

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
May 9, 1984

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Hon. Mr. Embury: — Thank you, Mr. Speaker. I'd like to introduce to the House 15 grade 4 students today from Argyle School, situated in my constituency. I would like to note, Mr. Speaker, that the son of my friend and colleague, the member from Maple Creek, Michael Duncan, is in that class. I would, on behalf of the House, would like to welcome them here today, and hope that they have a good day at the legislature and on tour, and I will be having pictures and refreshments with them a little later in the afternoon. I would ask the House to welcome them here today.

Hon. Members: Hear, hear!

Hon. Mr. Lane: — Thank you, Mr. Speaker. I would like to introduce to the Assembly four people, members of the Financial Executive Institute, and they're here in Regina for the inauguration meeting of the Regina chapter, which will take place tonight. I will ask them to stand and be recognized.

First, Mr. Robert Moore, president of Financial Executive Institute, from Morristown, New Jersey. Mr. Bob Waugh, from Toronto, who is president of Financial Executive Institute of Canada. Mr. Waugh. Mr. Doug Simpson — he's the executive vice-president of the Financial Executive Institute of Canada. Mr. Roger Bason, the vice-president of Sask Tel.

I ask all hon. members to welcome the gentlemen to the Assembly, and I hope that their stay in Regina is interesting and informative, and I wish the organization success in their Regina and Saskatchewan endeavours. Thank you.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Health Care for Northern Saskatchewan

Mr. Thompson: — Thank you, Mr. Speaker. I direct my question to the Minister of Health, and it's regarding a serious accident in Buffalo Narrows on April 27th between a motorcycle and a car, in which an individual was injured very seriously.

My question to the minister is: are you aware of the accident that took place, and the events surrounding that serious accident?

Hon. Mr. Taylor: — Mr. Speaker, I must admit to the hon. member I am not aware of the accident. If he would like to elaborate, I will take notice and investigate whatever he would like me to look into.

Mr. Thompson: — Yes, a new question, Mr. Speaker. By way of information, this accident took place at 12 noon, at which an individual on a motorcycle ran into a car and was seriously injured. He laid on the street for 45 minutes. The health centre was locked; was not manned. The nurse in charge was off duty and had an unlisted phone number, and the rest of the staff was at a meeting in Ile-a-la-Crosse.

My question to you, Mr. Minister, is: do you feel, and when we have discussed the situation of health care in northern Saskatchewan, that this is the type of situation that should take place in our northern communities?

Hon. Mr. Taylor: — Mr. Speaker, I'd just like to indicate to the hon. member, as I did in the estimates, and he makes reference to, that certainly I am concerned about the health care of residents in northern Saskatchewan. I'm not aware of this accident. I will look into each detail that he has brought to our attention when I'm out of this House today.

I want to indicate to you, as I did in estimates, that we are working at trying to bring together a package — and I think I indicated this to you — out of the University of Saskatchewan to provide doctors in the west side (as we call it) of northern Saskatchewan.

I can tell you sincerely, Mr. Minister, it's a concern of mine, as I know it is of yours, and we're doing all that we can to try and address the situation. And I will look into this one immediately.

Mr. Thompson: — A new question, Mr. Minister, to the Minister of Health. And by way of more information, we have an air ambulance in this province, and with no nurse on duty this individual laid there on the street for 45 minutes, then was taken and flown, with a Beaver aircraft, to Saskatoon.

Now when we have an air ambulance, we have twin-engined aircrafts, Mr. Speaker, at La Loche or at Pinehouse that could have been on the scene in 20 minutes, had there have been staff in that hospital, somebody to co-ordinate it. The individual was flown — and he was badly broken up — was flown with a Beaver aircraft, and the first stop was at Ile-a-la-Crosse. He didn't get into Saskatoon until late in the afternoon.

Mr. Minister, doctors indicate that had any more time elapsed they would have had to amputate the arm, and they still may have to do this. I ask you, Mr. Minister: will you carry out a full investigation into the situation that happened from 12 noon until that individual arrived at University Hospital in Saskatoon?

Hon. Mr. Taylor: — Mr. Speaker, I must say to the member opposite I am very sorry to hear of the plight of this individual. He has my assurance and I will carry out a most complete investigation of everything that happened throughout this rather sad incident, and I will report to you, sir.

Appointment of Administrator for Lakeside Home

Mr. Lingenfelter: — Mr. Speaker, my question is directed to the minister of Health, as well. It has to do with the question asked yesterday, a decision by you, Mr. Minister, to personally fire the director of the Lakeside nursing home in Wolseley. It has to do with your lack of response, but further, Mr. Minister, for yourself to go outside this Assembly and by talking to the press in a whispering campaign. And you are quoted in the paper as saying:

I think if you ask a few questions, Mr. Taylor said, you will find out there are a few things in doubt.

Mr. Minister, I want to ask you the question: do you not think it's enough that you have fired this individual, that you have ruined their opportunity to get employment? But don't you think that that is enough without going outside of this Assembly and continuing on in a whisper campaign against this individual? And will you not stand here today and tell us, in fact, why you fired Mrs. Julie Campbell, who has glowing reports, who you say in your comments to the press that questions should be asked? Well I'm taking this opportunity to ask you, Mr. Minister, why you fired this individual.

Hon. Mr. Taylor: — I will indicate to you, Mr. Speaker, as I did to the member yesterday, that it was a decision made that a change in administration would be required. I stand by that. I want to add a little more information to some of the allegations that were made yesterday. It was reported that the supervisor gave a very “glowing,” if I remember the terms, “glowing report.” And I just wanted to indicate that that report was given at one year, at the end of the probationary period of Mrs. Campbell, and I checked the signature of the supervisor, was one Mrs. Marlene Giles, sister to Mr. Koskie.

Mr. Lingenfelter: — Mr. Speaker, I direct a question to the minister, who, continually, when the members opposite talk about slurring people’s names. I find it interesting that he would do it to an individual who has got a glowing report, not only from her immediate supervisor — who at that time gave such a report on her initial evaluation — but I have here a copy of a Saskatchewan competition for a job opening, dated June 22, Mr. Speaker, of 1983.

In that competition, there is an opportunity, as the minister calls it, is available to Wolseley for an individual seeking an interesting and challenging career as the administrator of a nursing home at Wolseley. Mr. Minister, is it not true that in that competition that you instigated through the Public Service Commission, that Mrs. Hextall was not successful in the competition? You then pulled the competition and hired her through the cabinet position, or through the cabinet, behind the closed doors. Is that not really what happened to get our campaign manager hired? You couldn’t do it through the Public Service Commission through this competition, and you went behind the doors of cabinet to do it.

Hon. Mr. Taylor: — First of all, the member opposite is again inaccurate, as he was in estimates, and continues to be at many times in this House. Mrs. Hextall was never, ever my campaign manager. She was the business manager in my campaign in the last election. If we’re going to discuss things in this House, there is a bit of a requirement to be somewhat accurate, Mr. Speaker.

There was a competition. The competition had 36 applicants, Mr. Speaker. The applicants were screened by a member from the public service committee, Mr. Ian Rogers from my department, and Mr. Ken MacDonald from my department. Mrs. Hextall had an exceptionally good interview. She was one of the top people, and was appointed by OC, which, as I pointed out to the Leader of the Opposition previously and yesterday, is nothing strange or nothing new in the annals of government. I think if you took the time, Mr. Speaker, and asked the people up there to look back through some of the OC appointments that took place previously, you would see quite a record there.

Mr. Lingenfelter: — Mr. Speaker, a question to the minister. Are you saying that in the June 22nd competition that Mrs. Hextall placed first in that competition? Is that what you are trying to make this Assembly believe.

Hon. Mr. Taylor: — No, I’m not indicating the placement. I just say that she was one of the ones given an interview and came through very, very well in that interview. And I want to say it may be, it may well be, the indication of the members opposite to slur people. They want to know reasons. I have told you that a change in administration was required. Mrs. Campbell was given a fair hearing by the public service commission. She was awarded \$21,000 of compensation. I will not stand in this Chamber and slur Mrs. Campbell or anyone else because I believe that she has the right to use her capabilities to get future employment. I am not a member like the fellow from Regina who stood in here and slurred people and hid behind this Chamber. I will not do that type of thing.

As far as Mrs. Hextall, you are trying to indicate that she is not well qualified. I think you will find out that Mrs. Hextall has an eminent background of hospital administration and, I must say again, is doing an excellent job in administering Lakeside Homes — something rather dear to my heart.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — I have a question for the Minister of health. With respect to the Campbell hearing before the public service commission, the commission ruled as follows in its judgement:

. . . documentary evidence and the testimony of Mrs. Campbell and Sister Nestor Kyba, director of nursing care at the Lakeside Home, demonstrated that Mrs. Campbell was a well-qualified, competent, and loyal employee.

Do you care to dispute one syllable of that decision by the public service commission?

Hon. Mr. Taylor: — It's a board decision, as my colleagues say. I want to indicate to you, Mr. Speaker, that I chose to make a change in the administration at Lakeside Home. That change was made. Mrs. Campbell was notified. Mrs. Campbell had a hearing. Mrs. Campbell has been compensated. The change has resulted in very good administration in Lakeside Home. I consider the matter closed.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. The minister has indicated that one Mrs. Hextall has succeeded Mrs. Campbell, and he indicated that a competition was held. The minister well knows the rules of a competition. Applications are called for and three are certified. I ask the minister: was Mrs. Hextall one of the three who were certified as being the three best to fill that job?

Hon. Mr. Taylor: — What I am indicating here, as I will say again: there were 36 people. The job was advertised in a number of papers. There were some very good applications. There were a number of them that were interviewed. Based on the interview, and I give you the team that interviewed, it was the decision to appoint Mrs. Hextall, and to appoint Mrs. Hextall by order in council.

Hon. Mr. Blakeney: — Mr. Speaker, I'll ask the question again. And the minister is obviously very well informed about this — 36 applicants — he obviously had this file in his head. Was she one of the three who were certified? Fairly simple question: was she one of the three who were certified under The Public Service Act?

Hon. Mr. Taylor: — I will indicate again that they went through a complete screening application, interviews, and a selection, and an OC appointment was made of Mrs. Hextall, and Mrs. Hextall is in that position; came into that position on the 1st of December. Mr. Ian Rogers filled that position from May until December.

Hon. Mr. Blakeney: — Mr. Speaker, once again: was the person who was appointed one of the three who were certified? Can you grapple with that and answer yes or no?

Hon. Mr. Taylor: — I don't know how many times I have to tell the member opposite, because I'm sure from his past record he has made thousands of OC appointments of people who may have been certified, or may not have been certified, and people that were wandering the streets, and wherever he may have found them. And he knows very well that you can make an order in council appointment. I went through that. I've told you time after time. An interview — an interview in which I did not sit in on whatsoever — an interview recommending that Mrs. Hextall be considered, and she was appointed by order in council.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. May I take it from the minister's answer that the applicant was not certified? Surely there is no reason why you would appoint them by order in council if they were going to be certified pursuant to the Public Service Commission.

Will the minister simply admit the applicant was not one of those who was certified, and he,

therefore, decided to appoint by order in council?

Hon. Mr. Taylor: — I indicate once more to the member opposite that there was a competition of 36 people. There were a number of them that were interviewed. Subject to those interviews, Mrs. Hextall was appointed by order in council and is presently the administrator of Lakeside Home.

