

June 17, 1986

## EVENING SITTING

## COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure  
Finance  
Ordinary Expenditure — Vote 11

## Item 1 (continued)

**Mr. Lingenfelter:** — Mr. Chairman, I want to ask the minister a few questions about the planning of the budget that took place when you were getting the estimates ready. And my question is: on what basis did you plan for oil revenue? What was the price that you used when you were figuring out your income from oil for the coming year? Was it based on \$15 U.S., 20 bucks a barrel, or what number did you use when you were figuring out your estimate for income for the coming year?

**Hon. Mr. Lane:** — \$16.30 U.S.

**Mr. Lingenfelter:** — \$16.30 U.S. So roughly \$20 when you were converting it to our dollars. Would 20 bucks a barrel Canadian be a close estimate giving in the fluctuation of the dollar as well as the price of oil?

**Hon. Mr. Lane:** — Probably a little close to 23.

**Mr. Lingenfelter:** — How have we been making out so far? Can you give me a little brief outline since the estimate that you made of \$23 Canadian, and you set that in motion? Have you had to readjust that upwards or downwards for the coming months?

**Hon. Mr. Lane:** — Well when we did our estimating . . . I'll wait until the hon. member is ready. When we did our estimating, we were more cautious than, for example, the federal estimates. Certainly in the question of oil pricing, it is a guess. I can give you ranges from some of the experts of quite a wide range for this year. For example, the First Boston Corporation predicts somewhere in the range 17 to 18 U.S. Shearson Lehman Brothers, New York, expect prices to rise around \$22. Chase Econometrics forecast prices of about \$18. So we took the best guess and then, I believe, were somewhat cautious in terms of what we thought it would be over the year.

**Mr. Lingenfelter:** — Do you have the most recent futures on oil on the Chicago market — for Texas oil, let's say, for six months or nine months or 12 months, into the coming year? What would they be running at at the present time?

**Hon. Mr. Lane:** — Somewhere fluctuating between 12 and 16 so far.

**Mr. Lingenfelter:** — In the area of oil production, what did you base the oil production on — the number of cubic metres, or maybe if you put into total number of barrels of oil? And you can break that how you want, production per day or total production in the fiscal year. What was that number that you were using when you were estimating income from oil?

**Hon. Mr. Lane:** — The 1986-87 budget estimate is one

million, seven hundred and two thousand point five barrels, compared to '85-86 budget estimate of two million, four hundred and eighteen thousand point one barrels. So it's down considerably.

**Mr. Lingenfelter:** — And the other thing that I wanted to ask you is, in the land sales project, in the bonus bids that happen on a quarterly basis in the province, can you tell me what estimate you had for land sales in this fiscal year that we are now into? What was the total land sales that you had in your estimate?

**Hon. Mr. Lane:** — Approximately 75. I might add, when I gave you that, that was the value of production that I gave you on the . . . (inaudible interjection) . . . That's right, that's value of production. The millions of barrels we're looking — we projected about 72.9 in '85-86 — and we're looking at about 73.1 so it's approximately the same, but a significant reduction in the estimated value of production.

**Mr. Lingenfelter:** — Could you give me the June estimate? What had you estimated for your June land sale? You say the total estimate was 75 million but what would your June . . .

**Hon. Mr. Lane:** — We don't do it by month. We just do the annual. I've given you what we projected. I think I gave you '85-86 estimate, did I not? On the bonus bids of 110 million, we're projecting 75, again a significant reduction. Do you want the other aspects that go into making up the oil revenues?

The total oil revenue estimated for '85-86 was 654.9. The revised estimate is nearly 675, so it's up, but we've projected approximately 510 million. Export charge, where obviously there — it will be zero; other components of about 22; bonus bids down considerably from 110 estimate to 75; and the Crown royalty down substantially from 382 to estimate 308. And I'm sorry, the freehold tax, down from 130 to 105.

**Mr. Lingenfelter:** — Mr. Minister, when we look at your land sale income, you're saying that your estimate was based on revenue of 75 million, down from 110 estimated last year.

I suppose the interesting thing would be that at your first land sale which came in, I believe on June — I'm not sure; June 10, I believe — it was down from 40 million last year to 5.2 million. And while your estimate was about 30 per cent down, the actual on your land sale in June is down by \$35 million; down from 40 million in 1985 to 5.2 in 1986. And I wonder, given that fact, whether or not you've revised the estimate for the future land sales to reflect the reality of what happened on June 10, where it wasn't a 30 per cent decrease in revenue from land sales but a very, very drastic decrease in the area of a little over 80 per cent. And what that will mean if that continues on is that we will see revenue from land sales, not 75 million but around 20 million, if that trend were to continue.

And I'm wondering whether or not, whether or not you're predicting that the future land sales in September and December and next March will shoot back up again to

make up for that. Or are we into a position where we're actually talking about another 100 million more on the deficit as a result of the downturn in the land sales?

**Hon. Mr. Lane:** — We freely acknowledge the difficulty of trying to estimate oil prices. And I've given you some of the ranges of some of the so-called experts on what they're predicting.

The difficulty with regard to . . . We realized on the initial sale that prices would be low. The expectations on most of the advice we have is that the price will begin to increase later in the year, and so not much was posted in the first land sale, recognizing that we did not expect initially much interest. So I wouldn't as yet use the first sales as any indication that they will necessarily stay like that. So I suggest that it's far too soon to estimate, to use the first sales as any indication.

**Mr. Lingenfelter:** — Well I'm not sure that it's the first sale and that there isn't already a trend developing.

And I want to go back to the March sale — the final quarter of 1985-86 where the revenue from that sale was \$8.3 million. I wonder: do you have that quarter for 1985 just so we can make a comparison? But my recollection that it was in excess of \$20 million — something in excess of \$20 million. But have you got that number there? I can probably dig it out of the papers I have here, but if you have it maybe you can get that for us.

**Hon. Mr. Lane:** — No, we don't have it specifically. I suppose we can endeavour to get it as well.

Certainly the end of last year it looks like we came in over budget on them. Certainly right now the trend on the last sale of last year and the first are considerably below the last few years. Having said that, all I'm suggesting is that based on the information we have, it is far too soon to take that as a trend. There are expectations that the prices will rise. We have some expectations that there may be some special interest in some of the postings that were held back. So it's just simply too soon to say whether that trend will continue. Certainly if it were to continue, it would throw the projections out of whack. It's just simply far too soon to indicate whether that trend will continue.

**Mr. Lingenfelter:** — I wonder whether the minister can indicate — and clearly we have here at our first land sale in the fiscal year '86-87 a decrease from about 40 million to 5 million — was that as a result of any changes in royalty in that time period?

**Hon. Mr. Lane:** — There was the change in policy announced May 1st with the royalty modifications, but we don't expect that that would have any effect. Again, keep in mind that there was a deliberate move not to post as much, given the fact that oil prices are down, and that we just did not expect the bids to develop, given the oil environment.

**Mr. Lingenfelter:** — Well, I guess the interesting thing is that even though the royalty structure basically didn't change, that revenue from land sales has plummeted, based on world oil prices or the market condition, basically. And I think the minister would agree with that.

On the other end of the scale, when the prices are going up for land sales, the government takes credit for it. It's difficult for the public to keep up with this flip-flop of the Devine government who takes credit when land sales are going up, but when land sales are going down, then it's not in your control. And obviously when you're making money, you take credit for it; and when you're losing money, you say it's somebody else's fault. I just make that point.

I'm not going to dwell a long time on it because I think you're correct now. I think you're correct now in saying the world market conditions or conditions within the sale of oil have dictated to us that we're getting a great deal less — in fact, close to where we were with the national energy program.

(1915)

I refer back to June of 1982 when they were low then because of the national energy program, where we got \$4.1 million at the land sale in June of 1982, and that was as a result of the national energy program. And now they're back to 5.2 million, in large part, because of the world oil prices. I think you could cut royalties in the province even more, and you wouldn't see a significant increase in drilling because, I think, anyone who's involved in the oil patch knows that unless sales increase and the price goes up, you can cut royalties all you want and people aren't going to drill more oil wells because there's no sale for it.

I just think that what has happened here is with the royalty-free period, we gave away about \$300 million a year which it would be nice to have now to give stimulus to the oil companies in the oil industry when we're in a trough. I don't agree with the policy, the public administration to the oil companies when things are booming, when world oil prices are the highest on record, and how when we could use the money in the oil industry, we don't have any. In fact we have a \$2 billion deficit.

I just think it's a difference of public administration, where you give massive incentives to an industry that's booming, and then when it's collapsed we don't have any money to help them out because we gave it all away in the good times.

I know you won't agree with that and will continue to say that probably you should have given even more incentives during the good times, but I think the proof of what is happening is the fact that today we have very little revenue from oil, and we have no moneys that have been built up during these heady days of 1983-84 and '85 when oil prices were good. In fact we were going into debt at a record pace during the good years in the oil industry and didn't put anything away for this rainy day we're now into.

And I just wanted to put that on the record, and maybe the minister would put in place his view of the world, whether he thinks incentives during the good times is a good idea, and then not having incentives during the downturn is the proper way to go.

**Hon. Mr. Lane:** — Well I find several aspects interesting. First of all, when the so-called good times were going, they were also happening in the province of Alberta. But our drilling went up triple what it went up in the province of Alberta, so it had some significant benefits to both the treasury and to the people of the province.

I also find it somewhat interesting that, if I recall the interview that the Leader of the Opposition had when he was speaking to the oil industry, not thinking that the story he was giving to the oil industry would leak out to the public, he said he would accept the Conservative policy on the oil industry except on infill drilling, which accounts for what — 1 per cent? so it's . . .

**An Hon. Member:** — No.

**Hon. Mr. Lane:** — Oh, certainly so. On the one hand, when you talk to the oil industry — it's a matter of public record — you agree with everything that the government is doing; when you talk to the people of Shaunavon, you say that you hate the oil industry. So certainly based on the policies of the government, the record is also clear that we had far more relative success and actual success in the province of Saskatchewan compared to the province of Alberta over the last three years as a result of the initiatives of the government.

Again, we can debate whether one should or one shouldn't. The initiatives did stimulate the economy, did stimulate as well the oil industry, and finally, did stimulate a great deal of exploration in the province which will be for the long-term benefit of the people of the province.

**Mr. Lingenfelter:** — Mr. Minister, there would be many people in the province who would wonder about the benefit and the economic development that has occurred under your administration. Basically, Mr. Chairman, what we have seen is the unemployment rate sky-rocket since April of 1982. The number of people on welfare has increased from 45,000 to 63,000. The deficit has gone from a surplus of 140-some million to a deficit of 2 billion.

And the argument that we are now in economic good times as a result of your great administration in oil doesn't leap out at the public. And you're going to have to give more speeches to tell them that we are now in a boom time as a result of your oil policy, because no one else sees it. And if that is going to be the theme of the next election — is elect us because we're such fiscal managers of the economy that we went from a balanced budget to 2 billion in the hole — you're going to have to have a very slick Toronto ad company to sell that one.

And I'm not laying this all on you, because you're new at the job of Finance minister. And I think there are those around who would argue that you were opposed to the change in the oil royalty structure. I remember reading in a book, and you were quoted as in cabinet arguing against the change to the royalty structure by a cabinet minister who at that time was moving quickly to change the oil policy. And I don't blame you for this bad move, but maybe I can blame you for not having the strength within cabinet to argue that individual down. Because I think you're proving to be right in your argument that that

massive give-away to the infill drilling . . .

And I agree with the leader of the New Democratic Party who says that incentives for exploration — they've been there in the past under New Democratic governments and they'll be there in the future after the next election; that we agree with.

But I'll tell you that the infill drilling or development wells, more properly put, is not 1 per cent. I've got someone going to get an Oil Week and I will read them out to you, what they are. They're certainly not 1 per cent and if you believe they are 1 per cent, maybe that's the reason that we're having so much trouble with the deficit, because the developmental well portion of the drilling in the province is not 1 per cent, and maybe that's why . . .

If I can get that number for you, you'll find out that you're giving away much more than you thought. It will be much, much more than 1 per cent. If you say tenfold more than what you gave us as an indication of developmental wells, you may be close. But I just say that maybe one of the reasons we're \$2 billion in the hole is because we don't know how much money we gave away for infill or developmental wells.

I just clearly indicate to you that the public is not impressed with the way we've managed the economy, particularly in the area where there was revenue to be had by the public, and that is in the area of oil. I want to tell you, Mr. Chairman, that in the 1970s, the price of oil at that time ranged between \$3 a barrel and we balanced the budget in 1971 and '72 with prices between \$3 and \$20. The interesting thing is, now we're in a time of great shut-down in the oil patch, where the government doesn't know where it's getting the money from, we are estimating \$23 a barrel with production that's 50 per cent higher than it was in 1981, the last year we were in government and balanced the budget.

Now look at this. We have got 50 per cent more oil production — 50 per cent more oil production. The price of oil is almost double what the average was while we were in government and we can't make the books match. Even at that we've had to increase the taxes. Property taxes have gone up considerably because of the removal of the property improvement. They've gone up because of the flat tax and they went up for a time before the government turned its head around on the sales tax on used automobiles.

