

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Saxinger: — Thank you, Mr. Speaker. Mr. Speaker, I'd like to introduce to you, and through you to the members of this Assembly, some guests we have visiting here from Germany; Mr. Herman Heister, from West Germany, and Christel Schwatz. They are sitting in the visitors' gallery accompanied by Del Bain from the economic development.

I had met Mr. Heister three weeks ago in Cologne at the world's biggest food fair. And Mr. Heister is in wholesale distributing business; he's also helping to promote wild rice in Europe for us. And with your permission I'd like to just welcome him in German.

(The hon. member spoke for a time in German.)

Mr. Speaker, would you please help me welcome these two people to Canada.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Special Inquiry into Collapse of Pioneer Group

Ms. Smart: — Mr. Speaker, in the absence of the Minister for Consumer Affairs, my question is to the Minister of Finance. Are you aware that the Government of Alberta has now requested their provincial Ombudsman to launch a special inquiry into the Alberta government's role in the failure of the Principal Group of Companies, and that Premier Getty has said that this special inquiry is being set up because the public inquiry, now under way in Edmonton, will not be looking closely enough at the government's failures?

In light of Alberta's decisions, will your government now have the courage to ask Saskatchewan's Ombudsman to undertake an inquiry into the operations of the Saskatchewan government and its regulatory agencies?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, I've indicated on several occasions that, although we haven't ruled out the possibility of an inquiry, the province of Alberta being the main jurisdiction, obviously there are a number of actions being proposed. But I do note, Mr. Speaker, the report of the inquiry in the province of British Columbia which basically tells us nothing new, Mr. Speaker.

They did find that investors were misled, I think we all are aware of that. And, Mr. Speaker, I am not convinced that any other inquiries in other jurisdictions would be anything other than redundant, and I hope that we will be able to assess the situation once we have the Alberta report.

Ms. Smart: — Supplementary, Mr. Speaker. Perhaps if we had an inquiry here in Saskatchewan, we would know whether there's any issues here for the people in this province.

Some Hon. Members: Hear, hear!

Ms. Smart: — Mr. Minister, your government has constantly claimed that Saskatchewan didn't need a separate public inquiry into the collapse of these companies because Alberta's public inquiry would answer any questions that Saskatchewan people might have. But now even the Alberta government doesn't support that view, and it's requested a separate investigation by its Ombudsman.

My question to you is: why won't you follow Alberta's lead and ask for a full inquiry here in Saskatchewan to investigate the weaknesses in the Saskatchewan government's investment regulations and your role in failing to protect Saskatchewan's investors?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well all can advise the hon. member, Mr. Speaker, is that when we look at what happened in the province of British Columbia with its inquiry, one of the recommendations, for example, is that consideration should be given to requiring that the absence of CDIC (Canada Deposit Insurance Corporation) insurance coverage be displayed in bold print immediately above the space provided for the signature of the applicant.

Now it's interesting, Mr. Speaker, that in the investment contracts in the province of Saskatchewan that was put out in bold print, and the requirement was already there, Mr. Speaker. So I am not yet persuaded, as I've advised the hon. member, that another inquiry will do anything other than duplicate what is already being done in the province of Alberta. And if one takes the evidence of the British Columbia inquiry, then there really is nothing new as a result of that particular inquiry, and it would simply be a waste of the taxpayers' money, Mr. Speaker.

Ms. Smart: — Supplementary, Mr. Speaker. The people in Saskatchewan want to know what's been going on here in Saskatchewan. The B.C. government had at least the courage to have a public inquiry, and we should have one here. And I want to know why you continue to sit on your hands, incompetently and negligently, and do absolutely nothing to help the people in Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, the British Columbia report indicates exactly what we have been saying, that the report and the inquiry is of absolutely no help to the investors, Mr. Speaker. We should be concerned about two things: one, what can we do to assist the investors, make sure that they get fair hearing in the province of Alberta; and secondly, Mr. Speaker, we should be aware that the hon. member is again, in effect, asking . . .

Mr. Speaker: — Order, please. Order, please. Order, please. I would just like to bring to the hon. member's

attention that while quoting from reports is acceptable, quoting them in a manner which might suggest them being an exhibit is not.

Hon. Mr. Blakeney: — Mr. Speaker, a question to the Minister of Finance, Mr. Speaker, and Mr. Minister, in Alberta it has been found that the inquiry earlier mounted dealt with relations between Principal and its customers. And that inquiry said that it did not have the jurisdiction to deal with whether or not the Government of Alberta had acted properly. The Premier of Alberta said, fine, we'll have our Ombudsman look into that.

Mr. Minister, my question is very simple: why do you not want the activities of the Government of Saskatchewan revealed to the public? Why are you unwilling to cast the light of public glare on the activities of your government and your failure to protect the investors in Principal?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Well, Mr. Speaker, one of the reasons we don't have an inquiry at this stage is because we are quite satisfied with the actions of the department, Mr. Speaker.

I advise the hon. member that there are several aspects in Alberta, certainly one on the actions of the province of Alberta. It's interesting that the inquiry in the province of British Columbia took the more realistic . . . and that is to try and find out what could be done to help the investors.

It's very interesting that, other than the request for the bail out, Mr. Speaker, which has been ruled out, that the NDP opposition have not raised one question to help the investors. They're more concerned about trying to score some political points, Mr. Speaker. I find that a highly inappropriate way when some people were affected as a result of their investments, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. Mr. Minister, do you not recall that the Minister of Justice had mounted an inquiry in order to get information that would assist the investors? And do you not acknowledge that after he made that announcement, we haven't heard one word from the Minister of Justice? And I fancy we won't.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — If you want to hear from the Minister of Justice, Mr. Speaker, have the courage to ask some questions about free trade.

No-hunting Corridors in the North

Mr. Thompson: — Thank you, Mr. Speaker, and I direct my question to the Minister of Parks, Recreation and Culture. And it deals with the no-hunting corridors which he has created along roads and highways in northern Saskatchewan.

Last week I had asked the Premier about his unfair policy. His answer was totally unsatisfactory and, I might add, not accurate. What I am asking you to do, Mr. Minister,

will you stop this policy which violates the treaty rights of many northern people, and which denies them the right to hunt for food for their families along hundreds of miles of northern highways?

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: — Thank you, Mr. Speaker, and I thank the hon. member for bringing the subject up again. I'm aware he asked on Friday, and as the members of the opposition would be aware, he also asked it in estimates, and it was answered at some length.

Let me say this. In 1982 we had 32,000 moose in this province. Today we have about 40,000 moose. By 1992 we hope to have about 60,000 moose. And one of the reasons we're going to have those numbers, and we have the numbers that we have today, is because we've had the courage to implement this particular program which has widespread support throughout Saskatchewan, including the president of the fur trappers' bloc, who wrote to me just recently, asking me to institute more road corridors from the very member's own seat.

Some Hon. Members: Hear, hear!

Mr. Thompson: — Supplementary, Mr. Speaker. Mr. Minister, I want to ask you about this policy and how it is being applied. You have created no-hunting corridors along Highway 155 in my constituency from Green Lake north, and that's north of Meadow Lake. However, there is no such corridor along Highway No. 4 between Meadow Lake and Glaslyn, which just happens to run through your constituency and the constituency of the member from Meadow Lake, the Minister of Health.

Can you explain the difference in policy, since both these highways run through the same kind of forested regions and are surrounded largely by unoccupied Crown land? Why the different treatment for people in the North versus the people in the South?

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: — Mr. Speaker, I've never been asked to put a road corridor along that highway. I definitely thank you for bringing the suggestion up. I'd be pleased to have the biologist check it and do it.

He mentions 155 north. Mr. Speaker, 56 moose were shot in the space of one month on that particular highway he's talking about, just north on 155. And that's one of the reasons we put a road corridor on there.

Let's be clear. What does a road corridor mean? It means that 400 metres either side of a highway or a road, there's no hunting. You have to walk through the bush before you can begin to hunt. Most people in Saskatchewan, I would submit, Mr. Speaker, are not particularly alarmed or perturbed about being asked to get out of a vehicle and walk through the bush in order to shoot a moose instead of shooting them on the side of the highway.

What's more, 97 per cent of all of the commercial forest in this province is still available for hunting.

Some Hon. Members: Hear, hear!

Mr. Thompson: — Final supplementary, Mr. Speaker. Mr. Minister, once again you indicate that there is a difference between the North and the South.

Mr. Minister, in view of the fact that there are clearly two different policies — you have created new no-hunting corridors from Meadow Lake north, but not south of Meadow Lake — will you withdraw this new corridor policy until there has been proper consultation with northern residents, especially with the chiefs in the band councils in the North? And will you show at least some sense of fairness and do that today, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Maxwell: — Mr. Speaker, we have been fair with everybody in this province. This program is not aimed against anything, it's aimed for something, and that something is to preserve the mandate of this department, which is to conserve, enhance, and manage our wildlife. And there is no distinction between North and South, and if the hon. member takes a look at the map and the areas that are affected, it is being applied equally throughout the province.

Some Hon. Members: Hear, hear!

Group Studies on Health Cuts

Mr. Calvert: — Mr. Speaker, my question is for the Minister of Health. Would the minister confirm today that the Government of Saskatchewan has paid a Toronto market research firm called the Summerhill Research Centre to undertake a series of sophisticated market research meetings across the province called focus groups, where you've been bringing together small groups of people and asking them what they think about your cuts to health care.

Mr. Minister, will you confirm that your government has undertaken this, and will you tell the taxpayers of the province what it's costing?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, I'm not aware of the details of the question that the member asked, but I'll take notice of the question and bring an answer back forthwith.

Mr. Calvert: — Mr. Speaker, then, new question to the minister. He's taken notice on that question. Would he also then, while he's exploring that, confirm that the Summerhill Research Centre is associated with the Coopers & Lybrand consulting company, that company which has been hired by this government for \$3 million to study government reorganization. Would he confirm that when he confirms the other?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Yes, Mr. Speaker, as I said, I would take notice and all the details surrounding it. I'll certainly take notice of the question.

Mr. Calvert: — Mr. Speaker, again to the Minister of Health. Well I'm told, Mr. Minister, that this national research marketing firm charges their clients 3 to \$4,000 for each session. And so will you find out and report to this House how many of these focus group sessions you have instituted and, again, what they're going to cost?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, I have taken notice of the question that the member raises, and the supplementaries keep coming. But certainly I said I'd take notice and I will bring back an answer.

Ms. Atkinson: — Thank you very much, Mr. Speaker. Mr. Minister, when you're cutting back on the drug plan and the school-based children's dental plan, while saying that your government doesn't have the money to maintain health care services, how can you justify spending tens of thousands of Saskatchewan dollars on PC party polling?

Why don't you read your mail? Why don't you answer your telephone calls? Or why don't you call some of the 100,000 people who have formally registered their opposition to your health care cuts? Why don't you do all of those things instead of hiring some Toronto-based market research group?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — First of all, Mr. Speaker, I would take that the simplistic analysis brought forward once again by the member from Saskatoon Nutana is based — if you were to take the question — is based upon the question asked by her colleague, to which I took notice. So I will just leave it at that, Mr. Speaker. I have taken notice of her colleague's question. I will bring back an answer, and I'm not sure how much in order this simplistic analysis of hers could be.

Ms. Atkinson: — Supplementary. I can assure the Minister of Health the people of this province are not simple or simplistic, Mr. Speaker.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Mr. Minister, can you confirm that these focus groups are trying to gauge public reaction to some of your future plans for health care, including the privatization of our hospital system and deterrent fees for medicare? Can you confirm that?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, I have already taken notice of the question relating to this whole issue, but I would say to the member, I agree with her on this point: the people of Saskatchewan are not simplistic in their analysis of this as they look forward in the future, the 1990s and the year 2000. What I said very clearly and what I repeat again, the member from Saskatoon Nutana has been very simplistic in her analysis of the whole health care enterprise over a period of some months.

Some Hon. Members: Hear, hear!

Adoption Policies and Christian Counselling Services

Mr. Hagel: — Thank you very much, Mr. Speaker. I have a question to the Minister of Social Services and it deals with the experiment he has launched into private adoption agencies in Saskatchewan.

Mr. Minister, some weeks ago you signed a pilot project contract with a group called Christian Counselling Services in Saskatoon. Last week a new coalition made up of the United Church, Saskatchewan Association of Social Workers, adoptive parents, and others, expressed some concerns about that experiment. They asked, Mr. Minister, whether the Christian Counselling Services will be allowed to discriminate against any adoptive parents who do not share this group's particular religious beliefs.