Hon. Mr. Blakeney: — Supplementary to the Premier on this issue. I ask the minister: is it the practice of your government when a competition is called for, and when people put in applications in good faith in the belief that if they are qualified they will be chosen, is it the policy of your government to abort this process, to abort this process so that the most qualified person will not be appointed, but rather the business agent of a successful candidate will be appointed?

Some Hon. Members: Hear, hear!

Mr. Speaker: — Order, please. Give the minister an opportunity to answer your question.

Hon. Mr. Devine: — Mr. Speaker, I don't believe that the rules have changed with respect to appointments and orders in councils from this administration compared to the last administration. There's been one significant change, one significant change, one very important change. I'm sure they want to hear about this one important change, Mr. Speaker.

The important change is that administration over the last 10 years hired 10,000 additional people — 10,000. In the last two years, Mr. Speaker, this administration has declined by 3,000. That's a significant difference in the administration.

Hon. Mr. Blakeney: — Supplementary to the Minister of Health. Since he regards this as a process which was perfectly normal, would he recall to his memory any case in which any previous minister of health has paid \$20,000 to an employee for wrongful dismissal?

Hon. Mr. Taylor: — I can't answer that, but I would certainly check things out. There are certain cases . . . I remember a Mr. Van Mulligen that was hired by the previous government. I think I would like to look into some of these situations and certainly will, Mr. Speaker.

Sale of Former SGI Head Office

Mr. Shillington: — Thank you, Mr. Speaker. I want to ask the Premier about the SGI issue and your refusal to appoint a judicial inquiry. You have told the news media that you see no evidence which would justify a judicial inquiry.

My question, Mr. Premier, is: on what earthly basis could you have made such a statement? What kind of an investigation did you as Premier undertake into this matter to arrive at a conclusion, which is diametrically opposed to a public opinion, and which is not supported by feature articles in the *Leader-Post* and *Star-Phoenix*? My question, Mr. Minister, is: what form of investigation did you undertake to arrive at such a conclusion?

Hon. Mr. Devine: — Mr. Speaker, what I said to the media was that obviously no administration wants to get into the situation where you're having inquiries every time a question is asked, whether it's respect to tenders, or whether it's . . . (inaudible) . . . to SGI. Obviously there are no end of things that government does and is involved with. When I make the decision to call for an inquiry, I have to be confident that there is significant and real enough justification for that to happen.

Now the minister and the board of directors and the staff have informed me, with all their research and all their efforts, that there is nothing that requires an inquiry. So until I can find justification for calling one, I just simply won't do it.

Mr. Shillington: — Well, Mr. Minister, I ask you the question . . .

Mr. Speaker: — Order, please. Order!

Mr. Shillington: — Supplementary, Mr. Premier. I ask you again the question I asked you before. What form did your investigation take to arrive at such a conclusion?

Hon. Mr. Devine: — Mr. Speaker, I have confidence in the board of directors and the ministers and the staff who put together all the research. I believe it's true that the minister offered the entire file and all the information on a confidential basis to the Leader of the Opposition, and to the member, for him to review it. I don't know whether he's had the opportunity to review it, to study it, and examine it in any detail. I have the confidence, I have my personal confidence in the board of directors, in the staff, and in the minister, and they advise me that there is no reason for an investigation.

Mr. Shillington: — Mr. Minister, I ask you again not whom you have confidence in, but what form your investigation took. Did you rely upon a briefing by your minister, or did you rely upon his file, or what form did your investigation take? I am not interested at this point in time in whom you have confidence in.

Hon. Mr. Devine: — I rely on the minister, Mr. Speaker.

Mr. Shillington: — Well, Mr. Premier, that really makes me wonder who is running the show over there. Your minister has given this Assembly three diametrically opposed, conflicting versions of what happened. Your minister's explanations have been questions by two Regina businessmen who swore affidavits under oath. As Premier, I ask you: do you not think you have an obligation to the public to go beyond the minister's comments, which have not been consistent in this House?

Hon. Mr. Devine: — Could you repeat the last half of that?

Mr. Shillington: — Well, perhaps, Mr. Speaker, the Deputy Premier can cease briefing the Premier until after I get finished my question. My question is (and I'll repeat the preamble for you, if you like, since you have obviously missed it all): the minister has given this House three different conflicting versions, the latest one of which has been disputed by two Regina businessmen who've put their facts under oath — something nobody else has done.

I ask you, Mr. Premier: do you not think that you have an obligation to go beyond a mere briefing by the minister, given all that has happened with respect to this matter in the House?

Hon. Mr. Devine: — Mr. Speaker, the answer is no. I have interviewed the minister, and he has reviewed all the facts. He explained to the House, I believe, and he certainly explained to me, in some detail, why the variation with respect to the information given by individuals. And I'm confident that he has reviewed the entire thing in all the detail that's necessary.

Mr. Shillington: — Mr. Premier, I would suggest to you that if you had taken time to review the file and launched your own investigation, you might have discovered that your minister's briefing was not sufficient. And I repeat for your benefit what has happened in this House in part during your absence.

The minister confirmed that one Gary Drummond is, and has been for a number of years, his business partner. The minister confirmed that Mr. Drummond was appointed cabinet secretary for SGI in '82-83. What the minister did not mention was that the same Gary Drummond is the lawyer for Mark Silver and the companies which were involved in the controversial sale. So the minister's business partner was also the lawyer for the companies.

Mr. Premier, does that not suggest to you a potential conflict of interest on the part of the minister, and a need to go beyond a mere briefing from him?

Hon. Mr. Devine: — Mr. Speaker, there are thousands and thousands of employees in any administration and any government, and some are related to individuals, as we all know, and some are former partners or whatever. So that there is the potential, if somebody wants to say so, that you know people or that you are related to somebody. But that is not justification for an inquiry.

Until there is something that assures me that there is some impropriety that is beyond explanation by the minister, I am not prepared to call for an inquiry.

Mr. Shillington: — Supplementary, Mr. Premier . . . new question, Mr. Speaker. I grant you there are thousands and thousands of employees in the Government of Saskatchewan. I would be surprised to hear, however, that even your minister in charge of SGI is business partners with them all. He is business partners with one Gary Drummond, who was also the lawyer acting on behalf of the companies.

I suggest to you that's a potential conflict of interest, and you, as Premier, the minister of ministers, have an obligation to go beyond a mere briefing from that minister, who has a potential conflict of interest.

Hon. Mr. Devine: — Well I don't understand why. I mean there's obviously under every minister somebody that might be related to somebody. Is that justification for an inquiry? Obviously it isn't. So until I have more justification than that, I'm not going to do it on the basis that somebody's a friend with somebody, or that there are people who may be related in a bureaucracy.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. As the Premier will know, in this case we have three explanations from the minister, each contradicting the last. In the last explanation, in the last explanation he said that an employee of SGI, one Gary Miller, had never met with two other men. The two other men met that with a signed and sworn affidavit saying it was false — signed and sworn affidavit saying that that was false.

Mr. Speaker: — Order, please. There is so much noise in the Chamber that it's an impossibility to hear in my chair, and I think in yours. Give the minister a chance to hear the question, at least.

Hon. Mr. Blakeney: — Mr. Premier, the affidavits contradict directly what is attributed to Mr. Miller. Nobody has heard from Mr. Miller. Nobody has heard from Mr. Miller, whose lawyer is Mr. Drummond, the business partner of the minister. Do you not feel it incumbent upon you, at least to obtain a written statement from Mr. Miller contradicting the two affidavits which have been filed in this House if, in fact, that's Mr. Miller's position?

Hon. Mr. Devine: — Mr. Speaker, I am assuming, and I must assume, that the hon. member has taken up the opportunity or taken advantage of the opportunity to review all the records. And if he has reviewed all the records, and he finds that there is justification, I wish he would bring it forward. Because I don't find the justification, and the information is available for the hon. member.

If he is prepared to look at it, and I assume maybe he has, and if he has additional evidence or ideas or suggestions that is worthy of some significant or increased review, I would like to see it. But I reiterate, Mr. Speaker, on the evidence that I have been given by the minister, I find no justification for an inquiry.

Mr. Speaker: — Order, please. I'm going to caution the members. I have several times indicated to you that there was to be silence in the Chamber when the Speaker's on his feet, and

I'm going to insist that that be followed. The next time that this occurs, and deliberately occurs, I'm going to ask someone to leave the Chamber.

ORDERS OF THE DAY

GOVERNMENT MOTIONS

Resolution — Appointment to the Public and Private Rights Board

Hon. Mr. Lane: — Mr. Speaker, under the terms of The Expropriation Procedure Act, it is appropriate to name a Public and Private Rights Board, consisting of one member to be appointed by the Lieutenant Governor on the recommendation of the Legislative Assembly, to perform the duties assigned to the board under this act. That person is appointed for a term of five years, and “shall be entitled to such remuneration as may be determined by the Lieutenant Governor in Council,” and on that I'm quoting from the expropriation procedure appointment.

For the last two terms, that member has been a member of the legal profession, Mr. Myron Kuziak. Mr. Kuziak has served the position well, and a letter of thanks and appreciation has been forwarded to Mr. Kuziak.

It is my view that a position such as this, it is not inappropriate to make the changes from time to time on the address of the Assembly. That particular board, I might advise the hon. members and the public, is established under The Expropriation Procedure Act, and allows for an ombudsman-like operation, and it deals with, for example, where land is to be expropriated for the purpose of a public improvement, any owner of land may apply in writing to the board for review by the board of the route, situation, or design of the public improvement or the proposed public improvement.

Also, the board has the power, at any time after an offer of compensation is served upon a person, that that person may apply in writing to the board for a review of the amount of compensation offered.

Mr. Speaker, it is proposed to appoint Mrs. Pauline Duncan, a young Regina barrister and solicitor, to that position. Mrs. Duncan, during 1980, 1981, did a series of 10 articles commissioned by the provincial Department of Agriculture on various aspects of farm law and real estate. These articles were distributed to ag reps and other departmental officials around the province of Saskatchewan, and are in use today.

Secondly, she also did a Saskatchewan agricultural booklet called, *Law for Saskatchewan Farm Families*, which was published in 1981, and which has now been reprinted.

Mrs. Duncan is 28 years old and has her own law office. She is presently secretary for the Regina Crime Stoppers. Mr. Speaker, it is with a great deal of pleasure that I move, seconded by Mr. Andrew, the member for Kindersley:

That an humble Address be presented to His Honour, the Lieutenant Governor, recommending to His Honour that Pauline Anne Duncan of Regina, in the Province of Saskatchewan, be appointed member of the Public and Private Rights Board under Section 6 of *The Expropriation Procedure Act*, being chapter E-16 of the Revised Statutes of Saskatchewan, 1978.

Mr. Shillington: — I want to comment very briefly on this. As I think the Minister of Justice will be aware, Pauline Duncan was an employee in my law office for some time, and I assume this could not have been known, or her excellent qualities would never have risen above that, and she'd never have got appointed. I assume you people must have been unaware of that. And I have no doubt that her excellent qualities are, no doubt, due to the instruction she received in

the offices of Shillington and Simard.

Seriously, we don't object to the appointment. She may well be very qualified. The post requires, above all else, a sense of diplomacy and an ability to mediate. And she may have done that, I'm not sure. But I personally welcome her appointment, as I would welcome the advancement of any former employee.

I would like to know from the Minister of Justice what remuneration the post carries. And that really is all I really want to know, and apart from wishing Ms. Duncan well in this post.

