, and on the amount that can be spent on radio and TV advertising. I do not believe that this system is effective in controlling election expenses. One need only look at the statistics published by the Ontario Commission on Election Expenses to see the wide discrepancies in the amounts spent by candidates. One of the objectives of election expense legislation ought to be to put all candidates on an equal footing with



respect to the amount of money they are permitted to spend. It is then up to the candidate and his supporters to determine how this money can best be spent. This is the advantage of the system for controlling election expenses we have in Saskatchewan and at the federal level. In this province all the election expenses of political parties and candidates must come within the limits imposed by the legislation. One only need check the figures from the last provincial election campaign to see that there are not wide discrepancies in the amounts spent by the candidates of the three main political parties in Saskatchewan.

The effect of these amendments, which I will discuss in detail in a moment, is to strengthen the system of controls previously set up in our province and to set up new limits for expenditures.

Mr. Speaker, after the three by-elections last year, this House heard charges of abuse and of the failure of some parties and candidates to obey the law. I do not need to recite the story of those charges. In particular, members of this House will be familiar with the allegations concerning the Pelly by-election. Mr. Speaker, I have again looked at the report of the Chief Electoral Officer and the recommendations of the officials in my Department of Justice. I have also looked at the question of whether or not a public inquiry should be set up with respect to this matter. I wish to advise the House that I will not be setting up a public inquiry to investigate the conduct of parties and candidates in the Pelly by-election. I am satisfied with the sufficiency of the report of the chief electoral officer and the recommendation of the Director of Criminal Justice. However, I think I would not be out of place by saying that all members would agree with me that the publicity resulting from the Pelly by-election has done nothing to improve the image of politicians in the eyes of the voters.

These amendments represent the commitment of the government to establish a fair system of election expense control in Saskatchewan. I believe that once this bill is enacted into law we will have one of the best expense control laws in Canada. I trust that members opposite will join me in achieving this objective.

Now, Mr. Speaker, a word or two about the bill. Provision is made for a new ballot. In recent meetings the chief electoral officers in Canada have had considerable discussions on the way best to design a new ballot. The New Brunswick elections office has undertaken extensive research on investigation into ballot designs in Canada and the United States. In deciding upon a new ballot for Saskatchewan we have had the benefit of the information provided to Canada's chief electoral officers.

The new ballot, which is set out on page 37 of the bill, is black with the instructions to vote, the names and other information of candidates and the circular space for marking the ballots in the natural color of the paper. The surnames of the candidates appear last and will be in block capital letters. The main advantage of this ballot is that it should reduce considerably the number of spoiled and rejected ballots.

Returning officers will be authorized, if they consider it advisable, to establish central polling stations in the constituency comprised of not more than 12 polling divisions. The returning officer may also appoint a supervisory deputy returning officer to keep order at these central polling stations. This will ensure greater convenience for voters in our cities and larger towns.

Political parties will be permitted to use an abbreviation of the name of the party on election documents where:

May 10, 1978

- (1) the abbreviation has been registered with the chief electoral officer, and
- (2) the leader of the party has signed a document authorizing the use of the abbreviation.

Those voters qualifying for a mail-in ballot will receive the new ballot mentioned earlier.

The period for commencing prosecutions under the election expense provisions of the act will be extended from six months to 18 months. I am sure that certain of my friends opposite will no doubt be pleased to see this amendment.

The most important changes come in the election expense section. The definition of election expenses has been changed to include the commercial value of goods and services donated, except for volunteer labor, and the difference between amounts paid for goods and services and their commercial value where they are provided at less than their commercial value. Commercial value has been defined.

Personal expenses has been defined to include the reasonable expenses of a candidate for travelling, accommodation and meals. Personal expenses will not be included as election expenses but they will have to be listed in the election expense return.

The limitations on election expenses have been changed. It is proposed that parties be permitted to spend:

- (1) \$225,000 (up from \$175,000) at a general election, and (2) \$15,000 for northern constituencies and \$12,500 for southern constituencies in the case of by-elections.

The limit for candidates in southern constituencies will be \$15,000 or \$1 per voter, whichever amount is larger. For candidates in northern constituencies the limit will be \$20,000 or \$2 per voter.

One of the newest concepts of the bill is the limitation of advertising expenditures of political parties between elections. We have all had an opportunity to observe the spending habits of certain political parties and candidates as a federal election approaches, or any election for that matter. In many instances pre-election expenditures have a tremendous impact on voters and therefore I think a way to avoid the election expense proposals of the bill which become effective only when the writ is issued. It is proposed therefore, that the radio, TV, and newspaper advertising of political parties be limited to \$50,000 per year in the period between elections. Only in this way will we have effective election expense controls.

Political parties will be required to file two returns with the chief electoral office, a report listing contributions and expenses for each fiscal year and a report setting out election expenses when they are incurred. The amendments make it clear that bills and proofs of payment must be filed with the chief electoral officer at the time an election expense return is submitted. Each return of a political party must be accompanied by an auditor's statement.

Candidates are also required to file an auditor's statement with their election expense return. A subsidy of up to \$250 for the auditor's fee will be provided for candidates.

The requirement for audited returns of parties and candidates will be another means of

ensuring that the return represents the true expenditures of parties and candidates.

Mr. Speaker, all contributions to and payments on behalf of political parties and candidates must be handled through registered agents or the business manager. Individuals can make payments on behalf of political parties and candidates as long as the aggregate of the payments does not exceed \$25 and there is no reimbursement.

Candidates in southern constituencies who receive 15 per cent of the votes cast in a constituency will be reimbursed the lesser of 50 cents per voter or one half of their election expenses. This is up from 15 cents per voter. Candidates in northern constituencies will be reimbursed for one-half of their election expenses.

Political parties who receive 15 per cent of the valid votes cast in the election will receive the lesser of \$75,000 or one-third of their election expenses. The strict provisions respecting government advertising in the election period will remain. The Chief Electoral Officer has been given new powers of investigation. His or her appointee (she, I hope because we have a very competent Chief Electoral Officer) will be given the powers of a commissioner under The Public Inquiries Act. She will also be authorized to appoint a commissioner of election expenses to ensure that the elections expense provisions are complied with.

Therefore, Mr. Speaker, in summary, the new provisions of this legislation are:

1. a new ballot;
2. new requirements for election expenses,
3. a new expanded definition of election expenses which includes donations of goods and services;
4. new election expense limits for parties and candidates;
5. limits on the advertising expenditures of parties between elections;
6. an annual fiscal report of receipts and expenditures from parties;
7. appointment of auditors by parties and candidates;
8. some reimbursement of election expenses for parties;
9. new powers of investigation and enforcement for the Chief Electoral Officer.

Many of these amendments have been modeled on provisions of The Canada Elections Act. One of the objectives in bringing forward these amendments was to introduce some uniformity for people involved in elections at the federal and provincial levels.

As we move to more control over the activities of political parties in election campaigns, I believe that it is important to provide uniform rules wherever possible.

Mr. Speaker, these amendments represent the commitment of the Blakeney government to provide effective controls for election expenditures. With the increasing

May 10, 1978

reliance on TV and radio advertising it is important to ensure that political parties and candidates do not become dependent on special interest groups with large financial resources. Legislation such as this makes it possible for political parties to be responsive to ordinary people and still compete fairly in the electoral process.

Mr. Speaker, I would remind members that no matter how expertly drafted or inexpertly drafted or rigidly enforced or unrigidly enforced, if there is such a word, elections expense controls are, they don't work unless all of us as politicians want them to work and make them work. If we approach the bill with the mechanism of circumventing it, then the entire purpose is defeated.

I know that every member will view it as his or her responsibility to make sure that this bill is complied with, both with respect to its precise provisions and its spirit and make sure that the high level of confidence, that I think the electorate generally has in the members of this House, is maintained.

**MR. R. L. COLLVER (Leader of the Progressive Conservative Opposition):** — Mr. Speaker, in responding to the Attorney General's introduction of the new Elections Act, I would first of all like to paint a little bit of a scenario as to what has transpired here. I hope the Attorney General is going to come forward with some House amendments as he suggested to me that he might possibly do, before it is necessary for anyone to vote on second reading on this bill.

Now, Mr. Speaker, some time ago I understand that both the Leader of the Liberal Party and myself were approached by the Attorney General with reference to The Election Act. I understand that the Liberal Party chose not to examine the act. I felt, and I think that the Attorney General felt, at the time, that it would be better to agree on something as important as The Elections Act rather than to bring it out and flail at it in this Assembly to the extent that you lose the impact, and something as important as how people are going to vote in the next election and whether or not it is going to be perceived to be a fair vote, should be, if it is at all possible, agreed upon by the three major parties in the Assembly before it is raised in this Legislative Assembly.

Now, Mr. Speaker I once again ask you to call order in the Assembly, mostly from behind me. If you would I would appreciate it.

Thank you very much, Mr. Member for Thunder Creek.

Mr. Speaker, accordingly, the Attorney General provided to me on a confidential basis, a preliminary copy of an election act that we were to examine and check out, to send to our lawyers and to make some suggestions to the Attorney General and to his department and the Attorney General would in turn, make his comments back to us and we would understand the position in advance and then bring the act into the House, as close, as fair play as could possibly be expected in terms of an election act. If there were some differences of opinion in advance then we would know and we would differ and we would present our arguments to the people and let the people decide on whether an election act is fair.

Now, Mr. Speaker, we presented this, as I said, to our legal advisors and to other advisors and we asked them to make comments on about 10 or 12, I believe, different points that were raised in the act — such things for example, as the Attorney General mentioned today and it is in the new act, as a definition of such things, as for example, a definition of whether you have money or cash expenditure or whether you have an

accrued financial statement. The new act makes a big thing about how the act is going to be audited and makes a big thing about how the various associations are going to be audited but auditors have a great deal of difficulty in certifying any cash statement or cash expenditure. The reason is because they can't relate expenditures or actual expenses . . . That is right. The member for Regina South (Mr. Cameron) has just stipulated exactly the problem. The act was designed and drawn up by lawyers. The Attorney General agreed. I suggested to him that he refer the matter to the Institute of Chartered Accountants for their comments as to how best to prepare a financial statement for each individual constituency and for the province as a whole. Well, the member for Regina South asks what I have against lawyers and the answer is absolutely nothing. Individually they are absolutely essential but, unfortunately, Mr. Member for Regina South, they don't know a heck of a lot about how to present a set of statements or they don't understand a heck of a lot about financial information and the presentation. Well, you make money or mint it.

Mr. Speaker, the fact is that what we tried to do was to present to the Attorney General our suggestions on how to improve his new act. One of them related to that area, another related to the area of the auditor's certificate and the necessary work that an auditor would have to do in making the presentation to the Attorney General and many other suggestions.