Now I say to you that there are those in the province who believe that that is a recipe of mismanagement and they're wondering where the money has gone. They're wondering where the money has gone, because if you look in the areas of taxation increase on ordinary citizens — on cigarettes, for example — the tax increase is not 20 or 30 or 40 per cent; it's over 100 per cent in the four years this government has been in office. Over 100 per cent. On alcohol, similar increases. Sales tax that they promised to reduce — not to reduce but to eliminate. We are now paying more in sales tax in this province than we did under the former government.

In income tax we have a brand-new flat tax, the only

province in Canada that pays two income taxes, under the Devine government. And I say to you that in large part we're paying more taxes as individuals because the oil companies are paying less; and they may have an argument that they should be paying less in 1986.

You may have an argument — you may have an argument that you should have been cutting royalties this year. But I'll tell you, you shouldn't have been cutting royalties on oil companies when the world oil prices and the Canadian oil prices were the highest ever in the province at 30 bucks a barrel, 10 times more than they were in 1971 when Premier Blakeney was running the province and balancing the budget — 3 bucks a barrel. There are many people who don't realize that.

At a time in the province in 1975 and '76 when wheat prices were \$6 a bushel, the oil prices were running in the area of 10 and \$12. That's what they were — 10 and \$12 — about double what the price of wheat was. Well look at the price of wheat now. The price of wheat is \$3 a barrel and oil is 23, and this government is bleeding about the dire straits the oil companies are in and saying nothing about farmers.

I'll just tell you that the people of the province wonder who is standing up for the real people. They know who's standing up for the oil companies, there's no question about that, but they're wondering who's standing up for the farmers, the working people, the people who are here looking for the opportunity to take early retirement that we mentioned earlier, the people who are on minimum incomes. We wonder who's standing up for them. And I say to you, one of the reasons we can't afford to take care of the people in the province now is because we were giving away about \$300 million every year during the three years that oil prices and oil companies were booming.

I just wanted to put on the record, that while we agree that the oil companies have gotten into some problems because of world crisis now, that for the past three years you people had the highest oil prices ever in the history of the province by far, and you had the highest production. And during that period you managed to increase taxes on ordinary individuals in every area and also run up \$2 billion in deficit and sell off massive amount of assets — coal mines, potash equipment, highway equipment, aircraft, at fire sale prices.

And I say to you that that is mismanagement, and I'll tell you that that is one of the reasons that we can't have an election right now. And I think that what we're hoping is that the government will call the election soon before it gets totally out of hand, because I think the \$2 billion in deficit that we have announced, if we start adding in the mistakes that you've made on the budget . . . And I mentioned, and my colleague will go into it more, but the Saskatchewan income plan, where you show a reduction in what you're going to spend and have announced increases . . . And I congratulate you for increasing it, but the budget doesn't show any increase. It shows a reduction.

On the land sales, where you indicate you're going to get 75 million in four land sales, and at the first land sale you

get 5 million — if you project that into the future, that means you're going to get about 20, which shows a shortfall of about \$55 million. And in every area, when you add that all up, what I believe will happen is your estimate of what the deficit is going to be is conservative, to say the least.

**Hon. Mr. Lane:** — Well, I think that totally inaccurate diatribe by the hon. member indicates why the public of Saskatchewan doesn't like the New Democratic Party, and makes it abundantly clear why the public of Saskatchewan does not want to see a New Democratic Party government. And I'll put the facts on the record, and we will start with the effect of the oil royalty and tax holiday. Purely as a result of the holiday, over 5,150 wells have been drilled and 27 million barrels of oil have been produced since 1982.

(1930)

Extra revenues have accrued to the province in the following amounts, and I think that this should be on record because it will get much recited: increased extra revenues in the amount of royalties and taxes, of 8.9 million; additional revenues in the amount of bonus bids, of \$302 million; additional revenues from the export charge, of 22.6 million; and additional revenues from the corporate income tax, of \$7.6 million. In addition, there have been \$1.1 billion — that's \$1,000 for every man, woman, and child — of investment; and 4,900 person-years of employment are directly related to the oil policies of this government.

But let us also compare the oil policy of this government to that of Allan Blakeney and the NDP. The NDP didn't have a give-away program for the oil industry. The NDP's proposal when they were government, and they want this brought back, it cost to complete a well in this province nearly \$110,000. It cost the province \$110,000 under the New Democratic Party for each well completed in 1981-82, and less than half of that under the Progressive Conservative administration.

I'll give you some other comparisons. Last year the Progressive Conservative program in the oil industry resulted in \$149 million paid to the people of the province for petroleum and natural gas rights. In 1981, the NDP received only \$37 million. Last year in the province, 3,848 wells were drilled, of which 2,800 were completed as oil wells. The last year that the NDP were in power, and the hon. member who just spoke was very much part of that and very much part of the policy—making, only 807 wells were completed — were drilled. I'm sorry — of which 540 were completed, less than 20 per cent of what the Progressive Conservative policy is.

The difference, of course, is one of philosophy. We try and reward the successful wells, that if somebody can drill a well and go down as far as they want and as deep as they want, and if they avoid the salt-water and they avoid the brine and they avoid the air pockets or whatever else is down there, they don't get any money. They don't get any money. But if they happen to drill and use their expertise and experience and successfully complete

wells — and you'll note the very high percentage of successes under our policy than under the previous administration's — then yes, they do better.

Why anybody would propose that you get paid by the government for drilling dry holes, certainly was much questioned in the oil industry, and much questioned by those who are associated with the oil industry.

So I'm disappointed to hear the normal restatement of the NDP position, the party that supposedly argues for responsibility and has already massive give-aways that the public are not taking very, very seriously, to say the least. As a matter of fact, I think it fair to say that the policies of the . . . (inaudible interjection) . . . We're trying to give the hon. member a little more time on his seniority so that he gets a little bit of a pension built up before he retires at the wishes of the public. And I know the hon. member of the Quill Lakes will appreciate the gesture by the government, but obviously the debate will continue for some time. We have a fundamental difference. We're trying to reward some success in the oil industry; and the NDP wanted to reward those who were unsuccessful.

**Mr. Lingenfelter:** — Mr. Chairman, I want to just reply to the minister, who talks about building up pensions. And some members opposite build up their pension by moving from one party to another at the appropriate time.

I would indicate to the member who was just on his feet that he should be moving again fairly quickly if he intends to continue building up his pension, as he did when he moved from the Liberal Party, who was the party responsible for the petroleum incentive program and giving all the money to the oil companies for dry holes. He was a member of that party when they were in the process of doing that, and I think went to the convention, went to the conventions for the Liberal Party when they were discussing having the petroleum incentive program to pay oil companies for dry holes. He was there at the conventions. And now he sanctimoniously stands up and says what a bad idea it was.

Well I'll tell you, it's hard to keep up with this member. But I must say that he's been relatively successful in getting elected. When the times get tough in one party and he doesn't agree with the petroleum incentive program any more to drill dry holes, he jumps over to the Conservative Party. But all I would indicate to him is that it's time to move again. I'll tell you, I've read the polls out there in your constituency and it's just about time to be moving along.

I want to go back to a comment, a comment that you made, Mr. Minister, on the percentage of wells that are developmental. I wonder: have your officials got the . . . I know that they didn't give you the information that 1 per cent of the wells drilled in the province are developmental. Can you check with them and find out what percentage of the metreage drilled in the province would be developmental and what would be exploratory?

**Hon. Mr. Lane:** — The advice I'm given is that it's less than 10 per cent and the production from those wells is even considerably less than that. And let me advise that it

wouldn't matter what political party . . . I would disagree with any political party that believe in paying the oil industry for drilling dry holes or increasing the salt water content of the province of Saskatchewan. And I just don't think that's the effective way to go.

**Mr. Lingenfelter:** — Well I want to ask you to get your officials to ask again on the metreage drilled in the province. For example, from January 1 of '86 to May 31st of '86, what was developmental and what was exploratory?

Because I simply can't believe that they're giving you that advice. In fact I have the information here from *Oilweek*, which is a magazine — not a terrible left-wing magazine but a Maclean-Hunter publication out of Calgary, Alberta — dated June 9 of '86. And it has metres drilled week ending May 31st, '86. And in Saskatchewan what they're saying is that cumulative to May 31st of '86; developmental 577,000 — that's developmental, it would be eligible for the royalty-free period; and exploratory, 196.

Now that's a little bit different, Mr. Minister, than what you're giving me. And I don't believe that your officials are that wrong in what they're telling you. But it's three to one, developmental over exploratory so far this year. Three to one. That means one-quarter is exploratory and three-quarters is developmental.

Now I tell you, with all your expensive help you've got sitting around you . . . And I'll send the minister a copy of this for his record because he should know. Now with all the hired help you have around you, expensive help, then there's something going wrong if you're being informed of that. And if you're just making it up on the run, I would appreciate if you would get the story straight. Because there's more developmental metres drilled, according to this *Oilweek* magazine. And I'll give you . . . (inaudible interjection) . . . No. Pardon? That three-quarters is developmental . . . (inaudible interjection) . . . Well the minister said that 1 per cent was developmental . . . (inaudible interjection) . . . Yes, he said 1 per cent. Here it's 75 per cent. That's a small error.

And in Alberta it's similar to that: developmental 2.7 million metres, and exploratory, 1.5. And this is the trend throughout the industry. And it's not 1 per cent. And I'm not going to dwell a long time, but I think we should get our facts straight because the public loses confidence, the public loses confidence very quickly when a Minister of Finance will get on his feet and know that little about a major industry for developing revenue.

**Hon. Mr. Lane:** — We will send the information and get it over. The Energy and Mines officials are not here; that was the information that I was given.

**Mr. Koskie:** — Mr. Chairman, Mr. Minister, I want to turn to a particular point. And my colleague has been indicating the general financial position of the province since your party took office. As has been indicated, you are sitting now with a \$2 billion deficit; indeed probably more than that. The annual amount of interest is in the range of \$200 million annually. The amount of interest alone that we pay on provincial debts since you have

taken over is equivalent to the payment of an entire medicare. And we find, as has been alluded to, is that not only have we accumulated a massive debt in the province, but that indeed the taxes have been increased substantially — the flat tax, the gross amount taken in on flat tax, \$107 million. You have, in property improvement grants that you eliminated, over \$80 million benefit. And then you put on your ill-fated tax on used vehicles, which the public demanded that you remove.

I want to say to you, Mr. Minister, that as you announce programs and indeed before the budget is even approved — and that's what we're doing here today is approving the estimates for all of the departments — and even before the estimates are concluded and voted on, what you have is this government again announcing expenditures that are not within the estimates. Yesterday you announced a program of the extension of the SIP (Saskatchewan income plan) program. Nowhere in the budget can you find those expenditures.

And this is what has happened. Dealing with a budget by your government, Mr. Minister, is not of much significance because any estimate of the amount of deficit that you have projected has been totally unrealistic in the past four years by your predecessor.

I think the concern that the public has in respect to the fiscal management by your party is, number one, the massive debt that has been accumulated and that is being transferred on to the backs of future generations. And it was indeed, Mr. Minister, your own Premier who said that deficits are in fact deferred taxes, and that's very true. Because just as we're finding with the federal government . . . They ran up a huge deficit, and today what is happening is that there's a cut-back in the services, there's an increase in taxation, and it's being piled on the backs of this generation.

So what I want to turn to is: as you people announce programs, programs which you are not in fact paying, what you have done is taken the chargex from the people of Saskatchewan and what you are indeed ringing up a greater and greater amount of debt. Now isn't that a wonderful government, that go out and make promises and make promises, and try to get elected on new programs, and all that you're doing is taking and charging up to the next generation? And what a disaster it has been.

And you come forward with \$389 million. You know as a fact that that is deception, that you don't intend to reach that amount of deficit, that at a minimum it's over 600 million. You know it, and still you sit here and you say . . . And when we ask the Minister of Health, will you in fact stand up to your federal counterparts to prevent them from cutting back on the established program funding, your Premier and your minister stand up and say, don't worry; look what we have done for health care.

(1945)

Well I'll tell you what you're doing, is you're charging up the extravagance of your administration to future generations. All that you're hoping to do with this budget and with the previous budget is to try to bluff the people one more time into trying to buy their votes without the

realization of the magnitude of the fiscal problems that we're facing.

And I'll tell you, you are no more in a position to offer to the people of this province a 45 to \$50 million pension program, because you can't pay for it. You have ran up a debt of \$2 billion over a period of four years. And if you look, I'll tell you, at the gross debt of this province, it has risen from \$3.4 billion to \$8.7 billion. That's the legacy; that's the legacy that your party has given and passed on to the people of Saskatchewan. And I'll tell you, you are boxed in so close at the present time that you're not going to be able to fool the people any more.

I say to you, Mr. Minister, and I say to the former minister of Finance who is here, the one who brought in the most intelligent budget in Canada, so he said . . . The only thing that it was intelligent about is that it destroyed him and got rid of him, and it was intelligent from the standpoint that the people of Saskatchewan got the benefit of getting rid of him. That's the intelligent part of that budget.