And I ask very specifically, Mr. Minister, will this experiment mean that any of the thousand or so Saskatchewan adoptive couples on the waiting list to adopt an infant are going to lose their place in line if their religious views do not conform to those of this particular group?

Hon. Mr. Schmidt: - Mr. Speaker, the answer is no.

Mr. Hagel: — Supplementary, Mr. Speaker. Mr. Minister, you may say that, but I want to know then if there is a guarantee that can be counted on to back that up. Do you have a guarantee in your pilot project agreement with the Saskatoon group, Christian Counselling Services, that they will not discriminate on the basis of religious beliefs? Do they have a written guarantee that those who are from other Christian denominations, or who are of the Jewish faith, or who may not have specific religious beliefs will be treated equally by this private adoption agency?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, those people who do not wish to deal with the Christian Counselling agency can deal with the government in the same way they always have. And I can't see why any coalition should be against Christian counselling. I can't see why anyone should be against Christians. Even people who are not Christians are not against Christians. I can't see why anyone should be against counselling, and I can't see why the NDP should be against choice. So nothing much has changed other than there is an alternate service available that will try something new and different.

Some Hon. Members: Hear, hear!

Mr. Hagel: — Supplementary, Mr. Speaker. Mr. Minister, there are some 1,000 Saskatchewan couples who would like to adopt an infant in this province who do have concerns about their equal access in order to be able to do that. And you know as well as I that the waiting lists in Saskatchewan sometimes range up to eight or nine years.

The new coalition is also concerned, Mr. Minister, and in order to alleviate the concerns of this coalition, but more importantly the concerns of a thousand Saskatchewan couples who would like to have an infant into the homes, Mr. Minister, will you table the full agreement

signed between your department and the Christian Counselling Services to show just exactly what protection you have provided for those thousand couples on the waiting list to adopt an infant in the province of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Mr. Speaker, the Department of Social Services has not changed its waiting list. If it get shorter, that would be good. And if it gets longer, so be it, because we are not in the business of providing babies. We are in the business of caring for those babies that need to be cared for, and we're very pleased to adopt them out when they are available. If they're not available, certainly we're not going to encourage the people to go out and have babies just so that they can be adopted. It's not been part of any government's policy.

So it seems to me that there is nothing wrong with a mother having some choice in whether she wants her child adopted to a Christian family or to a family of another religion. And so we have a list, as we always had, at Social Services; and in addition, Christian Counselling will have some people on their list, and it is not preventing anybody from doing anything. It's adding to what there now is.

Mr. Hagel: — Mr. Speaker, further supplementary.

Mr. Speaker: — Final supplementary.

Mr. Hagel: — Final supplementary, Mr. Speaker. Mr. Minister, I ask you simply this: are you saying that those thousand couples who are waiting to adopt an infant into their home now will not be entitled to receive an infant through the adoptions provided by Christian Counselling Services unless they specifically apply through that agency and are approved on that list? Is that what you're saying to those thousand couples in the province of Saskatchewan, Mr. Minister?

Hon. Mr. Schmidt: — Well what I am saying is that the Department of Social Services will take people on a first-come, first-served basis, as we always have; and we will, as we always have, try to match the available children with the types of families that the mother desires, as we have always done. We will try to match. Nothing has changed.

In addition, families in this province may apply to Saskatoon Christian Counselling, and should a mother choose a family to which they match the criteria, then they may get a child sooner if the mother is approving or requesting that family or a family in that category. So I don't see why there should be a coalition against this. Why don't you ... I mean why do you keep organizing these coalitions against everything? Why aren't you for something for a change?

Some Hon. Members: Hear, hear!

Cut in Grants to Cosmo Day Care Centres

Mr. Mitchell: — I hate to turn away from such a ludicrous remark, Mr. Speaker, but I've a question for the Minister

of Education. Last week, Minister, you took notice of a question regarding your government's unfair cut of a \$1,300 a month from the Cosmo Day Care for special needs children in Saskatoon, and from a similar day care in Lloydminster. Can you tell the House today, Mr. Minister, why your department, which spends upwards of \$65 million a month, couldn't find the \$1,300 a month to provide day care for these special needs children?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well, Mr. Speaker, I took notice of that question last week, and since I had the question I've asked my officials to investigate and find out if in fact the details are as such as been presented and to bring back a response to the legislature. I do not yet have that report from my department, but as soon as I do I will answer the hon. member's question and the other opposition member's question as well.

Mr. Mitchell: — I'll try and ask the supplementary, Mr. Speaker, which I think the minister can answer without regard to his officials. The Cosmo Day Care was helping these special needs children so that they'd be better prepared to enter the public school system. Now how are you saving money, Minister, by cutting back on that help today when these children will simply need more special help when they enter the public schools? Isn't that a short-sighted way to approach a long-term need? Now there's a question that I don't think you have to take notice of. I think you'll be able to answer yourself.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well, Mr. Speaker, that question suggests that the details are as he would have us believe them. I'm not so sure they are, and because I want to bring back accurate information, I've asked my officials to investigate and to give me a report on it. And when I get the answers, I'll bring them back to this legislature, Mr. Speaker.

Mr. Mitchell: — I'll try again, Mr. Speaker, with a supplementary that the minister ought to be able to answer. Isn't this the kind of cut, Mr. Minister, to day cares for special needs children, isn't this kind of cut symbolic of what you people are all about? You claim that every penny counts and that you can't afford \$1,300 a month for a day care for special needs children, but your department gives \$1 million a month to one advertising agency — one advertising agency, Dome Advertising.

Now how do you justify those kinds of spending priorities, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — The spending priorities of this government have been clear through all of this, Mr. Speaker. What we have tried to do, given the economic times we face, given that we must get our economic house in order — the reality is, Mr. Speaker, if we do not, if we do not, those things which we cherish most, health care and education, will suffer the most. The people of this province would not be well served, Mr. Speaker, if in fact we did not get our economic house in order because

we would in fact jeopardize the future.

And I continue to be intrigued and amazed by an opposition, Mr. Speaker, who on one hand says, you know, make no changes, make no changes. At the same time they say, don't let the deficit go up; at the same time they say, don't let taxes go up. You can't have it all ways, Mr. Speaker.

Our priorities in education have been clear. There is more money going to be spent on education from the provincial purse this year than last year; that to me suggests, Mr. Speaker, that we have our priorities in the right place, and we'll continue to have them in the right place.

Some Hon. Members: Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF THE WHOLE

Bill No. 41 — An Act to amend The Provincial Auditor Act

Hon. Mr. Lane: — Thank you. Mr. Chairman, With me is Jack Vicq, acting deputy minister, Department of Finance; Bill Gibson, president of the Crown Management Board; Gerry Kraus, Provincial Comptroller; and Greg Mrazek, director, accounting services, Crown Management Board.

Clause 1

Mr. Shillington: — Mr. Minister, I wonder if you would explain to this Assembly why it is in the public interest that the Provincial Auditor no longer have a supervisory role with respect to appointed auditors?

Mr. Minister, appointed auditors are not new, although I think they're going to become a great deal more common under this legislation.

An Hon. Members: — Right.

Mr. Shillington: — I believe it was the Deputy Premier who said right to that comment . . . (inaudible interjection) . . . Yes, I'm sure it was the official sitting beside you.

Mr. Minister, under the old legislation, as I read it, the appointed auditors worked under the Provincial Auditor, and the reports which came forward were in a very real sense the Provincial Auditor's reports because he had to approve them.

As I read this legislation, Mr. Minister, the appointed auditors are not subject to that supervision. It is true that the Provincial Auditor may, where he's not satisfied with a report, redo the work, but he doesn't exercise that supervision.

I wonder, Mr. Minister, if you'd tell this Assembly why you think that is in the best interests of the public whose

money is being spent, or whose assets are being managed, as distinct from the government whose . . . which has had an endless number of difficulties with the Provincial auditor, thanks to your incompetent and shoddy system of management?

Hon. Mr. Lane: — Well, like the public, I tend to down play the hon. member's adjectives and would simply indicate that he still maintains a supervisory position. And if the hon. member had been here during debate on second reading, he would have realized that the Bill still gives the supervisory power to the Provincial Auditor.

And what happens is that . . . and the fundamental change is simply that the various Crown corporations can use a private sector auditor. That private sector auditor's report must be taken by the Provincial Auditor unless the Provincial Auditor believes that it's not being done properly, and then he has the full right to go and do the audit all over again, whatever he intends to do.

So it still gives the ultimate supervisory power to the Provincial Auditor — that's not taken away — but the audit itself will be done by private sector auditors. If the Provincial Auditor is not satisfied, he can step in and then do the audit; the only thing is that he must give reasons for it, and I don't think that's unfair.

Mr. Shillington: — Well that's interesting, Mr. Minister. I just wish that the legislation actually said that. What the legislation says is that the Provincial Auditor may make his own inquiries if he cannot rely upon the *Report of the Provincial Auditor*. There's quite a difference between being able to do something if you can't rely upon it and being able to do an audit if you're not satisfied. There is quite a difference.

A jurisdiction to do something if it can't be relied upon is, I suggest, fairly narrow. It does not cover the situation where the examination was not as complete or exhaustive as the Provincial Auditor thinks it might be. It might still be reliable but somewhat narrow.

I say to you, Mr. Minister, that there was just one purpose for this Bill; that was to restrict the role of the Provincial Auditor and to minimize the amount of damage which your own mismanagement and the amount of embarrassment which your own mismanagement causes you . . . (inaudible interjection) . . . When I'm finished, Mr. Minister, I'll sit down. If you keep an eye on me, I'll let you know when I'm done.

Mr. Minister, you have taken out a number of sections which have restricted the role of the Provincial Auditor in supervising appointed auditors. The old 11(13) indicated that the Provincial Auditor may, upon receipt of a private auditor's request, okay that report or request additional information, whether or not he felt that the report could be relied upon. It was an unfettered discretion to ask that further inquiries be made or, in rare occasions, that some work be redone.

The old 11(4) gave the Provincial Auditor the right to request from any department of the government, or Crown corporations and their auditors, any information which, in the opinion of the Provincial Auditor, was

necessary to fulfil his responsibility under the Act. That's gone. And that's a great deal broader than the present section which simply allows him to redo the work if he thinks it can't be relied upon.

I say to you, Mr. Minister, that the deletion of those sections, 11(3) and 11(4), emasculate — and I don't think that's too strong a term — emasculate the ability of the Provincial Auditor to ensure that assets held on behalf of the public and Crown corporations are properly managed.

Hon. Mr. Lane: — Well the hon. member should be aware that section 11 was changed because what it does now it sets the same scope for all — and let's keep in mind the profession that we're dealing with. I mean, they virtually are all educated with the same standards. Secondly, they have to report according to generally accepted accounting principles that are established not just on a provincial basis but in many cases nationally and internationally. So that by setting that same scope for all, it covers off, I believe, the concerns raised by the hon. member.

I think, secondly, that we should keep in mind the comments of the Provincial Auditor when he himself reviewed the legislation, section 1, clause 7 . . . his report, where he points out quite clearly that if his interpretation is:

. . . in accordance with the intention of the legislature when it enacts these amendments, then it is my opinion that the amendments contained in this Bill will not affect the accountability of the executive government to the Legislative Assembly.

So I could go on and on and on, but I suggest to the hon. member that to argue that you get less of an audit because you're using private sector, I frankly think, flies in the face of reality, and it is not accurate. The fundamental change is that the Provincial Auditor will have to accept the audits as prepared by the private sector audits unless he has reason to believe . . . and he must give the reasons.

Is this new? Of course it's not new. And I could go through the debate we had on Friday where the new leader of the New Democratic Party makes a rather eloquent plea for private sector auditors for the Saskoil corporation — and we went through that on, I believe, Friday; it may have been Thursday. And they do bring to, particularly the Crown corporations in a competitive environment, may well bring new expertise which is not there through a Provincial Auditor.

For example, an auditor that . . . an audit company that may have advised other computer companies may bring an expertise as part of its service to SaskCOMP or any others. And that was the same argument made by the member from Riversdale when it came to Saskoil, and realistically . . . and that there's no difference.

I think that the hon. members would have had a concern if they'd had have been the Provincial Auditor . . . or the private sector auditors had have been removed from the ultimate scrutiny of the Provincial Auditor, but that is not

the case.