Mr. Speaker, I am going to have a great deal more to say on this because of the Attorney General's remarks today. It was my understanding, today, that prior to introducing this particular act, was going to work out some House amendments with reference to our suggestions. Some of them he seemed to agree with and some of them he didn't and that was fine, but he was going to work out some and present them when he was presenting the act. Quite simply, he didn't do so. He did, however, present to us, Mr. Speaker, after our going to the trouble and bother of going through the act and having our legal advisors and others make a specific suggestion as to how to improve the act and to tighten up on some of the controls that the Attorney General has suggested in this new act, we did get from him a statement back stating that every single suggestion including the one with reference to the difference between a cash statement and an accrued statement, which is infinitely superior to a cash statement, every single suggestion, some of them even infinitesimally small in terms of changing the wording and so on, were rejected by the Attorney General. So why we went through that exercise of trying to co-operate with the Attorney General . . . I am about to get around if you will wait a second. I was going to say that under those circumstances, obviously, the Leader of the Liberal Party was right in refusing to accept a copy of the act in advance. The fact is that apparently he has known the Attorney General longer than I have and has a better understanding of how these things are going to be worked out and I was attempting to do so.

Mr. Speaker, I do have a great deal more to say on this matter and I beg leave to adjourn debate.

Debate adjourned.

**HON. R. ROMANOW (Attorney General)** moved second reading of Bill 68 — **An Act to amend The Statute Law.**

He said: Mr. Speaker, there may be another Statute Law before we prorogue the House, but I would like to get this one started in any event. Statute Law are the amendments which are usually very technical amendments to clarify clerical errors or

other errors in other bills.

This is a similar bill which we introduce every year. There are two amendments here. One is to section 11 of The Prairie Enforced Fires Act. This amendment is the result of an inconsistency in the above mentioned act, discovered in the process of revising the statutes of Saskatchewan. In 1968 the act was amended, in part, to extend its application to local improvement districts, however, section 11 presently refers only to the secretary-treasurer of a rural municipality and must be amended to also refer to the Minister of Municipal Affairs acting on behalf of a local improvement district.

The second amendment deals with section 28, subsection (4) of The Unified Family Court Act, 1978. The House amendment to the above mentioned act necessitated renumbering of the subsections of section 28. Subsection (2) of that section, in the first reading bill, became subsection (3) in the third reading bill. The reference to subsection (2) and subsection (4) of that section in the third reading bill was not changed to subsection (3) at the appropriate time and we are doing that with this amendment.

Mr. Speaker, I, therefore, move second reading of An Act to amend The Statute Law.

Motion agreed to and bill read a second time.

**HON. W.E. SMISHEK (Minister of Finance)** moved second reading of Bill 69 — **An Act to amend The Department of Finance Act (No. 2).**

He said: Mr. Speaker, the government will be providing salary adjustments for all its out-of-scope employees. Since changes in the provincial auditor's salary must be approved by the Legislature, it is necessary to amend The Department of Finance Act. The adjustment reflects the market situation and other conditions upon which out-of-scope salary adjustments are based.

Mr. Speaker, the proposed salary adjustment to \$39,500 per annum effective October 1, 1977, is necessary to keep the provincial auditor's salary in line with salaries of other permanent heads. That is the purpose of the amendment to The Finance Act, Mr. Speaker. I move that the bill to amend The Department of Finance Act (No. 2) be now read a second time.

**MR. G.H. PENNER (Saskatoon Eastview):** — Well, Mr. Speaker, the need to adjust the provincial auditor's salary, I think, is obvious to anybody who is aware of the unfortunate situation in which he finds himself and in which the provincial auditor is in in Saskatchewan. We have the lowest paid or second lowest paid provincial auditor of any in Canada. The provincial auditor in the province of Newfoundland is paid more than the provincial auditor is in Saskatchewan. I think it is also important to note that in the last while at least there have been three deputies in the auditor's department who have all been paid more than the auditor has. An extremely unfortunate situation. I can't argue with the fact that the auditor ought to be paid more than what he is being paid but I must say to the minister that I consider it extremely unfortunate that even on a temporary basis that the auditor is in a position where people in his department are being paid more than he is. I should maybe point out to the minister that one of the recommendations that hopefully will be coming from Public Accounts will deal directly with this situation. One of the things Public Accounts has done this year is take a look and I know that I am not at liberty to divulge what Public Accounts has done in detail until the report is tabled in the House but has taken a look at the situation as it affects

auditors in other parts of Canada. At least some of us are strongly of the view that significant changes need to be made in that entire situation. As I say, from the point of view of raising the auditor's salary in Saskatchewan, it is overdue. It is something that ought to have happened some time ago and there needs to be some mechanical arrangement set out so that we are not left in a situation in which we are in Saskatchewan compared with other jurisdictions and so that we are not in a situation, even though temporary, where people under the provincial auditor and people in his department are being paid more .

**MR. W.C. THATCHER (Thunder Creek):** — Mr. Speaker, we concur fully with the remarks made by the member for Saskatoon Eastview. In some respects, Mr. Minister, I wonder if perhaps the situation of the provincial auditor is not due for an overhaul. There must be some smoother way to deal with this situation rather than having to put a separate bill through the Legislature. I am not an expert in this, there may be some reason it has to be this way. Mr. Minister, I would ask you to consider at some future point in time some smoothing out legislation to eliminate what I think may be to some extent, some degree of an indignity, at the very least. Mr. Speaker, we in the Progressive Conservative Party strongly support any measure that strengthens the office of the provincial auditor. I know that sounds like motherhood and like lip service but when we are in government in about one year, the provincial auditor's office is going to be greatly increased, largely expanded. The provincial auditors will assume a very, very important role over the expenditures of this government. He will be expected under a Conservative government to point out the mistakes or the inefficiencies as he finds them. In short, under a Conservative government, that provincial auditor is going to be calling a spade a spade. It will not be as it is now understaffed, under just about everything: relegated to a very, very minor role. I would like to add that we in the Conservative Party have a great deal of respect for the present provincial auditor and we deplore the very regrettable condition and the very unfortunate disdain which this New Democratic government shows for the office of the provincial auditor. I sincerely hope that under a new regime in about one year this provincial auditor will be prepared to assume a very vigorous and active role that we have in mind for his department. We will support the bill, Mr. Speaker.

**MR. C.P. MacDonald (Indian Head-Wolseley):** — Mr. Speaker, I would like to just take a moment. I have a few remarks to make on a couple of the comments. I would like to adjourn the debate.

Debate adjourned.

## ADJOURNED DEBATES

**The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Bowerman that Bill No. 2 — An Act to amend The Northern Saskatchewan Economic Development Act, 1974 be now read a second time.**

Motion agreed to and bill read a second time.

**MR. E.C. MALONE (Leader of the Liberal Opposition):** — May I ask for leave of the House to revert to that particular matter, Mr. Speaker, and read it again. It is our intention to stand the bill.

**MR. SPEAKER:** — The member has asked leave to revert to Bill No. 2.

May 10, 1978

Request denied.

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Byers (Minister of the Environment) that Bill No. 54 — **An Act to amend The Liquor Act** be now read a second time.

**MR. P.P. MOSTOWAY (Saskatoon Centre):** — I would like to say a few words on this bill. Do I have the floor, Mr. Speaker?

**MR. SPEAKER:** — Order! Are you wishing to make a point of order?

**MR. MALONE:** — Since the bill is in my name if it's The Liquor Act and I believe it's The Liquor Act that you called. I asked for it to stand. Now my understanding of the rule is that that is a motion in effect, sometimes a vote is necessary and sometimes it isn't.

**MR. SPEAKER:** — That is, in effect, asking it to stand by courtesy of the House but, however, the member cannot use 'stand' to block another member from debating something. If the other member wishes to debate it he can debate it and if one of your members wishes — I sympathize with the member for Lakeview in that he can't hear what I'm saying because some members are making a lot of noise and not listening to what I'm saying so I'm going to have to say it again. 'Stand' is understood to mean that an item, by courtesy of the House, will continue to stand. If another member wishes to speak on the issue he can't be blocked from speaking by someone saying 'stand'. The members can see the end result of that. Now, if the member for Saskatoon Centre speaks as he says he is going to, then if a member from somewhere wants to adjourn it again, he can adjourn it and it will be on the order paper.

**MR. MALONE:** — On a point of order, Mr. Speaker, just for clarification. Am I allowed to speak on the bill again?

**MR. SPEAKER:** — Well, I'll just have to look at my listing on that particular one to tell the member. Yes, the member will be allowed to pick up the debate later on but he won't be able to if the member for Saskatoon Centre speaks. Someone else will have to adjourn the debate after the member for Saskatoon Centre.

**MR. MALONE:** — I'm sorry, Mr. Speaker, I'm not following you. Am I entitled to speak as a result of you recognizing the member for Saskatoon Centre and not recognizing my remark to stand?

**MR. SPEAKER:** — Well, if the member for Regina Lakeview wishes to speak after the member for Saskatoon Centre has spoken, but if he doesn't want to speak today, he can have someone in his caucus adjourn it and he can pick up the debate later on.

**MR. MALONE:** — O.K. Mr. Speaker, I'm sorry. I'm not trying to belabor this matter with you but what you're saying now is that if the bill is in somebody's name, including the Attorney General's name on private member's day, he says stand and I jump up and start to speak, you will recognize me?

**MR. SPEAKER:** — All the time.

**MR. MOSTOWAY:** — Well, Mr. Speaker, before I say my few remarks I want to say that I certainly didn't wish to cause any controversy. I believe you have recognized me so I will



go ahead.

I have a few remarks in regard to this bill which would in essence prohibit the liquor advertisements on conventional cable TV and is something that I feel that I must speak on because I have had a lot of letters and telephone calls from certain of my constituents in Saskatoon Centre.

First of all I want to say that I think it is a recognized fact that anything to do with liquor is under provincial jurisdiction and this has been accepted by the federal government and the various provincial governments for many, many years. Just to drive the nail home a little further, we can say that it is utilizing certain hardware which belongs to a provincial Crown corporation, that too has traditionally come under the jurisdiction of this provincial government and it comes under the jurisdiction of other provincial governments who find themselves in the same situation.

It is alleged by certain people that one conventional cable TV company in Regina has said that it will not obey the law relative to this bill should it pass in this Legislative Assembly. I want to say that I find that shocking, that a conventional cable TV company, and I am talking about the one based in Regina, would come up with a statement like that, in reality, preaching disrespect for the law. I say it is not their function to determine whether or not this bill be constitutional; that is a function of the courts. If that particular jurisdiction or any individuals want to challenge the provincial government, then I say, the path is open to them through proper channels but not to publicly state — I would say that they may have had some bad legal advice here, I don't know — that they are not going to obey the law. I find that very, very difficult to believe.