But let there be no mistake. The public know what's going on; \$2 billion of debt — 2 billion. Do you realize that? Two billion dollars of debt. That's \$2,000 for every man, woman, and child. That's what it is. Four years of Tory mismanagement. They like that. They say, oh well, I know what we can do. What we have to do now is we've got to turn these polls around, because Decima says, we've got to get to the senior citizens.

So what we'll do, we'll announce another program. Not in the budget. No, no. It wasn't in the budget, but they came forward with a new program for the seniors. And what is that? Are they paying for it? Or course not. They're running up a \$600 million deficit in this budget, at least 600 million, and they haven't stopped promising in order to get elected.

What you have been doing just this past year and what this budget represents is apolitical masterpiece representing what the polls have told you. You're weak with the young people; you're weak with the seniors; you're weak with the farmers; you're weak with the business men; you're weak with labour groups. You've got to change your act. And so they say, well we're 2 billion in debt; what the heck does it matter now? Let's go for broke, because if we don't win office, they'll never be able to govern with the debt and the mess we leave behind.

That's the scenario. Why would we worry? We can't get elected on what we're promising, so let's go for broke. Typical Tory mismanagement.

And so I'm asking the Minister of Finance . . . Here we sit with the biggest mess that this province has ever seen since we entered confederation. This is the worst debt position that this province has ever been in. And do you know what, do you know what they're saying as the Minister of Finance and the Minister of Health and the Minister of Advanced Education? Me worry? I don't worry. We don't want to pick a fight with Brian because Brian has to help us to get elected. And do you know what Brian is doing? He's cutting back a total of billions of dollars in established program funding. And do you know

what they do? They sit on their hands and they say, why do we worry? We're putting money into health and we put extra into it this year. Well, I'll tell you, the fact is that you aren't paying, the future generations are being boxed in, and I say that future governments, simply put, Mr. Minister . . .

I want to indicate to you that in respect to established program funding, that in 1981 a parliamentary task force on federal-provincial fiscal arrangements, echoing a familiar theme in Canadian history, defined our nation as a compromise, even a paradox. And consistent with this theme, the task force warned federal government that it should not risk further cuts to federal-provincial transfer payments. It reported they were already cut to the bone and the provinces' ability to deliver essential services was seriously jeopardized.

And one of the areas that are being cut, Mr. Minister of Finance, is in respect to the established programs under the established program financing Act at a very substantial amount of cut. We asked the Minister of Health how much he estimated that the province was going to be losing as a result of the action of the federal government. And at that time he said \$13 million this year was the estimated amount. But he said, on, we will go down there and we'll meet with the minister counterparts in Ottawa, and we'll put a stop to this; we'll be successful.

Well I'll tell you, the health agencies in Saskatchewan did an assessment and they indicated that from the present time up to 1990-1991 that Saskatchewan could lose, in health care funding alone, a total of \$154 million. and also they will be losing money in respect to secondary education.

And I think, if you look at the record of the funding in respect to secondary education, I think you'll certainly realize that there is need for further funding. But I think the essence of it is that we have to continue to have federal funding in order to have a consistency of services across Canada. Because if there is a withdrawal of federal funding in the major health care and in post-secondary education, the poorer provinces, of course, will not be able to provide the services equal to those of the rich provinces.

And the fact is that during the last campaign the federal Tories, in their election pamphlet, gave a guarantee, one of their sacred trusts, you know, Brian Mulroney's sacred trust. And do you know what he said? He said in the election campaign that, I'll guarantee the continuation of high support funding for post-secondary education and for health. Those were the words that Brian Mulroney said.

And here we have the decrease in funding, a substantial amount, loss of income, and what do you have? You have the Minister of Finance of Saskatchewan sitting on his hands, not making any effort to stop the federal government from the cut-backs, which will be a very substantial amount. You know, during the hearings in Ottawa in respect to the cut-backs, the counterpart, the Finance minister in Manitoba, made a presentation to the committee and what he asked is that there be hearings go across Canada to determine whether or not there should

be cut-backs in established program funding, and of course the Tory majority said, no way.

Well I'll tell you that the province of Manitoba have analysed the amount that the loss will be if the Tories go ahead with the proposed cut-backs, and I can say to you that they're going ahead, because here is a press release: "Payment cuts inevitable," says McDougall.

The provinces will have to live with legislation trimming federal contributions to higher education and health programs by \$6 billion over the next five years, junior finance minister Barbara McDougall said Monday.

And I say to you, Mr. Minister, I don't think that we in Saskatchewan, without the federal contribution . . . I don't think you're doing a service to the people of Saskatchewan and to medicare and the health services that we have grown accustomed to in Saskatchewan, that you will not in fact stand up and fight for Saskatchewan.

So I ask you, Mr. Minister, could you outline: have you done a calculation, based on the proposal of the federal Finance minister, what the total cost will be to the province of Saskatchewan if they go ahead? And as the federal minister has indicated that they will be proceeding, and that the provinces will have to live with the inevitable fact that they're going to proceed with the cuts, can you indicate the amount of cuts? I'd like you to indicate what action you have taken as a Minister of Finance and whether or not you believe that there is still a possibility of convincing the federal government not to proceed with this.

**Hon. Mr. Lane:** — Several points in that diatribe warrant justification, only because the public would like to see some sane debate. But having said that, one of the reasons that the public doesn't like the New Democratic Party is that on the one hand you talk about the deficit, on the other hand you make some rather grandiose promises — 600 to \$800 million, 7 per cent mortgages for everybody.

Seven per cent mortgages for every man, woman and child in the province and 6 to \$800 million cost over the next four years, 100-and-some million dollars a year. You're going to give a whole new property improvement grant, another 100 and some million; you're going to do something about the flat tax, here estimated at \$100-and-some million. Right there you've spent nearly a billion dollars, and that's why the public doesn't put very much store in your talk about deficit or management or otherwise.

Secondly, it doesn't include things like the promise of the member of Assiniboia-Gravelbourg of \$50 for every cultivated acre. That was over \$1 billion that was promised a year ago. And I think that he had a program to have one person to kill every grasshopper in the province. It got a little extreme. And all of your commitments — all of your election commitments are, as you well know, causing a great deal of credibility problems for yourselves.

I was very surprised. I was very surprised because I thought that when he was on television that the hon.

member would say one thing on television and support the pension plan and do something off television and not support the pension plan. But to find out tonight that the New Democratic Party opposes the provincial pension plan. I think, was well-heard and well-watched by everyone viewing tonight.

So it's nice to see your policy on record. I strongly suspect by the time the hon. member gets taken back into the wood house by his colleagues, he's going to change his mind about the provincial pension plan and say, oh, we would have done that, too. Oh, we would have done that if we had of thought about it.

But, of course, the New Democratic Party hasn't had a new idea since land bank and nationalization of the potash industry, so I'm a little bit surprised at the hon. member's position of opposing the Saskatchewan pension plan.

I think that there is something else, if you want to talk about negotiations, which many people in public that are affected by program expenditures are increasingly aware of, and that is your inability to bargain in 1981, where you gave away the revenue guarantee component of the established program funding. And I believe the member from Regina North East was Finance minister at the time and gave away the revenue guarantee.

**An Hon. Member:** — What year?

**Hon. Mr. Lane:** — In 1982 you gave away the revenue guarantee . . . (inaudible interjection) . . . Oh, yes you did . . . (inaudible interjection) . . . Oh, you fought like that was 10 lashes with a wet noodle, that was, because I'll tell you how successful you were. Your negotiating in 1981-82 cost the province over the next five years — next five years — \$198.7 million. In the second five-year component, you cost the province an additional \$107 million.

(2000)

Now, I know the hon. members opposite don't want to hear this, but the . . .

**Mr. Chairman:** — Order, order, please. Order, please. Order, please. Order, please. Order, please!

**Hon. Mr. Lane:** — Thank you, Mr. Chairman. You ask about the revenue losses from the NDP negotiating over the 10 years. The revenue loss to the province is nearly \$405 million. If you want to know the impact, the change in the formula, and the established program, financing program, or funding formulate — our departmental calculations indicate that the formula based on the current gross national product forecast, compared to the previous formula using the conference board of Canada figures of July of 1984, indicates that the difference between the new projections and the old formula is a net plus over the next five years of \$109 million.

**Mr. Koskie:** — Mr. Minister, I wonder if you could indicate and send over your calculation in respect to the amount of the loss over the next period of time because we has asked the Minister of Health, consistently, to

provide us with a calculation of it, because the health organizations has indicated \$154 million in health, and you have indicated that \$109 million by 1990-91. I can tell you that in respect to the . . . (inaudible interjection) . . . Well, I'll be here and you'll be out. I'll tell you that. That's the one truth about it all.

But I asked the minister if he could indeed send over the . . . could in fact send over the calculation of how he has determined it, and what premise that he based it on.

**Hon. Mr. Lane:** — Well I've just sent it over to you, and I've just given you the figures based on the current gross national product forecast. Now keep in mind that the formula depends on the gross national product, and it's a three-year averaging, approximately, less 2 per cent. So our estimates right now, based on the current gross national product forecast — based on the current forecast — means that we will have an increase as opposed to a decrease of \$109 million over five years.

**Mr. Koskie:** — You're indicating that based on the reduction of the \$2 billion that the federal minister is saying that his is going to save annually, and a total of 6 billion over the five years . . . I s that what you said, that you're going to be increasing the revenue to Saskatchewan? Are you saying that the gross national product projected for the future is so bad that out of reduction in the formula, a 2 per cent cut, that you're going to increase the funding. Is that what you're saying?

**Hon. Mr. Lane:** — What I have indicated, that the projected EPF (established program of financing) transfers, cash and tax to the province of Saskatchewan, based on the current GNP (gross national product) forecast — keep in mind that the current GNP forecast is a stronger GNP than that under the Liberal proposals when the formula was done — so you have to understand that. And I've given you those figures and that would indicate an increase of \$109 million.

**Mr. Koskie:** — The Minister of Health, who did a calculation, who came into this House, indicated that on the basis of the formula, in the first year indicated that they were going to lose — I think our calculation was 13 million — and he indicated that on his calculations, on his officials, and in conjunction with the Department of Finance, that the loss was going to be a minimum of \$9 million. And he wouldn't hazard a guess into the future because he was going down to change it. I ask you, who are we to believe?

We had the Minister of Health in here, and we drilled him for several days in respect to what was going to be happening in respect to the cut-backs proposed by the federal government. He indicated \$9 million. And if he were honourable, he would stand on his feet and enter the debate and indicate that that was his calculation.

And I ask you, Mr. Minister, what are you trying to put forward here? You have one minister saying we're going to lose a minimum of \$9 million in health care funding in the first year, and you're standing up and saying, oh no, we aren't going to lose any.

**Hon. Mr. Lane:** — I think that you should take into



account some other factors which are in the budget which may be of interest to you, and that is cash payments: the 1985-86 budget, 439.455 million, increased under EPF this year to 458.82 million. The debate will hinge on what your projects of the GNP, and that's where the differences in the figures will come. As I've indicated to you, if you assume the current GNP forecast, okay? — that's the assumption being made — if the current GNP forecast is accurate, maintains its accuracy over five years, it means a difference of a plus \$109 million.

**Mr. Koskie:** — We don't believe that for a moment, because the Minister of Health indicated during his estimates that he was going down to meet with his counterparts in order to attempt to prevent the . . . and talk to the federal counterparts in order to avoid proceeding with the cut-backs.

I take a look here in the PC votes, votes against hearings on the road, and from Manitoba they indicate that the province . . . could cost his province 313 million in loss of funding. If you take a look at the payments cuts inevitable, "the provinces will have to live with legislation trimming federal contributions to higher education and health programs by \$6 billion over the next five years," and this is the junior Finance minister, Barbara McDougall.

Now there's \$6 billion. Now you tell me under what formula the Finance Minister, Wilson, is going to get \$6 billion over the next five years and Saskatchewan is in fact is going to improve their position. Tell me the perverted logic that you're putting forward here.

**Hon. Mr. Lane:** — This is precisely why you gave away the equalization formula back in 1981 because you're having some difficulty. If one makes the assumption of the current GNP forecast, there will be over the next five years an increase of \$109 million over the old formula. Keep in mind as well that the formula has been modified as of February to adjust for inflation which is a new factor not in the adjustments done by any of those studies that you have. So I suggest to you that those are perhaps out of date and it's based again on current GNP.

Now if you were to take the old calculations without inflation based on the liberal assumptions when the equalization was changed and you gave up the guarantee, yes, you would have a loss of 13. But as our new calculations indicate that based on, again, the current GNP forecast, and that's the assumption we're making, that there will be a gain over the old formula of \$109 million.

**Mr. Koskie:** — When you were speaking about the current GNP, are you referring to the Saskatchewan GNP or the federal, or Canadian?

**Hon. Mr. Lane:** — Well I always thought that GNP was gross national product, but I am unaware of any changes in the definition of GNP. I'm assuming it's the gross national product.

**Mr. Koskie:** — What increase are you indicating for the current year in respect to the gross national product? In comparison to the present, what is the growth?