Mr. Shillington: — Mr. Minister, there is a vast difference between the Provincial Auditor and private auditors in the manner of their appointment. And there's a vast difference between a Crown corporation and a private corporation. I want to begin with that point.

In a private corporation, whether the shares are traded on the exchange or not, the shareholders appoint the auditor, and not the directors. And they are responsible to the shareholders. In this case, Mr. Minister, there is no distinction between the shareholders and the management — both are the Government of Saskatchewan. So the independence which a private auditor has in a private corporation simply doesn't exist here. There's no independent group of shareholders to appoint them.

That is why, Mr. Minister, the Provincial Auditor has been made responsible to the Legislative Assembly and not to the Government of Saskatchewan. And that is one significant change. The auditors which do the audit are no longer responsible to the Assembly and no longer enjoy that degree of independence from the government.

The minister may say that the ethics of their profession require them to provide an independent audit and not to rely upon requests made by management, and that's true. But they'd be less than human, any of them would be less than human, if they weren't concerned about whether or not an adverse audit might result in them getting less work. That doesn't happen in a private corporation because the directors don't appoint them.

But here, if you get an audit you don't like, the firm which provided it has no protection against losing the account — none at all. The Provincial Auditor doesn't appoint them, isn't able to defend them in such circumstances.

So this system, Mr. Minister, of having private auditors appointed by management — and that's effectively what's going to happen — removes an essential degree of independence and therefore an essential degree of protection for the public.

Hon. Mr. Lane: — Well let's keep in mind several things. I tend to get surprised when the hon. members express some concern about the independence of the Provincial Auditor. If I can remind the hon. member — because he may have been part of the treasury benches of the day — when the Provincial Auditor became an appointee of the government of the day under your administration, it was not until 1983 that the Provincial Auditor again was restored as being an appointee.

(1445)

The hon. member from Lakeview may be surprised at this, but those are the facts, that he was an appointee of the Legislative Assembly until, I think — the hon. member can correct me — I think about 1976 . . . '75, and then it was taken away. And then in 1983 again the legislation was changed to make the Provincial Auditor subject to the Legislative Assembly and not to Executive Council. So if you've had a conversion and a reconversion, then I'm

somewhat surprised.

Secondly, I get surprised when on the one hand you say that the private sector auditors are less than able to give an audit because they happen to be appointed by other than the Legislative Assembly. I only bring five examples to the hon. member's attention: the Potash Corporation of Saskatchewan, the auditors are appointed by order in council — that was a practice established by the previous New Democratic administration; Saskatchewan Mining Development Corporation, the auditors are appointed by order in council — that was the practice and the rule in the legislation established by the New Democratic Party; Saskatchewan Forest Products, the auditors are appointed by order in council — that legislation and those changes were made by the New Democratic Party; SaskMinerals, the auditors are appointed by order in council — that legislation and those changes and practice were implemented by the New Democratic Party; and finally, Saskoil, the auditors are appointed by order in council, and that practice was established both by legislation and in practice by the New Democratic Party.

So to argue that this is something new, as I say, I express some surprise. And to hold up that you're now in favour of the Provincial Auditor being . . . reporting to the Legislative Assembly, that is a conversion, albeit a welcome one.

And all I suggest to the hon. member, that a fair look at the legislation, as the Provincial Auditor himself has done, it allows the Crown corporations to have private sector auditors.

Secondly, the Provincial Auditor has the override. If he is not satisfied he can go in and do the audit again; the only difference is that he has to give reasons, and I don't think it's unfair, if he has concerns, that those reasons be given.

Secondly, I happen to believe that, if the reasons are given, that this Assembly is in enhanced position because he will have to lay out reasons for public consumption why the audit of a particular corporation and the auditors of a particular corporation are not doing their job.

Mr. Shillington: — Mr. Minister, why did you feel it necessary to bring in this legislation if it wasn't to restrict the ability of the Provincial Auditor to supervise the work of the private auditors? What sense does the legislation make? You could appoint . . . If you simply wanted to be able to appoint private auditors for all Crown corporations, you might have brought in a section to that effect. But you didn't — we're much beyond that — and restricted the ability of the Provincial Auditor to exercise an overall supervisory role with respect to these provincial auditors.

And I say, given their lack of independence — and there's none; they're appointed by management and report to management — given their lack of independence, Mr. Minister, it's simply not satisfactory to have private auditors operating within such a scope.

Hon. Mr. Lane: — There are several reasons. Firstly, if you have two audit authorities for a corporation, then obviously both have professional responsibilities to do

the audit, which would have meant a significant duplication of the activities.

With regard to the changes, to allow so that they're all subject to the same scope, which is section 11 . . . in our view gives uniformity and consistency.

And finally, we've had the debate as to why we were using private sector auditors throughout the course of this. I think the government policy is there, which as well answers your first question.

Mr. Shillington: — Mr. Minister, why did you feel it necessary to delete subsection 6 of section 11 of the old legislation?

Hon. Mr. Lane: — The reason is because it was considered inappropriate and inefficient for the Provincial Auditor to require an appointed auditor to perform an additional examination. If the Provincial Auditor does not agree with the actions of the auditor, then his authority extends to allow him to do the whole audit. We thought it was rather wasteful to have him simply go in and ask for a re-examination if he didn't agree with it in the first place and have the same people do it over again; that he then moves to his overriding power, which is to do it himself if he's not satisfied.

Mr. Shillington: — Mr. Minister, my understanding of subsection 6 of section 11 of the old legislation is that was the basis upon which the Provincial Auditor could institute litigation if he wasn't getting the documents which he felt he needed to do an audit. He now loses that power and has to rely on just the documents provided by the government unless those documents are so insufficient that he would have to reserve his opinion about the statements.

If there are other sections, Mr. Minister, which guarantee him unrestricted access to documents, I would appreciate your pointing them out to me.

Hon. Mr. Lane: — I think if the hon. member takes a look at section 10 of the printed Bill referring to section 24, he will get the answer which allows the Provincial Auditor "free access, at all convenient times" etc., etc. That's the section that applies.

Mr. Shillington: — This section allowed him to ask for other documents to conduct additional examinations or audits of accounts, records, or financial statements beyond those that were provided to him. I don't interpret section 10 as giving him that ability to require that any document be given to him. I don't read that into the other legislation.

Hon. Mr. Lane: — Section 24 gives him that right in the legislation.

Mr. Shillington: — Whether it does or not, Mr. Minister, why did you delete this section? This section has little to do . . . this section, as I see it, has nothing to do with private auditors. Why did you delete this section? It's, as far as I can see, outside the scope of the balance of the Bill which is to, as you say, permit private auditors to do the

work.

Hon. Mr. Lane: — Well except I gave the answer earlier. If . . .

An Hon. Member: — But it didn't make any sense.

Hon. Mr. Lane: — Well except that if you've got the Provincial Auditor having the ability to do a full audit under the existing legislation, then you go ahead and appoint a private sector auditor to do an audit, you can rest assured you'll end up with two audits. And so, what the objective of the legislation is, is to have the private sector audit that, and the Provincial Auditor in the case where the private sector auditors are used, to have an override. If he's not satisfied, then he can go through and do an audit. There's nothing to stop him if he's not satisfied and if he gives reasons.

So we didn't think it realistic, if the private sector auditor on one hand is doing something that the Provincial Auditor disagrees with, to ask the private sector auditor to go back and do it again. In all likelihood the Provincial Auditor isn't going to agree with it again, at which point he falls back on his ultimate authority to go in and do the audit with the reasons given. So to have a duplication is one of the reasons for the legislation.

Mr. Shillington: — Mr. Minister, I say again that if you had wanted to simply permit private auditors to do the work of Crown corporations and all of them, a simple amendment to that effect would have sufficed. What you wanted to do was to get the private auditors out from underneath the Provincial Auditor, unless he could come within that narrow phrase of providing a report that he couldn't rely upon. But unless it's unreliable — as distinct from being incomplete — unless it's unreliable, the Provincial Auditor will have simply no role.

If you had simply wanted to allow private auditors to do the work, this Bill wasn't necessary. A simple amendment would have sufficed. The whole thrust of this Bill is to inhibit and limit the ability of the Provincial Auditor to supervise their work. And I say it's essential, given the fact that they have virtually no independence.

Hon. Mr. Lane: — I could then ask the hon. member, if you want to take your logic, why in the legislation respecting the five different departments that we talked about earlier, SMDC (Saskatchewan Mining Development Corporation), Sask Forest Products, Potash Corporation, Saskoil, and Sask Minerals, is there in the legislation the power to use private sector auditors? The reason is, if you don't, you in effect will end up in many cases having private sector doing an audit and the Provincial Auditor then going in and doing an audit as well. And it simply avoids that and still protects the ultimate responsibility of the Provincial Auditor.

Mr. Shillington: — Mr. Minister, do you foresee private auditors doing all Crown corporations? Will that be what will happen starting with the next fiscal year of the Crown corporations?

Hon. Mr. Lane: — I'm going to assume that they all will be done, because my officials . . . other than, say, the

Liquor board which will stay with the Provincial Auditor. There may be one or two smaller ones that they don't recall now. But for that reason I will assume that all the Crown corporations will be using private sector auditors.

Mr. Shillington: — Mr. Minister, under the former legislation private auditors were appointed by the Lieutenant Governor in Council. If I'm correct, and I think I am, that requirement is no longer there. Who will now appoint them? Is it the general manager of SGI that appoints the auditor for SGI? I see the minister shaking his head. Perhaps I'm mistaken. But I understood, from an earlier review of this legislation, that the requirement that it be done by the Lieutenant Governor in Council was taken out.

Hon. Mr. Lane: — Well if you go to the consequential legislation, they're all appointed by Lieutenant Governor in Council.

Clause 1 agreed to.

Clauses 2 to 15 inclusive agreed to.

The committee agreed to report the Bill.

(1500)

Bill 41 — An Act respecting the Consequential Amendments to Certain Acts resulting from the Enactment of The Provincial Auditor Amendment Act, 1987

Clauses 1 to 13 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 43 — An Act to repeal The Public Utilities Review Commission Act

Clause 1

Hon. Mr. Lane: — If I could . . . the hon. member . . . (inaudible) . . . introduce as well Bob Blackwell, director of operations, treasury board division, Department of Finance, and Doug Moen with us from the Department of Justice.

Ms. Simard: — Thank you, Mr. Minister. Thank you, Mr. Chairman. Mr. Minister, in 1982 the setting up of the Public Utilities Review Commission was a major election campaign for the PC party. And some time in the summer of 1982 the commission was introduced with, I might say, a great deal of fanfare from yourself and other members of the PC party. For example, you made statements in, I think this is July of '82 at page 499 of Hansard:

. . . the people of Saskatchewan have waited long enough for an independent agency that will finally give the people of Saskatchewan that feeling of confidence that the rate increases of our crown corporations are fair and just and reasonable under the circumstances.

So, Mr. Minister, having . . . you know, and we went into some detail on second reading debate on this Bill about

how this promise was made by the PC party and made with a great deal of fanfare. You talked about public participation and public input into setting utility rates. And today what we have here is your government introducing a Bill to abolish this independent agency that you thought was the answer to so many problems.

And so I would like to hear from the minister — and I know the public would be very interested in hearing as well — why you decided to abolish the Public Utilities Review Commission?

Hon. Mr. Lane: — Well I think the irony may be on the government abolishing the Public Utilities Review Commission. I think the irony is just as much the New Democratic Party opposing the establishment of the Public Utilities Review Commission in the first place, now opposing the abolition of it. And I think the hon. member, herself, has been consistent until this vote of being opposed to the existence of the Public Utilities Review Commission.

We've had much public debate. I gave the reasons during second reading as to the reasons for the abolition of PURC. And the hon. member, I'm sure, is aware of the increasing complexity of the interveners before PURC, the costs of the preparation, the costs of consultants, the costs of expert witnesses was sky-rocketing. And the Consumers' Association of Canada, Saskatchewan division, had expressed concern, both publicly and to the government, of their inability to participate to the full because of the increasing complexity and the increasing technicality of the interventions before PURC.

So although I believe today that PURC is a good idea, I do say that if we had a financial environment with a great deal of money, I would be strongly in favour of PURC (Public Utilities Review Commission), and I would strongly be in favour of more money to the consumers' association for its interventions before PURC. But given the financial environment, it was becoming increasingly costly.