Hon. Mr. Lane: — Thank you, Mr. Speaker. Just in response to the hon. member, the position pays an honorarium — \$2,000 per annum plus \$100 per half day of work. Expenses are paid at the public service rate. The retainer and per diem have not changed since 1981.

Mr. Kuziak (and I can only give you in terms of past experience), in 1981 and 1982 he received \$8,000 plus \$557 for expenses. In 1982-83 he received \$11,800 but no travel expenses. That's the information we have.

Motion agreed to.

Leave of Absence for Mr. Speaker

Hon. Mr. Andrew: — Mr. Speaker, I would ask for leave of the Assembly to move the following motion:

That leave of absence be granted to Mr. Speaker on and from Monday, the 14th of May, 1984 to Monday, the 28th of May, 1984, to attend, on behalf of this Assembly, the Commonwealth Parliamentary Association executive committee meeting to be held in Lilongwe, Malawi.

I so move, seconded by the hon. member from Meadow Lake.

Hon. Mr. Blakeney: — Mr. Speaker, I want to indicate that we, on this side of the House, certainly support the motion and, in the course of so doing, I will use this opportunity to congratulate Mr. Speaker on his attaining senior office in the Commonwealth Parliamentary Association. That's the world-wide Commonwealth Parliamentary Association. And I know that he will do us proud as he assumes, in due course I expect, the presidency of that organization. We approve of his going to Malawi as preparation, among other things, the time when we will have the opportunity to be hosts of the world-wide Commonwealth Parliamentary Association here in Regina. And I support the motion.

Motion agreed to.

ROYAL ASSENT

At 2:41 p.m. His Honour the Lieutenant Governor entered the Chamber, took his seat upon the throne, and gave Royal Assent to the following bill:

Bill No. 41 — An Act to amend The Superannuation (Supplementary Provision) Act

His Honour retired from the Chamber at 2:42 p.m.

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

FINANCE

Ordinary Expenditure — Vote 11

Item 1

Hon. Mr. Andrew: — The officials, Mr. Chairman, are Mike Costello, deputy minister; Lawrie McFarlane, associate deputy minister; Don Rowlett, associate deputy minister; Morley Meiklejohn, assistant deputy minister; and Keith Mackrill, head of administration.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I want to refer to a couple of pieces of literature throughout these estimates. I obviously want to refer to the book on estimates, and the supplementary estimates, and the budget speech booklet and the little booklet called *Saskatchewan Promise*, and Heritage Fund annual reports.

The first question I want to ask is: is the Heritage Fund report for the year '82-83 made public?

Hon. Mr. Andrew: — I understand and am advised that it's just gone to print. It will be tabled in the Assembly very soon.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I want to ask you what has overtaken your department that you cannot get any material out in a reasonable period of time. I look at all sorts of material which used to come out in a timely way, and I'm talking about financial statements that have suddenly become bogged down. I'll talk about the *Public Accounts*. *Public Accounts* have traditionally come out around November. And in your first year of office you brought the *Public Accounts* out in November, November 15th; and your second year of office, January 30th. I'm frankly puzzled as to why you're getting worse rather than better; why you can't seem to get the act together of simply getting the financial statements out. Certainly we can't lay it at the door of the auditor. The auditor's reports are dated September 30, and certainly that's not a bad show on the part of the auditor.

The year ends on March 31. The paper still flies around in April. The auditor has to really start on the 1st of May, and he gets his work done by the end of September. After that, basically, all the work is done. The job is a printing one, and in 1982 you got it done by the 15th of November; that's the date on your certificate.

But for this year you didn't get them out. The *Public Accounts* for the year ended March 31, 1982 were made public on or about November 15, 1982. The *Public Accounts* for the year ended March 31, 1983 were not made public until January 30, 1984 — an extra two and one-half months for some inexplicable reason.

It gets worse with respect to Heritage. The annual report for the Heritage Fund for the year ended March 31, 1981, the public document is dated November 1981, again about six months — not unreasonable. The next one, under your aegis this time, is dated March of '84. My correction, March of '83, which is lengthening it again by — December, January, February, March — four months later. Now you're going to tell me that this one is going to be dated May. With luck, it's going to be dated May — yet another two months.

Why are you adopting the practice — and I can only assume it's a practice — of not publishing the financial statements in a timely way?

Hon. Mr. Andrew: — I think if you would go back and look at the history of *Public Accounts*, as I understand the traditional way in this Assembly were always filed not in the November-December period, but traditionally in March. I recall in opposition, when I was chairman of Public Accounts, calling for those several years, twice, as chairman of Public Accounts; I think the first time, in fact, they were ever filed in the fall was in the year 1981 if I

remember correctly. We were able to do that the first year.

The second, the particular year involved here, we did not make it as you are aware. The *Public Accounts* are, in fact, prepared by the comptroller's office. The comptroller's office no longer is under the Department of Finance. We tabled the *Public Accounts*. They were not quite ready at the time of adjournment of this Assembly, just prior to Christmas. I think we adjourned this year — I stand to be corrected — but early in December. They were not filed. They were filed very shortly after we came back into the Assembly. And as you are aware, they must be filed with the Assembly before they go to the Public Accounts Committee.

The Public Accounts Committee, as I understand, looking at the Public Accounts, and that's primarily the committee of parliament, or the committee of legislatures that look at them — as I understand from colleagues that the Public Accounts Committee has, in fact, gone through the bulk of the Provincial Auditor's report, has gone through the bulk of the *Public Accounts*, and is far ahead of you, the committee of finance, committee on Crown corporations.

No significant strategy as to how we get these papers out. I suppose we have, perhaps, a smaller Department of Finance than traditionally. We've had to join with other departments and try to get along with fewer employees. We put a great deal of effort into getting the budget out, and I think I suspect if you look at it from a . . . The reason for it is certainly so that we could put our efforts into getting the budget out, and then get the other ones printed accordingly, and certainly no strategy to do it in one way or the other. As soon as the *Public Accounts* were ready, they were, in fact, tabled at the first convenient opportunity in this Assembly. Hopefully we can speed that process. I'll undertake next year to have the *Public Accounts* out in the fall session, near the end of the fall session if they're ready, and certainly would undertake to do that.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, what would prevent the distribution of *Public Accounts* between the fall session and the spring session? That has certainly been done before, but I don't know how regularly before. I would invite the minister to comment on what would prevent the distribution of them prior to their tabling in the House.

Hon. Mr. Andrew: — I understand the standing orders of this Assembly require them first to be tabled to the Chair before they can be distributed. I'm sure that is the rule. It would require a change in the standing orders to do it any other way.

Hon. Mr. Blakeney: — I'm not in a position to argue with the minister on whether or not that's the standing rule because I haven't checked it. My memory certainly is playing tricks on me if it hasn't been done in the past.

But let's leave that and talk about the Heritage Fund. What conceivable argument could there be for not putting out a report of the Heritage Fund for . . . ? Now, it's more than a year; it's 13 months since the end of the financial year. It's not a particularly big report, and we don't have it out. Does the minister have a comment?

Hon. Mr. Andrew: — Well, I'm advised that all financial statements in the Heritage Fund are also found in the *Public Accounts*. So if what the hon. member is looking for is the information, clearly they are all contained in the *Public Accounts*, which have been tabled in this House as soon as we got back into session. Now that would be the intention. The only thing additional that you would find in the Heritage Fund as if and when it is tabled in this Assembly would be a few pictures, a particular jacket on the annual report, etc. So if you're interested in the information as contained, simply find it in the *Public Accounts*. The information is there.

Hon. Mr. Blakeney: — Mr. Minister, the Heritage Fund report, obviously, is in a convenient form for comparison with earlier ones. If the information is all prepared at the time that the *Public Accounts* was ready for distribution, some time in December, as I understood you to say, or thereabouts, what would hold it up between then and now?

Hon. Mr. Andrew: — Well, I suppose that one looks and says, “What’s the important part?” Get the information to the members, and I’m sure that’s what the members want. We don’t intend to highlight the Heritage Fund as some earth-shattering, striking document.

We’ve made it clear where we have moved with regard to the Heritage Fund. Your administration operated differently; made a big to-do about it with the tabling of it, etc. That’s a difference in approach. Clearly, if the information is there, surely that’s what the public and the opposition need, is the information.

That’s surely what you would be interested in seeing, and that information is all public, so it’s not a matter of trying to prevent a member from having information.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I’m not as concerned about the member as the public. I submit to you that a very scant number of the public will be able to extract from the *Public Accounts* those documents that are the *Public Accounts*, the information with respect to the Heritage Fund, and hence that was the reason for putting out a Heritage Fund statement.

I want to call the minister’s attention to the Canadian Institute of Chartered Accountants, who are putting out some guide-lines, which they call a draft, an exposure draft, for proposed accounting recommendations with respect to the objectives to government financial statements.

It has probably been called to his attention in a general way, and there is nothing in it that is very earth-shattering. All it says is that . . . And it lists objectives, and it says:

Information must be timely. Financial statements issued long after the year end are of historical interest only. The usefulness of information in making decisions and judgements diminishes as time elapses.

Would the minister concur in that judgement, and would he, therefore, concur that the earlier that government financial statements, or indeed, any other financial statements are made public, the more useful they are, not only in decision making, which is the role of the government, but in judgement making, which is the role of the public and the opposition?

Hon. Mr. Andrew: — Well, I certainly can subscribe to that theory; some of the changes that have to be made; and I happen to subscribe to many changes that should take place. I believe the institute of chartered accountants have also called for a standardization of reporting by government. We have discussed that several occasions at finance ministers’ meeting without a great deal of support for the standardization concept. Tends that the governments of the Maritimes, in particular, wish to have different accounting-type systems. And the standardization gives people a chance to compare apples to apples, from province to province to province. I think that is proper.

With regard to the question raised by the hon. member, I can advise that the comptroller, Mr. Gerry Krause, of the government of Saskatchewan, is, in fact, on that committee, subscribing to that view. I believe it goes far beyond simply the Heritage Fund, where the Heritage Fund comes out. I think it deals very often with questions associated with *Public Accounts*, dealing with the year-and-a-half-old material. I’ve spoken on that several times — the Crown corporations dealing, perhaps, with the year-and-a-half-old material. Perhaps we can look at the whole question of estimates, committee of finance, within the legislatures, of any legislature across this country, very often dealing with the political razzamatazz, far more than dealing with the grievance before supply, which was the original reason for parliament, the original reason for the committee of finance.

I can subscribe to that view. My view is that those changes, if at all possible, should be

standardized. A reporting system should be standardized so that we compare all provinces, and perhaps information put in a more timely way.

I think there's also been a legitimate concern raised by a lot of people, particularly the chairman of Public Accounts over the years, that when *Public Accounts* do come down, you need a Philadelphia lawyer or chartered accountant to even understand what they say. And I think that's a very wise observation. How we change that and deal with that, I think this type of committee is the way to deal with it — try to standardize it, try to get a better system of reporting. I certainly subscribe to that and hope that we can move in that direction in the very near future.

Hon. Mr. Blakeney: — Thank you, Mr. Minister. I hope you move in that direction, too. There are obviously a number of areas — I have mentioned timeliness. And that strikes me as perhaps the most important one because stale financial statements are of limited value.

Others certainly include the terminology with respect to debt — net debt, self-liquidating debt, gross debt, funded debt, public debt, any number of . . . There's been a new one around, I think — reimbursable and non-reimbursable debt.