**Hon. Mr. Lane:** — The growth, the real GNP is '85 was 4.5 per cent — 4.7 points better than was forecast before the present national government took office. For 1986, they were calling for a growth in the range of 3.5 per cent, which is three points higher than that predicted in 1984, which is the basis of much of the calculations that you have.

**Mr. Koskie:** — What you're talking about is that there is going to be an increase in the amount of funding and there's no doubt from year to year that you can get that. But if you hadn't adjusted the formula of cutting down the basic GNP plus a percentage from 7 to 5, you'd end up with a heck of a lot more than 109 million.

I'm not saying that you're not going to get some additional money from the federal government, but the fact is that the formula has been changed, and not changing the formula and using the gross national product, plus the previous percentage, plus the previous percentage increase of 7 per cent rather than 5, the amount that you would be increasing would be very substantial.

So what you're doing here is a little gymnastics, deceiving the public as though, again, you haven't stood up for health care, you haven't stood up for post-secondary education. What you have done is allow the federal government to cut back on their basic funding, and what they're doing is raping the provinces for some \$6 billion. And if you think that that is not going to affect the basic quality of health care and post-secondary education, then I'll tell you, a lot of people won't have much faith in you. In fact, the public don't have much faith in your fiscal management as it is.

And when you come forward with a perverted explanation here trying to sneak it past, saying, oh boy, the gross national product is going to increase and therefore even though they decrease the percentage down to it, we're going to get some more money. The fact is, Mr. Minister, you know that given the increase in the gross national product and given the consistency of the increase previously, that you would be getting more than 109.

What I'm asking you: if you hadn't changed the formula, wouldn't you indeed be getting more than 109, and what in fact would you be getting? Quit trying to fool the people.

**Hon. Mr. Lane:** — I don't know who's trying to fool the people. fifteen minutes ago I was being criticized for not doing enough and that there was the massive cut-backs in expenditures. We now go through the calculations and even manage to convince the member from Quill Lakes that what the new formula means, it means an additional \$109 million.

And so now the hon. member is now criticizing us because we're getting more than we were before. So, you know, that is precisely why the people don't like the New Democratic Party. On the one hand you say one thing to the oil industry; on another hand you say another something else to the public. You say in North Battleford you don't want Gainers, and you say in Prince Albert you

do want the paper-mill; in Regina you say you don't want it.

(2015)

Ten minutes ago you were critical of me for the formula. I give you the new figures; it means an increase of \$109 million based on the current gross national product forecast. Certainly I can see the member's confusion when he doesn't even know that GNP means gross national product.

But for Heaven's sake, I mean, make up your mind. It's 15 minutes for all to see you were critical saying there was a cut-back, and then when we showed you there was an increase, you're all confused. So now you're saying it's not enough.

I suggest to the hon. member that if we want to take a look at the commitment of the people of Saskatchewan to the health care system, you can look at this year's budget with a 13 per cent increase. You can take a look at increases in educational expenditures, and you can take a look at an increase in health expenditures. And we as well as any other political party, I venture, in Saskatchewan, know full well the dangers of not protecting the health care system, and we have made that commitment and the public recognizes it.

I gather from your optimism in your own riding, they're not telling you what the surveys are saying, but certainly they are recognizing that this government has the commitment to health care and that is further evidenced in the budget.

**Mr. Koskie:** — Mr. Minister, we discussed this matter previously with the Minister of Health, as I indicated, and on page 538, on April 11th of Hansard, and I read what your colleague had to say — he says:

But in regards to your question, the best estimate of what they're indicating is perhaps about a \$13 million reduction. Of course, only a portion of that would be towards health as you understand, that's EPF funding which is for both higher education and health.

Now that's the Minister of Health indicating about \$13 million.

Now I guess the simple question is: who are we to believe? I leave it to you, Mr. Minister. I ask the people of Saskatchewan: who can they believe? Health minister, who was drilled, indicates 13 million bucks the first year. Minister of Finance comes in and says, no, we aren't losing anything, and he goes into his convoluted manipulation of numbers.

I'll tell you, Mr. Minister, that the amount of loss that is going to be accumulated, the estimated loss, is going to be approximately \$213 million to the province of Saskatchewan, calculated on the base and the reduction proposed by your counterpart in Ottawa. Mr. Wilson the Finance minister — \$213 million.

Manitoba is losing approximately \$313 million. And I'll

tell you, they're standing up, and they're fighting. And they have asked the federal government to have hearings across the country, in order that the public have an opportunity to know what is happening.

But here you have stood . . . And I can't believe what I heard this evening. I really can't — that a Finance minister here in Saskatchewan would stand in this House after the Minister of Health has told the public after much drilling that \$13 million is the loss in the first year on record, and to have the Minister of Finance come into this House and to mislead the House . . . This is a deliberate attempt to mislead the House.

I'll tell you, Mr. Chairman, somebody has to be not telling the truth. The Minister of Health has indicated — and I've read it — that there's \$13 million that was going to be lost in EPF funding. And that's the question that I directed to the Minister of Finance, and you know what he stood up and said? We're going to have an increase of \$109 million. That's what he said.

Now those answers are not consistent. Someone has to be stretching the truth, and what I'm asking, and I'm asking the people of Saskatchewan to decide — will they believe the Minister of Finance, who is trying to protect his counterpart in Ottawa, or do you believe the Minister of Health who we drilled here for two and one-half weeks, two and one-half weeks and finally pulled it out of him?

I'll tell you, the health association said that there's going to be a loss of \$154 million in health care. As far as the Minister of Health speaking from the back of the room, I think he looks more appropriate in the back benches, rather than the front, but leave that aside, Mr. Chairman.

I ask the Minister of Finance: are you able to explain why the Minister of Finance . . . would come in here and tell to the House, after complete drilling, and saying that he had discussed it with his officials that it's \$13 million; and you come into this House and you say, don't worry, there is no loss? Is there or is there not going to be a loss because of the fact that the formula has been changed? And if there has been a change in the formula, would you indicate the nature of the change, and would you indicate what your calculation of the loss under the EPF?

**Hon. Mr. Lane:** — I've already explained this, but I understand the difficulty of trying to say and explain something to an opposition member who doesn't know that GNP means the gross national product.

If you take the original projections of gross national product, which I've indicated that '85 for example, is 4.7 per cent better than was forecast when the federal government took office; for '86 the forecasters are calling for growth in the 3.5 per cent range. If you compare that to what the original projections, for example, the conference board of 0.2 per cent in 1985 and 0.5 per cent in 1986, those were the projections on which those other calculations were based. Now . . . (inaudible interjection) . . . That's what I'm saying. Those were the original projections which led to the estimates being given, I suggest by several other studies.

The real gross national product though, in 1985 growth,

was 4.5 per cent better than forecasted, and the projection for '86 is in the range of 3.5 per cent, which is three points better than originally projected. Keep in mind that the formula is based on an averaging of the gross national product, so you're going to get that adjustment, and the hon. members . . .

First of all, again I'll explain to you that GNP means gross national product. Now the projections and the forecasts are coming in higher than they were two years ago . . . (inaudible interjection) . . . I'm telling the hon. member — he can argue and disagree — the new formula based on the GNP forecast, which I've already given, means an increase of 109. If we had the previous no growth as the conference board and original projections, yes, you would have other varying scenarios as to losses, but right now, because the GNP is running considerably higher than expected, it has the opposite result. Now the fact is that the GNP in 1985 is 4.7 per cent higher than projected. That has a significant impact on the formula.

If the hon. member doesn't understand that, he shouldn't be in the discussion because the basis to the established program financing is tied to the gross national product. If you can't understand the tie, then you won't understand the formula and you won't understand the discussion.

But again, if you take the old projections, you will have a loss; if you take the actual, for example, in '85, you have a plus and the difference between the forecast of \$109 million.

**Mr. Koskie:** — I want to just stress what has gone on in the House before, and I want to indicate a question on page 705 by my colleague, the member from Shaunavon:

Mr. Speaker, my question to the minister in regards to this report of the Canadian Hospital Association, which we will be tabling after question period at our first opportunity, I will be asking the question again.

This estimate, that is by the Canadian Hospital Association, this estimate is that \$153 million will be cut out of the transfer of payments in total in the next five years. That's the Canadian Hospital Association.

We have the provincial government in Manitoba indicating that there will be a cut-back adjustment of the formula of 313 million. We have a calculation here indicating that the total amount for Saskatchewan will be \$213 million.

We have the minister again standing up in the House here in question period, not only in estimates — in estimates he indicated that there'd be a \$13 million loss — he stands up in question period and he says:

Once again, let me repeat: my department are looking at the funding of the health care in Saskatchewan this year. We understand there may be a cut-back. There may be under the EPF a reduction, a reduction of \$9 million.

That's in health alone. Those are the statements that the Minister of Health has indicated.

And what I'm saying to the public and I'm saying to the people of Saskatchewan: what is happening is that there is a massive cut-back in the health care and in post-secondary education by your federal counterparts, and that you here in Saskatchewan, both the Minister of Health, the Minister of Advanced Education, and the Minister of Finance, have been not prepared to stand up to make public and to take on the Mulroney government and to protect our health care and post-secondary education, because there is going to be a considerable loss of revenues by the adjustment of the formula.

No amount of slippery manipulation by you, indicating that because the GNP goes up that you're going to get more than what you would have on last year's GNP, of course you will, but the fact is that the percentage amount has been decreased — GNP plus 7 per cent has been reduced to GNP plus 5 per cent. And what you're doing to get is a reduction, and that comes out to somewhere around \$213 million for the province of Saskatchewan. And I say, that is a massive amount.

And what you're doing here is . . . afraid to fight for Saskatchewan because what you're doing at the present time is going into an election and you don't want to ruffle any feathers because the federal Tories are one of the biggest detriments that you have, along with your fiscal mismanagement. And so let it be known . . . all I can say is that it's so bad, the underfunding and the direction of the federal government in respect to cut-backs, it's so astonishing to the people of Canada, that the Chief Justice of the Supreme Court of Canada, Mr. Judge Dickson, spoke out against the undercutting by governments of secondary education and health care.

And he indicates, and there was some consternation when he spoke out, but let there be no mistake, Mr. Minister, "That lower payments for the provinces clear the hurdle." And it indicates that the legislation is in parliament, "... the slower rate of growth breaks a Conservative . . ."

This is what it says in the EPF:

. . . breaks a Conservative 1984 campaign promise to maintain health care and higher education funding levels. (This is what they're saying.) MPs said poor students will bear the brunt immediately, in the form of higher tuition charges, or more limited access to universities.

This is the inevitable result. And all I can say, Mr. Minister, I'm disappointed that you would come to this House and attempt to mislead it, because we have in fact asked it, and we got the information from the Minister of Health, and you have tried to disguise that, but the people of Saskatchewan know, and certainly the health associations know.

And I'll tell you, Mr. Minister, the people in the universities know that there is a decrease in the amount of funding, because if they look at the funding in education, in higher education, they'll know that the funds are getting increasingly difficult. And so I ask you: can you outlined whether or not you met with the federal

counterparts, when you met with them, and would you be prepared to file the presentation to your federal counterparts in respect to their adjustments in the EPF formula?

(2030)

**Hon. Mr. Lane:** — Maybe I can help ease the hon. member's pain by asking him to look at page 6 of the *Estimates* for '86-87, and near the bottom of the page is, under the heading, "Receipts from other governments, established programs financing," the estimated '85-86 to the estimated '86-87 is a 5.56 per cent increase. So there are very much assumptions in terms of a growth scenario where the financing does in fact increase.

If one assumes zero growth or negative growth in the gross national product, certainly you will have reductions. You should also keep in mind that the formula, as of February, through the efforts of some of the provincial Finance ministers, is now going to take into account inflation, which was not in the original formula.

So having said that, you can talk about the fighting and the argument. I think that the Manitoba government did the fighting — the argument — did everything but commit hara-kiri on the steps of the legislature and there was no change. So the arguments very much can be mounted.

I strongly suspect the hon. member, if he would forward over to us the projections in the study to which he referred, what the gross national product projections were, because they are very influential — they're very, very influential ... (inaudible interjection) ...

I've told you seven times now tonight — I've told you seven times what the variables are and what the assumptions are which give you that particular figure. Now it's the seventh time I've repeated it for the hon. member. It's the seventh time that he hasn't made an effort to understand what I've said. I know you've got a fixation with seven, but to have me repeat the answer seven times, indicates that unfortunately you don't understand it. But I do believe that the economic models will vary by the studies based on what assumptions one makes for the gross national product, and as a result of changes in February, what assumptions one makes as to the annual inflation rate.

**Mr. Tchorzewski:** — Mr. Minister, either you are not making any attempt to tell what the facts are, or you don't fully understand what the federal government has in mind. If you're unable to understand what the budget documents of Michael Wilson say, I would suggest you ask one of your officials, who I know are qualified and will be able to understand it, and then explain it to you.