If I had a disappointment on the operations of PURC, it is one I believe shared by the chairman of the Public Utilities Review Commission, and that was that PURC never had the success that the members of the commission had hoped, of trying to involve more of the general public so that they felt they had access to it.

It very quickly became a situation where I think the major representative of the general public was a consumers' association. Many people were intimidated by the increasing complexity of the applications and the board hearing, so it . . . those combinations of factors, as I've given to the hon. member before, were the reasons for the abolition of PURC.

Ms. Simard: — It think it's fair to say . . . I've been advised, Mr. Chairman, that in effect the New Democratic opposition voted in favour of the establishment of the Public Utilities Review Commission when the commission was established in this legislature in 1982. So when the minister says that the opposition was opposed to it, he has to bear in mind that the opposition did vote in favour of it.

I think it's important to note that we have always been sceptical about whether or not PURC was the right method to use in order to obtain public participation into setting utility rates, and I myself have expressed that scepticism on a number of different occasions. However, the fact of the matter is, is the Public Utilities Review Commission was a PC promise and is a promise broken by the PC party in as much as they are repealing the commission today and claiming that they're doing so on the basis of cost.

I would suggest that it's not on the basis of cost; it's more a question of political expediency on the part of the government, inasmuch as PURC was making decisions that were not politically expedient for the government, and PURC didn't march to the government's tune in the sense that the decisions may not have been decisions that the government would have made itself or would have wanted made on its behalf.

But with respect to the question of costs, I wish to ask the minister, precisely what was the cost of PURC, and I'm wondering if he could tell us that today?

Hon. Mr. Lane: — I'll get that information because I thought we had it handy. We do have the expenditures of about 2,630,000, but then that does not include the costs of each of the Crown corporations and their preparation.

I thought I had all of that information handy for the hon. member, but we'll go back and I'll supply it to you if you want it today. I don't know whether that will be difficult or not, but I'll get you that information because I had released it to the public before so it's available.

Ms. Simard: — I think you had said it was something like \$6 million, Mr. Minister. Does that ring a bell? I'm wondering if you could get me a breakdown on that information then as to how you calculate the 6 million?

Hon. Mr. Lane: — I can tell you how the calculation would arise, but I'll have to get you the details of the calculation. The calculation would arise from the actual expenditures of PURC and then what the various Crown corporations had to pay for their preparation, and then, thirdly, any Crown corporation charges as a result of the awards by PURC. You may recall that PURC in many cases required the Crown corporation to pay the intervenor's cost. So it would make up, I believe, those three components.

Ms. Simard: — I think it was the Public Utilities Review Commission, Mr. Chairman, that said they had saved the taxpayers, or people who use the Crown utilities in the province, some \$200 million. I'd like you to comment on whether or not that figure is accurate, number one. And number two, if that is accurate, would you not agree then that the cost of \$6 million could be justified in the eyes of the . . . or would you take the position then that the cost of \$6 million would be justifiable in the eyes of those people who are being saved some 200 million on their utility rates?

Hon. Mr. Lane: — Well again, I think the public is aware that they may have that saving, but there is an increased

cost in many cases to the corporation. For example, SaskPower, if it has a reduction in costs, in many cases would simply have an increased debt which would perhaps be amortized over a longer period of time.

Whether the public has a saving as a result of a view of PURC that perhaps there should not be a system whereby one activity of a corporation perhaps subsidizes another — for example, gas subsidizing electricity in SaskPower, or long distance subsidizing local — one can make an argument that if you separate those two functions and you save on one — for example gas, if their PURC makes an order reducing the gas charges to the taxpayer, but then your electrical would go up eventually — I'm not sure that would constitute a saving.

One, I'm not sure the taxpayers look upon the safe-driver rebate as a tax saving, although all of those things were calculated in the general picture put forward by the spokesperson for PURC, so I do believe that that calculation would be a subjective one. I also believe that it would be very much a debatable point whether those were actually the savings or whether they were transferred, for example, from gas over to electric, for example, in SaskPower.

Ms. Simard: — Mr. Minister, one of the things that PURC was doing was moving from a cross-subsidization philosophy, if you like, to a more user-pay philosophy. And I'm wondering what your opinion of that is, and what your government intends to do in the future with respect to setting utility rates, vis-a-vis those two philosophies?

Hon. Mr. Lane: — We've argued most strongly, and we did before PURC, in the philosophy of cross-subsidization. We have argued, as well, in national *fora* of the need for cross-subsidization as it applies to telecommunications. We believe that overall they give a lower cost to Saskatchewan consumers. They, as well, tend to maintain the viability of the Crown corporations with those cross-subsidizations.

It's my view that if we did not cross-subsidize in both SaskPower and SaskTel, some components of those — the operation of those corporations — people would simply begin to refrain from the use of the particular service. And we believe that that, in most cases, would result in unfairnesses, and so we're supportive, conceptually and practically, of the cross-subsidization.

Ms. Simard: — Will your government then be implementing cross-subsidization in the future setting of utility rates?

Hon. Mr. Lane: — Well it certainly will be a factor. We do, as I say, support the concept of cross-subsidization. Cross-subsidization, just so I'm not misinterpreting your question, does not mean that each component has the same rate. And I'm sure that's not the tenor of your question. Cross-subsidization, although you may have a rate increase in local telephone rates, does not mean that cross-subsidization is no longer the principle. But as a principle we're supporting it. We're in favour of it. As I say, we've argued it beyond the borders of the province as well. It will be a factor, but it may not always be showing up in a specific rate increase or decrease.

(1515)

Ms. Simard: — Now, Mr. Minister, one of the main reasons that we're objecting to the introduction of this Bill in the legislature is the fact that we recognize, the NDP opposition recognizes, that the public wants input into setting utility rates, and you obviously recognized that in 1982 when you established the commission. You are now repealing the commission, but you fail to come forward with any alternatives to achieve this public participation, to achieve the goal of public participation, and we have mentioned a number of them in the media some time ago and in this Legislative Assembly in the debate pertaining to this Bill.

And I would like the minister to advise us today whether or not he has any alternatives in mind, and whether he will be moving on these alternatives immediately.

Hon. Mr. Lane: — The position will be put forward, is that we're restoring the rate-making process to as it was prior to the establishment of the Public Utilities Review Commission.

Are there other options? I'm not satisfied, at least at this stage, that there are financially some realistic options. I would not close the door to future realistic options — one, as I say, that would deal with some system whereby the public would feel it had some input, or in fact have some input.

But as it stands at this stage, we are establishing again the same rate-setting mechanism as existed prior to the establishment of the Public Utilities Review Commission.

Ms. Simard: — Mr. Minister, we mentioned a number of alternatives. One of them — and I'm not suggesting it's the best one — but one that comes to mind, that probably wouldn't involve any more government expenditure than what already takes place with respect to establishing boards of Crown corporations, was to have representatives from consumer associations directly appointed to the boards of Crown corporations, to have an elected representative coming from a consumer association appointed to the board.

I'm wondering what the minister thinks about that alternative, and whether he'd be prepared to look at it with a view to implementing it?

Hon. Mr. Lane: — As I say, I wouldn't rule out any options. There are some difficulties with that particular proposal because the actions of the corporation don't always impact just on rates, and in many cases there are broader issues which should be dealt with, and whether a special interest representing an interest is advisable. One can debate that for some time that it may not be as an effective an option as the hon. member presents.

Ms. Simard: — Another one that came to mind was the possibility of having advisory council travel the province on a regular basis to obtain some input into the setting of utility rates or other matters that impinge upon consumers of utilities in the province — and that option may not be

as expensive as the minister thinks. And I'm wondering if he's given that option any consideration, and whether he would look at the possibility of implementing an option along those lines.

Hon. Mr. Lane: — The difficulty with that particular option is that immediately the ones who appear would spend the money to promote, advertise, appear, bring in the experts, are the very large users, which were the ones that tended to respond to PURC. And I would foresee that the concept would easily be usurped by those who had a great economic interest in the results. I mean that's . . . if you take the advisory council, and if you were to substitute PURC, but it travelled, then you would probably end up with the same thing.

PURC started out nice and simple, but as it developed it became very complex, and I think any type of an advisory council would ultimately have the same effect.

Ms. Simard: — I'm wondering, Mr. Minister, if there are any outstanding applications that were in front of PURC, any outstanding matters that had to be dealt with, and if so, what they are.

Hon. Mr. Lane: — I'm advised that . . . my officials are not aware of any outstanding. There were rate changes made after May 15, and this legislation ratifies those rate changes made by PURC.

Ms. Simard: — Could you please tell the House, as well, who the members of the Public Utilities Review Commission were at the time of its abolishment?

Hon. Mr. Lane: — The chairman, familiar to the hon. members, Ernie Boychuk; Roy Billinton of Saskatoon, I believe, the University of Saskatchewan; Bernard Kirwan from Gull Lake, Saskatchewan, SARM (Saskatchewan Association of Rural Municipalities) I believe; Emily Poncet of Whitewood; Marian Sherman of Prince Albert; Arnold Nelson of Regina; and June Blough of Regina, who was vice-chairman.

Ms. Simard: — Mr. Minister, could you please tell us whether any severance packages were paid to any of the members of the commission?

Hon. Mr. Lane: — It is proposed, but I gather payment hasn't been made of the balance of the annual per diem to each of the members as a gratuity, and then, secondly, the retirement package previously debated with Judge Boychuk. Judge Boychuk for many reasons felt it would be inappropriate for him to go back to the bench, and so a retirement package was arranged.

Ms. Simard: — Could the minister tell us what the amount of this per diem or the amount of the gratuity would be for each individual, and the amount of Mr. Boychuk's retirement package?

Hon. Mr. Lane: — For the members it's 1,000. I'll get you Judge Boychuk's. Judge Boychuk's — it was 20 months, which would take him to his full retirement age.

Ms. Simard: — Mr. Minister, I just want to reiterate . . .

Hon. Mr. Lane: — If I may . . .

Ms. Simard: — Sorry.

Hon. Mr. Lane: — Understand that with Judge Boychuk that is for his judgeship as well. He was paid as a provincial court judge. This doesn't come as a perk (perquisite) retirement package. It's a retirement package for himself as a provincial court judge.

Ms. Simard: — The 20 months was as a provincial court judge salary?

An Hon. Member: — Yes.

Ms. Simard: — Yes. The minister says yes. Mr. Minister, I want to reiterate just once again the fact that there has been no alternative to the Public Utilities Review Commission put forward by your government. And I want to reiterate that, because I know the public is very concerned about the setting of utility rates, and the public would like some consumer input into setting utility rates.

And what we have here, Mr. Minister, is a promise that was made by your government and a promise that is being broken by your government today — a promise upon which you took considerable political advantage and introduced with a great deal of fanfare. And what it appears to the public, and I might say to the New Democratic Party opposition, is not that the cost was prohibitive because we know there is lots of money available for other organizations . . .

An Hon. Member: — George Hill.

Ms. Simard: — . . . in this province. Yes, the member from Souris-Cannington says, George Hill. He's only one example, but nevertheless a very significant example.

The fact of the matter is, is this a situation . . . The abolishment of the Public Utilities Review Commission is a situation where the government did not agree with the decisions that were being made by the Public Utilities Review Commission. The government was being embarrassed by the fact the Public Utilities Review Commission was making decisions that were politically inexpedient from the point of view of the government, and therefore the government decided to get rid of this watch-dog agency on Crown corporations. It's another example of how the government is very willing, and very readily will axe the watch-dog agencies or cut back on watch-dog agencies when they don't agree with the decisions that are being made.

But it's very important to bear in mind the fact that the public does want public participation. And although the New Democratic opposition did not necessarily agree with all the decisions that were being made by PURC, we want to see some public participation in the setting of utility rates, and we strongly urge the government to heed what the public wants and to look at alternatives for public participation.

I've only raised two of them today, but we've raised three or four on the floor of the Assembly, and perhaps you have some better idea. But let's take a look at what

alternatives are available and let's take a look at some . . . setting up some sort of apparatus so that the public can have this input.

And so once again, in closing the debate on this Bill, I with to urge the government to take a second look at that and to consider some way to have consumer input into setting utility rates. Thank you.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — To make the argument that the government disagreed with all of PURC's rulings, I don't think is a fair one; there were many. And as a matter of fact one of the great strengths of PURC is that it was the first time that officials in the three Crown corporations had to justify their actions before a board that was prepared to review their actions and that was able to obtain some expertise to be able to ask those questions.