And another one which I feel is of considerable merit, there's obviously the one of what you capitalize, which is where we differ the most. I think, from the merit on jurisdictions, but also how you handle Crown agencies as they appear on the financial statement of the province. And it will be observed that the financial statements of our province do not disclose accumulated surpluses of Crown corporations or Crown agencies, which are of the order of \$850 million. I mean, you can find them in the *Public Accounts* or you can find that statement if you persevere, but it has not shown up on the financial statements.

Mr. Chairman, and Mr. Minister, I want to change direction. And I want to refer the minister to some material which he sent to me by letter dated July 14, 1983. And I want, essentially, to ask for the same sort of material as an update, and I don't know whether . . . The covering letter is dated July 14, 1983. I am not sure whether or not all of the material is as of that date or as of a somewhat earlier date. I am assuming the . . .

I will turn first to the minister's staff and ask who are on the minister's personal staff.

Hon. Mr. Andrew: — Okay. I'm advised that the way this has been handled is that we would be prepared to send over all the members of the personal staff of the Minister of Finance, their salaries on a monthly basis. There's four in number, and I'll certainly send those over.

Hon. Mr. Blakeney: — Let's see, Jane Dempsey is still on your staff; Diane Tremblay, still on your staff; Dianne Mooney and Ron Ryan no longer on your staff. Who replace Mr. Ryan?

Hon. Mr. Andrew: — Mr. Ryan was employed by my office, I believe, for a week, a week to 10 days. It didn't work out. He went on. Dianne Mooney moved away with her husband to Assiniboia. And Diane Tremblay, who is still on the staff, but is now on maternity leave. I have two secretaries and two assistants.

Hon. Mr. Blakeney: — Who are your two secretaries, and who are your two assistants? I'm not sure I can sort out these . . . Tremblay and Peterson are the secretaries, and Dempsey and Gyles are the assistants?

Do I then understand that if it's ministerial assistant, and there's a numeral after them, they're probably not a secretary or stenographic primarily, and if there's a letter after them they are probably a secretary or a stenographic primarily?

With respect to the executive, the senior officers of the department, Mr. Costello is deputy

minister; Mr. Meiklejohn, assistant deputy minister, investment and financial services; Mr. Rowlatt, associate deputy minister, tax and economic policy; Mr. McFarlane, associate deputy minister, treasury board division; Mr. Ron Clark, is he still on your staff?

Hon. Mr. Andrew: — Yes, he's on our staff seconded to another department.

Hon. Mr. Blakeney: — To which department of government is Mr. Ron Clark seconded?

Hon. Mr. Andrew: — The liquor board.

Hon. Mr. Blakeney: — He is listed on the list of last year as executive director of treasury board division. Who is performing those functions?

Hon. Mr. Andrew: — John Mullin, at this point, is acting director.

Hon. Mr. Blakeney: — Is Mr. Keith Mackrill still with your department, and is he director of administration? And this one listed, Robert Douglas, special adviser to the Minister of Finance, is he any longer in your employ?

Hon. Mr. Andrew: — No.

Hon. Mr. Blakeney: — Are there any other people who are at deputy minister, assistant or associate deputy minister level, or at the executive director level? What other people in your department get \$50,000 a year or more? Perhaps that will . . .

Hon. Mr. Andrew: — I am advised that the only one in the executive would be Ron Stengler, who is working on the automation of the computer system, and Tor Veltheim, former chairman of the Public Service Commission, who works in tax and fiscal policy, dealing with wage policy of government, and works for Department of Finance.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, would the minister forward to me in due course a list of the executive people with their salaries, and I don't need it soon.

Hon. Mr. Andrew: — Yes.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, could the minister indicate who have been appointed to the Department of Finance with a salary in excess of, let us say, \$36,000 a year, if that's a reasonable break-point since, let us say, March 1 in the last year?

Hon. Mr. Andrew: — We'll provide that information to the hon. member. There has been a number of new people brought into the treasury board division. That's where most of the changes have been taking place. As to new people, that tends to be an on-going process. We'll provide the member with that type of information.

Hon. Mr. Blakeney: — Could the minister here be able to tell me who has been hired who would get, say, more than \$45,000? I'm looking at . . . Have you any more senior people? You've obviously got Tor Veltheim, and . . .

Hon. Mr. Andrew: — Okay, I'm advised from the treasury board division, a Michael Shaw would be in excess of that amount. It's 40 monthly at \$4,317, and he came from the Department of Energy and Mines to treasury board. And Robert Perrin — 3,641 — a long-term employee of Department of Agriculture.

So it's the two new employees of treasury board that would be over that amount; would be former or long-term employees of government who would have their salaries up. Most of the recruiting would be significantly below that, as most of them would not have a lot of experience

in either the public or private sector.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, do you have any people serving on contracts of employment of a relatively permanent nature? I'm not asking for someone who comes in for a month to do some temporary typing. Do you have any people who are on relatively permanent contracts of employment?

Hon. Mr. Andrew: — Now we had . . . I believe last year we reported that Mike O'Connell was on contract, as a secondment from a chartered accounting firm. That contract has ended. He has returned back to the accounting firm in question. It was an interchange program with the chartered accountant firm, and that's the only one we have.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, do you have available the personal entertainment expenses which would exceed \$400 a year — I'm not asking for the trifles — which would exceed \$400 in a year, incurred by either the minister's staff or the executive staff of the department?

Hon. Mr. Andrew: — What we would do is undertake to provide you with a breakdown of those that may have incurred higher costs than that and provide it to you.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, if you're going to provide it, you can drop it down to, say, 250 then, as the bottom if you would like.

I noted in the information provided that Jane Dempsey had incurred entertainment expenses of approximately \$1,300 for a period which is stated to be from March 1, 1983 to May 24, 1983, which you will note is less than three months. That is, if she is incurring those expenses on her own behalf, that's obviously a high figure. That would be at the rate of 6 or \$7,000 a year, which would be, I think we would acknowledge, a high figure for entertainment expenses for an executive assistant.

Would the minister care to comment on entertainment expenses incurred by Jane Dempsey for the period as stated in the material from March 1, 1983 to May 24, 1983, \$1,283.33.

Hon. Mr. Andrew: — As I understand it, a large part of that that makes it very high is that, traditionally, following the budget, there would tend to be a party, etc., for the Department of Finance with a few people invited to it. We had, through an administrative problem, done it the wrong way apparently, through the minister's office. And the minister's office had to pay for it, as opposed to department paying for it, and that is why the cost is so high. It's that one single item.

Hon. Mr. Blakeney: — Yes. All right. It's a . . . I am familiar with the party, and I don't in any way object to it if it's kept within reasonable bounds, since the people who prepare a budget usually put in countless hours of overtime which never find themselves recorded anywhere, and I don't want to appear to be chintzy. I do suggest that entertainment expenses are something which need to be watched with a good deal of care by our government, and I say no more about that.

I want to turn to the revenue estimates which are found on page 8, and I want to ask about the basis of some of those estimates, particularly with respect to a corporation capital. I'll start at the top. The estimate for 1983-84, as shown, was \$21.6 million. Do you expect that estimate to be approximately correct?

Hon. Mr. Andrew: — I'm advised that that will show a rather pleasant increase from the 21.6, closer to the '84-85 estimated number.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, then you are expecting something significantly higher than 21.6, and something approaching 29 million.

With respect to the basis for the corporation capital tax, would the minister outline the various categories and rates of capital tax; what for small companies, and what for large companies, and what for financial companies — whatever the breakdown is — and the rate of tax for each category?

Hon. Mr. Andrew: — I think what the hon. member is looking for is, if you look at the breakdown in Saskatchewan's corporate capital base: financial institutions, for '84-85 revenues, projected, revenues, would be 2.6 million; industrial corporations would account for 17.1 million; provincial Crown corporations for 9.3 million, for a total of 29 million. So that's 2.6, 17.1, 9.3.

General tax rate currently being applied is three-tenths of 1 per cent of the taxable paid-up capital in excess of 10 million. That is allocated to the province. The allocation rules parallel those applied for the corporate income tax purposes. Banks, trust and loan companies, pay the tax at a rate of eight-tenths of 1 per cent. The higher rate is the result of financial institutions having a different definition of taxable paid-up capital.

Please don't ask me any more questions on that.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I would like some time, at my leisure, to read that and hope, with luck, to comprehend it. And, accordingly, if you would send me that statement, I would appreciate it and move on to something like corporate income.

Corporation income: I ask whether or not the estimate for 1983-84 of \$116.6 million is likely to be approximately correct.

Hon. Mr. Andrew: — I'm advised again that that one will be higher than the 116 estimated, due to increased instalment payments from the federal government and to higher than anticipated prior year adjustment payments. So it will be up in the 10 per cent range, I believe.

Hon. Mr. Blakeney: — With respect to the estimate of \$155.8 million, which is a significant increase . . . Even if we had \$116 million, 10 per cent, say 12 million, that's . . . The actual for '83-84 might be, let's say, 128. It is still a significant increase to 155.

Could you indicate what the basis of the increase is, other than what the federal government tells us? Is there any other basis?

Hon. Mr. Andrew: — The main basis for the increase is the fact that they received a fairly significant tax hit in the budget that will amount to in excess of \$18 million, as we raise the rate to 16 per cent. That's the main reason for it going up.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I now turn to the fuel tax '83-84 estimate, 12.1 million. Is that approximately correct?

Hon. Mr. Andrew: — I'm advised that it ended up a small amount higher, not significant.

Hon. Mr. Blakeney: — With respect to the estimate for '84-85 of 33.7 million, is this predicated on increased consumption, or the increase in rate which was announced in the budget?

Hon. Mr. Andrew: — Primarily related to the rate increase announced in the budget.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I turn to the individual income tax for the '83-84 estimate — 708.7 million. Can the minister comment on what the actual is likely to be?

Hon. Mr. Andrew: — That was our, I suppose, our most significant adjustment during the

year. It was down over 100 million from what we had budgeted the year before. That was set out in the budget speech on page 12. The problem, as you are aware, is that you constantly go through those numbers with the federal government. That's where the information comes. And they are constantly adjusted downward, a problem, I believe, experienced by most jurisdictions as it related through the year to that revenue source.

Hon. Mr. Blakeney: — Do you anticipate the actual for '83-84 will be approximately \$100 million less than the 708 million?

Hon. Mr. Andrew: — Probably in excess of 100 million, yes.

Hon. Mr. Blakeney: — The budget speech, and I don't quibble on this, says up to 100 million, and you're saying it's likely to go the full limit. Is there any other basis for calculating what you are likely to receive in individual income tax for 1984-85, which you estimate to be 714 million, any other basis than the information you get from the federal government? Is it predicated on increased Saskatchewan income, or . . .

Hon. Mr. Andrew: — The main information, obviously, comes from the federal government, and they are projected as to where it's going. The biggest trick, I suppose, in trying to then take those and adjust them, is to see and try to guess what the federal readjustments are going to be — whether they are going to be up, or whether they are going to be down. One of the things that we got caught in, in looking at our revenue estimates this year is traditionally we've had some earned that has come back. This year it went the other way from previous years, and got caught on it.

So the biggest trick, I suppose, is to figure out what the computer in Ottawa is going to do, not so much for this year but for previous years — and those adjustment of previous years that can vary fairly significant and throw everything pretty much out of whack, if it's not an educated guess, and that's pretty hard to do. We try to be within reason and get the best guess out of the federal government, but that sometimes doesn't work, and particularly in fairly traumatic up and down times. That becomes almost a guessing game, and I don't know of any other way to do it differently.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I think it's fair to say that individual income in Saskatchewan for the period '84-85 is only one of the determinants which will produce this 714 million. Are you anticipating an increase or a decrease in the taxable income which will be available to be taxed by the provincial government in this period?

