

The Assembly met at 10 a.m.

Prayers

## ROUTINE PROCEEDINGS

### PRESENTING REPORTS BY STANDING, SELECT, AND SPECIAL COMMITTEES

#### Standing Committee on Crown Corporations

**Clerk Assistant:** — Mr. Speaker, Mr. Kopelchuk from the Standing Committee on Crown Corporations presents the first report of the said committee which is as follows:

Your committee met for organization and elected Mr. Kopelchuk as chairman and Mr. Gleim as vice-chairman. Your committee has held 19 meetings during the current session of the legislature. Your committee has completed its consideration of the reports of the following Crown corporations outstanding, 1985: Agricultural Credit Corporation; Agricultural Development Corporation; Advanced Technology Training Centre of Saskatchewan; New Careers Corporation; Municipal Financing Corporation; Saskatchewan Crop Insurance Corporation; Saskatchewan Development Fund; Saskatchewan Forest Products Corporation; Saskatchewan Grain Car Corporation; Saskatchewan Housing Corporation; and Saskatchewan Oil & Gas Corporation.

Your committee has completed consideration of the 1986 reports of the following Crown corporations:

Agricultural Credit Corporation, Agricultural Development Corporation; Advanced Technology Training Centre of Saskatchewan; New Careers Corporation; Municipal Financing Corporation; Saskatchewan Computer Utility Corporation; Saskatchewan Crop Insurance Corporation; Saskatchewan Development Fund; Saskatchewan Export Corporation, 1986 and 1987; Saskatchewan Forest Products; Saskatchewan Government Insurance; Saskatchewan Grain Car Corporation; Saskatchewan Housing Corporation; Saskatchewan Minerals; Saskatchewan Telecommunications; Saskatchewan Transportation Company; Saskatchewan Water Corporation.

Your committee has the following 1985 outstanding reports of corporations to consider:

Crown Investments Corporation; Potash Corporation of Saskatchewan; Saskatchewan Economic Development Corporation; Saskatchewan Government Printing.

It is also your committee's intention to complete the examination of the reports of the following corporations:

Crown Investments Corporation, 1986; Potash

Corporation of Saskatchewan, 1986; Saskatchewan Economic Development Corporation, 1986; Saskatchewan Government Printing, 1986; Saskatchewan Mining Development Corporation, 1986; Saskatchewan Power Corporation, 1986; Souris Basin Development Authority, 1986.

**Mr. Kopelchuk:** — Mr. Speaker, I move, seconded by the member from Regina North:

That the first report of the Standing Committee on Crown Corporations be now concurred in.

Motion agreed to.

**Mr. Speaker:** — By special order of this House, question period will be at 2 p.m.

## INTRODUCTION OF BILLS

### Bill No. 63 — An Act to amend The Saskatchewan Insurance Act

**Hon. Mrs. Duncan:** Mr. Speaker, I move first reading of a Bill to amend The Saskatchewan Insurance Act.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

### Bill No. 64 — An Act to amend The Partnership Act

**Hon. Mrs. Duncan:** — Mr. Speaker, I move first reading of a Bill to amend The Partnership Act.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

### Bill No. 65 — An Act to amend The Business Names Registration Act

**Hon. Mrs. Duncan:** — Mr. Speaker, I beg to inform the Assembly that His Honour, the Lieutenant Governor, having been informed of the subject matter of the Bill, recommends it to the consideration of the Assembly, and I move first reading of a Bill to amend The Business Names Registration Act.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

### Bill No. 66 — An Act to amend The Denturists Act

**Hon. Mr. Lane:** — Mr. Speaker, I move the Bill respecting The Denturists (Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

### Bill No. 67 — An Act to amend The Ophthalmic

**Dispensers Act**

**Hon. Mr. Lane:** — I move that an Act respecting The Ophthalmic Dispensers (Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 68 — An Act to amend The Dental Profession Act, 1978**

**Hon. Mr. Lane:** — Mr. Speaker, I move that a Bill respecting The Dental Profession (Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 69 — An Act to amend The Medical Profession Act, 1981**