Having said that, ultimately the debate on the rate increases, or the rates of Crown corporations, will be decided by the public as to whether they see them fair or not. And I think we will agree . . . would agree with that. Whether there are some other vehicles to be able to do that, as I've assured the hon. member, I do have an open mind in that.

But what I would like to see next time is that it be some vehicle that does not have the expenditures and the movement towards a degree of sophistication that excludes the public, that PURC and we are finding all other public utilities in Canada seem to have, that your major players before them are those with the economic abilities and the financial abilities to make presentations.

Clause 1 agreed to.

Clauses 2 to 10 inclusive agreed to.

The committee agreed to report the Bill.

(1530)

Bill No. 44 — An Act respecting the Consequential Amendments to Certain Acts resulting from the enactment of The Public Utilities Review Commission Repeal Act

Clause 1

Ms. Simard: — Mr. Minister, I just want to indicate once again that we will not be supporting this Bill, and our reason for not doing this is in the fact that this was . . . PURC was a promise made by the PC government in 1982 that is being broken today without the government coming forward with any alternatives to allow and encourage public participation.

Clause 1 agreed to.

Clauses 2 to 9 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 17 — An Act to amend The Corporation Capital

Tax Act

Clause 1

Hon. Mr. Lane: — If I could introduce to the Assembly, Mr. Chairman, Len Rog, the executive director, revenue division, Department of Finance.

Mr. Solomon: — Thank you, Mr. Chairman. Bill 17, the Act to amend The Corporation Tax Act, I have a very few questions on it, Mr. Chairman. And I'd just like to perhaps start out by asking the minister if he could justify some figures that I have found to be a little unusual that are on page 51 of the budget address which estimate The Corporation Capital Tax Act will raise \$2.2 million. But in effect in the *Estimates* it shows that he will be going from . . . or he is estimating that the revenue from such a tax will raise \$52 million. Last year the actual number was \$31 million.

Could you explain those discrepancies, if you're indicating the increase is 2.2 million, yet the *Estimates* show that from actual to estimate is 21 million?

Hon. Mr. Lane: — I'll go through the list of the items making up that increase: an estimated additional 18 million received as a result of the general rate increase to .5 per cent from .3 per cent; an estimated additional \$3 million received as a result of the rate increase to the tax rate levied on banks. That's from 3 per cent from 2 per cent. An estimated additional \$0.4 million received as a result of the increase in the tax rate levied on trust and loan companies. An additional \$5 million in prior year payments resulting from the tax rate increases. Those of course we get through federal government adjustments. An estimated 2 per cent growth in the tax base and anticipated prior year adjustments to be paid to SaskTel and Sedco as a result of base adjustments.

Mr. Solomon: — Thank you. How many companies in Saskatchewan that were levied the corporate capital tax did not pay last year, and what was the total amount owing?

Hon. Mr. Lane: — There are approximately 800 corporations that paid the tax. We're not aware of any who did not pay the tax.

Mr. Solomon: — So your revenue is current with all corporations in the province with respect to this tax. What is the best guess as to whether there are new corporations involved with the levy of this tax and the increase thereof? Are you expecting any new corporations to be included in this?

Hon. Mr. Lane: — If you're talking new corporations starting out, the base for the tax, they're exempt if under \$10 million. So if there were any coming along from a start-up, we wouldn't anticipate any. We're not aware of any new ones that would cause the increase.

Mr. Solomon: — There's no projections in terms of your department estimating how many more companies will be involved with this.

Could you, in laymen's terms, explain how that tax is

levied? I know it's on the . . . each corporation must have a minimum of \$10 million of capital, but could you explain precisely what that means, whether it's assets minus liabilities or some other formula that you use?

Hon. Mr. Lane: — I'm not sure you can put this particular tax in layman's terms. In general, it's taxable paid-up capital; it applies to all corporations operating in Saskatchewan whose taxable paid-up capital exceeds \$10 million. That taxable paid-up capital is defined as a company's shareholder's equity, plus long-term liabilities, minus its investments in other companies.

Now I can further muddy the waters if you want. Because the allocation then, among provinces, depends on the location in which it earns revenue, pays salary and wages, etc., etc., in the calculations, I frankly don't think there's any simple way of explaining this particular tax.

Mr. Solomon: — Can the minister explain to the Assembly whether or not there's been any response from the corporate sector, from the banking institutions, from the loan and trust companies, with regard to the tax increase, and what those comments might be in general?

Hon. Mr. Lane: — Banks don't like it, and particularly did not like the increase.

Mr. Solomon: — Well, Mr. Speaker, I haven't had much response from them. I've read one report and I . . . Someone once said that the art of taxation is to pluck the most feathers from the goose with the least amount of hissing. And I guess the point I want to make with respect to this Act is there has not been a lot of vocal opposition to it because it's a very modest tax.

You indicate in your estimates that it will result in a \$2.2 million tax increase to the 800 companies and corporations which operate in this province, yet with the tobacco tax you are estimating revenue increase of \$9 million.

And we can go through all the taxes that we'll be discussing today — the fuel tax, the flat tax increase, and others. And I just want to make the point that the government should be looking at, rather than increasing taxes, undertaking the largest tax grab in the history of this province, which in this budget alone, with all the tax Bills, will result in a \$1,000 provincial tax increase for a family of four . . . and I think that rather than increase taxes wholesale, what the minister should be doing, very clearly and the government should be doing, is looking at some of the mismanagement that has been undertaken by this government; looking at the high cost of patronage; perhaps reducing its \$24 million a year advertising bill to Dome Advertising, and looking at other ways, rather than to just pass on the incompetence and mismanagement of this government on to the backs of ordinary taxpayers in this province.

Hon. Mr. Lane: — We've been through the debate many times, and I just advise the hon. member that the corporate capital tax in Saskatchewan is the highest in Canada. Manitoba now has raised it up to Saskatchewan's level.

You do run the following difficulty if you get too far out of line, and that is: it is quite easy for the very companies, the larger ones, to move their offices to the province of Alberta. So you have to watch your west border in terms of the imposition of this tax and get it at a level that is maximizing the revenue and doesn't get you to the point where you're in fact, losing revenue.

So this is where the payers of the tax have a great deal of flexibility as to where they operate and the calculation. So one has to be cautious, in fairness, as to how far you can go. We do believe that we have the maximum, at least at this stage. Obviously we'll monitor it from time to time, but we don't want to see the point where, in fact, people are artificially moving over to another jurisdiction simply to avoid paying the tax.

Secondly, one should keep in mind, as well, the corporate capital tax which, although not subject to this particular debate, as well is — the corporate income tax I mean — which as well, in many cases, is amongst the highest in Canada. So at those two levels we are, at least at this stage, as high as we can go.

Mr. Solomon: — My final comment., Mr. Chairman, would be with regard to the oil companies and the taxes that they . . . actually the tax cuts that they've made. The government has made a number of cuts in this budget which will affect, in a very negative way, our health plans; which will affect, in a very negative way, the delivery of social services to people that really are in desperate need of them.

I find it really incredible that they would continue to raise taxes when in effect . . . and to make cut-backs to programs and services which are very crucial to our province and the people living here when the first tax cut they made, or in the first cut they made, was a tax cut to the oil companies in December of '86.

Mr. Chairman, that's all the questions I have with regard to this Bill.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 18 — An Act to amend The Tobacco Tax Act

Clause 1

Mr. Solomon: — Thank you, Mr. Chairman. Again, Mr. Chairman, the government opposite has, rather than attack the real problem for the tax increases, that is, their mismanagement and their fiscal irresponsibility, and to attack the fact they've got the fastest growing deficit in this continent . . . And look at some of the reasons for that. They have chosen to pass on the mismanagement and incompetence to the people of this province.

I find it quite amazing that they tax corporations \$2.2 million more this fiscal year than they did last, but in fact they're charging people who use tobacco in this province a significant amount more. And I think what we're

looking at here is roughly \$9 million. So they believe that the taxes should be spread out to working people and other people who use tobacco to the extent of five times greater than the corporate friends that support this party financially right across the province and outside.

(1545)

Mr. Speaker, the tobacco industry is a very complex industry, and it's run on a lot of interesting laws, but I just want to make one point to the members present today with regard to the tobacco industry, and that is, first of all, I believe that this tax is unfair and that we should not be increasing the taxes on tobacco at this point for the reasons I've given with regard to that government's mismanagement and incompetence.

But I believe what they should be looking at is, if they're going to be increasing the tobacco tax, that perhaps they dedicate the revenue from that tobacco tax to something that is more productive in this province. And of course I would suggest that they dedicate it towards the drug plan, the maintenance of the drug plan as we knew it before they gutted it and/or the maintenance and reinstituting of the dental plan, which we have seen privatized by this government.

But I say that because the more consumption of tobacco that occurs, the more dangerous it becomes to those who consume tobacco and to those who are around people that consume tobacco.

An Hon. Member: — Which way are you going on this, John ?

Mr. Solomon: — The minister asks which way I'm going on this, and I can tell him that I smoked tobacco for 14 years. I would light up a cigarette and sneeze, and this went on for a long time, and I realized that not only was I allergic to it, but that it was a very serious health problem for me and others. And as a result, about four and a half years ago I quit smoking for the purpose of maintaining and improving my health, and certainly those that were around me. And I find that I feel much more energetic as a result, but I don't think people are too interested in my personal story or testament as it related to tobacco.

However I want to just make one point from an article that I have here on the tobacco industry, and that is a quote from — I forgot the magazine; I think it's . . . I'll quote the magazine as soon as I find it. But it says here:

In the world's greatest cigarette plant in Tobaccoville, North Carolina, nothing is loathsome to the eye or hateful to the nose. All is clean and bright and up to date. Smoking on the vast shop floor is banned. It might harm the 72 computerized cigarette-making machines which hum softly as each one produces 8,000 filter cigarettes a minute, or the driverless automatic guided vehicles which beep rudely at anyone foolish enough to step in their path as they speed production materials around the 2 million square foot plant.

So I think that people should be aware that even where

they manufacture tobacco, they try and curtail the consumption thereof by humans and others.

Mr. Chairman, I'd just like to ask if the minister could provide us with comparable figures as they related to other provinces, what the percentage increase has been in this fiscal year in comparable figures to other provinces, as well as what the percentage increase has been from 1982.

Hon. Mr. Lane: — I expected to be attacked on the tobacco tax, but not quite so viciously. I don't know who the hon. member was referring to when he talked about restricting smoking for humans and others. I'm sure he may want to edify not only myself but the rest of the public as to who "others" may be.

Secondly, I would have been interested in hearing the comments of the member from, I believe, Saskatoon Nutana . . . Saskatoon South, who during the course of this Bill was saying that we did not raise the tobacco tax high enough. So to say today that we raised it too high, from two hon. members, is a great surprise. I . . . (inaudible interjection) . . . Pardon? As I say, I find it surprising that today we get attacked for raising the tobacco tax too high. I'm sure many people in the province will be quite interested in hearing that.

To target the tax increase, I'm not sure in this case is necessarily advisable in that the health expenditures for cancer, of course, have increased significantly over the last years, and to target it back into that would be just an unnecessary step. I think it fair to say that tobacco tax into the general revenue, as we know ultimately where it's going, most of that, or a third of that, at least, is health care.

I can give you a list of all provinces if you wish that. I can pass it over to the hon. member, or I can read them off.

We should keep in mind that in regard to revenues overall from tobacco tax this year, we had estimated over the last few years because of the wide discrepancy between the lower tax in the province of Alberta and the higher tax in Saskatchewan, we were losing as a province roughly \$10 million a year in revenues through smuggling. And I'm advised by other ministers across Canada that as a result of the very low tax rate in Alberta that smuggling of cigarettes actually had an impact as far east as Montreal.

As a result of Alberta's moves last Spring in increasing its taxes . . . they have brought them up considerably. There certainly still is a difference, but they've narrowed very much the differential between the two provinces. The tax, for example, for a package of 25, it's \$1.17 in Saskatchewan, it's \$1 in Alberta, \$1.15 in Manitoba. As well, in Manitoba I might advise that in addition there is the 7 per cent retail sales tax.

And I could go down the list. I don't know if you want all of these read into the record. I think the pertinent ones are our neighbouring provinces, but if you wish them all, I'm prepared to read them all.