Another conventional cable TV company based in Saskatoon took a different approach. I respect them for the approach that they took. They took this approach. They said, look we can do it. We don't think that we should have to do it. We can do it but it is going to be extremely costly. Well, I really don't buy that argument, Mr. Speaker, because it isn't going to be extremely costly when one figures that conventional cable TV systems pay for themselves in 18 months and after that the rest is gravy. They at least had the courtesy and the decency to say that they would obey the law but that they would find it extremely distasteful.

Now, I talked to certain constituents; some of them ministers and priests in my constituency.

**MR. CAMERON:** — Do you always consult with those priests?

**MR. MOSTOWAY:** — O.K. I talked to one protestant minister. Do you challenge me on that one?

**MR. CAMERON:** — No, not at all.

**MR. MOSTOWAY:** — You don't? O.K. I wonder if I could table this, the name of this particular minister who said, 'Yes Paul feel free to use my name,' The Reverend Walter Boldt who is the Pastor of the University Drive Alliance Church in Saskatoon. Do you find this a big joke? I see you smiling, grinning from ear to ear. I would like to table this. It's on a small piece of paper but I think it is sufficient. I was in contact with him and he said, 'Certainly, I have certain principles by which I stand and I don't mind my name being used in this House.' So I would caution you about making fun of the remarks that I am going to make relative to what he said. Now The Reverend Boldt said that he is in

complete agreement with the provincial government relative to this bill. He says, it is we, meaning church people who have to pick up the pieces particularly in regard to liquor consumption and the abuse of it.

Another minister that I talked to was a United Church minister. I didn't ask him whether I could use his name. I said, I will not use your name. But he is a representative, and he cautioned me to use the word 'representative' as opposed to spokesman. Now he is not a temperance man and he has taken the odd drink in his life. But he says, I am not against it. (I hear a big burp over there, Mr. Speaker!) He says, I am not against it but I know the devastating effects of alcohol; I know what is going to happen if these liquor ads are going to appear on conventional cable TV, watched by adults and particularly the vulnerable children.

I also spoke to one Catholic priest who said exactly the same thing. I also spoke to a spokesman for the Mennonite Church in Saskatoon. He said, 'Paul, I am completely behind the provincial government relative to this bill.' I want that to go on record that this spokesman for the Mennonite Church says absolutely no liquor ads. He commends the provincial government in that regard.

Mr. Speaker, we all know that liquor advertising has a bad influence on people, particularly the young. I well remember when I was small, young. That is not too many years ago on the prairies here . . . Does the member wish to speak? Well, at any rate I can recall being young, say 12 or 13 and that was the time when the Liberals were in power. There was a Liberal regime. I think the hon. member for Thunder Creek mentioned regime. I can recall being young and seeing these beer advertisements in the paper. You know the more I saw of them the more I wanted a taste of beer. But I tell you, Mr. Speaker, it was many, many years before beer ever hit my lips and I did taste. I said, bad stuff, bad stuff.

**AN HON. MEMBER:** — Are you for this or not?

**MR. MOSTOWAY:** — Well, I will tell you, we will see how you fellows vote and how you speak. Being a teacher, I know how TV advertisements can influence young people. I have spoken to many of them. They pick up the actions, the habits that they see on TV. If these ads appear over and over again, then these boys and girls gradually say that is the accepted norm. I say we have got too much liquor in this province, too much liquor in other provinces and too much liquor in the world. Now I do say to those people . . .

**AN HON. MEMBER:** — Who is selling the liquor Paul?

**MR. MOSTOWAY:** — I don't know. If you fellows want to buy liquor, don't ask me where you can buy it. You know where you can buy it. Don't ask me.

I do want to offer some alternative to those who do not wish to see liquor advertisements on TV. I will suggest that they not hook up to the conventional cable TV systems. There is an option and that is CPN that has stated time and time again that it will carry no advertising, no liquor advertising also. In fact the presentation made to the CRTC by CPN said, 'We will carry absolutely no advertising at all,' and that includes liquor advertising. Mr. Speaker, I fully endorse this bill. I think it is the real thing. I think it is needed and I commend the minister who isn't here at this time, he is away on important business, for introducing this bill. I do have some further words to say on the matter and consequently I beg leave to adjourn debate.

Debate adjourned.

**MR. E.C. MALONE (Leader of the Liberal Opposition):** — On a point of order. Mr. Speaker, on this 'stand' business which has always been a matter of concern. I have checked your statement of April 20, 1977. I draw to your attention one paragraph and if I may I would like to read it, 'If there is disagreement over whether an adjourned item should stand, the matter may be decided forthwith by division and without debate. This is based on the principle that an adjourned item belongs to the entire House, etc.' May I with respect, Mr. Speaker, suggest to you that when I said, 'stand,' and the member opposite rose to speak, that there is obviously a dispute as to what should happen. For future reference, Mr. Speaker, I wonder if I could ask you at this time, if this should happen again would it be your intention to, on your own instance, put the matter to a division or is it necessary for one of us to rise and ask for a division if this happens again?

**MR. SPEAKER:** — Well, I think we are talking about two different things. The member for Saskatoon Centre wanted to speak on the issue. He is not allowed to be blocked by any member from speaking on an issue, he has the right to speak on it. I'm not suggesting you were blocking him, I am suggesting that you said, 'stand' which is quite clear. So he has the right to speak on it. He got up and spoke on it, then he adjourned the debate. Now, if the member for Lakeview had said, 'stand' and the members in the House had said no forcefully enough, I would have taken a vote. Had he won the vote, the member for Lakeview, then it would have stood. Had he lost the vote, he would have had to rise immediately and speak or lose his chance to re-enter the debate later. So there are two different issues here. The member for Lakeview now gets a chance to come back into the debate should the item arise again.

**MR. MALONE:** — Well, Mr. Speaker, I did say stand and it's quite possible you didn't hear me. May I ask you, did you hear me and also see the member rise and then recognize the member?

**MR. SPEAKER:** — Oh, yes. I heard the member for Lakeview say, 'stand.' I heard several members say 'stand.' But you can't use that to block the member from speaking.

**MR. MALONE:** — I acknowledge that, Mr. Speaker, but I am wondering is, what happens next? Do we have to then move for a vote, or is it your job when you see a member standing in his place and hearing us say, 'stand', I am asking for advice. Is it up to you then to take a vote on division or is it necessary for us to make a motion to you to have the vote taken? Quite candidly I ask this, because the government from time to time, to use the old phrase, stands things off the order paper. I can anticipate as we go into, perhaps, the end of this session we may be wanting to rise to speak to something and somebody over there may be saying, 'stand'. I would just like to clarify it now to avoid possible disputes later on in the session.

**MR. SPEAKER:** — Perhaps the member would bear with me. I will check my statement that he said was made on April 20, 1977 and I will come back later and make a statement to the House if I feel it is necessary at that time.

The member for Rosthern has a point of order.

**MR. KATZMAN:** — Well, on that same subject as the Leader of the Liberal Party.

I think if you check the records you will find that the Leader of the Liberal Party has done

May 10, 1978

that several times to the Conservatives, when one of our members has called, 'stand', and he has stood up and said five words and adjourned it. Today, it happened back to him and he should realize what the rules are.

**MR. SPEAKER:** — Well, I don't think that is a point of order, it is an interesting comment.

**MR. S.J. CAMERON (Regina South):** — Mr. Speaker, I was just wondering how Mr. Speaker, could find that the member for Lakeview could again speak after the member, Mr. Mostoway, spoke? You will recall that the last time this item was before the House the member for Lakeview took it in his name and adjourned it. Now Mr. Speaker recognized the member for Saskatoon, who just spoke. How can now the member for Lakeview come back into it?

**MR. SPEAKER:** — I have been doing this all along. The members need only to look at Bill 22 and they will find that members came back in quite often after the debate been adjourned. So it does not prevent the member for Lakeview or the member for Saskatoon Centre from getting back into the debate later. They can both come back in.

**MR. KATZMAN:** — I suppose what he can't do again is adjourn it? Is it correct that if Mr. Malone comes back in again he cannot adjourn it? That is the only thing that he can't do?

**MR. SPEAKER:** — That is correct. If the member for Lakeview enters the debate again he cannot adjourn it again.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Smishek that Bill No. 46 — **An Act to establish a Heritage Fund for Saskatchewan** be now read a second time.

**MR. C.P. MacDONALD (Indian Head-Wolseley):** — Mr. Speaker, I want to say a few words on this bill. I consider the establishment of the Heritage Fund perhaps one of the most significant bills that has come before the Assembly and there has been very little discussion on it or very few questions. I just want to bring up three or four points.

First of all let's talk about the Heritage Fund. It is an attempt to provide a fund for the utilization of capital accumulated through resource revenue. Now, the question that has been debated, or really that is before us, is how can this revenue generated through non-renewable resources that will no longer, perhaps, be here in the province of Saskatchewan 15 or 20 years hence, be best used for the future generations of the children or for young people of Saskatchewan.

Certainly there are three ways in which we might make a decision in this regard. I think the government of Saskatchewan has taken the worst possible way. Let me enumerate what those three alternatives are and I want to repeat. The alternatives are, how best to use the revenue from non-renewable resources in order to provide for future generations.

First of all, Mr. Speaker, the Heritage Fund is the storing of capital. It is the storing of capital and I am sure that most people would agree with me, that the only value that capital has is to be circulated. Here is what this bill proposes.

This bill proposes, first of all, the taking of a portion of the revenue from non-renewable

resources and establishing a fund called the Heritage Fund and investing it for use in the future on the decision of the government and approved by the Legislature.

First of all, Mr. Speaker, the Fund will not take all the revenue from non-renewable resources and the most significant factor is not only that, but that the Fund will not be able to use the interest that the Fund will generate, but that the interest will be retained or returned to general revenues and spent on a day by day basis.

What, Mr. Speaker, will that result in? Well, let me give you a very simple example and I gave this example a few weeks ago when I first spoke on the bill.

In 1978 if the minister takes \$100 million and inflation continues at its present rate, in 1988 it will only buy \$10 million worth of goods and services instead of \$100 million. That is a very simple analogy. Maybe inflation will be 9 per cent. maybe it will be 8 per cent, it might be 11 or 12 per cent, who knows. The past 10 years have not been very optimistic in this regard. But it is a fact that there is absolutely no hedge against inflation and the Heritage Fund interest is being used in general revenues. So that the value of the dollar, 10 years hence, at a 10 per cent inflation rate, means that approximately \$10 million is all the value of that \$100 million to spend to create jobs and for the use of future generations. That, Mr. Speaker, is not good management. Now, Mr. Speaker, I could go on and talk about that. What is the second alternative then? How are we going to utilize this money from non-renewable resources if we do not set it aside in a heritage fund? The tragedy is that all the discussions on the heritage fund in both the province of Alberta and the province of Saskatchewan today have been how to manage the fund. They have not really sat down and discussed whether the idea of a Heritage Fund is good or bad. Now, Mr. Speaker, I say it is bad. It is the poorest of three alternatives.