**Hon. Mr. Lane:** — Mr. Speaker, I move that a Bill respecting The Medical Profession (Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 70 — An Act to amend The Tax Enforcement Act**

**Hon. Mr. Lane:** — Mr. Speaker, I move that a Bill respecting The Tax Enforcement (Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 71 — An Act to amend The Provincial Mediation Board Act**

**Hon. Mr. Lane:** — Mr. Speaker, I move an Act respecting The Provincial Mediation Board (Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 72 — An Act to amend The Land Titles Act (No. 2)**

**Hon. Mr. Lane:** — Mr. Speaker, I move that a Bill respecting The Land Titles (Amendment) Act (No. 2), be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 73 — An Act respecting the Consequential Amendments to Certain Acts resulting from the**

**enactment of The Land Titles Amendment Act, 1987 (No. 2)**

**Hon. Mr. Lane:** — Mr. Speaker, I move that a Bill respecting The Land Titles Consequential Amendment Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 74 — An Act to Amend The Fire Prevention Act, 1980**

**Hon. Mr. Lane:** — Mr. Speaker, I move a Bill respecting The Fire Prevention (Amendment) Act be now introduced and read the first time.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 75 — An Act respecting the Licensing of Persons who Perform Work of Gas Installation or Sell Gas Equipment**

**Hon. Mr. Swan:** — Mr. Speaker, I move first reading of a Bill respecting the Licensing of Persons who perform Work of Gas Installation or Sell Gas Equipment.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 76 — An Act respecting the Licensing of Persons who Perform Work of Electrical Installation or Sell Electrical Equipment**

**Hon. Mr. Swan:** — Mr. Speaker, I move first reading of a Bill respecting The Licensing of Persons who Perform Work of Electrical Installation or Sell Electrical Equipment.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 77 — An Act to amend The Power Corporation Act**

**Hon. Mr. Lane:** — Mr. Speaker, I move that an Act respecting The Power Corporation (Amendment) Act be now introduced and read the first time.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

(1015)

**Bill No. 78 — An Act respecting The Inspection of Electrical Equipment, Installation and Material**

**Hon. Mr. Lane:** — Mr. Speaker, I move that an Act respecting The Electrical Inspection Act be now introduced and read the first time.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 79 — An Act respecting The Inspection of Gas Installations and Gas Equipment for Consumers**

**Hon. Mr. Lane:** — Mr. Speaker, I move that an Act respecting The Gas Inspection Act be now introduced and read the first time.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 80 — An Act to amend The Members of the Legislative Assembly Superannuation Act, 1979**

**Hon. Mr. Lane:** — Mr. Speaker, I move that an Act respecting The MLA Superannuation (Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 81 — An Act respecting the Consequential Amendments resulting from the enactment of The Saskatchewan Property Management Corporation Act**

**Hon. Mr. Lane:** — Mr. Speaker, I move that a Bill respecting The Saskatchewan Property Management Corporation (Consequential Amendment) Act be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill ordered to be referred to the Standing Committee on Non-Controversial Bills.

**Bill No. 82 — An Act to amend The Wascana Centre Act**

**Hon. Mr. Klein:** — Thank you, Mr. Speaker. I move first reading of a Bill to amend the The Wascana Centre Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 83 — An Act to amend The Wakamow Valley Authority Act**

**Hon. Mr. Klein:** — Mr. Speaker, I move first reading of a Bill to amend The Wakamow Valley Authority Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 84 — An Act to amend The Meewasin Valley Authority Act**

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I move first reading of a Bill to amend The Meewasin Valley Authority Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

**Bill No. 85 — An Act to amend The Oil and Gas Conservation Act**

**Hon. Mrs. Smith:** — I move first reading of a Bill, The Oil and Gas Conservation Amendment Act, 1987, be now

introduced and read a first time.

Motion agreed to.

**Hon. Mrs. Smith:** — Mr. Speaker, I ask leave to refer the said Bill to the Non-Controversial Bills Committee.

Leave not granted.

The Bill ordered to be read a second time at the next sitting.

**ORDERS OF THE DAY**

**GOVERNMENT ORDERS**

**COMMITTEE OF FINANCE**

**Motions for Interim Supply**

**Hon. Mr. Lane:** — Mr. Chairman:

Resolved that a sum not exceeding \$304,049,300 be granted to Her Majesty on account for the 12 months ending March 31, 1988.