An Hon. Member: — Read the neighbouring provinces and ship over the balance.

Hon. Mr. Lane: — Okay. I've given you Alberta and Manitoba. British Columbia is 97 cents. Tobacco — 40.5 in British Columbia, 37.5 in Alberta, and 40 in Manitoba, again with the retail sales tax on top of that. Cigars — I'll give you the range, because it depends on the cost of the cigar. The cheap ones I know the hon. members enjoys from time to time, the tax is considerably lower than the better ones, and I'm sure he'd be interested in that. But I'll get a photocopy of this if I may. If you want it right now, You'll have to give us a couple of minutes, otherwise I'll have it photocopied and sent over to you.

Clause 1 agreed to.

Clauses 2 and 3 agreed to.

The committee agreed to report the Bill.

Bill No. 19 — An Act to amend The Education and Health Tax Act

Clause 1

Mr. Solomon: — Well, I'd just like to make some comments, very brief comments . . . well maybe not so brief, about the E&H tax, the Bill No. 19 which increases the sales tax in this province from 5 per cent to 7 per cent. And that, of course, is a 40 per cent increase on a tax which is a consumption tax, which is an unfair tax because it affects lower-income people and middle-income people far more severely than those of a higher income bracket.

And I just want to remind members and the people of this province that the government opposite has over the years made a number of commitments and promises which they have broken, in spades. This is another commitment that they made. Members opposite, whether they're from the Qu'Appelle-Lumsden constituency or from Maple Creek or from Regina South, or from other constituencies in the Conservative benches, promised very clearly that they would to away with the 5 per cent sales tax and in effect phase it out so that it wouldn't affect any purchases in this province.

What we see with Bill No. 19 is a 40 per cent increase, and it's an exact opposite move by this government which as been called the government of antonyms, the government of opposites — whatever they promise, they do the opposite; whatever they suggest one day, they deny the next. And in my view, Mr. Chairman, I think it's a clear example of a promise that's been made and a promise that's been broken, in spades.

What I would like to also point out, Mr. Chairman, is that the increase in the E&H tax from 5 per cent to 7 per cent really emphasizes the lack of credibility this government has. They have indicated in writing and verbally to many people that they would phase out the 5 per cent tax. What we have seen with this Bill is a 40 per cent increase and a clear indication as well that a Conservative's word is not his or her bond.

They cannot be trusted to be believed by anyone in this province, whether it's a promise to decrease personal income tax by 10 per cent — which by the way they have

increased by 28 per cent — or whether it's a promise to never reimpose the fuel tax, which they have reimposed and increased it from 6 cents a litre to 7 cents a litre; or whether in fact it's a promise to do away with the sales tax. And in Bill 19 they increased it from 5 per cent to 7 per cent.

They have promised in the past, Mr. Chairman, to provide less government and better government. But what we have seen is more government and more bureaucracy by this Conservative Party. They have through the fuel tax involved now 641,000 more licensed vehicle operators in the proliferation of red tape through the purchase of gas and maintaining gas receipts.

We have seen in that example alone, Mr. Chairman, a government which has shifted the burden of red tape and increased it in a manner and in a percentage that is unprecedented in the history of this nation to 34 million receipts. The total number of receipts that will be accumulated in a very small "c" conservative estimate is 34 million receipts. That's 641 operators that have to accumulate them, file them, make sure that they're all accurate, and to ship them into the government, and they then have to be processed. And that is an example of more government and more bureaucracy being passed on to the backs of ordinary Saskatchewan people.

They promised a better government, and what we have seen is a massive onslaught of patronage. We have seen the appointment of Mr. Hill to the Saskatchewan Power Corporation at a price of over \$200,000 a year, which previous to that was filled by an individual that was working part time in that position.

They have promised less government, but in fact they have almost tripled the number of political hacks that they have working in the government to 183, which is costing taxpayers of this province somewhere in the vicinity of \$10 million. So Bill 19, Mr. Chairman, is an extension of the wonderful government that we have in this province today.

They have promised to do away with the sales tax of 5 per cent, and their credibility is reflected once again in the fact that that promise has not only been blown to pieces but in fact its extended to a tax increase that is, along with the others in this budget, unprecedented in this province again.

We have seen the Conservative pillage the provincial treasury. Now we see the Minister of Finance, with his 7 per cent sales tax, dig very deeply into the pockets of people in this province.

And I say to the minister, and to the government opposite, that if they spent more energy and more time looking at their operation and cleaning up some of the patronage and watching what they pay people, and also watching the costs that they incur with regard to advertising, this province would be subjected to far less, and far more minor tax increases.

The people of this province, Mr. Chairman, would not be too upset if the sales tax increase resulted in something positive, but what we have seen is this government not

attack the deficit which they are the authors of, but we have seen this government encourage the acceleration of the deficit to become the fastest growing deficit in the province. If we have seen, as a result of these tax increases, improvements to services or programs, then perhaps the people of this province may not object too strenuously to it.

They have cut the non-government organization grants to groups who serve people of a low income and in various needs in our economy and our society. They have reduced the amount of assistance to the recipients of social services. They have privatized the drug plan . . .

(1600)

An Hon. Member: — Are you doing all your speech on this one, John?

Mr. Solomon: — Yes, right. They have, Mr. Chairman, not improved services or programs as a result of the tax increase, but in fact they have added this tax increase of the E&H increase from 5 per cent to 7 per cent, on top of the other increases where people are now paying, who require them, a higher cost for prescription drugs. People are now having to pay more for the dental program, which has provided a very excellent service to our children throughout this province.

And what people are saying is that as a result of the tax increases in this largest tax grab in the history of our province, is that they're unhappy. They're disgusted with the performance of the government opposite because the tax increases are not resulting in improved services and programs. The tax increases are not resulting in more jobs for the people of Saskatchewan, but in effect the tax increases are being added on to the other tax increases that will eventually result because of the budget that's been put forward by this government.

And I guess the question that people are asking me more and more is whether we can call an election, which the opposition obviously would like to, but we can't. And secondly, what they're asking me is: what is the use of keeping a Progressive Conservative government in power? What is the use of keeping this government in power? They make commitments one day; they break them the next. They don't govern the people of this province in the sense of providing more improved services or new and different programs which will help them. They lay tax increase upon tax increase upon tax increase, and that does nothing for the economy of this province; it does nothing for the families that live in this province, and in fact it discourages a number of people from even remaining in this province.

We have seen a number of examples of that in recent months, Mr. Chairman. We have seen the people of this province leave in hordes. We have actually had 2,000 fewer people working in this province in August of 1987 as compared to August of 1986, when our neighbouring provinces like Manitoba had an increase of 2,000 working people and Alberta had an increase of 12,000. So it's not a trend that is a very good trend.

Families are becoming very upset because the graduates

from our technical institutes and the graduates from our universities are leaving this province in order to find other jobs, thereby breaking up the family unit as we know them in this province.

My question to the minister — and I have other remarks I'd like to share with him and perhaps we can get to them at a later time — but what I'd like to know with regard to the E&H tax is: what is the impact of the elimination of the rebate on mobile homes?

Hon. Mr. Lane: — To respond, I ask the hon. member if we were doing all of our debate on this particular Bill, and I assume we are, that I just advise the hon. member if he takes a look at page 55 of the budget address, that Saskatchewan people with a total income of \$20,000 per annum or less are the lowest-taxed people in Canada; that people with a total income of 35,000 are the lower-taxed people in Canada. And it's not till one gets to higher levels that we move up into second place at 50,000.

So I suggest to the hon. member that he should also be aware of the Saskatchewan tax reduction which was designed for low-income people, which was part of the budget, which is the first which a Saskatchewan sales tax reduction to offset the increase.

And finally I should advise the hon. member, that the exemptions for individuals on sales tax are the most broad exemptions of any province in Canada imposing a sales tax. Obviously Alberta with no sales tax lays claim to that fact, but the exemptions for individuals are the most broad in the province of Saskatchewan.

I'd like to correct as well that his latter statement that there's been an out-migration; I think that the latest figures showed at in fact there was an in-migration as the economy begins to turn back around.

Finally, with regard to the mobile home tax refund, the refund had provided a refund of 50 per cent of the E&H tax paid on the purchase price of a mobile home. In our view, that gave . . . there was an inequity between mobile homes and ready-to-move homes, which are also available in the province. And so that the removal of that refund restores the position of the mobile homes and the ready-to-move homes.

Mr. Anguish: — Thank you, Mr. Chairman. I have a question to the minister in regard to sales that are done in Saskatchewan by firms from outside of the province, and I'd like to use the particular example of building products that are sold from, say, the province of Alberta into the province of Saskatchewan. And this, as you can appreciate, Mr. Minister, becomes an increasing . . . does the minister want me to wait while he's consulting?

An Hon. Member: — No, you go ahead.

Mr. Anguish: — The closer you get to the Alberta border, the more prevalent the problem becomes, and that is, that firms that sell building supplies on the Alberta side can sell their building supplies into a community like Lashburn or Maidstone, and they aren't collecting in many cases the E&H tax, or more commonly known as

the sales tax, from the purchaser. And I'm wondering, since this puts Saskatchewan companies at a disadvantage, what is your department's policy in terms of collecting the E&H tax from those firms who are outside the province but sell within the province of Saskatchewan?

Hon. Mr. Lane: — Well the member makes the point I tried to make in a previous debate about the corporate capital tax and the corporate income tax, how we have to be aware of the effect of the tax regime in the province of Alberta. With regard to commercial contractors, my officials advise that there is a collection scheme there licensed, and there is a provision whereby they can collect from consumers. If individuals want to go out and do that, we have the same enforcement difficulties with building supplies as we would with anything else that people went to the province of Alberta to purchase and avoid paying tax. It's obviously been a long-standing difficulty.

We've tried to minimize the desire of people to go to the province of Alberta, for example, by taking . . . one of the effects of taking the tax off clothing is that more people now go to Alberta if they're trying to avoid tax for major purchases as opposed to everyday purchases. And we've noticed that retail sales have gone up in most cases along the Saskatchewan side along the Alberta border, because people are no longer going over for routine, everyday purchases.

It's a problem; we try and enforce it; we try and look at it realistically. But it has been a problem since sales tax came in and will continue to be one.

Mr. Anguish: — Mr. Minister, building supplies are usually major purchases, and I'm thinking in terms of someone wanting to get the building supplies necessary to build a house or a commercial building on the Saskatchewan side, but wishing to go to a company in Alberta to purchase those building supplies. Now you can see where it certainly put companies on the Saskatchewan side at a clear disadvantage.

And I suppose my next question to you, Mr. Minister, which is different from the first question, and that is: who is the onus on to pay the tax to Saskatchewan government? Is it on the purchaser or is it on the seller from the Alberta side?

Hon. Mr. Lane: — I'm advised by my officials that the way the system has been in place for some time, that we are collecting the tax on commercial contracts. Okay. So there does not seem to be the difficulty. The customer becomes . . . the sub-trades and others. So I am assured that we are collecting the tax in those circumstances, but the onus would be on the consumer.

Mr. Anguish: — If someone in Saskatchewan, say someone from Maidstone, wishes to purchase building supplies from Nelson Lumber in Alberta — Nelson Lumber, if they know the person if from Saskatchewan, do they not have any responsibility to collect the tax from that individual and submit it to the provincial government, Mr. Minister?

Hon. Mr. Lane: — Nelson would be an example of a company registered in Saskatchewan and under the collection scheme that's been worked out over the years, that they are collecting that tax.

I mean if someone went in and got a bag of insulation material or something — an individual — obviously we wouldn't be able to control that.

Mr. Anguish: — I can well appreciate that, Mr. Minister. I had a complaint from a building products supplier in The Battlefords who has bid on more than one occasion on a tendered project, and they have been unsuccessful because they add in the amount of the sales tax, which is now 7 per cent in the province of Saskatchewan, and Nelson Homes in Lloydminster have been successful because they don't add in the 7 per cent sales tax. And that clearly puts Saskatchewan companies at a disadvantage.

And the specific company that complained to me, Mr. Minister, confronted Nelson Lumber with this and Nelson Lumber said they had no responsibility to collect or remit that tax to the province of Saskatchewan. Is that in fact the case?

Hon. Mr. Lane: — That's not the advice I have, in that a commercial contractor, because he's carrying on business, would have to pay the tax.