What is the second alternative? The second alternative, of course, is for the government to take the revenue as it exists today and invest it in sales in government owned enterprises. Invest it in government owned enterprises with the hope that these government owned enterprises ten years down the road will grow and expand and provide new jobs for future generations. That is the second alternative. The government has utilized this second alternative in the last three or four years with the Energy Fund.

Let me give you an example. They took over \$350 million or \$ 370 million dollars to buy potash mines. That was using the second alternative to taking the funds or the revenues from non-renewable resources, investing them in government owned enterprises. They took portions of the Energy Fund and invested in IPSCO to buy shares. They took portions of the Energy Fund and used it to buy a percentage of Intercontinental. They used a portion of the non-renewable resources revenue to establish Saskoil and to buy existing production.

Now what is the result of this second alternative that has been used by the NDP government in the last five years? Mr. Speaker, I suggest that if this is supposed to build future opportunity for future generations in Saskatchewan, we have absolutely failed in this regard, by the government using the second alternative. In the Potash Corporation, in fact, instead of creating new jobs we may have strangled future expansion by five or six mines that were announced in 1971, 1972, and 1973. All of them had plans for major expansions and there would be more jobs on the street today, had it been left in the private sector.

Now the minister says, but we are going to expand a mine now and we will probably be perhaps even building a new mine in the future. Yes, but had it been left to private industry we would certainly have all of the mines now expanded or in the course of expansion, or most of them. We might have had one or two or three new potash mines. Certainly in between 1964 and 1971 we had nine new potash mines. There is no way to suggest that we should not have another three or four, particularly when they are taking the money from Saskatchewan that the NDP are giving it and they are investing it south of the border looking for new potash sources, and in the province of New Brunswick. Yet we have the richest and the biggest and the surest deposit of any province or any location in the whole world.

So it would certainly seem that this second alternative of taking the funds from non-renewable resources, investing them in Crown corporations or state-owned enterprises that already exist and purchasing them so that the government of Saskatchewan can say, we, the people, own them, the resources belong to us, has certainly made no contribution or little contribution toward the future generations of Saskatchewan. In fact it may have scared out money to invest in potash in Saskatchewan to provide jobs for Saskatchewan citizens in the future and transferred that to New Brunswick, across the border, and other areas of the world. The very taxpayers' dollars that came from our non-renewable resources may well be creating jobs in New Brunswick, in North Dakota and in South Dakota. I say to you, Mr. Minister, that the second alternative of the way you have utilized the Energy Fund in the past has in no way contributed to establishing future generations or jobs for future generations.

So I say that the first alternative, the establishment of a Heritage Fund with no hedge against inflation, where you are taking the interest, putting it into general revenues, spending as much money as you want on your own decision, is certainly, in a way, completely devaluating the revenues from non-renewable resources for the future of future generations. That is the first point.

The second point or the second alternative of the government of Saskatchewan, using it to create state-owned enterprises so that they can say, we own the potash or we own the oil or we own IPSCO, or whatever it may be, has in no way contributed to the job creation and expansion of the economy of the province of Saskatchewan for future generations.

I say in the first one, also in the Heritage Fund, another reason I am against this is for what it does. All of a sudden it creates a fund for the government. We have got to spend this money. We have got to buy airlines like Mr. Lougheed; we have got to buy this like some other Premier; we have got to buy potash or whatever it may be. I say that when you turn around and give the government of Saskatchewan a pool of money that is a disaster.

I also say to you, Mr. Speaker, there is a third alternative and that is the alternative that I believe should be used. In that alternative a method should be found to return that \$100 million to the taxpayers of Saskatchewan so it will be spent by the consumers and recycled through the economy and we do that every year. I hear the minister stand up and say, let's cut income tax. Why? To provide incentive to invest, create new jobs. We hear the federal government say we are cutting the sales tax. Why? To create investment, consumer spending, so that we can generate new jobs. It is also a fact that if you turn around it is the private sector that has all the success when it comes to generating jobs and expansion and growth in Canada. You can turn around and say that the private sector invests today \$100 million worth of investment and it creates,

we'll say, 500 jobs. You can be absolutely certain that 10 years from now, if it's a viable operation, the way Canada is growing at a normal growth rate, that that particular investment will have many, many more jobs 10 years down the road. What I am suggesting to the minister is that he ought to take this money, because it isn't his . . . for some strange reason every time a government gets money in its hands it is very reluctant to recycle it. The member seem to feel, oh, we've got an obligation to find a new way to spend it. No government in Canada is worse at this than is the NDP. Oh, this — we can spend your money wiser than you can; we have a better way of investing that money; we know better than the private sector. I want to say, Mr. Speaker, up until now they certainly have not demonstrated that.

I say there is a third alternative and an alternative that the minister should be exploring. We should be using perhaps a little out of the example of Mr. Lougheed. All of a sudden he said to me, the non-renewable resource is located in Alberta. We are a producing province, therefore, we will eliminate the provincial tax. We will not turn around and have a sales tax. You put that 5 per cent and generate 5 per cent additional consumer spending and consumer goods and the province of Saskatchewan may well — I don't know what impact it will have — but if all the other thoughts that are going on in the province of Saskatchewan that 2 per cent is going to turn around and generate \$54 million, if I remember the minister correctly, what is 5 per cent? It's going to be what, \$125 million reduced with the gasoline tax or whatever it may be. All I'm saying, Mr. Speaker, I believe that the private sector, the individual businessman, by expanding consumer spending, by giving the profit to the businessman, will use it to expand and develop and create new jobs for the future. That's the best method. I do not believe that the minister is doing the people of Saskatchewan a service by taking \$100 million a year, putting it in a vault, leaving it there for 20 years and then saying that that \$100 million is going to be of any value particularly when there is no hedge against inflation.

Mr. Speaker, I think that the minister should reshape this. I would like to see a real sincere debate on the concept of the Heritage Fund. Not how to manage the fund, not whether we should bring it in here to the Legislature when we are going to spend the money or not, not whether the executive council should have the decision-making process, not whether or not the government finance office should have the responsibility of investing it, we should be discussing the wisdom of ever establishing a Heritage Fund in the first place. That's what we should be debating. We should be debating what will be the accurate economic results of that \$100 million 20 years down the road. We should be asking for economic advice. We should be getting in chartered accountants. We should be getting in the business community. We should be getting in economists from all over, from the university and sitting down with them and saying, now, is the Heritage Fund a good idea or a bad idea; Mr. Speaker, I think it's a bad idea.

**MR. MERCHANT:** — I beg leave to adjourn debate.

Debate adjourned.

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Cowley that Bill No. 53 — **An Act respecting the Creation of Corporations for Certain Purposes** be now read a second time.

Motion agreed to and bill read a second time.

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr.

May 10, 1978

Tchorzewski that Bill No. 63 — **An Act to amend The Saskatchewan Dental Nurses Act, 1973** be now read a second time.

Motion agreed to and bill read a second time.

**COMMITTEE OF FINANCE — DEPARTMENT OF FINANCE — Vote 11**

**ITEM 3**

**MR. R. KATZMAN (Rosthern):** — Mr. Chairman, when we broke for 10:00 o'clock, the minister just informed me of how many months they had additional employees for. I would thank the minister for when the House adjourned, he informed me to look at page 32 of the Budget Speech which indicates that we have approximately 3,092 who are classed as non-permanent positions. If I am correct, Mr. Chairman, that is the total number of non-permanent positions in the government of Saskatchewan in all departments?

**HON. W.E. SMISHEK (Minister of Finance):** — Those are not positions. They are 3,092 man-years of employment. There may be three times the number of employees during the year, some hired for one month, some for maybe even two days or one day. That is the number of man-years of employment in the total government structure as set out in the Estimates on non-permanent positions.

**MR. KATZMAN:**— With that in mind, Mr. Minister, I understand from previous ministers whom I have asked the same question of, that your department would be able to supply a breakdown of that 3,092 by department, not by each vote in department but just by the, for example, this is called vote 11 which is all of Finance area. Can you supply that?

**MR. SMISHEK:** — Yes,. As I indicated to you last night, it will take a while for us to do it because I have talked to the officials this morning about breaking it down for you, by departments but it will take a few days for us to do it.

**MR. KATZMAN:** — My understanding is that it does not include Crown corporations.

**MR. SMISHEK:** — No. We do not deal in the blue estimates of the Crown corporations.

**MR. KATZMAN:** — And it does not cover hospital people who are being transferred to SHAP and so forth. You used to have some hospital staff who were government and now it is all through hospitalization. Is that correct.?

**MR. SMISHEK:** — Not in the current year under review. There were some transfers in a couple of hospitals that took place in the last couple of years and they were under separate subvotes of the Department of Health but all of them are operated by local boards and are funded through the Saskatchewan Hospital Services Plan, so there are no temporary or permanent positions in those that were transferred, any longer.

**MR. KATZMAN:** — O.K. This is my last question on that line. That would indicate order of reduction in civil servants because of these being transferred over. For example, on page 32 you show 14,398 total employees and yet today, we show 13,852. I think that would reflect those nurses and so forth going off.

**MR. SMISHEK:** — The answer is, yes. Since 1975-76, I would have to look to see just



when those transfers took place but I don't think there are any such transfers this year.

**MR. W.C. THATCHER (Thunder Creek):** — Mr. Chairman, you are going a little fast there.

**AN HON. MEMBER:** — You are too slow.

**MR. THATCHER:** — Well, there's a lot of truth in that too. I'm afraid I left it in bed with the flu. I'm sorry and I apologize for not being here last night, Mr. Minister. I am just sure that you missed me terribly. However, Mr. Minister, could you tell us basically what the comptroller's office does? He has a large number of employees and very generally, without going too deep into it, what is his role and what is his function and is he used as a cost control function? Would you explain that, Mr. Minister?