**Mr. Tchorzewski:** — Is this when I can ask some questions? I thought that was the case. We won't take too long if we get the right answers, Mr. Chairman.

Mr. Minister, this is the fifth interim supply Bill, and that's unusual in itself, but we also had an interim supply Bill at the end of last month which created some unnecessary difficulties for some municipalities throughout the province, thanks to the failure of the Minister of Urban Affairs to notice that that was a problem with the Bill.

But I will leave that part of it alone for now and simply ask you, Mr. Minister: do you this time have enough funding in this Bill of interim supply to provide the quarterly funding to municipalities who have had to borrow money either on the market or borrow money internally, which in the end cost them interest and therefore still was a cost to the municipalities and therefore the taxpayer? Is there a quarterly provision to make payments to municipalities so they don't have to undergo that problem and difficulty again?

**Hon. Mr. Lane:** — The motions make provision for four months' interim supply for local governments.

**Mr. Tchorzewski:** — Thank you. so clearly since this is the second time in this session that it is done, I think it's important we put the record straight, because the Minister of Urban Affairs has been going around the province not being quite accurate with the people he speaks to and saying that the reason why the funding wasn't made available is because the final budget vote hasn't been taken.

Mr. Minister, you're confirming here, I would assume, that it is not necessary to have a final vote on the final budget, interim supply Bills. You can have the quarterly, and you could have had it last month as well.

**Hon. Mr. Lane:** — Well certainly if the hon. member is

asking — and I think it should be on the record as well — that when we have interim supply Bills, that instead of doing them in the traditional way, which is one month interim supply until the budget is voted, with some rare exceptions, if you're asking that we now change that, and in our first interim supply Bill we make provision for all organizations that need funds during the balance of the year pending passage of the budget, then that is a rather dramatic change from the past practice.

Now I'm prepared to consider that if that's the wish of the opposition. But let me suggest to the hon. member, in fairness, that it's not only local governments, urban or rural, that need moneys during the year and that have to borrow. If we . . . For example we've had, on earlier interim supply, we've had additional moneys for school boards. We've had additional moneys for expenditures on different programs, student aid, all of these things which take into account more than one-twelfth.

Now I know the political debate that we're involved in, but I suggest to the hon. member if you are in fact arguing that our first interim supply Bill during the course of budget debate should have additional funds to cover all organizations that would have to potentially borrow during the course of the year, I'm prepared to consider that. But to single out as . . . to single out one recipient of public moneys, we can make that debate. But I suggest to the hon. member that there are many exceptions to the one-twelfth.

We have treated those, I believe, generally fairly throughout the course. But if we're now advocating that our first Appropriation Bill include additional expenditures to cover off all those organizations who may have to borrow because the budget's not approved, I'm prepared to consider it. I had hoped that you would be forthright, if that's your broader argument, above just talking about local governments, because it's an important debate.

**Mr. Tchorzewski:** — I would be more than happy to clarify, Mr. Chairman. No, that is not my broader argument. That's not the issue here at all.

And I suspect the issue may never have arose — I shouldn't say that so readily — but it may never have rose to the heights that it did except for the misleading statements that the Minister of Urban Affairs was making to municipalities and to the press. He knew very well that there could have been, in the last interim supply Bill, enough money to provide the quarterly payments.

Now, Mr. Minister, there's a difference between providing from time to time in the interim supply Bill — because you have to have one every month — but from time to time providing enough money to make payments on a quarterly basis, or whatever basis you make them on, without the need to provide it all in the first interim supply Bill.

Quite frankly I, as one, and I'm sure that the members of the opposition would object to having it all provided for in the first interim supply Bill. That's why, Mr. Minister, you have the authority under the rules of the House to come in here every month and get your interim supply.

The solution to the problem is, stop applying the kind of ridiculous mismanagement that this government has been applying and have a budget that comes in when it's supposed to come in.