Hon. Mr. Andrew: — In the federal budget Mr. Lalonde indicated that their best guess from a federal government point of view across the country would be a 16.1 per cent increase for taxable income, across the country. That's where we would start from as a base; try to adjust it one way to the other. Some of the projections, I believe, this year — conference board etc. — would indicate a net farm income showing an increase in Saskatchewan over last year.

You know, how does one necessarily guess just exactly what net farm income is going to be this year? It becomes a very difficult call. But it is based primarily on federal numbers that we receive, adjustments from the conference board, various other economic indicators that we could have, and try to come up with the best growth that we could look at.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I turn to insurance tax. The estimate for 1983-84 was 17.6 million. Is that likely to be close to the actual?

Hon. Mr. Andrew: — It's a mite lower; not significantly. It's a mite lower, primarily due to lower than anticipated rate increases in 1983-84, but not significant.

Hon. Mr. Blakeney: — With respect to the 1984-85 figure which is really just about the same

as '83-84 — actually down a bit — could the minister indicate the insurance premium tax base which led to those results? Thus could you give me the estimated 1984 taxable premiums?

Hon. Mr. Andrew: — 638.4 million. And the reason for it being lower than last year's estimates is when we got our actuals in, it looked like they were going to be lower than the moderate increase from that lower number of actual as opposed to last year's estimates.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I wonder if you would send me across, in due course, the insurance premiums tax base for '84-85. I take it the nod means yes. Okay.

I'll just go on then to sales tax, and you are indicating \$359 million as the estimate for '83-84. What will the actually likely be?

Hon. Mr. Andrew: — Down about 10 to 15 million.

Hon. Mr. Blakeney: — With respect to the . . . would the minister have a comment on why it's down? Is it a decline in retail sales, or non-retail sales, or liquor, or all three?

Hon. Mr. Andrew: — Mainly in the area of non-retail sales.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, you have indicated \$372.1 million as your estimate. How much is that affected in this budget year? How much is that figure affected by the removal of the sales tax on electricity?

Hon. Mr. Andrew: — 5 million.

Hon. Mr. Blakeney: — \$5 million. In your categorization, that is categorized as a retail sale, is that correct?

Hon. Mr. Andrew: — Yes. And that five was on consumers and farmers. I believe there's another .9 on recreation facilities, so it's 5.9. I didn't want to mislead. That would be seen, as you indicate, on retail sales. It would be classed as retail sales.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, without going through all of these figures, could you also send me, in due course, the sales tax base for 1984 and 1985, the little table you gave me last year?

Hon. Mr. Andrew: — Yes.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I now turn to tobacco tax, and you have an estimate of \$50 million for '83-84. What is the actual likely to be?

Hon. Mr. Andrew: — Down very, very modestly.

Hon. Mr. Blakeney: — The estimate for 1984-85 at 63.7 million is up significantly. Is all of the increase due to an increase in the rate of tax, or is any of it predicated upon likely increased sales?

Hon. Mr. Andrew: — It's probably almost exclusively the increase in the rates, and increased sales are probably going the other way, or staying relatively constant.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, can you tell me what the rate of tax has been moved to? I think I could find all these if I looked into the budget speech: cigarettes, tobacco, and cigars. Can you give me just a quick summary?

Hon. Mr. Andrew: — Cigarettes, package of 25 is 67 cents.

An Hon. Member: — Sixty-seven?

Hon. Mr. Andrew: — Sixty-seven cents. That's a pack of 25. Tobacco, on 25 grams — 27 cents; cigars — 5 cents to 40 cents, depending on how rich your taste might be.

Hon. Mr. Blakeney: — Do those figures correspond in each case? The 67 to 52; the 27 to 21; and the 5 to 40, to 5 to 28?

An Hon. Member: — You're right.

Hon. Mr. Blakeney: — Okay, I'm reading in the same table, then.

Hon. Mr. Andrew: — Yes.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I will . . . I go down now to the liquor board. I'll go back and do something for heritage a little later.

With respect to the liquor board, the estimate for '83-84 is 125 million. Was that figure approximately right?

Hon. Mr. Andrew: — Last year we took perhaps a little extra. This year we didn't take quite as much. The retained earnings are at approximately the same amount that they were when we assumed office two years ago.

Hon. Mr. Blakeney: — So, Mr. Chairman, the 125 will be exact, because the money is there, and that's what you decided to take out.

With respect to the 130, will there be sufficient funds generated? Let me rephrase that. Do you anticipate that the profits of the liquor board will be approximately 130 million, or somewhat less, or somewhat more than that?

Hon. Mr. Andrew: — In 1982-83 we took more than set out in the budget. This year we've taken less out of it than was set in the budget. At the end of this year we would anticipate roughly in the area of, I believe, close to the '81-82 number which was about 61 million. There would be approximately that back into the liquor board.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I turn to motor vehicles, and the figure of 59.9 million. But I'll turn first to the figure of 54.7 million for '83-84; that was the estimate. What was the actual?

Hon. Mr. Andrew: — Almost dead on.

Hon. Mr. Blakeney: — With respect to the 59.9 million for '84-85, are any more motor vehicles expected to be registered, or is this accounted for entirely by increase in the rate?

Hon. Mr. Andrew: — A 2 per cent increase in registration, otherwise increase in rate.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, could you give me the main components of the sales, services, and service-free item which was 37.8 million last year and is now budgeted for 40.6 million. And would you also indicate whether the 37.8 million estimate for last year was fairly accurate?

Hon. Mr. Andrew: — Last year's estimate was a mite high, a touch high, so it's going to be less than last year. The main components of that go into the higher numbers with the . . . Agriculture — community pasture grazing fees were 5.4; land titles registration fee about 11

million; sheriff and local registrars fees about 4.5; liquor act costs, I take that as whatever it is, labour inspector fees, 1.4. Those will be, I think, the main ones to come to that 40 figure.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I turn to Canada Assistance Plan and note the estimate of last year of \$134.1 million. Was that fairly accurate?

Hon. Mr. Andrew: — Up marginally.

Hon. Mr. Blakeney: — You have this year budgeted for \$131 million. What is the reason for the change in the estimate?

Hon. Mr. Andrew: — The main reason is the decrease in 1983-84 is due to decreased expenditures in Social Services for social assistance programs.

Hon. Mr. Blakeney: — With respect to the decrease in Social Services for social assistance programs, are those — do those expenditures which might have been in social assistance show up anywhere else under any other heading?

Hon. Mr. Andrew: — Because under the welfare reform package some of the aspects that would traditionally be seen under Social Services have been transferred to Advanced Education and Manpower. Therefore, our revenues from federal cost sharing on the Canada Assistance Plan will be down, which would show a corresponding increase, other revenue sources from the federal government.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, if there are increases in other revenue sources from the federal government, under what heading of receipts from other governments do they appear?

Hon. Mr. Andrew: — Some of it will be under manpower. I'm advised that the officials are still negotiating with the federal government as to where that payment would be made, if it will be made, and the federal participation. The officials are fairly confident of having an agreement very soon with regards to that working in conjunction with the Department of Social Services.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, with respect to equalization payments of minus 22.8 and minus 22.9, for how many years does that adjustment continue? It slips my mind now what the arrangement was.

Hon. Mr. Andrew: — That was an issue that I inherited on my first budget. I have now delivered three budgets. I have paid three instalments. There is two more to go.

Hon. Mr. Blakeney: — Never trust the feds, particularly their bookkeeping!

With respect to established program funding there is a very substantial increase of the order of 12 per cent, by my rough calculations. Was the figure of 320.7 million which you budgeted for in 1983-84 approximately the amount to which you were entitled and received?

Hon. Mr. Andrew: — We went up significantly and I can give you my layman's understanding of this. Established programs financing is, as you know, connected to revenues from personal income tax — personal income tax goes down, established programs financing go up. Therefore we saw an offsetting of the \$100 million that was less in the income tax would show a partial recovery of that through established programs financing. So that's how we would make that adjustment. It increased approximately half, I believe, of what we lost from income tax. That's a fair rule. About half of what we lost went the other way . . . It's about a quarter, I'm advised. And the other part of it was prior year's adjustments, and that's how we arrived at it. And the new one for this year is again tied in to where that income tax number is likely to be.

Hon. Mr. Blakeney: — It has to do with the value of an equalized tax point, I take it, and . . . What do you anticipate . . . This 368.8, does that look like about the amount of . . . The 320 will be substantially exceeded, I gather, by perhaps 25 million, if you're saying it's one-quarter of the 100 million which we lost. And then another 25 million because of prior years adjustments, so it could be as 370 or in that general range. This year is 368 which will indicate, in effect, no increase, but this is . . . How does one phrase this? Stripped of adjustments, about what is the growth factor in the established program funding payments?

Hon. Mr. Andrew: — 7.7.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I apologize for the lack of sequence here, but I want to ask a few other questions which I will do now, and they're principally requests for additional information.

I will turn now to out-of-province travel by the minister and accompanying staff, and I wonder if you could give me the out-of-province trips which you have taken since May 24, 1983 to today or last week, or some reasonable date.

Hon. Mr. Andrew: — We'll undertake to provide that, the number of trips, who attended on those particular trips, and the cost incurred by each member.

Hon. Mr. Blakeney: — What travel agency was it the custom of the department to use?

Hon. Mr. Andrew: — I'm advised the one we're using now is Hart Kirch travel agency.

Hon. Mr. Blakeney: — I won't comment on that.

An Hon. Member: — The Liberals are doing better than we expected.

Hon. Mr. Blakeney: — With respect to . . . (inaudible interjection) . . . Don't tempt me. Don't tempt me. I know I'm getting a good deal of interest from the member for Regina North East, but I'm going to say no more about that, but ask you about whether or not . . . Were there any charter flights that the department paid for for the period from May 24, 1983 to the date hereof?

Hon. Mr. Andrew: — Do you mean other than CVA (central vehicle agency)? The hon. member might get more specific. Other than CVA?

Hon. Mr. Blakeney: — Yes, I meant charter flights, not CVA flights.

Hon. Mr. Andrew: — And that's outside the province?

Hon. Mr. Blakeney: — I meant anywhere. Did you charter any aircraft?

Hon. Mr. Andrew: — Not that I know of, but we'll undertake to find that and get it to you.

Hon. Mr. Blakeney: — The other material that I ask is: could you provide me with a schedule of the capital financing activities? And the last one you provided was up to May 26, 1983, and this is simply a . . . And your notes indicate the date, the description of issue, the all-in cost to the province, the purpose and the proceeds in Canadian dollars. The material you provided for me last time was . . . worked pretty well. It may be substantially in the budget speech, but I would be . . . I inquire as to whether that is available.

Hon. Mr. Andrew: — Yes, it is. It's on page 32 in the budget speech. The additional information you've asked for will be provided as it was last year.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, would the minister make any

comments on likely rates of interest which the province will be facing, and please exclude any comments on the Canada Pension Plan money, since that is effectively not within our control. What do you anticipate will be the rates which we will face in the Canadian market and the United States market?

Hon. Mr. Andrew: — That's a rather difficult question that many people tend to avoid. Conventional wisdom would indicate that in the short term, interest rates could be marginally higher; could be significantly higher. I think the best guess is they're going to be up a bit in the near term. They have increased a point and a half, I suppose, over the last six months. There's some concern that interest rates will, in fact, go higher. I think it's a difficult one for any person to predict with any degree of certainty.