**MR. SMISHEK:** — I will be glad to. Mr. Chairman, the purpose of this branch is to design financial regulations and procedures to facilitate accountability to the government and to the Legislature. The major functions of the branch are:

1. To ensure proper receipt, recording and disposition of public money.
2. To control the account classifications in accordance with which estimates of revenues and expenditures are prepared and accounts are maintained.
3. To control disbursements from the Consolidated Fund in accordance with The Department of Finance Act.
4. To ensure maintenance of the appropriation accounts and financial accounts relating to the operation of the Consolidated Fund.
5. To prepare the Public Accounts and any financial statements and reports that may be required by the Minister of Finance or the Treasury Board.
6. To ensure as far as possible, compliance and administrative rules and regulations to Treasury Board.
7. To accumulate and record all department receipts, make payments on a basis of audited payments or payment vouchers and reconcile bank accounts.
8. To approve and evaluate the design and changes thereto of financial statements which account for the receipt, recording and disposition of public money and evaluate on the ongoing system.
9. To review draft legislation for the Legislative Review Committee to ensure adequate financial requirements or that financial requirements are provided for.
10. To monitor cost-shared agreements to ensure claims are made in an accurate and timely manner.

Those are the functions.

**MR. THATCHER:** — Mr. Minister, just very quickly and I can't find it offhand, maybe you can help me. I notice you are budgeted for 130 employees in the comptroller's office and I'm looking for the Provincial Auditor's Estimates, perhaps you can help me. How many employees does the Provincial Auditor have?

**MR. SMISHEK:** — Fifty eight.

**MR. THATCHER:** — Well, Mr. Minister, I'm not questioning the number of employees that you have in the comptroller's office. I assume that there is a reason for each and everyone of them. Would the minister not agree that on one end, when you are controlling the money going out that it is basically, as you have described it, a function of categorizing the cheques into their proper category and, of course, seeing that they go out in accordance with the rules of the province of Saskatchewan. Basically, it would appear from your description that this function is one of issuing and categorizing and keeping a record of paying your bills.

Now, Mr. Minister, since the Provincial Auditor I suppose has a function which complements the Provincial Auditor, a fact which I think is recognized by your government and some Public Accounts both of them play very significant roles, would you agree that it is rather, well to say the very least, an inconsistency that you would have 130 employees to the comptroller's office and only 58 to an office that, in many respects, is certainly of equivalent importance as a comptroller, that being the Provincial Auditor? Governments generally, not just this provincial government, are seeing their expenditures mushroom; your size of government is mushrooming; all governments pay lip service to controlling their expenditures, some of them more successfully than others, but nonetheless it is a fact that it is happening. The fact that it is happening in the Provincial Auditor's office has become significantly far more important in many places except right here. Now we are not dealing with the Provincial Auditor's office but I would like to ask the minister, is it not a real inconsistency that you indicate 130 employees in the comptroller's office (fine, I'm sure you can justify each and everyone of them) but in the Provincial Auditor's office how do you justify only 58?

**MR. SMISHEK:** — The answer, Mr. Chairman, is No. We do not believe there is any inconsistency. I think if the hon. member was more familiar with each of the roles he would appreciate the role of the comptroller's office is to process all the accounts and that requires a great deal of work. The government on a daily basis has a lot of accounts to pay. There is the pre-auditing before the accounts are paid to make sure that they are checked whereas the auditor does the auditing after the fact. There is no inconsistency at all. I think that if he understood the process he would appreciate that the volume of work is much greater in the comptroller's office than it is in the Provincial Auditors but we do concede that both offices and both positions are very important to ensure that those accounts are properly paid, paid on time and that there be proper auditing and accountability to the Legislature on all public expenditures.

**MR. THATCHER:** — Well, Mr. Minister, I'll certainly work harder in understanding some of the things that you have mentioned. I'm not particularly clear whether or not you understand them, however, if you do obviously they can't be that difficult to comprehend.

Mr. Minister, that is an inconsistency and a complete inconsistency. Are you telling me that the Provincial Auditor does not have to go through these items one by one? It is one thing to categorize these cheques. But also they have to be audited, the books have to be audited. Are you saying that those things are not part and parcel, that he does not virtually have to go over everything that the Provincial Auditor puts out? Isn't it probably true that the reason that you have 58 employees there is a deliberate strategy on the part of your government; that because you have been unable to control the size of your government, because you have been unable to control your expenditures, the easiest

and probably the safest thing to do politically is to keep it internally to yourselves. You won't release this kind of information in committee. The Committees, if I may be allowed to comment, are a joke, we can't get that kind of information. To prevent somebody else from getting that sort of information, like the Provincial Auditor, you deliberately and completely understaff him. You even put him through the degradation of having to have his salary go through this Legislature as a separate bill. That is the only salary, subject to correction, he is the only employee whom I have seen, that I recall going through this Assembly for an increase in salary. I would have to say a very highly deserved one.

Mr. Minister, isn't it fair to say and completely fair to say, that you have deliberately, your government is deliberately and cold-bloodedly hamstringing the Provincial Auditor. I think in common sense, whether it be in business or whether it be at other levels of government, your comptroller and your auditor complement each other. In your particular case you simply must downgrade that auditor. You use him, at the same time you downgrade him, you hamstring him and you set up regulations and red tape so that he is not able to attract the kind of people he needs in order to do the job of watching the inefficiencies that have become so obviously apparent during your tenure as Minister of Finance.

**MR. SMISHEK:** — Mr. Chairman, I completely and totally deny the allegations that the hon. member has made. It is regrettable that he chooses to use purple phrases and to try himself to degrade the position and office of the Provincial Auditor. He knows full well that it has been the practice because of the auditor being responsible to the Legislature that the Legislature decide on the salary of the auditor. He chooses to make these kinds of statements so that he might be able to catch a headline in the newspaper.

**MR. THATCHER:** — Well, Mr. Minister, is it not an inconsistent position to have the Provincial Auditor's salary going through this Legislature when the Provincial Comptroller's does not? Mr. Minister, I want to be very clear, that is not meant as any sort of an aspersion on anybody, because they are both very capable people. Their jobs complement each other, they complement themselves in the federal government, in most other provincial governments, not all of them but most of them, and certainly in business and in the corporate structure. But here they don't. Mr. Minister, I really don't care to go very much deeper into the Comptroller's office but there have been no aspersions cast on or passed on to anybody. Tell me why the Provincial Auditor has to be treated in this fashion? You say that he is responsible to the Legislature, that's total and complete nonsense! You decided what that bill was going to say, whatever the figure was for his salary. Those of us over here had no power to write a bill and say, no we don't think the Provincial Auditor should be paid X number of dollars. We think it should be Y number of dollars. We don't have that right over here, so don't tell me that he is responsible to the Legislature. He is responsible part and parcel to the government with your weight of the majority.

I would like to ask you, Mr. Minister, why don't you treat the Comptroller's office in a similar fashion to the Provincial Auditor?

**MR. SMISHEK:** — Mr. Chairman, if the hon. member checked the legislative authority, then I think that is explained. First of all, in case of the Comptroller's office, the Comptroller is an employee of the Department of Finance; whereas the Auditor is not an employee of the Department of Finance, he merely reports for certain purposes, through the Minister of Finance as provided in The Department of Finance Act. It is possible the time has come for us to look at a different procedure of setting his salary.

Certainly up until now, there has been no criticism at all in the way that it has been done, that is, since the province became a province and I suppose, since the position or office of the Auditor was established, that has been the way we have been doing it. Perhaps there is a different way of doing it and that is probably worthwhile exploring. The hon. member earlier made reference about the level of salary. He knows that we were subject to controls in the last couple of years which did create some distortions and we are trying to amend that situation and correct that situation this year.

Item 3 agreed.

#### ITEM 4

**MR. G.H. PENNER (Saskatoon Eastview):**— Mr. Chairman, I have a question I would like to bring to the attention of the minister with regard to the Budget Bureau. There has been a good deal of talk with regard to various systems that are used in order to establish budgets and one of those systems that has been recently given a fair amount of attention has been the concept of zero base budgeting. I think most people who look at the question of budgeting and look at the business of systems will realize that zero base budgeting is an offshoot of other kinds of systems that have been used, like management by objectives and others. These kinds of systems, when properly and appropriately put into place, can cause an entirely different kind of psychological attitude toward budgeting. This attitude is quite different from what I call and others call simply, an additive budgeting approach, where you take last year's program and you add some money to it in order to cover the cost of inflation, maybe build up the empire a little bit, add a little bit so that when Treasury Board makes its cuts you still have enough money to continue to build the empire. I wonder if the minister would care to react and comment with regard to the kind of budget control systems that Budget Bureau uses when the budgets are put together before they are presented to the House.

**MR. SMISHEK:** — Well, Mr. Chairman, in case of the system, I can tell the hon. member that every department, every program, that is administered by the department, is challenged by the Budget Bureau. There is the level of staffing, either the department's proposals to try to enrich the programs including the continuation of the program, whether the program should be continued and how effective the program is and how well is it delivered and how well is it managed. All of those factors are reviewed very carefully by the Budget Bureau and presented to the Treasury Board for their critique and their recommendations. In the final analysis, the Treasury Board makes its recommendations to Cabinet and Cabinet makes the final decisions when it comes down to the programs. We believe we have a very thorough system of examining existing programs, as well as any new programs that are introduced. It is a system that I commend really to other jurisdictions. In fact, it is safe to say that the way our Budget Bureau functions is in many ways the envy of many other jurisdictions. May I tell the hon. member as well, that we have reviewed the concept of zero base budgeting and other systems. Our people in the Budget Bureau and in the Department of Finance are very keen and very concerned and very interested in what is going on in other jurisdictions at all times to ensure that there is the most effective and efficient way of controlling government expenditures.

**MR. PENNER:** — Well, Mr. Chairman, I suppose it is a matter of opinion how effective a particular system is, insofar as controlling spending is concerned. As I pointed out last night, in this province we have increased spending by \$1 billion in five years, with the same static kind of population in Saskatchewan. I think that it would be reasonable to

say that a number of people in Saskatchewan would say that is not a particularly effective means of controlling spending. I am interested in the comments you made about the challenges that are issued by Budget Bureau to programs that are put forward by departments. What factors does the Budget Bureau use, what kinds of indicators does Budget Bureau use, when examining a program, to determine whether it should continue or whether it should not continue?

**MR. SMISHEK:** — Well, first of all Mr. Chairman, the hon. member is saying that the population has remained static and on the way the budget has increased. It is true that budgets, our expenditures have increased in the last five years quite dramatically, but so have many programs been enriched and more money has been provided to local governments. May I bring to the attention of the hon. member that 45 per cent of the Budget is delivered to local governments, local authorities, like, for example, the school boards. I invite him to take a look at the grants that are provided to school boards now to what was provided five years ago. I invite him to look at SHSP another very large program which is operated by local union hospital boards or city boards. Those are programs that are administered, as he is aware, by local governments.