(1030)

The budget, other than this year, has always come in at a time which provided sufficient time for debate, provided information to third parties and municipalities so that they would know what their funding is going to be, and there always had to be some interim supply Bills — this isn't a new innovation — and then things turned out okay.

The reason why we are faced with the problem is, first of all, because the government chose to bring the budget in on June 17, some several months later than it should have; and secondly, because in interim supply Bill before this one you did not make provisions to provide the funding to municipalities which you made provisions for in your first interim supply Bill in June.

So I would suggest to you, Mr. Minister, the simple solution, the simple solution is, get your act together, and . . . (inaudible interjection) . . . Well the member from Regina South uses the words that he wants, Mr. Chairman. That's not the word I used. All I can say to him is that if you walk like a duck and you sound like a duck and you look like a duck, you're a duck.

Mr. Minister, I want you to know that the simple solution to this thing is, bring your budget in next year, now in 1988, in March or February, and the problem won't exist.

**Some Hon. Members:** Hear, hear!

**Mr. Tchorzewski:** — That's the only point I want to make here. I don't want to drag this on because I think we've had sufficient debate on interim supply Bills in the past. Our points have been made; they will be made again in other forums. But if you can at least stand up in this House today and tell us that this time, for the next budget, you're going to have it here before the 1st of April so that the people who are partners with the government, so that they can have the funding they need to get their work done, can be assured what they'll have; then I think I will have no further questions.

**Hon. Mr. Lane:** — We could debate this for some time but I think the proof, the proof will be in the pudding in that in next year's interim supply, if the principle being articulated by the member from Regina North East is that we should take into account those organizations that get public moneys during the course of the year, may have to borrow for a quarter or some . . . in some cases, to the hon. member, with respect, there are some organizations out there that get their moneys from the government on a monthly basis, and if the interim supply would cover that. In some cases they argue most strongly that they should know and have their moneys fully in advance. And I can think of many third-party organizations that ask for that, that they would like their moneys up front so that they finance during the year.

So to single one recipient out as having a problem — and

I'm not arguing that they don't have a problem — I think does not recognize that there are other organizations, and that if we are to now change interim supply to take into account . . . And you have to, I think, in fairness, make the argument in the first interim supply that all organizations that would receive funding throughout the year should get it in the first interim supply so they don't have the problem . . . (inaudible interjection) . . . Well, the fact is that the hon. member says that the timing of the budget . . . certainly that is a factor this year, and we haven't denied that in any interim supply.

But I suggest to the hon. member that even if a budget is in time we still have interim supply Bills. Sometimes the sessions have been dragging on into June and interim supply — and that's a quarter in many cases — and we have to . . .

**An Hon. Member:** — We never had a problem in the past.

**Hon. Mr. Lane:** — Oh yes, we have. The hon. member knows full well that there has been cases in the past. So yes, we can make the first interim supply . . . Technically you could make your first interim supply your full budget for the year if you wanted to debate that, and I don't think that's a practice we want to start.

**Mr. Van Mulligen:** — Thank you, Mr. Chairman. I don't know how many years the Government of Saskatchewan has been operating, or how many years they've been providing revenue-sharing payments to municipalities but, Mr. Minister, we've never seen a problem up until this year and, to a very limited extent, last year. Mr. Minister, you talk about tradition. Let's recognize that the reason we have a problem is because you chose to delay bringing in a budget until June of this year. And if it were not for that, there would not have been a problem; there hadn't been problems in the past. You're the one that breaks with tradition when it seems to suit your purposes.

I want to just get it clear. Urban municipalities that receive more than \$30,000 in revenue-sharing payments receive those payments in four equal instalments, and the payment dates are June 1, July 1, October 1 and December 1.

Can you now assure us, and can you assure municipalities unequivocally, that they will receive in this interim supply Bill all funds that should have been due to them by October 1? That is to say that they will have, as a result of this interim supply Bill, three-quarters of all the money that should be coming to them this year, and in fact all the money that should have been due to them by October 1. Can you give us that unequivocal assurance?

**Hon. Mr. Lane:** — Yes, I can, to the hon. member. I would, secondly, like to make the point that we've now had, as the opposition financial critic indicated, we're now on our fifth interim supply Bill and Appropriation Bill, and I think many people, and I know many people in urban governments are surprised that the opposition didn't raise the problem before this.