But let me read to you from Mr. Wilson's budget, Mr. Minister. Having heard you stand here and deny that there are cuts in the amounts of transfer payments, in EPF payments that would normally have come to Saskatchewan, you totally ignored the fact that Mr. Wilson has said in no uncertain terms to you, and you bowed and acquiesced in your usual way of this government — as you do with the federal government — and said, that's okay; we're not going to object; you have

your politics and we have ours. We're going to look after each other. It doesn't matter what the people of Saskatchewan or the people of Canada are going to have to pay, but we're going to look after our politics. and that's why, Mr. Minister, you have stood in this House, and not been totally honest with the committee, contradicted what your Minister of Health has said on more than one occasion. Now either you're trying to undermine his credibility, or he made an honest mistake, or he did not give an honest answer here, or you're the one who's not doing it. I read to you, Mr. Minister, what Mr. Wilson had to say:

As part of a broad-based strategy to reduce the deficit and stimulate economic growth, the federal government is proposing to limit the rate of growth of transfers to provincial governments in order to effect savings amounting to about \$2 billion in 1990-91.

Those are the budget documents. Some of this stuff has already been passed through the House of Commons, Mr. Minister, and you and your government never as much as made one single word of protest. You acquiesced at the expense of the Saskatchewan taxpayer.

The minister in Ottawa went on to say:

The same principles of restraint will be applied to transfers to provinces as to other expenditures to spread the burden of expenditure reduction as broadly and fairly as possible.

Without any doubt, and as clear as one possibly could make it, Mr. Wilson has said that the federal government is going to institute and continue to institute a system of transferring the tax load from Ottawa to the provinces, and the province, in this case, in turn has transferred it to the Saskatchewan taxpayer and property holders.

I'm not making my own argument here; Mr. Wilson is making my argument for me. And either you have ignored these documents or you have not understood them, but it's clear that there has been a cut in the amount of transfer payments that the province should have been able to expect if the federal government had not chosen to change the formula and if you had not allowed them to do it.

Now, what did Barbara McDougall say — another federal minister — when she was questioned recently? I quote. She said.

The provinces will have to live with legislation trimming federal contributions to higher education and health programs by \$6 billion over the next five years, junior finance minister Barbara McDougall said Monday.

McDougall initially said the provinces ... had "come to terms with it."

Well, Mr. Minister, you obviously were one of those provinces that had come to terms with it and had agreed not to protest or object. And so the federal government, without the kind of pressures that it should have been

getting if we had had a government in Saskatchewan prepared to stand up for Saskatchewan, went along on its merry way to proceed with these kinds of massive cuts.

Now, Mr. Minister, in light of the fact that the federal Minister of Finance, that the junior Minister of Finance, Barbara McDougall, both have said that there will be cuts, how do you explain your so-called explanation that there are, in fact, going to be increases?

**Hon. Mr. Lane:** — Well, again, I'm going to ask: has the hon. member got a copy of the *Estimates* 1986-87 in front of him?

**Mr. Tchorzewski:** — I most certainly do.

**Hon. Mr. Lane:** — If he would please kindly move to page 6. I'm sorry . . . (inaudible interjection) . . . Pardon . . . inaudible . . . Oh, I have given the hon. member the example before. I'd ask him if he would at least give me the courtesy of following along.

He's pointing at his head right now. I hope nothing drastic happens as a result of that, but if you'd take a look at the *Estimates*, if you will go down near the bottom of the page, you will see under the title "Established Programs Financing", and you will see an increase of approximately 5.56 per cent. So that is a fact. There is an increase notwithstanding your argument that there is a decrease. Okay? So there is an increase.

Secondly, keep in mind that many of the projections were based on a relatively — either zero growth in the GNP, a reduction in the GNP; some of the earlier ones basically a GNP of 0.5 per cent. In 1985 that projection of a zero per cent or minus 2 per cent GNP was exceeded by 4.7 per cent. For 1986 the gross national product is predicted to be in the 3.5 per cent. That's about a 3 per cent higher projection than the estimates previously given.

The formula is based on the gross national product, a three-year average, and it's a sliding average. It keeps moving forward every year. The end result, based on the projections that I've given you, would indicate a plus over the five years of \$100-and-some million. If, on the other hand, there was a zero per cent gross national product, no-growth scenario, you would have losses, except for a change — and this is not in any of the studies you will have, but I ask you to accept it as perhaps a major factor in how the formula will be calculated in the future.

As a result of negotiations in February of this year, the federal government has put an inflation floor, that that will not fall below the inflation for the year. That is a major benefit which was not in the old formula. One can envisage in some economic scenarios where that inflation floor may result in higher revenues than the new, the old, or any other formula, depending what the inflation rate may be.

So I give you those factors and those components. You say that those don't exist and are not accurate. I'm giving the information that I have, and I suggest to you that one can develop the models quite properly and quite fairly. The information I've given you, based on current GNP

forecast — and I give you that caution; that's the current GNP forecast — there would be an increase over the old formula of \$109 million. That doesn't take into account, I might add, any inflation floor, because that was not taken into account in those projections. Those would result in some new calculations, and I suppose we could go through that exercise. It would take some time.

But again, I simply lay out for the hon. member that you can take your economic assumptions, based on zero or less than zero in GNP, and it will lead you along a certain path. You take the other ones with the 1985-86, which I've now repeated for the seventh time, which are running considerably above projections — they mean higher revenues under established program financing.

**Mr. Tchorzewski:** — Mr. Chairman, Mr. Minister, what \$13 million cut was the Minister of Health talking about in light of the argument that you're using?

**Hon. Mr. Lane:** — I told you, that was based on the old projections of zero or, I believe, minus 0.2 per cent and 0.5 per cent. The projections have now come in on '85 which is 4.5 per cent GNP. That's 4.7 points ahead of the projections which was the basis for the other estimates. The estimate for '86 is now 3.5 per cent; it may even be a little higher than that when it comes in, which is three points higher than that which was the basis for other calculations.

**Mr. Tchorzewski:** — Mr. Minister, assuming and keeping all things constant, your GNP and other factors constant, how much would the province have gotten above what you're going to get, had the old formula stayed in place?

(2045)

**Hon. Mr. Lane:** — Under the old formula, it would have been \$13 million more, but it's \$11 million more based on the gross national product projections and the increase in the gross national product. So you're now looking at a difference right now of \$2 million as opposed to 13. So again, I come back to what I've indicated to the hon. member. Take your assumptions, take zero growth, and you will have a reduction. Now that doesn't take into account . . . And I caution the member as well that under the old formula there was not any inflation floor and under the new modifications . . . (inaudible interjection) . . .

Oh yes, it does. Sure it does. It certainly makes a difference. If you've got a gross national product of 2 per cent and inflation of 4 per cent, you've got an inflation floor which wasn't in either the old formula or the original discussions on the new formula. So certain it can make a big difference.

**Mr. Tchorzewski:** — Mr. Minister, it's taken a long time but we finally established the \$13 million difference. I am really quite pleased that we have established that what the Minister of Health said in his estimates were correct. He clearly said there was going to be a loss of \$13 million because of the change in the formula. Quite frankly, I never doubted his word. I doubted your responses today and after a long line of questioning we finally got you to admit, Mr. Minister, that indeed there is going to be a loss

of \$13 million. Now had you come clean the first time the question was asked, we could have been done with this about 20 minutes after 8, and we would have been on to another item.

We've accomplished what we wanted to accomplish, Mr. Minister. We've established the fact that just like your budget, through and through and through, so is some of the information that we're getting in the House somewhat questionable — \$13 million the Minister of Health said. You have now confirmed it. There is nothing that the opposition can do about it except tell the Saskatchewan public that by your acquiescence and by your buddy-buddy approach with the federal government, you have allowed this to happen rather than standing up for the people of Saskatchewan. And they're going to lose \$13 million this year and about \$154 million by the time the fifth year is up. And the Saskatchewan taxpayer is going to have to pick up the bill.

Now, to carry this budget of yours further, and its questionability, Mr. Minister, I'm going to ask you some questions on another subject because in many ways it ties in — as soon as I can get the minister's attention.

Mr. Minister, the government introduced yesterday or the day before, changes to the Saskatchewan income plan for senior citizens. Can I ask you, how much do you project will be the cost of the changes that you have introduced, which is going to be welcomed by senior citizens — and we don't question the changes — but can I ask you: how much is that change going to cost you this year, Mr. Minister?

**Hon. Mr. Lane:** — Well, again the hon. member wasn't listening. I've indicated with the GNP that the difference may be \$2 million and not 13.

Secondly, let me indicate again, because you were the minister that cost the people of Saskatchewan \$200 million when you were in government, when you gave away — and I say gave away or sold out because I don't know what price this province has paid for your under-the-table deal on the constitution — but let me tell you what you did; let me tell you what you did. You gave up the revenue guarantee, which no longer applies, and it has lost the province \$200 million in the last five years. Secondly, it will lose another \$200 million.

So with a stroke of the pen, with a stroke of the pen, you gave up \$400 million. Having said that, you asked what the SIP . . . I think if the hon. member will take a look — and I know you've got yourself all caught up in a little knot about SIP — if you will take a look at the budget, we are setting aside some \$5 million for start-up for the Saskatchewan pension plan, and that's in the budget. And in that we estimate that the SIP for this year could be in the range of 2 to \$2.5 million, and we set aside 5 to get the pension plan up and started.

So, you know, we did make some considerations. Certainly we were estimating costs, but we did set some funds aside.

**Mr. Tchorzewski:** — Mr. Minister, I'm not asking about the pension fund; that's a different subvote altogether and

a different issue. I'm asking you about the Saskatchewan income plan. You have said that in this year, which is not a full year now because the Bill is just before the House, hasn't been passed, and I doubt that you're going to make it retroactive — you are telling us that it will cost you, it will cost the treasury, \$2.5 million in addition, or the increases will cost \$2.5 million for this portion of the year. Can you tell the House how much the cost will be over the period of a full year?

**Hon. Mr. Lane:** — Well the advice I'm given is the first year annualized about \$2.5 million . . . (inaudible interjection) . . . Yes.

**Mr. Tchorzewski:** — Well then will you answer my earlier question: how much is it going to cost you in this fiscal year, because it's not a full year?

**Hon. Mr. Lane:** — Well we have to make a decision as to the date that we're going to implement it. But you can look at roughly \$200,000 a month. I'm sure that the hon. member won't expect me to give the date of the implementation of that. You can ask me, but I'm unable to give it to you because no decision has been made at this time.

**Mr. Tchorzewski:** — Well, Mr. Minister, there's been obviously no decision made in the same way as there hadn't been a decision made to have this Bill in the first place when you put together your budget initially. Surely you should be able to tell the senior citizens of this province you have a Bill in the House; you must have had it in cabinet. I'm sure the Minister of Urban Affairs didn't decide on his own to bring this Bill in. Therefore, in cabinet you must have decided when you are going to start making payments to senior citizens.

And I will be expecting the Minister of Urban Affairs, in consideration of that Bill in committee, to be able to indicate when payments will begin. No government that knows anything about management or cares about management would run its affairs without knowing when it's going to put a program into place.

Now I could understand if it was a brand-new program with many complicated regulations you have to draw up where there could have to be a delay. But when it comes to paying the increases in the SIP payments to senior citizens who need a supplement to their income, there is nothing complicated about it. You could start paying that the month after this Bill is through.

So I ask you, Mr. Minister . . . and you're quite in your right to say you're not prepared to tell the senior citizens when they can expect to get those benefits because you may want to hold it off until you call your election in October, November, or maybe next year. And maybe they won't get any benefits at all this year. You simply have a cosmetic Bill.

Mr. Minister, will you tell the senior citizens of Saskatchewan, as the Minister of Finance who controls the purse strings, when the pay-out for the SIP program will begin?

**Hon. Mr. Lane:** — I've indicated in my previous answer

that no decision has been made as to when the pay-out will begin. I am prepared to advise the hon. member and the seniors that during the course of the NDP administration, they had a total increase in the Saskatchewan income plan of a total of \$5. Five dollars, that is all that the Blakeney government saw fit to give the senior citizens in some seven years.

We had a dramatic increase two years ago for seniors. I believe we'll have and do have a fair degree of credibility. The seniors know that we will respond to them, but no decision has been made.

**Mr. Tchorzewski:** — Well that's a very convoluted argument, Mr. Minister. It was the NDP government who instituted the Saskatchewan income plan in the first place. And I'm not quite sure what the level is. It's about \$50, is it, at the present time? so therefore the NDP government of the day, before 1982, increased it from zero to \$50, because that's where that program began. So don't talk about the \$5.

Mr. Minister, I'm not going to pursue that because I think any senior citizen who is watching television tonight, and who will hear about your refusal to tell them when you are going to pay out the increases, will know the kind of games you are playing — the kind of games which I talked about when I spoke in second reading after the Minister of Urban Affairs. You had a Bill which was an afterthought. You took a poll, you found out your pension proposals were not winning you as much as you thought they would, and so you decided you had to do something.

I want to point out to you, Mr. Minister, the following — as soon as the Minister of Health moves away and stops interrupting you. Mr. Minister, in 1985-86 you budgeted \$9.5 million for the SIP program — 9.5 million in 1985-86. In your present budget you reduced that to \$9.3 million over last year. Towards the end of the session you come in with an additional expenditure of \$2.5 million.