Let us take a look at municipal governments and what has happened there in the large amounts of additional money that has been provided. The 45 per cent of the Budget, and which in this area I might point out, has grown much more rapidly than government expenditures directly. So that is one of the main reasons for growth. In terms of the factors that are used, for example, the factor of increasing the Property Improvement Grants. How do we assess that?

First of all, we determine whether there is a need for the program to help the average citizen keep down his mill rate. I am sure that he is as concerned as I am that property taxes be kept down as low as they possibly can. We determine whether that program is still valid and whether it is needed. That is a government decision. Then the question of whether we can provide additional money is, in many ways, a political decision. Then the Budget Bureau does the work as to examining of how effectively we are administering the program. That is just one sort of comparison. Many of these decisions are made at the governmental level.

We made a decision, many years ago, to establish the Hospital Services Plan. We think that that program is as valid today as it was in 1947. That there is a need for it. We made a decision in 1961 and 1962 to establish a Medical Care Plan. We believe that that program is as valid and as needed by the people as it was in 1962. It was a social decision that was made to help the people out, to provide medical services whenever they need them and in whatever form they may need them.

We do not start off with a base that the Hospital Services Plan should start at zero. We know that the cost of that Hospital Plan was \$225 million or \$250 million last year. We know that we have to provide additional money. We made a decision, this year, the Hospital Services Plan in order to deliver the same kind of programs they did a year ago, needed an enrichment. Then there were some additional (b) Budget items added to improve the program. Those are the judgments that are made, because we do not start off at the base of saying, every program grows and every year we are going to somehow start all over again. That would be an exercise in futility. That would be a waste of public money. We know what programs we want to carry. As a government we make certain commitments to the people of this province, what programs that we think the people welcome and need.

We think there is a need to improve our highway system and we think that this year we can afford \$100 million in capital construction. And those are the criteria that are used to build better roads and provide better services to the people in rural communities as well throughout the province.

**MR. PENNER:** — What the minister is really saying is what I have been saying all along, in effect, that there are a number of programs that really do not receive very much review at all, because they are out of the hands of the Budget Bureau to make decisions about, and there are political decisions made that really go quite beyond any kind of scrutiny in terms of the value for the dollar that that program is providing to the people of Saskatchewan. That is what I heard the minister say, Mr. Chairman, and if that is the case, all right, that is the situation.

A great amount of the money that is expended by the Minister of Finance, that is scrutinized by the Budget Bureau, then is really quite beyond any kind of in-depth scrutiny because it is a foregone conclusion that that program is going regardless.

I offer, as an example, one that has been used many times with regard to drug care. The fact that we have the kind of program we've got means that the majority of the people in Saskatchewan, today, who are the heads of households of four, pay more money for the universal drug plan through their tax dollars than they would if they went out and bought the drugs themselves.

All one needs to do is to take a look at the total cost of the drug plan, divide it by the number of people in Saskatchewan, compare it to what the average person uses in the way of drugs, and that is evident. I am going to put it this way to the minister. I would be fair for me to assume that the overall political goal of a universal drug plan has taken precedence over any consideration of an alternative to help those who need it without it costing the majority of people in Saskatchewan more of their tax dollar to have the drug plan than it would if they did not have it at all. Would that be a fair assessment?

**MR. SMISHEK:** — Certainly not. You have a biased assessment and a wrong assessment. First of all, you say. I think with reference to the Hospital Services Plan, that there are really no reviews being made by the Budget Bureau, that there are those commitments. I beg to differ with the hon. member.

In case of the Hospital Services Plan, the staff at the Department of Health do a very thorough analysis in case of the SHSP. Every hospital, every budget of the hospital is reviewed. There are those hospitals with 50 beds and more, that are on the global budget system and the global budgets are reviewed every three years. They have to be gone through very carefully but hospitals have the freedom then to function within that global budget that is set. In the case of hospitals under 50 beds they have the option of whether they want to go on a global system or on a line-by-line system. If they are on a line-by-line system by their choice, every year there is a very careful analysis on what they are spending their money for before money is provided for the following year.

In the case of the drug plan, Mr. Chairman, I think that the Legislature has had a good chance to discuss the drug plan by way of resolution during the Throne Speech and Budget Speech as well as in Committee of Finance. I do not know whether I can persuade the member now if he has not been persuaded before, that the drug plan that we are operating is by far a fairer plan than that of Manitoba. There are controls on the quality of drugs; there are none in other jurisdictions, or very few. The program is universal. That we concede and that is our concept to provide high-quality drugs to all

people, at reasonable cost. The Hon. Minister of Health has provided statistical information setting out the detail to him. In terms of the principles of the plan, I think those have been debated.

From the standpoint of the Budget Bureau, indeed the Budget Bureau does review the existing drug plan and makes comparison with Manitoba. You know that they have made the analysis. We believe that the concept that we have introduced, and its effectiveness, is much superior to what the citizens of Manitoba are receiving.

**MR. PENNER:** — Well, I take it from what the minister is saying, and he has sort of implied it twice, Mr. Chairman, that where there is local government spending (school boards, hospital boards, municipal people and so on) the government undertakes to scrutinize those expenditures pretty carefully but that there are really not too many kinds of scrutinies that are being used with regard to the provincial money that is being spent by provincial departments.

Now, if that is not a correct observation on my part, then I invite the minister to go back to the question that I asked a few minutes ago and give us some indication of the kinds of indicators that are used.

When do you get to the point? What kinds of indicators do you use to determine whether or not a program has served its usefulness and ought to go down the drain? Are there programs that in effect are, if you like, sunset programs where, before they are ever begun there is a known termination date for those programs?

**MR. SMISHEK:** — Well, Mr. Chairman, in terms of whether it is delivering funds or transfer of funds to various — grants to local governments, a thorough review is made there. But I can assure the hon. member that a much more rigorous analysis is made of the programs that are operated and administered directly by government departments.

This year, if he examines the grant programs that have been provided such as to municipal governments or to libraries, he will by now have realized that, in terms of percentages, more funds are provided to programs being run by local governments to help them keep down their taxes, than the percentage amounts that have been provided in government directly operated programs. There is indeed, a very thorough analysis made of every program that is run and administered by the various departments.

**MR. J.G. LANE (Qu'Appelle):** — I just have one question on the zero-base budgeting. A couple of years ago, your present deputy, when he was the head of the Budget Bureau, was definitely against zero-base budgeting. Has he changed his opinion in any way on that?

**MR. DEPUTY CHAIRMAN:** — Order. I don't know if that is really a proper question to ask the opinion of the Deputy Minister. I suppose you ask the opinion of the government . . .

**MR. LANE (Qu'Ap):** — Would the minister be prepared to indicate the . . .

**MR. SMISHEK:** — Mr. Chairman, in the case of the zero-base budgeting, we have indeed examined the whole concept and there are certain good features to the concept and those good features that are in it, we are in fact implementing or have implemented, because there is some pliability and flexibility under the zero-base budgeting concept. In fact I can tell the hon. member that we have met with people who

May 10, 1978

are strong proponents, so that we have the information as well as we have read the literature that is available.

**MR. THATCHER:** — Mr. Minister, would you mind outlining very briefly what the official function of the Budget Bureau is?

**MR. SMISHEK:** — Mr. Chairman, the Budget Bureau Program Evaluation Unit is responsible for activities related to the following areas of the government:

1. The preparation of the Budget, an annual financial plan for government programs.
2. The Budget Bureau assists the Treasury Board to determine the manner in which Budget proposals will be presented for review.
3. Assists in the analysis and assessment of the departmental programs to ensure that the Budget documents reflect the program emphasis which the government wishes to pursue, and
4. The Budget Bureau compiles the final Budget documents, the printed Estimates.

Secondly, the establishment, and in part, the execution of certain central Budget control techniques designed to identify departments from the approved Budget.

For the most part, the Budget Bureau itself does not exercise control, but rather, refers to the Treasury Board for direction on problems which have been identified.

Thirdly, assistance on an ad hoc basis or a continuing basis, to the Cabinet, Treasury Board and departments and agencies on a variety of problems. Such assistance is provided by consultation, participation on committee and special studies.

The specific Budget function for which the Bureau Program Evaluation Program Unit is responsible for are, first to act as staff to the management committee for the review of program proposals and development of the Budget; evaluation of the Budget or program proposals in terms of stated program objectives and to provide alternative approaches for the achievement of these objectives. The evaluation should be directed to the least cost or maximum benefit alternatives. Also to evaluate the implications of proposed deviations from the approved Budget or program plan; to provide control of departmental expenditures; to revise the format of the budgetary expenditures and advise on the development of new reporting systems.

**MR. THATCHER:** — Mr. Chairman, I would like to ask the minister, . . . I suppose he just outlined to me the steps of the Budget and who is responsible for the numbers so I guess we are on the right category. Obviously, Mr. Minister, some changes have happened in the Budget since you brought it down and one in particular is in the field of the E&H tax.

Last year, in 1977-78, your department or your Budget Bureau budgeted \$187 million. In the Budget that you brought down for 1978-79, you shifted this up to \$204 million. If my memory serves me correctly, when the sales tax was reduced to 3 per cent and when the balance and deficits incoming from Ottawa and what you would lose, that it reduced the total amount \$18 million. I am subject to correction there. I believe that was the comment that you made.



So my question, Mr. Minister, what has this done to our deficit? What has this situation done to our deficit? I think we were looking at a \$40 million to \$45 million deficit. What do you think we are looking at now?

**MR. SMISHEK:** — Well, Mr. Chairman, as I indicated the other day to the hon. member when we had second reading of The Education and Health Tax reduction bill that, indeed, the federal request and proposal does create some problems because we had already our Budget in place. We had already announced our tax cuts. In the interest of the national economy to try to spur it on, as well as in the interest of national unity, we went along with the government of Canada to reduce our E&H tax, which is going to put \$54 million of money into the pockets of Saskatchewan citizens. We are hoping that as a result of this additional money that people will have and with spurring on our economy, that the \$18 million reduction of revenue is not going to amount to that much. We hope that it will be something considerably less but if it ends up being \$18 million then the projected deficit of \$44 million that I announced in the Budget Speech, will increase by the additional \$18 million. There is reason to believe that it is not going to amount to that \$18 million; it will be something substantially less. To predict the figure at this stage is very difficult.

**MR. THATCHER:** — Mr. Minister, you have indicated that some things are indicating that it is not going to be in that league. Perhaps you would care to tell us what those things are. Why do you make that statement?

**MR. SMISHEK:** — Well, Mr. Chairman, I will try again. Maybe the hon. member doesn't listen or maybe he was not here or maybe he wants to indulge in gamesmanship, which is probably his style. But the facts are that as a result of providing more money for the consumers, who will be spending that money we hope on consumer goods, that that will generate additional revenues for the province and as a result the amount of \$18 million will be reduced. I don't know whether the hon. member comprehends those kinds of economics. We do hear, the odd time from the Conservatives that it is a good thing to provide more money to the consumer through tax reductions. The consumers will spend it and this will generate more money to the government treasury.