**Mr. Van Mulligen:** — Mr. Minister, again you're blaming the opposition for your own incompetence. That's a new

one, but we expect just about anything from you when it comes to cheap political shots, Mr. Minister.

I just want to say that I thank the minister for his assurance that municipalities will have all funds due to them that should have been due to them October 1, even if we are now at the end of the month. And I want to thank him for that assurance, and I think that all municipalities and all of us can rest assured that there will not be any further problems in this regard.

**Mr. Tchorzewski:** — Mr. Chairman, I have no further questions. I just want to make it very clear to the minister that there is a procedure which would be very helpful to him or any future minister who may occupy his position.

First of all, I know that the municipalities will be glad that their provision is being provided here today, and we're only too pleased to support that. We would have supported it if it had been provided the last time.

Secondly, I would recommend to the minister, very highly, that in future for interim supply Bills that he, as I used to do before him before 1982, and others before me, should consult with the opposition on an interim supply Bill. I mean, it's highly unusual for interim supply Bills to be controversial.

In advance of the Bill being in the House — and I say that not in any critical sense; I'm offering it as, I think, constructive advice and suggestions — consult with the opposition or with the opposition critic, give us an advance copy of the interim supply Bill so that we can take a look at it.

And I can assure him that under normal circumstances the passage of interim supply Bills, if it's straightforward, including quarterly payments if they're necessary, would get by this House in a matter of a very few minutes, and all it would take is a consultation and some advance information, as I must say, Mr. Chairman, to the credit of the minister, he did provide in his first interim supply Bill.

That's all that's necessary, and I think we would then in future save us the need for some further questions and debate and difficulties that are created for people out in the field. Thank you.

**Hon. Mr. Lane:** — Just in response to the hon. member, I appreciate his comments, and I'm reluctant to put the broad interpretation on his comments that if the opposition has advance copies of the interim supply Bills, that the debate will be rather brief. I think, in fairness, and I respect that interim supply always has been — and I would be reluctant to see it changed — as an opportunity for the opposition to debate rather wide-ranging topics. It's been a tradition of this House, and I suppose in the future we will see whether advance notice tends to shorten debate or not.

Motion agreed to.

**Hon. Mr. Lane:**

Resolved that towards making good the supply granted to Her Majesty on account of certain

expenses of the public service for the fiscal year ending March 31, 1988, the sum of \$304,049,300 be granted out of the Consolidated Fund.

Motion agreed to.

**Hon. Mr. Lane:** — Thank you, Mr. Chairman.

Resolved that a sum not exceeding \$39,943,700 be granted to her Majesty on account for the 12 months ending March 31, 1988.

Motion agreed to.

**Hon. Mr. Lane:**

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1988, the sum of \$39,943,700 be granted out of the Saskatchewan Heritage Fund.

Motion agreed to.

The Committee reported progress.

(1045)

## FIRST AND SECOND READING OF RESOLUTIONS

**Hon. Mr. Lane:** — By leave of the Assembly, Mr. Speaker, I move the resolutions be now read the first and second time.

Motion agreed to and, by leave of the Assembly, the resolution read a first and second time.

## APPROPRIATION BILL

**Hon. Mr. Lane:** — Mr. Speaker, by leave of the Assembly, I move:

That Bill No. 86, An Act for Granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year Ending on March 31, 1988, be now introduced and read the first time.

Motion agreed to and, by leave of the Assembly, the Bill read a first time.

**Hon. Mr. Lane:** — By leave of the Assembly, Mr. Speaker, and under rule 48(2), I move that the Bill be now read a second and third time.

Motion agreed to and, by leave of the Assembly, the Bill read a second and third time and passed under its title.

## COMMITTEE OF FINANCE

### Consolidated Fund Budgetary Expenditure Finance Ordinary Expenditure - Vote 18

**Hon. Mr. Lane:** — Thank you, Mr. Chairman. Before I introduce my officials — and we have apprised the

member from Regina North East of a printing error on the Estimates — the total dollars are not affected in any way. And that requires a motion, moved by myself, seconded by the member from Turtleford:

That the following erratum for the Estimates for the fiscal year ending March 31, 1988 for Finance which has been tabled in the Committee of Finance, be adopted:

Due to an administrative error the following corrections should be made:

In the Estimates of Finance, Vote 18, page 41, the details should read as follows:

Remissions under The Department of Finance Act, 1983 . . .