We're open to what the Bank of Canada is likely to do with regard to protecting the Canadian dollar. We're in the hands, to a significant degree, as to what the American dollar, the American interest rate is likely to do; the pressure of inflation in the United States today; the actions of the various authorities in the United States.

I have been in this office for two years now. I've received advice from very many people with regard to interest rates, and not often do they coincide, and not often is anybody correct, so that's a difficult question to handle. Perhaps you should ask that question of Mr. Bouey, as opposed to me.

Hon. Mr. Blakeney: — Or Mr. McGuigan. In his views on Mr. Bouey, he's getting a good deal of press these days.

Mr. Chairman, and Mr. Minister, have you borrowed any money in the last year that is repayable in anything else but Canadian dollars or U.S. dollars, that was not fully hedged?

Hon. Mr. Andrew: — No. No is the answer, and have no intention to.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I'm now simply seeking information. It seemed that I looked at something which indicated that someone was borrowing some money in Swiss francs for one of the corporations. Was that an arrangement whereby it would be fully hedged?

Hon. Mr. Andrew: — That deal was not done. An OC was issued, an order, empowering us to do it. The deal was not done. Had the deal been done, it would have been fully hedged.

Hon. Mr. Blakeney: — I think some of your staff will be able to remember the last small, but most unfortunate, issue in German marks, I think it was, wherein the rate of exchange turned very badly against us, and we repaid. "Us" meaning not our government, but Mr. Thatcher's government. But the same thing could happen to anyone. I see other provinces borrowing in yen and in other currencies. I don't know whether they fully hedge, but I would accept the judgement of the minister that if we are not forced to that, then the merits of having just Canada pay, or U.S. pay, are considerable.

Hon. Mr. Andrew: — In response to that question, I am advised that the province of Manitoba have borrowed significantly in world currencies, as have some of the maritime provinces, if not all the maritime provinces, and I think those are the only five provinces in Canada that have tended to borrow, other than U.S. or Canadian dollars.

Hon. Mr. Blakeney: — I ask now . . . I noted a recent order in council wherein you were issuing a guarantee on behalf of the power corporation to Marubeni Corporation, covering the purchase of some turbines. And it didn't seem anything that I would wish to object to, but it seemed unusual. I hadn't seen this before, and I wondered whether you could indicate how this came about.

Hon. Mr. Andrew: — I'm advised it's not unlike the other deal other than the fact that the equipment was purchased at the same time, and the lower rate of financing was part of that purchase, so it had to be blended together. And that required a guarantee by the minister.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I now ask about orders in council which seem to come along quarterly, offering remissions under The Income Tax Act. These are these taxable capital gains, I take it, for the . . . with respect to the sale of small businesses and farms, and I am referring as examples to OC 39 of '84 and OC 374 of '84. They follow a pattern. What I want from the minister is your assurance that all of these, all of these remissions deals with the remission of capital gain on farms and small businesses pursuant to the stated policy, and none of the remissions are in any way out of the ordinary. They all follow the pattern.

Hon. Mr. Andrew: — The answer to that question is absolutely. That's the way it is as set out in the letter from me to you, dated March 2nd, 1984. That's the stated policy. That is the only policy we work under. It deals with farmers, and it deals with small business.

Hon. Mr. Blakeney: — I had no doubt. I just wanted to get something on the record. On the face of it, all of us, or many of us, have a little taxable capital gain we would like to have remitted, and if you were in the market, I can find the client.

Mr. Chairman, and Mr. Minister, I refer to our brief correspondence dealing with the order in council having to do with the prospect of borrowing in Swiss francs. Do I confirm with you that that deal has not gone through, and I ask you: do you expect it to go through?

Hon. Mr. Andrew: — It has not gone through. There is some possibility that it still could go through, but we're not holding our breath.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I turn to the page 112 and the revenue estimates for the Heritage Fund, and I will simply go down these and the coal estimate, '83-84, 13.3 million; estimate '84-85, 13.5 million. Is the '83 estimate approximately the same? Is the actual approximately the same as the estimate, and is the '84-85 estimate based upon any change in rate or a small increase in production?

Hon. Mr. Andrew: — I'm advised there is no change in rate. The production last year was a little higher than anticipated, leading to more dollars, about 1.5 million, \$2 million more than last year. Expected production this year is, in fact, going to be lower, which brings it back down.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, is there any particular reason for those fluctuations in production?

Hon. Mr. Andrew: — I take it . . . I'm advised that it's due more to power demands from the power corporation, coal demands from the power corporation. As you are aware, those numbers are provided primarily by Energy and Mines with regard to their best guess on production, where it's going to be, and we basically rely on that. I think the question could probably be better answered by the Minister of Energy and Mines. If you could reserve that to him, that's the best advice we have from that department.

Hon. Mr. Blakeney: — Thank you, Mr. Minister. I will ask the same question with respect to natural gas: is the \$5 million estimate for '83-84 approximately accurate? And is the increase in estimate to 8.4 million is due to anticipated decrease in production or increase in rate?

Hon. Mr. Andrew: — I'm advised that last year we were fairly close — down a little bit. This year there will be an increase in production, increase in sales, some of that being new sales or new production being brought on that carries with it a higher royalty rate. Therefore that would explain, to a large part, the significant increase, on a percentage basis, for natural gas. So it's

increased. Border price gone up, gone up significantly for new production and, of course, more being produced and sold in Saskatchewan.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I turn now to the estimates for oil — own source and export charge. Were each of the '83-84 estimates borne out by the actuals, both the five fifteen and the twenty-three point seven? And, with respect to the '84-85 estimates, are they predicated on increased production, increased tax rates, or increased prices, or some . . . What is the combination?

Hon. Mr. Andrew: — In the budget speech I indicated that the revenues from oil would be up approximately \$100,000 million. We're, in fact, going to be up even better than that. With regard to the oil, the oil has been a very pleasant surprise for the Department of Finance, as far as revenue goes. Primarily that is as a result of increased production. We are at almost full capacity, and have been for most of the year, so we're almost at maximum there. As well, the land sales, the record leases on land sales netted us a significant increase in dollars. Those are the two reasons for that better than \$100 million increase in revenues to the provincial coffers from the oil industry.

This year will not be up in those steps because we would not anticipate an additional, or another record year increase over last year. There'd probably be marginally less. That remains to be seen how the take-up on the land sales will go, and of course, production is pretty much at full capacity and we wouldn't anticipate a great increase there.

With regard to pricing on oil, one does not anticipate any significant increase in the price of oil, of course, because we've hit the maximum that we can hit with regard to the energy agreement, as revised, so we can't see an increase in prices. Well and of course, that flattens everything out. So if we can maintain the momentum that we had last year, we would be quite happy.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, could you indicate what you now estimate will be the yield in substitution for those figures of 515 and 23.7?

Hon. Mr. Andrew: — We would anticipate the 515 number to be in excess of 625; the 2370 number in excess of 40.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, in the face of those figures do you still feel that your 582 and 45 are reasonable, or are they underbudgeted?

Hon. Mr. Andrew: — We're still very comfortable with our estimate there. perhaps it's conservative. We have to depend on, or give our best guess as to what the land sales will be, and we would think that they to be down a bit. I understand the next sale will come fairly shortly, and we'll get some kind of an idea as to what that's likely to be. But at this point in time we certainly stand with our estimate as in the budget.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, may I recommend the word "cautious" as rather than conservative, because the conservative estimates have been, may be confused with those offered by your government which have been not always reliable. And I know that you would want us to believe that your proposal was reliable.

With respect to potash, the same questions. With respect to the estimate of '83-84 of \$64.1 million, has that been substantially realized, and is the \$89.6 million for '84-85 predicated on increase in price or increase in volume or increase in rate?

Hon. Mr. Andrew: — The potash numbers will be down, as I've indicated prior to the budget, down significantly from about 64 budget number to around 35 to 40 range. This year that is caused primarily by the deterioration in sales and in price over last year. It also was in part due to the refunds that we had to make because of the roller-coaster system of royalties on

potash for previous years, and those adjustments that came with that. And that hit us fairly significantly, and it's rather a complicated, as you know, accounting policy with regard to that.

For this year we're fairly comfortable with the number of 85, 89, somewhere around in there, based on about a 14 per cent increase in pricing. The potash industry is very sensitive to pricing, both to revenues to the government and of course revenues to the companies and Crown corporation. To date that looks reasonably good. But it's again . . . Looking into the future is a very difficult thing in that particular industry at this particular time.

Hon. Mr. Blakeney: — The same questions with respect to uranium. Was the 25.8 million figure realized or substantially realized, and what accounts for the drop to 17.2 million in '84-85?

Hon. Mr. Andrew: — Budgeted number of 25.8 will, in fact, be down around 11. And the main reason for that was the Eldorado Nuclear decision to dump some of its stockpile that had already had royalties paid on it. Therefore we were unable to collect those royalties. And I think they could then increase their stockpile up to that level without paying royalty on it, which caused us some problem.

We would not anticipate any great expansion in price in the uranium industry, and would not look at a very healthy increase in revenues. If you get into Key Lake, which will be onto production now, the royalty package, as I understand, is such that you pick up the capital cost of your program before the royalties start to flow into government, so we wouldn't see a large revenue source coming from that this year, but we would be still comfortable with the 17 million projection for this fiscal year.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I would like at some point to talk a little bit about the uranium royalty structure, but I think it . . . Do you agree that makes more sense to talk about that in Energy and Mines?

Hon. Mr. Andrew: — You bet!

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I think we will, if the Chair does not object, I think we will . . . I may ask about vote 12 at the same time as vote 11. They mix up a bit. Vote 12 is servicing and the public debt, and the policy is administered by the administration branch of the one we are now discussing.

What caused you to segregate fees and commission on public debt, and call it servicing the public debt, rather than interest on public debt?

Hon. Mr. Andrew: — Okay, I understand it was designed to further disclose the breakdown of the interest costs paid, and the costs of handling that, for more clarification. Call it what one wants, the break-out was there to demonstrate that.

If you look back to the footnote on page 37, part of that used to be in the investment and financial services budget. It was taken out of there, put into here, put into there, to show those breakdowns. But if you wish to look at it, you could add the two of them together. Call it what you want, it's for more information for the public's — and the public's right to know that information.

Hon. Mr. Blakeney: — The minister has turned over a new leaf, and none too soon, if in fact it's accurate. A couple of quick questions with respect to a couple of sub items: the remissions under The Department of Finance Act has . . . Subvote 15 has a substantial figure in it for this year, \$120,000, and nothing in the previous year. Could the minister indicate why that is true?

Hon. Mr. Andrew: — Okay. That amount is to cover the remissions for farm capital gains and small business. I'm advised that the reason to show the difference was a transitional problem

between Finance and revenue services, when the comptroller's branch was moved out of Department of Finance, resulting in a cross-signal as to where it would be showed last year, and then we corrected it this year to cover The Department of Finance Act in the statute.

Hon. Mr. Blakeney: — Will \$120,000 cover all of those remissions?

Hon. Mr. Andrew: — Yes. The bulk of the money would come out of reducing the revenues from it. These are remission orders that aren't particularly covered by it, and therefore a special OC has to be passed to cover them.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, returning to the Heritage Fund, and particularly to dividends from Crown corporations: would the minister take me through what dividends have been declared and have been paid since? I am far from clear when reading the budget and reading your Crown corporation statements, and I'm well aware that these dividends do not include most of the dividends to the Crown corporations.