Certainly the economics have proven that that very often is the case. We believe there is reason for optimism; the additional money that we are providing to the consumers will generate more money for the provincial treasury and, therefore, the deficit will not be the \$18 million but will be something less.

**MR. THATCHER:** — Well, that is the minister whom we have all come to revere and admire in this Assembly. At least he is starting to get back to his traditional self.

Mr. Minister, I want to ask you why do you base it on that? Why do you say it is going to be considerably less than that? I expected something more than the usual political rhetoric from you. I thought you were going to say that actual revenues for a specified period were so much higher than they were last year. I thought you were going to say the payments from Ottawa were running ahead of schedule or we are taking more in from income tax than what we expected for a designated period of time. I thought you might have some remote — something resembling facts to base some of this on but as per usual we got the same rhetoric from you that has led us from one deficit to another and is now leading us to what appears to be a \$60 million plus deficit. If we can add your usual level of confidence on it I am sure that you can even top that one on it.

Mr. Minister, let's move into another area in regard to your Budget Bureau. Your Budget Bureau has predicted and again, I would like you to tell us how you have arrived at these figures. I have asked you this question before and I never received an answer from you. It is not a new one but I suggest your officials maybe they can help. Last year, in 1977-78, you budgeted for personal income tax to bring you in almost \$311 million. That was on a 58.5 per cent tax rate. Now in your Budget as you well know, you reduced your income tax rate to 53 per cent and I think we gave you your mark on the wall for that one. An interesting mark on the wall too saying that, when it was suggested to you some months earlier there, you spent the best part of a press release through Information Saskatchewan or whatever you call that unbiased medium, taking a strip off me for daring to suggest something as outlandish as that. Anyway Mr. Minister, in this year's Budget, you took a lot of pride in telling us about the 22,000 taxpayers that were going to come off the tax rolls. Now with just 22,000 less tax payers, paying about 9 percent less tax, . . .

**MR. CHAIRMAN:** — Order, order. I wonder if the hon. member could maybe just wait for those questions until item 7, Taxation and Fiscal Policy Branch? I think they would probably be better if they were put there.

**MR. THATCHER:** — Mr. Chairman, with all due respect, Mr. Minister, — the Budget Bureau are the people who are making these decisions that put them in together and that is why I waited to ask them right here. I felt this was the appropriate time and I don't care to dwell on that all that quickly, Mr. Chairman. Frankly, it is my objective (I can't speak for my colleague here), I would like to be through these Estimates at five o'clock and I will do my best — unless the minister provokes something, so . . .

**MR. CHAIRMAN:** — Well, yes. I have a kind of rule that it comes under . . . It doesn't really matter, I suppose you can ask the same questions anyway so maybe we could just do this the way the rules tell us to do it and we will be right there in a sec, anyway. Will that be O.K.?

**MR. THATCHER:** — I am not trying to hold anything up today, Mr. Minister. It is seeding time. Now that we have established we are in a very important time of year. I have been through it with you. Now, 22,000 less taxpayers paying a 53 per cent tax rate and yet Mr. Minister, you are budgeting or your Budget Bureau says it is going to bring in \$324 million. Respectfully, I am curious as to what the logic is here.

**MR. CHAIRMAN:** — Well, I wonder if you could just save your answer on that, Mr. Minister, out of respect for the Chair, until item 7. Do you have any other questions on item 4?

**MR. THATCHER:** — Just a moment, Mr. Chairman. Mr. Chairman, I think you are creating problems here and I really don't want to hold things up here but regrettably, Mr. Chairman, I mean this very sincerely that I hope to be done at five o'clock but I was not here for item 1 last night because of illness and I have some questions I have to get off and yet I want to be done at five o'clock, if at all possible. Now, Mr. Chairman, I ask leave for you to just allow me to proceed and I think it will work out for everyone.

**MR. CHAIRMAN:** — You are asking leave to ask these questions. Do you want to revert to item 1?

**MR. THATCHER:** — No, Mr. Chairman, I am not. I am asking a legitimate question in regard to the Budget Bureau. Now the minister listed the duties of the Budget Bureau

and I believe the question I asked comes well within the duties of the Budget Bureau. I don't think I am out of line at all on that, Mr. Chairman.

**MR. CHAIRMAN:** — Are we agreed to leave to ask him those questions? Agreed?

**HON. MEMBERS:** Agreed.

**MR. SMISHEK:** — Mr. Chairman, the hon. member, as I understood the question because of the interruptions was, how do we calculate the amount of personal income tax revenue that we proposed to derive. Mr. Chairman, the estimate of personal income tax receipts was prepared, using an estimate of total 1978 basic federal tax, which is \$19.5 billion. It's provided to us by the federal government. The total basic tax is then allocated to Saskatchewan according to an estimate of our 1977 year, which was 3.34 per cent of basic federal tax. Both the total 1978 basic tax and our share are subject to change throughout the course of the fiscal year as new information becomes available. In order to determine our gross collections for 1978 tax year, we then apply the personal income tax rate, that is, 53 per cent, to the allocated basic tax. Once we know the gross calculations, today \$345.5 million, we then make two adjustments. First we have to convert the collection for the tax year to a fiscal year and the adjustment there is \$2.2 million. Second, we must reduce the collection by the net amount of the tax cut and the surtax, which is minus \$24.2 million. The 1978 Budget estimates, a receipt is therefore calculated by taking the gross collections of \$345.5 million plus \$2.2 million to place it on the fiscal year basis, less the tax changes of \$24.2 million, brings a total of \$323.5 million. Does that explain the system? Mr. Chairman, I would be glad to provide the member with the calculation because that is the basis of how we calculate our receipts.

**MR. THATCHER:** — Yes, Mr. Minister, I would appreciate it if you could instruct your department to forward that to me. I suppose what my question amounts to is that it is a very, very complex procedure and I am sure your people understand it, but is it realistic? Is it just a computer figure or is it just a number that is in there to justify the end result? In other words, is it really a realistic figure because, again Mr. Minister, 22,000 less people at the bottom who are paying in are going to pay \$14 million more.

Now, Mr. Minister, I think our rate of inflation and our rate of salary increases during this current year are not running at that level. I think, roughly speaking in the ball park, to arrive at that figure with the balance of people who are going to be paying taxes, their salary increases or salary adjustments for the current year would have to be running well into the 14 to 16 per cent. I do not think they are running that high. Some are running higher than others but it appears that at least at this point in time salary adjustments appear to be certainly not in that kind of a way. My question, Mr. Minister is, is it a computer figure or is it a figure that your financial minds have sat down and worked out or is it something that somebody just pushed some keys on a computer and that is what it punched out at the other end?

**MR. SMISHEK:** — Mr. Chairman, maybe the hon. member may have some doubt about the idea but first of all may I inform the hon. member that there is a projection of 11 per cent growth in the incomes of the people. That is the first assumption that has to be made and there is reason to believe that that is going to be realized. Remember that that also takes the inflation into account.

Now, I invite the member to take a piece of paper and pencil, and this is a fairly easy calculation — Last year the projection was \$322.1 million. Multiply that by 11 per cent

growth which is estimated and you get \$357.5 million. Then we have provided the tax cuts of \$40 million less the surtax of \$4.6 million plus change in the tax cut of 10.7 and you come up with \$323.5 million. Now it is based on the assumption that the growth will be 11 per cent. Incomes are rising as I am sure he will appreciate. It is not just a computer print-out. I think there is every reason to believe that that kind of revenue from personal income tax will be realized.

**MR. THATCHER:** — Mr. Minister, from your comment just now do I understand you to say, or may I interpret from your comments that you, as Minister of Finance, are saying on behalf of your government that the acceptable figure for incomes to rise, or I suppose to some extent for wage settlements to be negotiated, is 11 per cent? Can I assume that from your comment?

**MR. SMISHEK:** — Mr. Chairman, the 11 per cent is personal income and this is the national figure. I think that there is every reason to believe that that is going to be realized.

**MR. THATCHER:** — Well, Mr. Minister, that really was not my question. My question was, are you saying by building in what you say is an 11 per cent factor — Are you in effect putting the stamp of approval of your government on negotiated — so what if they negotiate it or any other cash settlement. Are you saying that 11 per cent is the acceptable figure for incomes to rise in this province? Never mind about the national average. Has 11 per cent got the stamp of approval of your government?

**MR. SMISHEK:** — Mr. Chairman, it is economic gross that is the 11 percent, economic gross. Remember it is wage economic growth. Remember it's wage increases or income increases or increases in professional fees, increases by the business people as well whose incomes are going to rise, it's the gross interest plus, more people working. That's the area that we're talking about. It's not a wage increase of 11 per cent. It is the total income that is going to increase by 11 per cent as distinguished from a wage increase.

**MR. THATCHER:** — Well, Mr. Minister, you've made reference to me in a lot of categories in the past and I'm sure I can look forward to many more in the future but I was under the impression that we were talking about individual income tax. Obviously if the income tax rate is going to rise or the revenue derived from income tax, then certainly the income before you start taxing it has had to rise. Now the 11 per cent figure was yours, I didn't invent it. Your expenditures in this entire Budget rose 12 per cent and, Mr. Minister, I don't think the rate of inflation in this country, while it is certainly at a very unacceptable level, a highly unacceptable level, it is not at 11 per cent. Now, Mr. Minister, there is a lot of controversy as to what the wage settlement should be right now. I don't think the negotiated settlements that you have made with your own employees in a variety of categories approached 11 per cent for this year and yet you are budgeting in your individual income tax category for an increase at this level. Now, Mr. Minister, I don't think that they have been rising. All right, we'll find out about that. Certainly they have been rising but not that much, not 11 per cent. So what I am asking you again, for the third time, Mr. Minister . . . for instance, we have a construction strike, the possibility of a construction strike next week and we all hope that it will be averted. Are you, in effect, saying to the construction people, 11 per cent is our figure. Are you saying to the people who may or may not go on strike, are you saying to them, 11 per cent is our figure? Eleven per cent has got our stamp of approval. If you send in a conciliator is 11 per cent what you say? When the Minister of Labour spent all those hours with the dairy workers, was 11 per cent the figure that he was

attempting to negotiate for them? Again, Mr. Minister, I'll ask you, is 11 per cent the magic figure? Now don't tell us about real income, etc., and go into all these things. The fact is we are talking about individual income tax and nothing else. We are not talking about the business because we've got another category for that and we'll get to it, corporation income tax. Mr. Minister, I'm not trying to hold things up, give me a fast answer that I can accept or else confess, one or the other and let's move on and let's finish by 5:00 o'clock.