If you've got a specific example I can assure the hon. member we would be more than pleased to check it out for you and get a response to you. But the commercial — and again I'm advised by my officials — the commercial, we're quite confident that we're collecting the tax because they have to be registered to carry on business here, and that it seems to be effective in collecting the tax. Now if you've got a specific problem we'd be glad to check it out.

Mr. Anguish: — Well thank you. I appreciate that, and I do request that this specific case be checked out. And I'm wondering if you can tell me who in your department I would contact so that they can proceed with some kind of investigation into this matter.

Hon. Mr. Lane: — You can just send me a letter on it and I will give it to the officials to check it out, if you want to do that.

Mr. Solomon: — Thank you, Mr. Chairman. I just want to ask a couple of more questions with regard to the mobile home clause. Has the minister had any representations from the manufacturers of mobile homes in Saskatchewan regarding this?

Hon. Mr. Lane: — There is one manufacturer in the province, Shelter in Estevan, who have made representations opposed to the tax. That's the only manufacturer that I recall. I think I got a couple of letters from dealers who are opposed to the tax. We did respond in the manner which I advised you, that it puts them on the same plans as the ready-to-move homes which are also manufactured here in many cases.

(1615)

Mr. Solomon: — I just want to make the point, Mr. Chairman, that the minister has provided in his budget documents, on page 55, with regard to Saskatchewan being the lowest taxed province in the country, and I dispute those figures. He does not include the elimination of the property management grant which is provided in . . . a similar type of grant is provided in other provinces. He has excluded to mention, or failed to mention the fact that he has increased costs so dramatically to municipal associations and urban municipalities and rural municipalities that these municipalities now have to increase their taxes in order to gain sufficient revenue to meet at least the basic services that this government has retracted on from the budget.

Also I might add that there are other tax increases that to the people of this province are experiencing great pain, and that is the fact that prescription drug costs are now up front and are costing a lot of people a lot of money. There's increased cost to delivering a dental plan to young children due to the fact that many parents have to take time off work and travel that extra distance, not to mention the cost which is really incalculable with regard to the health of children. Many children will not receive the preventative dental health care that they received in the past as a result of this government's actions.

So there are many other tax increases that are hidden taxes. This government has increased hidden taxes by 42 per cent, and that is not showing up on this table on page 55. So in effect this province under this government is not reflecting, in my view, an honest position with regard to other provinces in their taxation policies, but in effect they have compiled this tax table to suit their own purposes.

I wonder how the minister can justify taking \$100 million out of the economy in the increase of the E&H tax from 5 per cent to 7 per cent, when the economy is in desperate need of disposable income being spent in many small businesses in the province, both in small villages and towns and in urban municipalities.

Hon. Mr. Lane: — Well we've noted and have been tracking the retail sales, and I'm advised that except for the automobile sector, retail sales are up across the board. And the automobile sales are down, but not as far as they are in some other jurisdictions. We don't see the drop in automobile sales as a reflection of the E&H tax, and I think that the fact that one sees the automobile new car rebates and low interest loans on a North American campaign by automobile manufactures, would indicate that their sales are down throughout most of North America at least. We don't attribute and we don't see any relation between the two.

And as I say, I believe all other sectors are up varying degrees. I believe home appliances, and that is up considerably to this stage. So we get a better idea, obviously, on retail sales as we approach year end. But to this stage retail sales are in fact up except on the automobiles.

Mr. Solomon: — Again, Mr. Chairman, I don't mean to debate the issue, but the reason that automobile

manufactures introduced the low interest loans is to attract business. But when you're in effect increasing the price of an automobile, whether it be a half-ton or a car, by 2 per cent over and above what the 5 per cent sales tax was, you are discouraging purchases of those products. And the people in this province can see that money being used for purposes which they don't agree with, then of course would therefore conduct themselves accordingly with regard to purchasing a major item like an automobile.

Finally, Mr. Chairman, I just want to remind members in the House, and of course the people of this province, the Conservatives with respect to the 5 per cent sales tax promised in the last couple of elections to phase out the sales tax and to reduce it to zero, what we see here today is an increase of 40 per cent.

But I want to remind people that individual candidates of the Conservative Party, the member from Regina South, promised to phase out the 5 per cent provincial sales tax. The member from Regina North who is now in Regina South promised to phase out and eliminate the 5 per cent sales tax. And the member from Swift Current who was a candidate for the Progressive Conservative Party and is now a cabinet minister as is the member from Regina South, promised to reduce the 5 per cent sales tax. The member from Rosetown-Elrose, he promised to do away with the sales tax.

And in every instance, in every promise that the cabinet members made, they have broken their word. How can the people of this province attribute any credibility to the government of this province, the Conservative government, when in example after example, whether it was the member from Maple Creek, or the member from Kelsey-Tisdale, or the Progressive Conservative member from Melville, and on and on and on, the member from Biggar, promising to do one thing — to eliminate the sales tax from 5 per cent to zero — and delivering on the other had a 40 per cent increase from 5 per cent to 7 per cent. I'd like to ask the members that made these commitments how they personally feel about making a promise, making a commitment in writing, and now seeing that their commitment is not worth the paper it was written on.

I wonder how the members feel. I know the member from Shellbrook-Torch River made the some commitment, and the member from Souris-Cannington, and the Premier made that commitment as well. How can people believe what the government and the Premier say after having seen what they've done and what they've promised and broken in terms of their promises?

I think, Mr. Chairman, that the E&H tax increase is an unfair tax. It's a consumption tax, and it's a tax that is a betrayal and a double-cross on the people of Saskatchewan. Because the Conservative members, the Conservative cabinet members included, made promises that they had no intentions of keeping, and in effect did the opposite of reducing, but in fact increasing the sales tax in this province.

Hon. Mr. Lane: — I would simply like to advise the hon. member, in terms of retail sales, just for his information, the budget estimates were predicated on a 3.9 per cent

increase on retail sales. Already this year we are at 4 per cent, and the bigger increases tend to come in the last couple of months of the year. So it looks like we'll come in above our budget, estimates, at least at this stage.

Mr. Solomon: — Well I hope the minister's estimates are a little more accurate than the estimates he's made before, and I refer him to the budget deficit estimates of . . . he estimated a deficit in 1983-84 of \$316 million, and the actual estimate was 300 . . . or the actual deficit was \$331 million, Mr. Chairman.

In the '84-85 budget the minister estimated \$267 million, but in effect we had an actual deficit of \$379 million. In 1985 the '86 fiscal year, the Minister of Finance estimated \$291 million, and he delivered an actual deficit of \$584 million.

In '86-87 the current Minister of Finance, the member from Qu'Appelle-Lumsden, estimated a \$389 million deficit, which was just prior to the election campaign, and on that one he was out by over 200 per cent. It was in actual fact, according to their figures, \$1.235 million. And he's now estimating a forecast of \$577 million.

And I'm wondering if he's taking into consideration the lower interest costs and the lower money costs this government is undertaking as a result of the people of this province carrying on their backs the up-front drug costs, the up-front dental costs, the other tax increases that he has been the author of.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 27 — An Act to amend The Income Tax Act

Hon. Mr. Lane: — I could introduce to the Assembly, Mr. Chairman, John Wright, executive director, taxation and economic policy division, Department of Finance; and on my far right, Kirk McGregor, associate director, taxation policy, taxation and economic policy division, Department of Finance.

Clause 1

Mr. Solomon: — I'd like to give my tax speech one more time, Mr. Chairman, but my discretion is that I prefer to modify it a bit.

I want to just remind the people of this province that not only have the Conservative members opposite made promises with regard to the 5 per cent E&H tax and that they would promise to do away with that, but in effect they have increased it to 7 per cent.

But the members opposite — and you can read the constituencies from which they're from — the member from Maple Creek; the member from Qu'Appelle-Lumsden; the member from Estevan, the Premier; the member from Regina South — they've all made promises and commitments in writing and verbally, during election campaigns and after election campaigns,

to reduce personal income tax by 10 per cent. And we can go through the list of the members of this government in their incredible statements about reducing personal income tax, but what we see is, through the flat tax, an increase in personal income tax of roughly 26 to 28 per cent. It's not a 10 per cent decrease in personal tax; it's not a 5 per cent decrease in personal tax. It's not even holding the line on personal tax percentages, but in effect the implementation of the flat tax is an implementation of a second income tax on the people of this province and is equivalent, on the comparison of basis points of the federal tax, of a 26 per cent to 28 per cent increase in personal taxes for the people of this province.

And I maintain, Mr. Chairman, that that's a very unfair tax. It provides a number of deductions to a number of high income people that are not available to those in the lower and middle income brackets.

And I have a couple of questions. I want to know if the minister could give some percentage breakdown of revenue from net income ranges that he has? And I don't have any specific numbers, but what I'm getting at is: what percentage revenue do you receive from the flat tax, or do you project to receive, in those in the 25,000 and under, to 25 to 50,000, and 50,000 and over, if you have those ranges or any similar ranges?

Hon. Mr. Lane: — We would have to compile the information if you wanted a breakdown by income levels as to total tax. I can give you . . . that overall the average tax increase would be \$75; under \$10,000 the average tax increase would be \$9; 10 to 15,000 it would be \$44; 15 to 25,000 it would be \$69; 25,000 to 35,000, \$113; 35,000 to 50,000 it would be \$188; 50,000 to 100,000 it would be \$308; and over 100,000 it would be \$782. Now those are average tax increases at each of those levels. We don't have the information in terms of what each of those levels in total would generate total taxes. We can try and compile that, but we don't have it.

(1630)

Mr. Solomon: — I would appreciate it if you could, Minister. What I was also looking for was of the revenue of \$51.2 million that you estimate the increase in flat tax will provide, could you give us a breakdown of how many dollars, actual dollars, of that — I guess it would be around 154 million in total flat tax revenue — that each income range produces in terms of revenue for the government. You must have some kind of projection or estimates, and if you do, I'd like to have them. And also if you could include how many people in each category, whether it is . . . either percentage of people or numbers of people or tax filers that it may include?

Hon. Mr. Lane: — We'll have to compile that information for you and supply it to you.

Mr. Solomon: — I appreciate that. Thank you.

I have a copy here of the *Leader-Post*, Tuesday, April 16, 1985. It's dated, of course, but . . . page 4, and the title of this newspaper article is that "The rich can still dodge tax." And it's in reference to the initial implementation of the flat tax at 1 per cent.

And I just want to read an excerpt to the minister and ask him a question on this, if I may. And I quote:

While conceding that loopholes are available, both the Premier and the member from Kindersley (who was at that time the minister of Finance) argued, "It is important to get a start on tax reform even if that tax reform still requires some fine tuning."

Could you tell the members of the House what fine tuning you have done in the past two years with respect to this flat tax to make it more fair?

Hon. Mr. Lane: — Well the reason for the flat tax and where it was located was at the time of the negotiation for a flat tax with the national government, that was the only option that we could attain. Since that time, the province of Alberta taxes it on taxable income, and Manitoba and Saskatchewan are the same.

We do expect to see modifications or, at a minimum, at some point during the federal tax reform . . . I can't commit to changes being made in next year's budget because the federal government has not given the approval for tax changes.

I would ultimately see, with federal tax reform and provincial income tax, that we will go, at a minimum, to a modified flat tax and perhaps to an actual flat tax of probably three levels. And I'm saying that in general terms. We don't have any specific income levels for each of those as yet, but ultimately that's where I would see it coming down.

Mr. Solomon: — So the fine tuning that the Premier and the former minister of Finance referred to has not been done to date. Is that fair to say? And then fine tuning, in the sense of trying to minimize some of the abuses — as what he was referring to — as opposed to the fine tuning it so that other provinces levy a flat tax as well.

Hon. Mr. Lane: — Well it's . . . I mean, negotiations have been going on since that time with the national government as to the imposition of the flat tax, and they will continue.

All I can suggest to the hon. member, in light of the federal initiatives on tax reform, they have indicated to the provinces that they are very reluctant in the next year to accept any major changes to the income tax scheme, I gather, until such time as they either have the new scheme in place or they are ready on any national sales tax, value-added tax, or whatever tax scheme they're going to have, if they do make the changes that are in their white paper.

Mr. Solomon: — Does the minister believe it fair that people who invest in investments like motion pictures, and tapes, and petroleum exploration ventures, MURBs (multiple unit residential buildings), and that sort of thing, do you believe that that is a fair deduction on the implementation of the flat tax when ordinary working people, middle income and lower income people, do not have that opportunity to invest for the purpose of tax

deductions prior to the implementation of that tax?