And the numbers are set forward and the same for:

Interest on tax overpayments pursuant to section 56 of The Department of Revenue and Financial Services Act (Statutory) . . .

. . . the detail, therefore, should read as follows: for Finance, Vote 18, page 44 . . . Distribution of the above:

Statutory Appropriation (and the numbers are in the motion) — 77,757,500 (estimated '87-88) and;

To be voted — 60,453,300

For a total of \$138,210,800.

**Hon. Mr. Lane:** — And then, Mr. Chairman, if I may introduce my officials in the Assembly: Mr. Jack Vicq, acting deputy minister; Keith Laxdal, associate deputy minister of revenue, pensions, and administration; Bill Jones, assistant deputy minister, investment and financial services division; Gerry Kraus, Provincial Comptroller; Bill Van Sickle, executive director, administrative division; Mike Shaw, executive director, budget review, treasury board division; John Wright, executive director, taxation and economic policy division; and Bob Blackwell, director of operations, treasury board division.

**Mr. Tchorzewski:** — Mr. Chairman, we'll agree that this motion be passed, because an error has to be corrected. I just noticed something here that I wasn't able to ask the Minister earlier in our conversation.

Mr. Minister, under item 14, the number change is really quite extensive from . . . this is interest on tax overpayment pursuant to section 56. In '86-87 there was an estimated \$100,000, but you tell me that that is now being changed to \$600,000. Can you explain what the reasons are, and the circumstances behind such a big change in that amount of money?

**Hon. Mr. Lane:** — Under The Department of Revenue and Financial Services Act, I'll give you the section if you wish, 56(6): any interest paid to a taxpayer by the department on an overpayment of tax is considered a

statutory expenditure.

Presently interest is only paid on overpayments of corporation capital tax because of that tax. Corporations are required to make monthly instalment payments of the tax. These payments are based on their estimate of the tax for the current year. At the end of the year when the corporations file their returns, their payments are compared to their actual tax liability. If the corporation has under-remitted tax, it receives interest, and interest is paid out of this subvote. Interest on the corporation capital tax overpayments were previously paid out of the revenue division subvote. So that's the difference.

Motion agreed to.

### Item 1

**Mr. Tchorzewski:** — I'm afraid not, Mr. Chairman, not for a little while. I think that when I rose to ask the question on the motion I did not also extend my greetings, and the greetings on behalf of the opposition, to the officials, and we look forward to them providing the answers to the minister so that we can deal with these estimates in an expeditious way.

I want to begin, Mr. Chairman, by outlining to you and to the House, in a general way, some of the areas or some of the general themes or concepts around which we will be basing our questions. I have a number of questions which I want to deal with, quite a large number of questions, and I want to ask them of the minister here today, and whatever time it takes. And I know that some of my colleague do as well have questions that they want to pursue also.

I want to say, first of all, that throughout the consideration, Mr. Minister, of your estimates, some things are going to underline all of the questions that we ask.

First of all, after six budgets presented by your government since your election, I think it's clear that there has been established by this government a litany of mismanagement never before imagined possible in Saskatchewan. Most people agree with that in Saskatchewan today. They are deeply concerned about where we are at, and they are deeply upset about why we got here.

All of those things that generations of Saskatchewan people have worked hard to build in this province, to better this province, to make it better for themselves and for future generations, in these short five years, because of the kind of mismanagement we've seen, have either been destroyed or given away or put in great danger of an early demise because of the continuing mismanagement that we see before us since even 1986, October of 1986.

(1100)

And secondly, Mr. Minister, your government and you, yourself, have deliberately disregarded the processes of democratic government and disregarded the people of

this province and their role in this process. And you have said to them in your statements, and you have said and shown to them in your decisions and by your actions, that most people don't count, except maybe at election time.