Clearly that can lead to only one conclusion. Mr. Minister, you had no plans in your budget, when you put it together, to have this program in place. Am I correct in that, Mr. Minister?

**Hon. Mr. Lane:** — The reduction in that estimate was because of a reduction in the number of seniors eligible. Again we did certainly under the pension, we looked at some start-up costs and did set some moneys aside for that.

I know the hon. member doesn't want to pursue it . . . Under the pension plan. I know the hon. member doesn't want to pursue it, but the increase to the seniors under your administration for Saskatchewan income plan was 70 cents a year. Seventy cents a year is the total amount that the Blakeney NDP gave under the Saskatchewan income plan increases for the seniors of this province. Now I'm sure you don't want to pursue that, but that is the fact, and the seniors know it.

**Mr. Tchorzewski:** — Well, Mr. Minister, how many subvotes do you have . . . (inaudible) . . . I mean, this has got to be the strangest budget that anybody anywhere in

Canada has ever seen.

I have here the estimates for the Department of Social Services. In this estimates, there's a subvote that says, Saskatchewan income plan — senior citizens' benefits, \$9,350,000. Are you saying, Mr. Minister, that you put money in this subvote and then you also put money somewhere else? I mean, if that's the case, then I would suggest you examine your whole budget bureau process and also how you put together your estimates, because you're deliberately trying to mislead the people who will look at your own budget.

Now are you saying that you didn't include in the Social Services estimates the money that will be required to pay for the increases in the SIP program? Is that what you're saying?

**Hon. Mr. Lane:** — I indicated that when we developed the pension plan we did know that there would be additional administrative costs that we couldn't calculate. As we went through it, we set it aside. That could be very any one of a number of factors as we went through the development process. Certainly when we did the income plan of itself in that subvote, it was based, as I indicated, at 2 per cent decrease, primarily because of fewer seniors requiring income supplementation as a result of Canada Pension Plan.

But I mean, I'm just going back to your initial argument of all of the so-called moneys hidden away, etc., whatever, not calculated. We knew that there would be some costs as we started up budget. We didn't know, quite frankly, exactly what they would be, and the costs developing the plan are still being arrived at, so we won't have a firm calculation of that for some time.

**Mr. Tchorzewski:** — Mr. Minister, did you know when you were finalizing your budget that you were going to provide a \$15 increase a month for singles and a \$30 increase a month for couples?

**Hon. Mr. Lane:** — As I've indicated to the hon. member, we took a look at SIP on the basis of what the actual use of the plan was at that point. Certainly we went through some modifications as we looked at how we would structure the pension plan and the needs.

(2100)

For example, a decision we had to make as we went through the pension plan development was whether we integrate right into the pension plan the question of seniors that have already retired and the adequacy of their income. We subsequently made the decision not to.

So there were a lot of structural considerations and policy considerations that we made as the plan was implemented and developed.

**Mr. Tchorzewski:** — Well, I think senior citizens will be relieved that you did not incorporate SIP into the pension plan so they would have had to wait 20 years to get a pay-out. I mean, you're not going to fool anybody in saying that you can enter a pension plan in July and in August you're going to start getting a pay-out from the

pension plan, Mr. Minister. Even you know that. And don't try to fool some people out there who know better than you do on this one.

I'm going to ask you one more question. Did you not know, when you finalized your budget and you authorized your officials to take the budget and put it to bed and get it printed, did you not know that you were going to have a \$15 increase in SIP and a \$30 increase in SIP for singles and for couples?

**Hon. Mr. Lane:** — We were still going through, and still are going through, some of the policy development of the pension. To take your argument that you can't have a pension plan one day and then start to receive some moneys the next, the fact is that under the Saskatchewan pension plan that is precisely what will happen on the 10-year transition of the minimum pension. To take into account those who do make a contribution and will not be able to generate adequate pension we will, in fact, subsidize those. So your argument is wrong again.

What we did is we went through the budget review process; we looked at each of those items in their traditional base. But we made some policy decisions as we go through the pension plan development, and we also set moneys aside because we knew that there would be some costs. But we did not know exactly what those would be and we won't have a final tab on those for some time.

**Mr. Tchorzewski:** — I think, Mr. Minister, the only thing you didn't know is how bad the polls were. Having realized how bad they were, you had to make some concessions. Well really, I think if anything I have to say I'm somewhat disappointed. I really had higher expectations of this minister, Mr. Chairman, than what he has shown in this discussion.

Here we have a budget which is supposed to be the blueprint for the fiscal expenditures and revenues of the province over this next fiscal year. In that budget, this Minister of Finance wasn't even able to calculate something as simple as a \$15-a-month increase for singles in SIP, and a \$30 increase for couples. And so he did not provide an increase or allow for an increase in these estimates, in his budget.

Mr. Chairman, he's not prepared in the House to say when senior citizens will get the benefits. So this government has raised the expectations; they have put a Bill into the House; they're not prepared to tell senior citizens whether they're going to be able to get the increases in July or August or September. And heavens, they need those increases.

Power rates and electrical rates have gone up by 40 per cent. These increases won't even match the increase of the power bill that senior citizens are facing. And the Minister of Urban Affairs sits and smiles, and he says, it's okay, we're going to play games with the senior citizens. The Minister of Finance didn't even put money in his budget to make those pay-outs. He's going to have to find that money from some other source.

All the arguments we have made about your deficit being

... statement and projection being misleading, I think you have once again confirmed. Time and time again, various ministers have confirmed that, and you have done it again.

Now one of the expenditures you have made, Mr. Minister, in the last two years — and I suspect it's a pretty large expenditure — is dealing with the Local Government Finance Commission. I understand that it's funded by your department. At least that's what the Minister of Urban Affairs kindly told me when we were considering Urban Affairs estimates.

Can you tell me, Mr. Minister, what was the total cost of the workings of this commission to the taxpayers of Saskatchewan? And in that I include total costs, and that is the conference that was held, public meetings that were held, and everything else.

**Hon. Mr. Lane:** — Well I can't give you the total cost because the commission is still meeting, is still preparing reports, and still preparing the final report. I'll get you '85-86, the expenditures, and supply them to you. Or they can try and search them out now.

We do have an official from the commission who we will ask to come down. There is a separate subvote for it and we will ask the individual to come down and get you the information.

**Mr. Tchorzewski:** — Rather than waiting for the official, let's proceed, and when we get to that subvote, I will try to remember. If I don't, you will, and I would like the cost of that.

Mr. Minister, can I ask you this. The cost I know was very large, and you will know that too, I'm sure, although we don't have the full figure. Can you tell me why you, as the minister in charge and the minister to who the commission reports, wouldn't have made an argument in cabinet to let the Saskatchewan school trustees have representation on the new agency which is being established, in light of the fact that the commission firmly recommended that the SSTA (Saskatchewan School Trustees Association) have a representation on it?

**Hon. Mr. Lane:** — Although we fund the commission we're not involved in the operations. One of the commission's — or its recommendations . . . I believe you debated the policy debate with the respective minister. And we are primarily the funding agency only.

Item 1 agreed to.

Items 2 to 15 inclusive agreed to.

Vote 11 agreed to.

### **Consolidated Fund Budgetary Expenditure Finance — Servicing the Public Debt — Government Share Ordinary Expenditure — Vote 12**

#### **Item 1**

**Mr. Lingenfelter:** — Mr. Minister, I wonder if you could get something for me in terms of the Finance department.



I don't expect you'll have it all with you here tonight. There's three items. One, the total of the advertising that was done by your department in the period January 1, 1985 to present; the same thing with consulting firms — any consulting firms — I don't know if you would have any or not in the department for that same time period; as well, legal, consulting legal firms that your department would have used in that time period. And I don't expect that you would have all that with you, but if you give me the commitment to get that to me within the next week, I'll just leave it at that.

**Hon. Mr. Lane:** — You wanted January 1st. You want it on the annual year as opposed to the fiscal year? Because we will supply it to you, but we can get the other much more readily for you if you are prepared to take it on the fiscal year. Is that satisfactory, the fiscal year? Fair enough.

**Mr. Tchorzewski:** — May I ask along in the line of that questioning: can you provide me with the cost of the advertising that you have been doing? And I assume it's the Department of Finance that has been doing the advertising on the pension plan. And even though it's not completed, I would like you to tell us what budget you have provided for the advertising costs of that program.

**Hon. Mr. Lane:** — I probably won't be able to get you the advertising costs, but I can give you what the advertising budget was for the pension plan. Because whether it's going to come in under or over I can't tell you, but I can certainly give you the advertising budget . . . (inaudible interjection) . . . Well we'll have to get it and I'll supply it to you readily, but we don't have it handy.

**Mr. Lingenfelter:** — Mr. Chairman, I had asked in my previous question I believe for the advertising in the department for that fiscal year.

But I wanted to add to that, not just a global amount, but if you would give me the firms that did both the placement and production and break it down in that manner for me, along with the companies that were doing it for you.

**Hon. Mr. Lane:** — Certainly, I'm sure you want to know the firm that does such quality work and I'll be pleased to supply it.

**Mr. Lingenfelter:** — The item that we're on, Mr. Chairman, I think that interest on public debt — we're looking at a number estimated this year of \$200.1 million in interest on debt. This magnificent sum of money that we're now paying out on the debt of the province — can the minister indicate in your first year of operation, 1982 — can you tell me what the interest on debt was at that time?

**Hon. Mr. Lane:** — 43,300,000.

**Mr. Lingenfelter:** — The interest on the debt was \$43 million in your first year and that has now risen to \$200 million — about a 500 per cent increase in the amount of interest that we're paying to the eastern banks and trust companies and financing the debt of the province.

I think that when we were talking about the problems

with the management of the Devine government, I think this is the telling story. I think the interest rates have gone down considerably from what they were in 1982 in terms of percentage of interest. And what we have seen now is a 500 per cent increase in the amount of interest we're paying in the four years of the Devine government. And, Mr. Chairman, I think that is one of the reasons that the people in the province are having a very difficult time supporting the Conservative government that promised fiscal management and has run the deficit up to \$2 billion and the interest we're now paying is over \$200 million that we estimate — \$200 million.

And I say to you, that when we look at the departments, this is more than many of the line departments combined. The total budget of many of the line departments, and we are now paying that out in one item. That to the banks of the country — Royal and others — who will be making a great deal of money from the deficit of the province that I'll tell you has to be paid back by future generations.

And I'll tell you, that is the main reason, I believe, why when you screw up your courage to call the next election, the Devine government will not be returned because of the magnificent deficit that you've run up and the 200 million that we are now paying out in interest on that debt, because of the mismanagement of your government.

(2115)

Items 1 and 2 — Statutory.

Vote 12 agreed to.

**Consolidated Fund Loans, Advances and Investments  
Saskatchewan Municipal Financing Corporation  
Vote 151**

Item 1 — Statutory.

Vote 151 agreed to.

**Consolidated Fund Debt Redemption, Sinking Fund and  
Interest Payments  
Finance  
Vote 175**

Item 1 — Statutory

Vote 175 agreed to.

**Consolidated Fund Debt Redemption, Sinking Fund and  
Interest Payments  
Finance  
Vote 176**

**Item 1**

**Mr. Tchorzewski:** — Mr. Chairman, could the minister explain to the committee why there has been a reduction in the amount of sinking fund payments?

**Hon. Mr. Lane:** — One of the issues that we had a sinking fund on has now matured so there's less of a payment.

Item 1 — Statutory.

Vote 176 agreed to.

**Consolidated Fund Debt Redemption, Sinking Fund and  
Interest Payments  
Finance  
Vote 177**

Item 1 — Statutory.

Vote 177 agreed to.

**Supplementary Estimates 1986  
Consolidated Fund Budgetary Expenditure  
Finance  
Ordinary Expenditure — Vote 11**

Items 1 to 5 inclusive agreed to.

**Item 6**

**Mr. Lingenfelter:** — This payment pursuant to the . . . If I could get your attention, I have a question here. Item 6, payments pursuant to The Pioneer Trust Company Depositors Assistance Act — can the minister tell me what portion of that has been recollected? When we had the debate we talked about \$20 million being paid out and then we intended to get some of that back as the procedure went ahead. What is the percentage? How did that work out? Seventy cents on a dollar or 50 cents on a dollar?

**Hon. Mr. Lane:** — The estimate we have is in the range of 70 to 71 cents. To date we've received about 42 cents.

Item 6 agreed to.

Vote 11 agreed to.

**Saskatchewan Heritage Fund Budgetary Expenditure  
Resources Division  
Finance  
Ordinary Expenditure — Vote 12**

Item 1 agreed to.

Vote 12 agreed to.

**Consolidated Fund Budgetary Expenditure  
Local Government Finance Commission  
Ordinary Expenditure — Vote 52**

**Item 1**

**Hon. Mr. Lane:** — Could I introduce, Mr. Chairman, Mr. Bryan Hebb, senior analyst, who will assist us on any questions on the finance commission.

**Mr. Tchorzewski:** — Mr. Chairman, is this where you would have the information on the costs of the local government commission?