I will start by asking: in 1983-84, dividends from Crown corporations, \$50 million. From which corporation was it believed that would be received, and was it received?

Hon. Mr. Andrew: — From the whole sector, chunks together, rather than any specific one.

Hon. Mr. Blakeney: — Was that amount received in 1983-84?

Hon. Mr. Andrew: — Not one penny.

Hon. Mr. Blakeney: — With respect to the payment of Crown corporation dividends — and I think this is a proper question to direct to the minister, because it has to do with the general financial management of the province — do all of the corporations that pay dividends pay them to the Crown Management Board, and then the Crown Management Board pay a dividend to the Government of Saskatchewan? Do any of the corporations pay any dividend to anybody else but the Crown Management Board, either the treasury Consolidated Fund or treasury finance Heritage Fund?

Hon. Mr. Andrew: — If you go back to the breakdown of the Crown corporations, some report directly to the Crown Management Board, some report directly to the treasury board. Any Crown corporations reporting directly to treasury board can receive a dividend into the Consolidated Fund from those Crown corporations — SaskComp; Sask Housing Corporation; and the other various ones; Sask Government Printing, I believe; and I'm not sure what all the other ones are; Municipal Financing Corporation; those kinds. A dividend could be declared into the Consolidated Fund.

All other of the Crowns, which we regard primarily as the big Crowns — Potash, SMDC, Saskoil, Sask Power, Sask Tel, SGI — would all be paid into the Crown Management Board. The Crown Management Board would then pay them over to, I believe, the Heritage Fund. The Heritage Fund then would pass it through the Consolidated Fund. That's the way the system works.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, then so far as the Consolidated Fund is concerned, other than small dividends they may receive from SaskComp, for example, which is a corporation in a position to pay a dividend or a municipal financing corporation . . . In the unlikely event that dividends were paid there, all dividends are paid by the operating corporations to the Crown Management Board, and the Crown Management Board pays dividends, if at all, only to the Heritage Fund.

Hon. Mr. Andrew: — That's correct, and of course they have to satisfy their own requirements before any can be passed on to government. Any of the debt that CIC would have or the various debt that it has, has to be satisfied before anything can move back over to this

side. That's what in fact . . . (inaudible) . . .

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, we look at the large increase in the amount that is needed for servicing the public debt, close to additional \$30 million. How does the minister account for that large outflow of funds?

Hon. Mr. Andrew: — Because the accumulated deficit has increased and, as a result, you have to pay more money for it.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I direct your attention to page 31 of your budget speech, and particularly to the very, very startling figure called non-reimbursable debt. And I point out the figures which you have set out there. Non-reimbursable debt clearly means debt which is owed by the taxpayers of Saskatchewan, which will not be paid by the operations of a mining corporation or a power corporation or a telephone corporation but, rather, not paid by power users or potash users or uranium users, but are going to be paid for by Saskatchewan taxpayers in their capacity as taxpayers.

And I note that on March 31st of 1982, this figure, according to your report, was \$263 million; and on February 29, 1984, their preliminary figure is \$1.126 billion — an increase of close to \$800 million. Indeed it is more than \$850 million.

That, Mr. Minister, is a very, very startling figure, I think almost exclusively because of the level of budgetary deficits on operating account in the Consolidated Fund. Do you see any relief for those huge sums which are mounting up which are going to have to be paid by taxpayers in their capacity as taxpayers?

Hon. Mr. Andrew: — To explain that, it would include the — that number is at February 29 — would include the deficit as set out at 335, would include \$184 million that had to be adjusted in accounting terms when the land bank was transferred over to the Heritage Fund. So that would have to be included in that. The third one was a temporary debt which will be paid down and would show as a lower amount as of March 31, 1984.

So it's only the one deficit, not the 800, that you're talking about. The deficit is the deficit there. The other ones were those adjustments, temporary costs, which would be paid back down by the end of the fiscal year, and the transfer of the land bank and Heritage Fund.

Hon. Mr. Blakeney: — With respect to the transfer of the land bank to the Heritage Fund, as I understand your proposal, you propose to use the proceeds of that money to pay what will be Consolidated Fund payments and accordingly, that will not be an asset in the Heritage Fund which will be an earning asset. Do I understand your intentions in that regard correctly?

Hon. Mr. Andrew: — Well, you know, there's a long ways before all the land in the land bank would be sold into the hands of the farmers, and of course the lease payments would come in. That type of thing would continue to be in.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, I direct your attention to page 30 of your budget speech showing what's happened to total debt. Admittedly this is gross debt, but it has gone up from \$3,400 per citizen to \$5,800 per citizen in just two years. It has gone up from 22 per cent of gross domestic product to 36 per cent of gross domestic product in just two years, and is gone up from 1.6 per cent of combined budgetary revenue to 2.3 per cent in just two years.

Mr. Chairman, and Mr. Minister, there was a time when the minister and the government used to take the view that budget deficits were a bad idea. The current Premier has talked about budget deficits as deferred taxes. There are many, many statements, that I will not bore the committee with, on what this government has said about government deficits. There is no doubt, by looking

at the figures, that they are a very, very large drain on the taxpayers' money, approaching this year \$92 million, more than \$92 million, and at the end of the year will be operating at an annual rate of a good deal more than \$100 million a year.

My question to the minister is: early in your term of office you indicated that it was your policy to balance your budget over a four-year term. I have the *Hansard* here, but you have heard it a number of times. What I want to ask you is this: is it still your policy to balance the budget over your four-year term?

Hon. Mr. Andrew: — Well I think the policy on deficit reduction was clearly made in the budget speech. We indicated that our budget reduction this year would be 20 per cent; that we will reduce that deficit at least 20 per cent in each of the next years, at least by that amount. I have stated a policy of our government which we took overall across this country.

If you look at the federal deficit as projected this year, it's in excess of \$30 billion. Most analyses would show that the budget deficit of the federal government is more likely to come in at \$36 billion this year. The whole concept of reducing deficits . . . And I fully agree that we have to reduce deficits in this country, I think that we should do it in a collective, strategic way, and I believe that is the approach to go. That's the way we set out in the budget. I believe that we can reach that alternative.

I indicated that there was a fair degree of success with the federal 6 and 5 program, the federal 6 and 5 program, to bring wages down closer to that rate of inflation. I believe that strategy worked across the country. The federal government initiated it. All provinces fell into line to a greater or lesser degree, but all fell into line with it. I think the strategic approach to take now is for all 11 governments to do the same thing. I proposed that at the last finance ministers' meeting. I was encouraged to see the western premiers adopted that policy, the communique being issued out of Kelowna this week, that they believe strategically we must collectively, as all provinces, as all governments, move that deficit down.

I don't apologize for having a deficit in the particular times we're through, and I believe the choices that ones go to, that that's a proper approach to take. I believe that is the direct and correct approach to take with regards to deficits, and I believe the people of Saskatchewan believe that that is the correct and proper approach to take. If we, in this country, if we in this country committed to a 20 per cent rule of reducing deficits across the piece, across the board, we would have an impact on interest rates in this country. We would have an impact on the way the confidence is built in the economy. I proposed that to the finance ministers. It was rejected unanimously by all finance ministers.

If you go back now and start looking at the budgets that have come down — and most of them have come down except in saving the province of Ontario which is a big player with regard to deficits — B.C. eliminated theirs, virtually, but in so doing they cut virtually every department of government. I think the only one to get an increase was Health. It went up 1 per cent. They laid off, I think, something like 20 per cent of all civil service. Now I don't subscribe to the theory of B.C.'s deficit reduction program.

The province of Alberta cut their deficit more significantly than we did. However, they were able to pull \$2.2 billion out of the heritage fund as investment income from the heritage fund, and able to do that they brought it down significantly. They also froze all payments to school-boards, all payments to universities, this type of thing. I don't subscribe to that theory.

The province of Manitoba in their most recent budget, I believe, hit 15 per cent in their reduction of their deficit; Quebec reduced theirs very little; Ottawa reduced theirs very little; the province of Nova Scotia was able to adopt some of it, bring theirs down I think 10 per cent — in the 10 per cent range; province of Newfoundland, we're not able to get a grab on theirs; New Brunswick, much the same way.

I believe that that strategy to start to bring it down does make sense and I believe, in a way, is a proper way to go.

I believe that the other part of the communique, if you like, of the western premiers, was to talk in terms of the operating deficit versus the ongoing expenditures. Capital expenditure deficit, that type of thing is also . . . If I could read:

They emphasize the distinctions between borrowing for current expenditures, which must be systematically reduced, and borrowing for capital expenditures, that increase the productive capacity of the economy.

Now I don't know whether we want to get into that particular distinction. The Hon. Vic Schroeder, the Minister of Finance in Manitoba, made a fair to-do in his budget to distinguish between current account deficit and capital deficit.

Now if you look at our budgets over the last three years and allocate it that way . . . Many maritime provinces do that; Manitoba are now moving in that direction as to the way they're doing it; and some of the rating people in the rating agency in New York tend to look at it that way and deal with that in very many cities, etc.

Now if we were to use that formula that the maritime provinces use, use the formula that's being proposed by the province of Manitoba, the deficit of Saskatchewan over the last three years is virtually zero. Because at a deficit we have this year of \$260-some million, capital spending in that budget was almost equivalent to that. So if we look at borrowing to build capital projects as not being part of a deficit, then our deficit was virtually nothing.

So if you look at it from that point of view, and I don't necessarily subscribe to that theory, but I think there's some arguments to be looked at with regards to that. But I think strategically we have to start moving down deficits, and we have to move them down as a total group, not moving them down by one province moving it down and another province moving it up. I think we need a national strategy on this. I've stated that last fall at the finance ministers' meeting. We will be taking that position again in the coming year, and I believe we are starting to find more subscribers to that particular theory.

Hon. Mr. Blakeney: — Mr. Chairman, and Mr. Minister, no one would argue that it would be desirable for other governments, as well, to reduce their deficit, but the facts are that charity begins at home, and prudence begins at home, and if we want to start reducing deficits, we need to do it here.

And I'm interested in the minister's comment that what he wants to see is a 20 per cent reduction in the deficit, by which he means not a 20 per cent reduction in the accumulated deficit, but having next year a deficit smaller than you had this year. That's what he says.

And by that logic, as we all know, that would mean that we would never balance our budget — absolutely never. It is absolutely impossible to cut something by 20 per cent a year and ever reduce it to zero. And I'm sure the minister doesn't mean that we should dedicate ourselves to perpetual deficits, but that's the policy he's advocating.

If we have a deficit of 100 million this year, and we're going to reduce it by 20 per cent, that's \$20 million. And then we'll have a deficit of 80 million next year, and you're going to reduce that by 20 million, and that's \$60 million. And on and on and on. And there's always a deficit and never a surplus, and that isn't what the minister promised, nor indeed was it what the Deputy Premier suggested.

The Deputy Premier, early in 1982, when asked the question — and this is the question I direct to the Deputy Premier, this: "Will he give an assurance that his government will not embark upon a

policy of budget deficits of the kind that has led us into difficulties in Ottawa?" And the Deputy Premier said:

Mr. Speaker, I can give the House the assurance that we will do by any measure (and these are his words) a hell of a lot better job than the members opposite did when they were over here.

Now, that is a fairly frank view, but I am asking whether or not these accumulated deficits in the \$830 million range are better than the previous. And I'm not so much interested in the past as what the minister has in store for us in the future . . . (inaudible interjection) . . .