Hon. Mr. Lane: — At the time we did try and negotiate that those would not be deductible, but remember that the flat tax, when it was imposed, it was the first in Canada, and that it was on a trial basis by the national government. So we did try and negotiate so that those wouldn't be deductible from the flat tax.

Having said that, I'm not sure you wanted me to debate the policies behind those tax exemptions. I'm sure that many people in Canada would support the investment in Canadian-made movies. I know the arts community tends to support that, and certainly many in Canada do support that.

The policy behind a scientific tax credit probably had some merit. The way it was implemented and the way it was controlled obviously was a financial disaster, and very, very poorly thought out by the previous Liberal government. I think that the public record is that the federal Finance officials had recommended against the form of the scientific tax credit in the way that it came out. So that there was a political decision by the then Liberal government to proceed with that, and it turned out to be a boondoggle, to say the least. And I don't think, any one supports that.

We did, as I say, try and get those moved up so that they were not deductible, but the federal government would not make that radical a change at that time to the income tax scheme.

Mr. Solomon: — You attempted to answer the question, but you never answered the question that I asked. And the question I asked was: do you think those types of things are fair — deductions for the higher income earning population, whereas deductions for ordinary and middle income and lower income people cannot be claimed? Deductions like medical expenses and charitable donations and child dependants — do you think those types of deductions are unfair or fair?

Hon. Mr. Lane: — I mean those deductions, you know, we'd support it, and I think in this year's budget we did increase some of the . . . made some changes on sales tax credit, etc.

Let me tell you the income from sources that the federal government agreed upon at the time of the flat tax, because although one may disagree, there is some rationale. Income from employment, net of expenses; pension income; institutional benefits — that is family allowances, unemployment insurance benefits, investment income, dividends, interest, capital gains, annuities; rental income, net of expenses; and self-employed income, net of expenses, are included in the total income from sources.

Then there were a whole host of deductions that were not included. And that's: CPP contributions, UIC premiums, RPP contributions, registered retirement savings contributions, registered home ownership savings contributions, union dues, tuition fees, child care expenses, allowable business investment losses, index security investment plan losses, alimony payments,

moving expenses, carrying charges, certified Canadian film capital costs deductions, and petroleum exploration venture deductions. All of those deductions were not allowed at the time of the negotiation of the flat tax.

Mr. Solomon: — A question with respect to section 4. For the '85 and '86 taxation years, non-resident partners earning partnership income in Saskatchewan were able to avoid paying the flat tax, as the Act requires the tax be paid by individuals residing in the province on the last day of the taxation year. Could the minister tell us how many of these individuals there were? What was the lost revenue, and what is the projected revenue as a result of this amendment?

Hon. Mr. Lane: — They have to be members of national firms, and it's the allocation of the income back to the province, so that could be a calculation of the national firm, but we estimate approximately 100 people would have any advantage in that provision.

Mr. Solomon: — And what was the lost revenue, and what is the projected revenue as a result of this amendment?

Hon. Mr. Lane: — We have no way of knowing at this stage. The officials estimate at the top end it would be \$100,000.

Mr. Solomon: — I think it's section 7 or subsection 6(7) provides the basis for calculating the tax payable by a small business engaged in manufacturing and processing. You indicate that the Act discriminates against businesses with foreign income. Could you explain that? And what is the loss of revenue that would be incurred, and how many firms does this include?

Hon. Mr. Lane: — It's a rather lengthy explanation. I will read it into the record.

The federal government has requested amendments to our Act to remove unintentional discrimination against businesses which have foreign income and qualify for the provincial small business tax rate. The amendments are required to ensure that businesses are able to obtain the full benefit of the provincial business rates.

The current legislation calculates the income of a small business to be taxed at the provincial small business rate by multiplying the taxable income of the business eligible for the federal small business deduction by the ratio of the business's taxable income allocated to Saskatchewan to its total taxable income.

Now I could go on at length here. I don't know if the hon. member want is. Do you . . . Because active business income does not include foreign income, the denominator of the ratio will be larger than the active business income amount where the business has foreign income; this results in the business not being able to obtain the full benefit of the provincial small business tax rate.

The amendments will rectify the situation by providing that the denominator for the calculation is taxable income earned in all provinces. The denominator cannot

be active business income as the calculation could incorrectly allow a business to claim the small business rate on income in excess of the \$200,000 ceiling.

Clause 1 agreed.

Clauses 2 to 10 inclusive agreed to.

The committee agreed to report the Bill.

(1645)

Bill No. 12 — An Act to mend The Management Accountants Act

Clause 1 agreed to.

Clause 2

Mr. Tchorzewski: — Just for the sake of expediting the business of the House, we have examined this Bill, as indicated earlier. We do not object to it, so we have no questions, and we're prepared to let it move right along.

Clause 2 agreed to.

Clause 3 agreed to.

The committee agreed to report the Bill.

Bill No. 20 — An Act to amend The Superannuation (Supplementary Provisions) Act

Mr. Chairman: — The minister want to introduce his officials?

Hon. Mr. Lane: — I'll introduce to the Assembly Brian Smith, executive director, public employees' benefits agency, Department of Finance.

Clause 1

Mr. Solomon: — Thank you, Mr. Chairman. I made some fairly prolonged remarks during second reading, and I'd just like to ask some questions of the minister with regard to the cost of the Bill and how many people were eventually involved with taking the early retirement. And my first question would be that: how many members of the public service were eligible for retirement, and how many actually ended up taking retirement?

Hon. Mr. Lane: — The eligible were 1,608 and those who participated, 1,267.

Mr. Solomon: — Does the minister have information which would show us what the average income was for those that took early retirement, and what was the average age and years of service?

Hon. Mr. Lane: — The average annual salary was \$36,500. The average annual pension was \$19,100. The average length of pensionable service is 27 years.

Mr. Solomon: — Were any of the 1,608 — I guess there would be about 300-and-some that did not take the early retirement package — were any of these civil servants

terminated when the application date expired, or after the application date?

Hon. Mr. Lane: — We don't have that information. That's Public Service Commission. I have been advised, just to make sure that the record is accurate, that these are the estimates that we have now. We think they're fairly precise, but there could be a modest adjustment by year end.

Mr. Solomon: — Could the minister provide to me the actual costs of the government . . . the government's cost with respect to the top-up and whether or not there is a cost that you've calculated that will attribute to the government for the actual pension fund and liability.

Hon. Mr. Lane: — We estimate that the total cost of pension and bridge benefits is \$20 million, and we estimate that over the 10 years the annual savings to the province will be in the range of \$40 million.

Mr. Solomon: — The \$20 million cost you refer to, is that the cost that you have calculated based on the \$300 a month subsidy, or is it based on that plus the amount of shortfall the pension fund will have?

Hon. Mr. Lane: — That is both, but we haven't done a valuation on the public service superannuation problem, and the impact on the unfunded liability.

Mr. Solomon: — You say that you have not done an impact on the unfunded liability — is that correct — or that you have?

Hon. Mr. Lane: — The actuarial valuation has not been done.

Mr. Solomon: — I'm informed that as of March '83 the unfunded liability was about \$1.6 billion and that in March of 1986 there was a further actuarial valuation, but the information about the size of this unfunded liability has not been made public. Is it possible to do so today, please?

Hon. Mr. Lane: — Yes, we can get you that information. I gather that information was given to the Public Accounts Committee last Thursday.

Mr. Solomon: — I'd appreciate receiving a copy of it. I'm not a member of the Public Accounts Committee.

Could the minister provide us with a calculation as to what the officials might estimate the additional cost of this early retirement plan will be on the pension plan and whether or not it jeopardizes the solvency of the plan in the long term.

Hon. Mr. Lane: — Well we estimate that we'll be paying less pensions as a result of the early retirement. But again, no actuarial valuation has been done.

Mr. Solomon: — Why was no actuarial evaluation done?

Hon. Mr. Lane: — The last person doesn't retire until December 31.

Mr. Solomon: — Are you then saying that the actuaries will get around to doing the evaluation within a certain period of time, and if so, when might that time period be, and could the information be made available to the members of the Assembly?

Hon. Mr. Lane: — Well we'd probably do it some time in 1988 after the last one has retired.

Mr. Solomon: — And you would make that information available to members of the Legislative Assembly? Or would you entertain an amendment to this Bill, which would include that to be published in the gazette or some other location?

Hon. Mr. Lane: — There is an annual report filed here, and it will be in *Public Accounts* as well.

Clause 1 agreed to.

Clauses 2 to 4 inclusive agreed to.

Second Clause 3

Mr. Chairman: — Proposed House amendment:

Amend second section 3 of the printed Bill where it appears on page 3 by renumbering it as section 5.

Second clause 3 as amended agreed to.

The committee agreed to report the Bill as amended.

Bill No. 14 — An Act to amend The Saskatchewan Telecommunications Superannuation Act

Clause 1

Mr. Shillington: — Mr. Minister, you stated that your intent in moving this legislation was to facilitate the retirement of people who didn't meet the conditions under the old legislation, i.e., they might not be 55 years of age, as a for instance.

Why did you feel it necessary to give the Crown corporation unfettered discretion to terminate employees against their wishes? I'm not so much interested, Mr. Minister, in what you think SaskTel is going to do. I am interested in the extent to which you or the management of SaskTel might go beyond what you say. I'm concerned about the extent to which this Bill can be abused, and I think it's very extensive.

So I wonder, Mr. Minister, why you didn't bring in amendments which would have accompanied your stated purpose, that is to facilitate the retirement of people below 55? Why in addition did you have to give the corporation an unfettered discretion to retire people against their wishes?

Hon. Mr. Lane: — Well the legal advice we have to make the changes — I'd like to introduce John Meldrum, vice-president, corporate council of SaskTel — that these were the changes that would be appropriate. And if one takes a look at a comparison with the previous legislation,

this may be much more precise or succinct, but realistically other than the main item is the age and years of service, that the discretion probably existed in the corporation.

Mr. Shillington: — Well, Mr. Minister, it did not. I ask you to compare the two sections. There was no discretion in the old section. If an employee, by reason of physical inability or was otherwise unable to perform his employment, under the old section he could be retired.

Under the new section you've added something different. You've given SaskTel a discretion to determine when a person is unable to meet the terms of their employment. Why didn't you just leave the open paragraph the way it was, Mr. Minister? Why did you have to introduce that element of discretion?

I want to say, Mr. Minister, that what you just offered is the weakest excuse I ever heard, that is that that was the advice you got. We don't deal so much, Mr. Minister, in what advice you got as what the effect of this legislation might be.

And there is a great deal of concern, Mr. Minister, about this Bill. And it's particularly true in light of SaskTel's record of employee relations. Mr. Minister, I think it's fair to say there have been three strikes in telephone companies in this country, one of which took place at SaskTel. They're extremely rare. The stats may not be accurate, but strikes at telephone companies are extremely rare. You've managed to pull one off, Mr. Minister.

You have management there which is intent upon God only knows what. But certainly one of the things they're accomplishing is to upset the morale of employees at SaskTel. Throughout the years I've been an elected member, Mr. Minister, the morale at SaskTel has generally been very high. Employees enjoyed working there, wanted to remain at SaskTel, and most of them wanted to remain there until they retired. In the last couple of years that has changed dramatically, Mr. Minister, and employees are unhappy there, they're worried. And there's any number of adjectives and adverbs I could use to describe the morale. It's terrible.

Into this whole mix you've added this right, this legal right to terminate any employee for any reason. If you didn't . . . it is certainly within the wording of that legislation to permit management of SaskTel to retire an employee because you didn't like his politics, or her politics. It says, and is very clear, Mr. Minister:

Where in the opinion of the corporation an employee is unable to discharge his responsibilities . . .

Mr. Minister, the section, Mr. Minister, could not be wider. It appears to be wholly unnecessary, wholly beyond the needs of the corporation. I wonder, Mr. Minister, why you needed, why you thought you needed to add this additional aggravation to an already difficult labour-management climate over at SaskTel? If an opposition were doing their job, Mr. Minister, any government any time would face criticism.

I see the Chairman leaning forward towards his desk. If you want to call it, fine, but I'll continue this at 7 . . . (inaudible interjection) . . . No, we're nowhere near finished. We're going to be quite a while with this.

The Assembly recessed until 7 p.m.