**Hon. Mr. Lane:** — The fiscal year 1985-86, the total

expenditure was \$416,000 — \$416,254.

**Mr. Tchorzewski:** — Thank you. As I thought, it's a very large amount of money for the work of a commission whose recommendations you're not paying any attention to.

Mr. Minister, I have one further question on the commission. Which organizations have pulled out of the commission because they have expressed frustration and are saying that they are not being paid attention? Which organizations are no longer participating because they've give up on your process?

**Hon. Mr. Lane:** — Both SARM (Saskatchewan Association of Rural Municipalities) and SUMA (Saskatchewan Urban Municipalities Association) indicated in January-February of '85-86 — I'm not sure which in which month — indicated they were not going to participate. We made the decision at that time that the commission had done so much work with . . . we might as well let them finish what reports they had, and rather than wind it up totally at that; and we advised those two organizations at that time.

**Mr. Tchorzewski:** — So the commission is now doing its work, will prepare recommendations without any further input from these organizations as official members of the organization. In other words, it's for all intents and purposes strictly a government commission now.

**Hon. Mr. Lane:** — For all intents and purposes it's a commission that . . . the work has been completed. The work was virtually completed with those organizations anyway at the time, and they have been working on the reports virtually since the beginning of the new year.

Item 1 agreed to.

Vote 52 agreed to.

**Supplementary Estimates 1986  
Consolidated Fund Budgetary Expenditure  
Local Government Finance Commission  
Ordinary Expenditure — Vote 52**

Item 1 agreed to.

Vote 52 agreed to.

**Consolidated Fund Budgetary Expenditure  
Provincial Auditor  
Ordinary Expenditure — Vote 28**

**Mr. Chairman:** — Will the minister please introduce his officials.

**Hon. Mr. Lane:** — Mr. Chairman, if I may introduce on my right, Mr. Willard Lutz, Provincial Auditor; and on my left Fred Wendel, assistant provincial auditor.

**Item 1**

**Mr. Tchorzewski:** — Mr. Chairman, the function of the Provincial Auditor, I think, needs no explanation. It's a very important function — checks government

expenditures to see whether they're done appropriately, and so on. And I see here, as has been the case with many regulatory, or many sort of people's agencies, agencies that look after the interests of the public purse, you have again a cut in staff. Can you tell me what kind of staff you have cut from 66 to 63 in this agency which, I might add, was understaffed before you made the cut? What staff have you cut?

**Hon. Mr. Lane:** — Any reduction is being done by attrition, and the officials don't have the particular staff at this time. But they try and maintain . . . The advice they give is that they try and maintain the professional level.

Certainly I agree with the hon. member that when we had restraint in government, it was one of the difficult decisions. But as we indicated in budget and other debates, a large number of departments and agencies saw a reduction in staffing, and there was across the board except in certain fields which we've debated numerous occasions. So it was one of the difficult decisions.

**Mr. Tchorzewski:** — Mr. Minister, does the Provincial Auditor feel that the staff cut is the appropriate thing to do, and will it make the work of the auditor as effective as it would have been if the staff had not been cut?

**Hon. Mr. Lane:** — Well it would make a difference generally of perhaps approximately a month in the audit work, and so that the work is still being done.

**Mr. Lingenfelter:** — Mr. Minister, I wonder whether you can indicate whether or not you support the ideas as indicated by the Provincial Auditor of recommending, or his proposal that recommended that all Crown agencies be required to table financial statements in the legislature. Has your government taken a position on that?

(2130)

And here I'm referring from his report, for the fiscal year ending March 31st, 1985. And I want to quote the recommendation that he made at the time:

I recommend that legislation be enacted that would require all Crown agencies to table financial statements in the Legislative Assembly in order that members of the Legislative Assembly may have sufficient information to hold government fully accountable for all activities that the government has authorized to be conducted with public funds.

Have you had an opportunity to review this recommendation, and will there be legislation forthcoming in this session to deal with this recommendation? Or do you take the view that it's not necessary for members of the Assembly to have this kind of information?

**Hon. Mr. Lane:** — Quite candidly I haven't reviewed the recommendation, and I haven't given it any consideration.

**Mr. Lingenfelter:** — I guess it leads me to the next question. But your party, prior to the 1982 election,

talked a great deal about comprehensive auditing. And the member from Meadow Lake will remember that, and I'm sure the minister in charge will remember the arguments that you made dealing and extolling the virtues of comprehensive auditing. And now after four and one-half years your government still has not used its power and mandate to do anything about it. Have you moved away from the position of supporting comprehensive auditing?

And I suppose the former minister of finance was more on that kick than anyone. But it's interesting how parties such as yours in opposition will say one thing, and then when they get into government hide their head in the sand on that issue.

But can you give the committee your governmental view on the issue of comprehensive auditing as opposed to what you were saying when you were the party in opposition. And maybe it will give us an indication of what you'll be saying on the issue when you're back in opposition in the near future.

**Mr. Chairman:** — Excuse me. I'd like to just call for order once again please. The level of noise, unfortunately, keeps going up and down; and let's try to keep it down more than up.

**Hon. Mr. Lane:** — I will freely acknowledge that no one is without warts when it comes to some of the thoughts in opposition. I think that comprehensive audit still has a great deal of merit. I believe that it's also extremely costly to implement but . . . (inaudible interjection) . . . Well, the hon. member, I'm not sure, wants to get into that debate, who hasn't given any thought as to cost. But I believe that it conceptually has some merit, but the costs of implementing it are somewhat higher. I'm not sure that it would have the full support conceptually with perhaps those involved in audit within government itself.

**Mr. Lingenfelter:** — I just want to mention that there was a great deal made of comprehensive auditing by the former minister of Finance when he was the critic in opposition — the member for Kindersley. In fact, if my memory serves me well, he made a great deal and resigned as the chairman of the Public Accounts Committee at that time because he was so upset . . . (inaudible interjection) . . . Yes, they were so upset with the lack of movement by the government at that time. And I think to show the phoniness of the issue — now four and a half years later, still nothing done. I just wanted to put that on the record.

But one other issue that we have had some concern about is the continued delay in the release of Public Accounts, and I suppose at no time was it more obvious than this year. And in asking the minister at the time, he clearly indicated that Public Accounts report was ready, but he wasn't going to table it until he got around to it, and I think it's being used in a political way to try to keep the government from being embarrassed.

And I just say to you: with a new Minister of Finance, can we expect any better performance in that area, with you at the helm, than what we've had in the past, of great delays? I suppose maybe with your Liberal background

you may have a little more openness about giving out information to the public than a radical right-wing government we presently have. And I suppose you, being in the left vanguard of the party that you represent, still being much to the right of centre, but maybe we can expect a little better in the future than what your radical right-wingers were doing with hiding that kind of information.

**Hon. Mr. Lane:** — Well my recollection this year that there was the historical difference of opinion between the Provincial Auditor and others as to the accounting of the grain car corporation. Members opposite are familiar with that particular area of disagreement and that, I gather, resulted in some delay this time, as that was the reason for it.

**Mr. Koskie:** — Thank you, Mr. Chairman. Not to delay it any further, but I just want to draw it to the attention of the minister a concern that has been expressed that the actions of your government, and that is the continuous cut-back in what is known as the watch-dog agencies on behalf of the citizens of Saskatchewan. And we find that not only has the auditor's budget been cut and staff reduced, we find that also in respect to the Ombudsman, with an increasing load, it has been cut. And we find also in respect to the Human Rights Commission; we also find that when you were in opposition you were screaming for freedom of information legislation — none of which has come to pass.

And I think that it should be known that what you people do is say one thing in opposition and then do a different thing when you assume office. I want to say that I am tremendously concerned in light of the fiscal mismanagement of this government. And if you look at the auditor's report, and the length of them, and the number of concerns that he has expressed during your term in office, that I think that it is incumbent that we keep the auditor's office very, very strong. And rather than cutting back in staff and trying to curtail this watch-dog performance of watching the spending of this government — the reckless spending of this government, I think that the people should know what you are in fact doing.

So I ask you in a general way: why have you throughout . . . As Minister of Finance, you would be aware of the cut-backs in the staff and budget in all of these watch-dog agencies. Is there any particular reason during the course of this year that you would attack those very agencies that the people of Saskatchewan need?

**Hon. Mr. Lane:** — I'd already indicated on a previous question that there was a reduction in many departments. And we indicated where those priorities were, and I indicated that's one of the difficult decisions.

May I remind the hon. member, as it applies to the Provincial Auditor, that it was the previous administration that chose to make the Provincial Auditor a public servant no longer subject to appointment by the Legislative Assembly; that it was this government honouring a commitment made prior to the last election that again the Provincial Auditor would become a servant of the Legislative Assembly, not the government of the day; and

we made that change reversing your policy of taking away that independence of the Provincial Auditor. So I suggest to you that that commitment was in fact made, and that commitment was honoured.

**Mr. Koskie:** — Let there be no doubt that there have been some cut-backs in respect to the budget that you presented, Mr. Minister, but I think it's clear that in some areas there were no cut-backs. If you look in the general administration of departments, there are very few cut-backs in respect to that. But more importantly, there are no cut-backs when it comes to the advertising campaign trying to get yourself elected. There is no curtailment there, I'll say.

There was no curtailment when you came to appointing cabinet. Twenty-five cabinet ministers walked around this province — flew around the province, around the world, may I say, for three and a half years until the public rejected it. Priorities you talk about, Mr. Minister. You have priorities, as I said. The priority is to do those things at the taxpayers' expense, to try in an attempt to re-elect a corrupt and bankrupt party opposite. That's the priorities that you have. And the people of Saskatchewan know it.

When you look at Legislative Secretaries that take on basically no responsibility, paying them \$8,000 and additional expenses. This is a rip-off, and here you come to the auditor, which is checking the financial management of the province, and you know what your priority is? Let's muzzle that operation because we're embarrassed. Let's make it impossible for the public to know what's really going on. That's what has happened, Mr. Chairman. That's the truth of the matter.

And I'll tell you, the public of Saskatchewan are on to you boys — are on to you. And I'll tell you, the extravagance and the priorities are not being accepted. And I'll tell you, when the next election comes, the people of Saskatchewan will have an opportunity to test your priorities. And I'll guarantee you that when we're re-elected as government, we will give to the auditor the priority of being the watch-dog on behalf of the people of Saskatchewan. That's our commitment.

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Lane:** — Well, the public of Saskatchewan will well remember that it was an NDP administration that took away the independence of the Provincial Auditor, and . . . (inaudible interjection) . . . No, the legislation was passed by your administration. And I still remain amazed, and I was in opposition at the time, how little public reaction there was to that move; so we will have the political debate on the hustings.

Obviously they are not telling the hon. member what's happening to him in his riding, and certainly that type of attack I think indicates exactly what the surveys are showing. What the public are saying is they really don't like the NDP and really wouldn't want you to be government.

Item 1 agreed to.

Vote 28 agreed to.

**Consolidated Fund Budgetary Expenditure  
Department of Telephones  
Ordinary Expenditures — Vote 38**

**Item 1**

**Mr. Lusney:** — Mr. Minister, could you just tell me how many employees you have in the Department of Telephones at this point?

**Hon. Mr. Lane:** — We have a total of 11 at the present time. We put communications in with Telephones.

**Mr. Lusney:** — Communications from what department, Mr. Minister?

**Hon. Mr. Lane:** — The Department of Justice, originally, and it got moved indirectly through Science and Tech, but it followed me. I've had the ministerial responsibility of that since 1982, so it's under my mandate.

**Mr. Lusney:** — Are you saying at this point then that you no longer have a communications department in Justice, Mr. Minister?

**Hon. Mr. Lane:** — That's correct. We moved the secretariat. It is not a department. The secretariat has been moved over for administrative purposes, along with Telephones, to my responsibility.

**Mr. Lusney:** — In your supplementaries, Mr. Minister, you had spent some 106,000 for communications there for last year. What was that expenditure for, and how come it was spent under Department of Telephones?

(2145)

**Hon. Mr. Lane:** — The communications policy secretariat, in addition to the communications, don't correlate it with the rural telephone exchanges which are, in reality, the only function that the old department of telephones or the existing Department of Telephones has. Communications policy deals with, for example, that 106 is the SCAN educational television hearings, that sort of thing.

**Mr. Lusney:** — How come, Mr. Minister, it was moved into the Department of Telephones? What was the purpose of moving it there?

**Hon. Mr. Lane:** — It was, frankly, following me because I had had responsibility and some familiarity with it, and it was just ease of fit to put it there with telephones and move telephones under my mandate — no magic to it; it was just to, I gather, maintain that I had responsibility for the communications policy.

**Mr. Lusney:** — Was it not under Justice before? Why didn't you leave it under Justice? That would have still remained with the minister.

**Hon. Mr. Lane:** — Well, I mean, we can debate which minister's responsible. It was under . . . As I say, I developed a fair degree of familiarity with communications.

Communications is involved in the policy of such things like our CNCP applications; or our dispute with CNCP; the question of interconnect policy, generally; the question of rural television which is communications; the matter of the public hearings and what not; and a report which the hon. member has of the educational television SCAN.