And the member for Saskatoon Eastview suggests, I gather, that our deficit is going to rise to 1.8 billion. I hope he's wrong. And I hope that we will not see our deficits rise to that level.

I interject to argue that if there was a problem with the power corporation having a debt of \$1.2 billion on March 31 of 1982, is there not a worse problem or a bigger problem with them having a debt of \$1.8 billion on February 29, 1984?

It seems to me that we need to make the distinction that the Minister of Finance has made, and we ought to keep making it. It is one thing to borrow for productive capital assets. That's for power and telephones. It's quite another thing to borrow to pay for the hospital operating costs this year, because the power dam we build is going to be paid for by the people who use power, 5, 10, 15, 20, 25 and 30 years hence. The hospital debts, the debts we run up to operate the hospital today, are debts which we have to pay but which will deliver no services next year. These are operating costs, and that distinction ought to be clear — and I make that distinction.

I am not quarreling with the government borrowing for capital assets. If I wanted to quarrel on that basis, I could obviously point to the very large borrowings by the Crown corporations, whereby they owe, as a group, \$900 million more than they did two years ago. But I'm not quarreling about that. I'm quarreling about the fact that, on current account, to pay for our ordinary bills, we have borrowed well over 500 million, and by the end of this year, fiscal year, we will owe 830 million — and that's a large sum of money.

Now the minister can say, "Oh well, some of it has gone into highways, and that is an asset for the future." But if he's going to account that way, then he better also account — then he better also depreciate the highways which were built in previous years. Well, there's no necessary reason for believing that our highway system is worth more dollars next year than it is this year. Sure, we're spending some money, but also, our asset on old highways is depreciating.

But we don't account that way. We don't account that way. We have always said, "If we could expect to collect from the user directly, we will capitalize it, our telephones and the like. If we expect to collect from the taxpayer, we call it an operating expense." Now that's an oversimplification, but that's, by and large, our test.

And, on that test, the province has been operated, since World War II, by governments of different persuasions. On that test, we are going to have a budget deficit of \$830 million when this year is over, the one for which we are now budgeting. And on that test, the citizens, the ordinary taxpayers, out of their taxes — not out of their power bills or their telephone bills, but out of their taxes — will be paying \$100 million. That will be the annualized rate — certainly more than that by the end of the year. And that is a whole lot of money.

And there is nothing in the financial statements — we can come to that if we wish — nothing in the earlier assurances by the minister that all we needed was a good year in oil, and a good year in potash, and perhaps a good year in uranium, and we would have a \$600 or \$700 million surplus. I will find him that quote if he wants it; nothing to suggest that that is going to come to pass.

We are . . . Only by really stringent measures are we likely to balance our books and have a modest surplus. And I would like the minister to comment on whether or not he thinks, firstly, whether he's still has any objective of balancing his budget over a four-year term, and secondly, whether or not he feels that whoever may be sitting as minister of finance has a reasonable chance of having surpluses of the \$100 million range — something that will make a bite on \$800 million — surpluses of that order in the next three or four years.

Hon. Mr. Andrew: — Well, I'd like to comment — a couple of points made. First of all, the member opposite says he has no dispute, or no criticism, with the concept of investing money in capital projects that are going to return an income to you.

You put \$600 million into a uranium mine. Now that was your decision to do that, at a time when the price of uranium was at \$47 a pound. Now we took over government with a mine part-finished. What should we do? Stop the construction and waste the 4 or \$500 million already spent on it, or proceed to completion?

Now the price of uranium is \$17 a pound — from 47 to \$17 a pound. And you say, "Well, I have nothing . . . There is nothing wrong. I have nothing to dispute about that." Now that's \$600 million of the people's money that is going to be probably one of the more difficult, one of the more difficult ones to ever recover from.

You know, then you sit back as a party, and say, you know, "Elect us to office and we will step in there and shut those mines down." You know, blast away \$600 million. I want to read to the members to . . . You know, you're always one that says, "Our party, our party the NDP, always have these principles that we apply across the country."

I want to read to the members opposite the budget speech of the Minister of Finance of the province of Manitoba, and just let me read a couple of clauses from it. Let me read a couple of clauses from it, Mr. Chairman. Mr. Chairman, permit . . . (inaudible interjection) . . . I see, I see, I see the alliance over there starting to build.

Mr. Chairman: — Order. Order. Allow the Minister of Finance to make his comments.

Hon. Mr. Andrew: — Mr. Chairman, I see the alliance is starting to rebuild between the Liberals and the NDP. They are starting to get ready for the next federal election, Mr. Chairman. The alliance is starting to build. The alliance is starting to build, Mr. Chairman, between the two people over there.

Let me read, Mr. Chairman, if they will permit. If they permit, Mr. Chairman . . . (inaudible interjection) . . . Let me read, Mr. Chairman. Let me read from the budget speech of the Minister of Finance, province of Manitoba, and I quote, Mr. Chairman. Now listen to this:

The Conservatives and some public commentators display a sense of myopia in referring to the total budgetary requirements and the deficit. I believe that kind of blanket characterization is short-sighted and extreme because it fails to distinguish between operating deficits per se and total budgetary requirements, which include budgetary capital investments.

Now I've indicated, Mr. Chairman, I've indicated, Mr. Chairman. I've indicated, Mr. Chairman . . . (inaudible interjection) . . . Mr. Chairman, the member from Regina North West is becoming a tremendously skilled debater from his chair. He hasn't had the courage to stand up and ask a question in this Assembly, be it question period. I believe this is the first estimates that he's even been in, so I anticipate some questions and some advice from a good strong federal Liberal on how to handle a deficit. I wait for that. I would encourage that any time, Mr. Chairman. I would look for that.

To deal, Mr. Chairman, to deal with the question, Mr. Chairman, what the member of the opposition, the Leader of the Opposition, is saying to us. What are you saying to us, Mr. Chairman, is this: that the government of Howard Pawley is off base, it's wrong. It's doing the wrong thing; it's defining things in the wrong way. We tend to agree with them to a major part with regards to that. But what the Leader of the Opposition is saying is the Pawley government is wrong.

He disagreed with you on the bell ringing. Now he disagrees with you on how to handle the deficit. The Government of Manitoba does have that theory. We don't subscribe to that theory, Mr. Speaker. A lot of people in this country do. We don't apologize for our deficit, Mr. Chairman. We believe we're moving in the correct direction. We believe we're moving in the correct direction, Mr. Speaker.

The members opposite haven't learned responsibility yet, Mr. Speaker, as an opposition, because what do they want? What do they want, Mr. Chairman? What are they advocating? They're advocating increasing taxes; that's what they want. They want the price of gasoline tax increased, they want the price of the sales tax increased, they want income tax increased. Or if they say you don't, then you should stand up and state your position, and I'll challenge you to state your position with regards to that.

Or, Mr. Speaker, or, Mr. Chairman, what do they want? They want further cut-backs, and the member opposite, exactly that's what he wants. He wants to see cut-backs in health care, he wants to see further cut-backs in education, he wants to see, he wants to see cut-backs in all other things, Mr. Chairman, because that's what he wants to be able to get his teeth into digging. And they're not going to, Mr. Speaker.

Let me read to the Assembly . . . If they don't like the statement . . . (inaudible interjection) . . . Mr. Chairman, if they don't want me to read from the budget of Manitoba, let me read from a message from the MLA from Regina North West, Bill Sveinson. Would that be okay, Mr. Chairman? And here's what he had to say, in an advertisement put in the *Leader-Post*, put in the *Leader-Post*, Mr. Chairman. And here's what it says. This was just put in this spring, Mr. Chairman, following the budget. It says:

Since April of 1982 the positive policies of your Progressive Conservative government have made Saskatchewan a good place to live and raise a family. The economy (Mr. Chairman) is healthy . . .

Mr. Chairman: — Order. The member from Regina Centre.

Mr. Shillington: — This seems to me to be unrelated to the question put to the minister, and irrelevant, and I would ask you that you would ask the minister to stick to the question.

Mr. Chairman: — Order. If a person was able to hear in the legislature, in the Assembly, there is some relevant to the debate . . . (inaudible interjection) . . . Order, order. Order! There has been a comparison of budget deficits, and there's a comparison of places to live, and I rule that the Minister of Finance . . .

Hon. Mr. Andrew: — I will read again, Mr. Chairman. Some of the hon. members in the House were unable to hear this comment. I think it's important to reread it again. This was in March, Mr. Chairman, this was in March of 1984.

Mr. Chairman: — Order. Allow the Minister of Finance to continue.

Hon. Mr. Andrew: — This was in March of 1984, a publication put in the *Leader-Post* by the member from Regina North West, following the budget that was brought down March 21. And it

says . . . It says: . . . (inaudible interjection) . . . Mr. Speaker, I've got a couple of other quotes from the members opposite that I'll be coming to in a minute, so if they're just patient and quiet I'll read this now. The member from North West . . .

Mr. Chairman: — Order. The relevance in committee of finance is subvote 1. Everything is dealt with under subvote 1. The whole estimates of Finance are dealt with under subvote 1. The Minister of Finance.

Hon. Mr. Andrew: — Mr. Chairman, the members opposite . . . Let me read a couple of quotes. Now I want to finish the one from the member from Regina North West. Here's the words. Mr. Chairman, I'm having a difficult time being able to give this. I will strain my voice if I can. But let me read to the Assembly the words of the member from Regina North West.

Since April of 1982 the positive policies of your Progressive Conservative government have made Saskatchewan a good place to live and to raise a family. The economy is healthy, and through the leadership of Premier Grant Devine, our province will surge ahead in 1980s.

That statement was made in March of 1984 by the member from Regina North West following the budget — following the budget, Mr. Speaker. Paid for out of his communication money by the member from Regina North West.

Let me go back, Mr. Speaker, to 1973, and read from *Hansard*. The members opposite say, "We would never, could never, and under no circumstances would we ever have a deficit if we were government." Let me read from *Hansard*, Mr. Chairman, February 9, 1973; the hon. Mr. Cowley, minister of finance at that time, Mr. Chairman:

However, Mr. Speaker, our government is by no means bound to a balanced budget. Indeed, should the economic situation warrant expenditures in excess of revenues to create employment and opportunity for people in this province, we would not hesitate to deficit finance.

That's what he said in 1973, Mr. Chairman. That's what was said in 1973, but not so now. Not so now. No, you should never, never ever have a deficit. That's what he's saying. That's what he is saying, Mr. Chairman, clearly what he is saying, Mr. Chairman.

We agreed with Elwood Cowley in 1973 statement. We disagree with the Leader of the Opposition saying that we must balance the budget, because to balance the budget this year, Mr. Chairman, what would have happened? Cut-back in health care; raise taxes; cut back further education; cut-back in social services; cut-back in everything, Mr. Chairman. That's what he would like to see us do.

We believe the budget, Mr. Speaker, we believe the budget that we brought down this year . . . We believe the budget brought down this year, Mr. Speaker, was responsible . . . (inaudible interjection) . . .

Mr. Speaker, Mr. Chairman, if the member from North West . . . And I encourage him to get into this debate. I have debated economics with him when he was promoting Peter Pocklington, and he has got some interesting theories. I wonder if he still holds those theories, Mr. Chairman.

His theories would eliminate welfare altogether. That's what he was advocating. I think he probably still, in his heart of hearts, advocates that, Mr. Chairman. Further cut it down, Mr. Chairman. That's the type of program that he was looking at, Mr. Chairman, and that's what we would be looking at.

The committee reported progress.

The Assembly adjourned at 5 p.m.