**MR. SMISHEK:** — Well, Mr. Chairman, I think I have explained the matter. I'm sorry the hon. member does not accept my explanation because I did not say at anytime that the salaries or wages are going to increase by 11 per cent. We are talking about the global income of all the people, which means also an expanded labor force and, in case of small business, they pay personal income tax as well, as the hon. member knows. I have made the explanation, I think that the media people understand it. I am sorry that the hon. member doesn't understand it. Maybe we can get together after if he is interested in getting through in the next 25 minutes. Maybe I can take a few minutes with him after and explain it to him.

**MR. THATCHER:** — Well, Mr. Minister, it really isn't necessary since I am one of your 22,000.

Mr. Minister, the corporation income tax, your budgeting will increase from \$82 million to \$94.9 million. Could the minister tell us what the actual figure, what the actual revenue derived from corporation income tax for the year 1977-78 was and is this figure of \$95 million, is it realistic?

**MR. SMISHEK:** — Mr. Chairman, the estimate of last year as the hon. member has got the figure, was \$82 million, the projection for this year is just about \$95 million. The increase is 18.9 percent over '77-'78. This is on data that is provided to us, again by the federal government. Last year, 1977-78 has not been finalized but there is every reason to believe that that amount will be realized.

**MR. THATCHER:** — Mr. Minister, when you say that, you sort of say that in a halting voice there. Now when you say, 'it may be realized,' are you saying that there is some doubt that those numbers of dollars from last year will be realized? Are you saying that \$82 million . . . You must have an estimated figure there from your people? Do I interpret you correctly to say they're estimating that you were right on target?

**MR. SMISHEK:** — Mr. Chairman, the final results will not be known for another two or three months but based on the current information that we have, there is every reason to believe that we will be awfully close to it. It might be a little over. It might be a little under.

**MR. THATCHER:** — Well, Mr. Minister, we are into exactly the same situation here as we were on individual income tax. I believe you reduced your corporation tax rate from 12 to 11 and yet you are budgeting to bring in an additional 18 per cent in revenue. Mr. Minister, does that make sense to you? Would you explain how you are arriving at those figures? What factors are you building into them? If there is some doubt — I'm not suggesting there is, if your people say \$82 million is what they are going to get this year, I'll accept that. But if there is the slightest doubt that last year's figures were accurate at your 12 per cent rate, then, Mr. Minister, in the light of today's economy which is not exactly zinging by any stretch of the imagination — as a matter of fact when you get into the business sector, their costs have risen sharply, much higher than

May 10, 1978

certainly in the retail trade and certainly in some of your small to medium size businesses. Their incomes in all probability, barring a very sharp turn around in the fall, which may very well happen but if we are to go on the first few months, probably they are going to be down. Again, I will ask you, Mr. Minister, is this \$95 million realistic? And if so, how did you come up with it?

**MR. SMISHEK:** — Mr. Chairman, the answer is, yes. First of all, the hon. member makes reference to the overall national economy and we agree that there are some soft spots and some problems but as he is also aware the economy of the province is pretty healthy and so is the business community in Saskatchewan in a healthy state.

The 1978-79 Estimate is an estimate of the cash flow from Ottawa and may not be the actual payments of income taxes to Saskatchewan by the corporations but it is a cash flow.

The federal estimate of total Canadian corporation taxable income in 1978 is 15.2 per cent higher than the 1977 estimate. The 1976 data will be used to calculate the 1978 corporation taxable income. Saskatchewan's 1976 share of the taxable income is approximately 3.7 per cent of the national. This is considerably higher than the modified 1974 share used by the federal government, than 1977-78 of 3.06. The substitution of the 1976 data for 1974, which will be used to allocate corporation taxable incomes, combined with the federal estimate of 1978 taxable income, accounts for the increase in the 1978-79 corporation income tax.

Mr. Chairman, we believe, based on the information provided from the government of Canada (the information is becoming much more refined, much more sophisticated) that in current years the estimates have been much more accurate than they have in the past and there is reason to believe that that amount of money will be realized.

**MR. THATCHER:** — Mr. Minister, my memory is fading right now and I am going to give you a chance to slap me one.

As I recall going back to 1976 figures, was your corporate income tax 14 per cent in those days?

**MR. SMISHEK:** — Yes, that is what it was in all business. Last year we had a reduction for small business and this year we have a further reduction for small business.

**MR. THATCHER:** — Very well then, Mr. Minister. You have indicated that the 1976 figures played a very large role in formulating this \$95 million for 1978-79. At that time in 1976, we were looking at a 14 per cent tax rate. But, also, Mr. Minister, I think you indicated in 1976 there was a general increase from the year previously in actual figures of about almost 16 per cent in corporate income tax in this country and perhaps in this province, as you say.

At the same time, Mr. Minister, in 1976, and I cannot recall specifically what the inflation factors were back in 1976 except to say, despite the protestations of Mr. Trudeau that inflation was licked, such was not the case and we were still very close to double-digit inflation or round about, certainly into that category. Therefore, Mr. Minister, I really again have to ask you, going back to 1976, I suppose I should as a critic (I am sure you people have done this) — Did you take into consideration that those figures were based on a 14 per cent rate? I am sure you did but I have to ask you anyway.

Secondly, would you not agree that the factors that were employed for 1976 are certainly not employed for the year 1978. For instance, there were not a million unemployed at that time and we were not facing the highest unemployment that this province has seen in many years, and I do not want to get into an argument about unemployment with you but we all know that we have more unemployment in this province than what we are used to. Let's stay off that one but nonetheless, Mr. Minister, what I am asking you is, are the factors of 1976 — have to make the assessment a little bit borderline, would you agree?

**MR. SMISHEK:** — Mr. Chairman, the hon. member is aware that it is for small business that we reduced the corporation from 14 per cent which was to apply in 1976, to the current 11 per cent. The important thing that he needs to remember is that, particularly in the resource industry, incomes have been growing very rapidly . . . (Interjection — inaudible) . . . Mr. Chairman, I am trying to answer the question so that he does not come back again. You know, he at times asks questions and listens to his questions but does not listen to the answers . . . (Interjection — inaudible) . . . Mr. Chairman, I do not think I have been using up very much time. The fact of the situation is that in the resource industries their profits and their incomes have risen very substantially since 1976. Remember that they remain — big business remains at 14 per cent. That accounts for the substantial increase in the corporate income tax revenues.

**MR. THATCHER:** — Well, we've got to get rolling pretty quickly, Mr. Minister. There is no two ways about it, when you miss item 1 it sure does take the steam out of you, it's hard to get rolling again as I am sure you know from your time as a critic.

Mr. Minister, would you very briefly tell me before we start going through these items the kind of people that you have in the Budget Bureau. I am interested in, not so much names, as I am university background, the types of degrees that they have, like their youth, are they Queen's types or Harvard business types or PhDs, etc. Very briefly without going into specifics of names, just tell me what kind of people you have and their academic background?

**MR. SMISHEK:** — Mr. Chairman, we have a variety. We have people with MAs, PhDs. We have people with Bachelor of Commerce degrees, Bachelor of Economics; we have Masters degrees. These are highly educated people generally. We also have people who have had general government experience or elsewhere experience, including in business, at universities and so on.

**MR. THATCHER:** — Mr. Minister, those two Bachelors there suit me. When we are dealing with the kind of million dollars that we are right now, when you are hiring someone for the Budget Bureau, which in many respects, I suppose, is one of your more integral portions of the Department of Finance, do you concentrate do you show preference for Saskatchewan graduates or when your Budget Bureau is recruiting do you try to balance out the background of your people, say from Harvard Business School, which is certainly world-wide acclaimed or McGill or, in the case of your government's philosophy, the London School of Economics? In other words do the people out of Saskatchewan have a preference or is there a definite recruitment policy followed by some of your people to balance out the mix that you've got in order to prevent the possibility of becoming so tightly and completely inbred as far as academic philosophy, which can very definitely happen when you concentrate on one school?

**MR. SMISHEK:** — Mr. Chairman, while we have preference for Saskatchewan

May 10, 1978

graduates we do recruit on a national basis. Just to give the hon. member an example, last year we had one, two, three from Saskatchewan, three from Queen's and one from Western.

**MR. THATCHER:** — Mr. Minister, just because I see two faces there that I can put a name on and I mean nothing by this, I would like you to just tell me academically the background of Mr. Wallace, your Deputy, his degrees and where he went to school and Mr. Douglas — and that is just simply because I recognize the faces and I can put a name to them. There is no significance there but I am just curious.

**MR. SMISHEK:** — Well, with respect to Mr. Wallace, he has a Bachelor of Commerce degree, he is a native of Regina, awarded a Chartered Accountant with distinction in 1969, a CA, and worked for two years as a provincial auditor, one year analyst in the Budget Bureau, four years Director of the Budget Bureau and also worked in the Faculty of Administration in Accounting at the University of Regina. Mr. Douglas is honors BA, yes, he's got also Master of Science from the London School of Economics. Incidentally, I could announce that I deeply regret that Mr. Douglas, who has been the Assistant Deputy, is leaving us at the end of the month. He is going to work in Ottawa. Our loss is going to be their enrichment and their find. I do wish Mr. Douglas well in Ottawa and that we will miss him very much in Finance.

**SOME MON. MEMBERS:** Hear, hear!

**MR. THATCHER:** — Mr. Minister, I would also like to add not only the best wishes on behalf of everyone on this side to Mr. Douglas, but also my personal wishes for success in Ottawa. I know he is a very capable individual. I don't have to wish him success because I know he will have it. He has always been very very open with the opposition; he'd answer questions that he could and if he couldn't, he would tell us so and we could ask for no more than that. Mr. Minister, believe it or not, I have finished so just as quickly as the Chairman can read them off there, he got off awfully easy this year.

Item 4 agreed.

**MR. CHAIRMAN:** — It has been recommended that I take the items by numbers. Now is that agreed by everyone?

**HON. MEMBERS:** Agreed.

Items 5, 6, 7, 8, agreed.

Items 9 to 25 agreed to.

Department of Finance — Vote II agreed to.

#### **INTEREST ON PUBLIC DEBT — VOTE 12**

Item 1 agreed.

Supplementaries agreed.

#### **FINANCE — VOTE 58**

Items 1 and 2 agreed.



**DEBT REDEMPTION, SINKING FUND AND INTEREST PAYMENTS**

**VOTE 55**

Item 1 agreed.

**VOTE 56**

Item 1 agreed.

**VOTE 57**

Item 1 agreed.

The Committee reported progress.

The Assembly adjourned at 5:02 o'clock p.m.