So all of those policy aspects, as I say, I assume it's simply because I have a familiarity with those when I was Justice minister and the policy secretariat was just moved over for administrative purposes.

Item 1 agreed to.

Item 2 agreed to.

Vote 38 agreed to.

**Supplementary Estimates 1986  
Consolidated Fund Budgetary Expenditure  
Department of Telephones  
Ordinary Expenditure — Vote 38**

Item 1 agreed to.

Vote 38 agreed to.

**Consolidated Fund Loans, Advances and Investments  
Saskatchewan Telecommunications  
Vote 153**

Item 1 — Statutory.

Vote 153 agreed to.

**Hon. Mr. Lane:** — Mr. Chairman, I'd like to thank Mr. Doug Smith, the associate deputy minister of communications. I didn't get the opportunity to thank my Finance officials with the other items coming forward. I would like to enter it on the record, not only for their assistance to the committee, but the officials have worked extremely hard, very intensely, and very professionally in budget preparation and several of the new initiatives. And I'm very, very appreciative of their efforts.

**Consolidated Fund Budgetary Expenditure  
The Saskatchewan Research Council  
Ordinary Expenditure — Vote 35**

**Hon. Mr. McLeod:** — Yes, Mr. Chairman, we have Jim Hutch, who is the president of the Saskatchewan Research Council on my right; just behind Mr. Hutch is Ron McGrath, the comptroller; and George MacKay, the vice-president of administration and finance is directly behind me.

**Item 1**

**Mr. Koskie:** — Thank you, Mr. Chairman. I want to welcome the Deputy Premier back. It's awfully nice for him to drop in at this time of the evening. Very, very pleasant to have you here. I expect that . . .

Mr. Chairman, and Mr. Minister, in respect to the Saskatchewan Research Council, I see in the *Estimates*

that the total expenditure, the grant to the Saskatchewan Research Council, were estimated in 1985-86 at \$4,080,570, and that for the current year exactly the same amount.

I just want to indicate that one of the complaints that we have in Canada, and certainly some of the research that has been done, indicates the commitment to research in Canada is considerably lower — only about 1.22 per cent of the gross national product — in comparison to some of the European countries: West Germany, which is 2.8 per cent of the gross national product; and Sweden, which is certainly very, very high in the expenditure. I wonder what is the justification of curtailing no expenditure increase here, Mr. Minister, in light of the fact that the research council will have expenses which will have built-in inflation. And so I'm wondering: does this really represent your government's commitment to the Saskatchewan Research Council and the work that it has been doing? Why haven't you increased the overall budget?

**Hon. Mr. McLeod:** — Well, Mr. Chairman, I can't say as I disagree with the member in terms of the importance of research. And in the society we live in today, there's no question that that's true. The money that he refers to is a \$4 million expenditure this year, \$4 million last year. In other words exactly the same amount of money being allocated this year to the Saskatchewan Research Council as was last year.

I would say to him that if the member of the NDP is saying there should be a good deal more money spent in that, just this very evening he was talking for a good long time to the Minister of Finance about the problems of deficits and the kinds of revenue problems that we have. And what we have really said is that this is certainly a priority, but it must maintain in these kinds of time. And I would remind the hon. member . . . and I want to remind the hon. member, Mr. Chairman, that in some halcyon days when revenues and potash were right up there, when revenues were up there from all the various, various commodities in this province, that that member was a member of, did not put the priority on research, as he says they do now, sitting there in opposition.

**Mr. Koskie:** — That's tremendous commitment to research, that answer. I only repeat to you, I repeat to you that you have set your priorities. and I'll only repeat them and that is — self-serving advertising — there is no limit as to how much money you have to try to, in a vain attempt, in a losing cause of attempting to get re-elected.

So you don't have a commitment. We look at the universities, the secondary education, and we find a dismal increase in respect to the universities and certainly a decay in the university structure and the research.

I want to ask you, Mr. Minister, the estimates do not show any figures in respect to the number of people that are employed with the Saskatchewan Research Council. I notice in the article that I have here — but it needs to be updated; this is in the latter part of 1984 — it indicated that the Saskatchewan Research Council had about 187 employees. And I was wondering whether you could give me an update in respect to the number of employees with

the research council.

**Hon. Mr. McLeod:** — Mr. Chairman, the total is 219 people — 219 full time, eight part time; president, one; two vice-presidents; scientists and engineers, 78; technologists, 89; financial services, 8; support services, 37; and four on leave of absence at the present time.

**Mr. Koskie:** — Could you send over the executive staff of the research council — the executive staff?

**An Hon. Member:** — Names, positions, and salaries.

**Mr. Koskie:** — Yes; names, positions, and salaries, so that we have an opportunity to review the disposition and the amount that is being paid for top researchers in the council. Could you send that over?

**Hon. Mr. McLeod:** — Yes, Mr. Chairman, I'll send it over just now. It's on its way over.

**Mr. Koskie:** — I wonder if the minister could also indicate . . . There was a period of time in respect to the research council that a number of people were laid off. It's not current, not this year, but I want to know whether . . . In the past there have been some lay-offs. Were there any lay-offs in respect to any of the employees during the currency of this year? In other words, are there likely to be any lay-offs of the staff that you mentioned — 219 plus eight part-time? because a lot of the work that is being done is in respect to the oil industry, and I'm wondering whether there's any anticipated lay-offs or, in fact, lay-offs?

**Hon. Mr. McLeod:** — There have been no lay-offs, Mr. Chairman, I'm informed, in the past 12 months, and there are none anticipated.

**Mr. Koskie:** — Well that's good to hear. Mr. Minister, if I recall correctly, it was just over a year ago that the Saskatchewan Research Council took over the Saskatchewan Oil lab in the Ross Industrial Park here in Regina. In making that move, the cost of the lab was transferred from the Saskoil corporation to the SRC. At that time your government said the move was to provide research and technology to the private sector of the industry.

So I ask you: what has this lab cost, provincially and federally, the taxpayers in the past year, the transfer of the lab from Saskoil? What has been the cost to the taxpayers?

(2200)

**Hon. Mr. McLeod:** — Mr. Chairman, in answer to the member's question, he's asking, what did the transfer cost. Like the transfer, as you have indicated, came from Saskoil which at that time of transfer was a public entity and was transferred over to the Saskatchewan Research Council to become the petroleum division of the Saskatchewan Research Council, and the transfer was made for \$1. It was a nominal fee because it was just . . . in terms of the taxpayers' cost, it was from one agency of government to another. So that's not a problem in terms of tax dollars spent.

I might say though, as it relates to the petroleum division, Mr. Chairman, we have increased our position by \$700,000 in terms of contracts and so on that have come through the petroleum division and the activity there. And, well, I can just leave it at that, and if the member has further questions regarding that division, I'd be pleased to answer them.

**Mr. Koskie:** — In respect to the SRC and the lab services and assistance to the oil industry in the past year, when did it take . . . I have the date, on June 1st, I guess, transferred from government to SRC. Can you indicate the amount of contract work that the lab did in respect to the private oil company, and what revenues were received as a result of the work that it did on behalf of the oil companies?

**Hon. Mr. McLeod:** — Yes. In the past year since this petroleum division came under research council, in the past year, to answer the member's question, about \$100,000 worth; and in the current year the contracts are now in place for the petroleum division of the Saskatchewan Research Council to do about \$700,000 worth of work. So a significant increase, Mr. Chairman.

**Mr. Koskie:** — I understand, Mr. Minister, that about 77 per cent of the cost of research done for the oil companies by the SRC at present is paid for essentially by taxpayers, and I get this from a release by one of the directors of SRC. I ask you, do you think that a somewhat larger amount could in fact be obtained from the industry, and is that the direction in which the SRC is going?

**Hon. Mr. McLeod:** — Yes, Mr. Chairman, the member's quite right in saying that 77 per cent; and we agree with him. I agree with you that it is high. In fact the business plan of the research council has moved that to a 50:50 ratio — by April 1st of '88 is the time frame on that. The contracts that I refer to earlier and that we operate under, are under a Canada-Saskatchewan agreement that's been in place for at least a couple of years, maybe longer. I don't have the exact date. I may dig that up for you if you're interested. But there's a Canada-Saskatchewan agreement. I agree with you that 77 per cent is high, and our business plan in fact is to reduce the ratio of what's paid for by taxpayers and what's paid for by industry itself.

**Mr. Koskie:** — Mr. Minister, can you tell us how much of the overall budget of the SRC is presently being devoted to research work involving oil and gas research?

**Hon. Mr. McLeod:** — It's approximately 22 per cent, Mr. Chairman.

**Mr. Koskie:** — I notice one of the major projects that you're undertaking is in respect to the oil recovery — and that's the heavy oil — and I was wondering, is that being carried out in Regina, or is it in the Saskatoon division of the SRC?

**Hon. Mr. McLeod:** — In Regina, Mr. Chairman.

**Mr. Koskie:** — It's our understanding that the petroleum research division of the SRC has invested in some basic new equipment and will be shortly constructing some

more. I wonder if you can tell us the cost of the equipment recently acquired in the last year by the division, and also the cost involved in the emulsion treating unit pilot project?

**Hon. Mr. McLeod:** — Mr. Chairman, we don't have the exact costs right here, but I'm certainly willing to provide it to the member, and I'll send it over to the member at a future date.

**Mr. Koskie:** — In respect, Mr. Minister, can you tell us what scientific or research credentials are possessed by the current chairman of the Saskatchewan Research Council? What particular scientific or research credentials does he bring to the research council?

**Hon. Mr. McLeod:** — Mr. Chairman, if I understand the member properly, you're speaking of the chairman of the board, Mr. Birney?

Gordon Birney, chairman, is a partner in Birney & Smith Chartered Accountants in Saskatoon. He brings a very important business perspective to the operation of the board that's proven essential in developing business plans. There's no question about it, and I would say to the hon. member, although he smiles from his seat, that it's extremely important to have that combination of a business experience with the scientific knowledge that exists at the research council. It's proven a very successful combination and will continue for some time, Mr. Chairman.

**Mr. Koskie:** — I understand, and as you will know, the SRC developed a device to detect wall-creep in potash mines, which is of considerable importance to the safety and the efficiency of the mines . . . (inaudible interjection) . . .

Yes, talking about creeps, as I look across at this late hour of the night I see a number of them.

But I understand that this device has been in fact perfected by the SRC, and I understand the SRC, in fact, is manufacturing them and have been selling them. I want to know whether or not you have given the opportunity to any private sector organizations to have the development now from here on in and the distribution. In other words, are you transferring the benefit of the research of the taxpayers to some private individual to make his gains, the Tory-styled, unearned but necessarily gains?

**Hon. Mr. McLeod:** — Mr. Chairman, I'm informed that the council in fact is just now involved in negotiation — confidential negotiation — with a private sector firm in this province for us to sell the technology to them. So that negotiation is under way, and our goal, of course, would be to have that technology sold to the private sector.

**Mr. Koskie:** — During the course of the year, has any of the research that has in fact been developed, similar to what we're talking about here, has any other developments by the SRC been, in fact, sold to the private and indeed has been completed? Are there any particular devices or research in fact that has been completed, that has been turned over to the private sector and in fact completed? If there is any, would you indicate what and

with whom?

**Hon. Mr. McLeod:** — Mr. Chairman, I'm informed that the specific answer to that question is for the most part the research that is done in the council is done with front-end money coming from a client, mostly a private sector client. So the front-end money comes in, and then that private sector client will pay the research council for the technology which is developed by the research council. So for the most part that's the case. And if there is an example of one that's been developed without that front-end money, we can't think of it just now, but if there is one, I'll undertake to provide it to the member later as well, Mr. Chairman.

**Mr. Koskie:** — Well in respect to the total operating budget during the past year, the grant from the Saskatchewan Research . . . to the research council by the province was 4 million bucks — \$4 million. Can you indicate what amount they obtained from the private sector? In other words, what was the total budget? I think a year previous to this, there was somewhere around, I believe \$7 million from the private sector, making something like \$11 million, if my statistics are correct.

(2215)

**Hon. Mr. McLeod:** — Mr. Chairman, the total revenue of the research council is \$15,147,400, of which \$4,080,570 is from the provincial government. so about \$11 million from other sources than the provincial government.

Item 1 agreed to.

Vote 35 agreed to.

**Supplementary Estimates 1986  
Consolidated Fund Budgetary Expenditure  
The Saskatchewan Research Council  
Ordinary Expenditure — Vote 35**

Item 1 agreed to.

Vote 35 agreed to.

**Hon. Mr. McLeod:** — Mr. Chairman, I just want to very quickly thank the three officials who have come from the research council in Saskatoon. And say thank you for allowing this one to come in a little earlier to the opposition tonight because they can get back now to Saskatoon and get on with some of the good work that they do up there. Thank you, Mr. Chairman.

**Mr. Koskie:** — I join with the minister to thank the officials. And I know for estimates it's a difficult time in spacing their time in getting them on, and I appreciate being able to co-operate with the minister in dealing with this.

I only hope that their budget will increase when we form the government.

The committee reported progress.

The Assembly adjourned at 10:21 p.m.