That is a concept of government that, I think, in a democratic society is extremely objectionable. And the things that we're going to ask you and speak about in these estimates are going to emphasize that because we're concerned about that aspect of it as well.

And thirdly, Mr. Minister, as I said in my response to your budget speech on the day and the day after your budget, this budget can be described only as a budget of betrayal, nothing less. You and the Premier and your colleagues were dishonest with the public. You continue to be dishonest with them about your future plans for this province, because there are indications that you intend, as a government, to do things which are not in the best interests of Saskatchewan.

You don't give the people a chance to have their say about them. And then you just simply plough ahead and do what you like, disregarding their views and their opinions and their aspirations for the future of Saskatchewan.

You've led this province from a surplus of \$140 million in 1982 — it is recorded in statements provided to this House and to the public by the former minister of Finance — you took this province from a surplus of \$140 million in 1982 to a deficit of \$3.4 billion in 1987 - 88.

I say to you that when oil prices were under \$9 a barrel in 1977, the former government had a balanced budget. You had oil prices at \$30 a barrel, and you piled up a huge deficit, and you had a deficit every single year. And now you complain about oil prices being \$18 a barrel, or whatever they might be today, and you blame your deficit on that.

And when the price of wheat was \$2 a bushel or less than \$2 a bushel, we then balanced the budget, as a former government, before 1982 as well. You now blame your mismanagement, and the farmers, who are struggling to survive, on them and the difficulties that they face.

And everything you do in this budget makes, Mr. Minister . . . (inaudible interjection) . . . Mr. Chairman, when the member from Wascana, who speaks from his seat, will settle down, I will continue my remarks.

Mr. Minister, everything you do in this budget makes a difficult situation which was created up until now, even worse. And I'm going to refer to some of those things, and you may want to respond to them.

First of all, when you were elected in 1982 and again in 1986, there were certain expectations that people had of you, as they had of every other government before you. And it is only right that they should be able to have those expectations. But they should have those expectations even more strongly felt when they are made certain promises by a political party which then happens to become the government. In your budget, you betray those promises.

You said that as long as a Conservative government was in power there would never again be a gasoline tax. Now some people will argue one way or the other on the gasoline tax, but the issue is, you said there never would be one.

This year there is one, and its application is probably administratively bad to the extent that I don't know how your administrators are going to manage it. It is being applied extremely unfairly and is being used as a method to shift even further the tax load to property taxpayers through increased costs to municipalities and school boards.

You said that you would do away with the sales tax. You've increased it by 40 per cent. You said you would decrease the income tax by 10 per cent. Everybody knows that the flat tax is increased in this budget this year. And it goes on and on and on, and I could give you examples which I won't bother to at this time because I think those highlight the kind of betrayal we're talking about.

Now you say in your budget that the government can't afford to maintain the health programs of this province. That's what you say, that's what the Minister of Health has said, and that's what the Premier continuously says as he travels around this province: we can't afford our health care programs. But, Mr. Minister, you have done nothing to reduce the cost of those health care programs.

You have done nothing to reduce the cost of those health care programs. All you have done is shifted that cost from the provincial treasury, which can spread it out over a large tax base, and you've put it on the backs of people who have to take part and have to have those services. And you've even made it worse by allowing some of those costs to go up unnecessarily, as is the case with the patent drug legislation, which you supported in Ottawa, which is going to increase the cost of drugs — by that one Act alone over the next five years — by \$75 million to Saskatchewan residents. There has not been a saving in the cost; there has been an increase in the cost. And you've said people who get sick and people who get old and children who should be getting dental care are now going to have to pay more. Those are the kind of priorities that I think are the highlight of this betrayal which we're talking about.

The whole problem has been the kind of mismanagement and waste of public money which has led to a situation which I want to ask you about after I talk about this thing.

Let's look at this mismanagement and let's look at where it has led us. Let's look at this legacy which you're leaving behind and your predecessor is leaving behind. I refer you to page 41 of your budget speech. It's interesting to note where we have been and where we are today. And I also refer you to page 79 of the budget of 1982. Because I think between those . . . a comparison between those two statements there is a clear indication of how bad your mismanagement has been.

Let me bring your attention to non-reimbursable debt. Well you know what non-reimbursable debt . . . I'm not

sure all the public does, but I think many of them do. There are two kinds of debt that the province has. There is reimbursable debt — that's debt that's incurred because you go out and you borrow money for the power corporation or Saskatchewan Telecommunications or other public agencies, Crown corporations. They earn income and they repay that debt through the income that they earn.

Non-reimbursable debt is money that the government borrows and then the taxpayer has to pay out of their pocket — the taxpayer has to pay out of their pocket. What has happened to this non-reimbursable debt during the term of this government?

Well December 31, 1981 the non-reimbursable debt was \$380 million. Now it's startling to note that that non-reimbursable debt is estimated by March 31, 1988 to be \$2,585,837,000. Now that is shocking — that is shocking. This debt which you have accumulated is going to cost the taxpayers this year \$300 million to service. They're going to get nothing for it, but they're going to, through their taxes, before you put one single cent in highway maintenance, they're going to have to shell out \$300 million to pay the interest to some places, mostly out of this country, that you have to borrow this money to pay for the cost of this non-reimbursable debt.

Were that it only would end here, but it doesn't, because I want to now talk to you about the gross debt. And here the situation is just extreme. The gross debt on December 31, 1981 for the province of Saskatchewan, where you accounted for the reimbursable debt and the non-reimbursable debt, was \$3.283 billion, quite manageable — quite manageable.

Let's look seven, or six years later. What is this total debt of the province of Saskatchewan today that you project in your budget on page 41? You are saying to the public that the gross debt is now \$1.506 billion. Now that's a 300 per cent increase, Mr. Minister, because you frittered it all away — because you frittered it all away.

Because you decided in 1982 that management of government was absolutely unimportant, that management was not necessary. You simply had to address the political issues, and you simply could solve them by sending out more money, or you could pay off your friends by telling them they don't have to pay their fair share of the taxes. And so you said to the oil companies, that's okay, you're doing pretty good right now, but we're going to forgive \$300 million a year of your royalties.

So what you have done by those kinds of actions, Mr. Minister, is increased the gross debt from \$3 billion to \$10 billion. Now \$10 billion, Mr. Minister, of debt for the province means that for every soul, every man, woman, and child in Saskatchewan there is now a debt of over \$10,000.

Now, Mr. Chairman, that's a considerable debt. If a child is born right at this minute in Saskatchewan, that child is born into a debt of \$10,000 because of the mismanagement of this government.



Let me just highlight the kind of mismanagement by giving you an example. In 1982-83, Mr. Chairman, this government said that the deficit for the province would be \$219 million. Was it \$219 million? No, it was \$227 million.

In 1983-84 they said the deficit would be \$316 million. Was it \$316 million? No, it was \$331 million. And this is while the former minister of Finance was saying, well you know, we are going to get deficits under control.

In '84-85 the minister of Finance stood in this chair in this place, and he said the deficit would be \$267 million. It ended up being \$379 million. In '85-86 the minister of Finance said the deficit would be \$291 million. It doubled to \$584 million.

And in 1986-87, Mr. Chairman — you notice it kept getting worse every year — in '86-87 we had this new Minister of Finance who was supposed to bring hope and salvation, and he said the deficit would be \$389 million, and it ended up being \$1.2 billion.

(1115)

Now I know estimates are estimates, but nobody who is being honest with himself or with the public can underestimate that badly. So, Mr. Minister, it's that kind of mismanagement, it's that kind of six deficit budgets in a row — every year that this government has been in power — that has led us today to have this gross debt of \$10 billion and now is being used by this government to cut essential services that are causing suffering and pain from one end of this province to the other. They're using it as the cover — the cover.

Mr. Minister, we are now seven months into the year, your fiscal year. Seven months into the fiscal year you ought to be able to tell this House whether this saga or horror story is going to continue. Seven months into the year you should be able to say in your estimates whether you are confident that you will be within your budget projections or whether you will be over it; and if you're going to be over it, you should be able to tell this House by how much. If you can't do that first off in the consideration of your estimates, then clearly the story since 1982 is a story that has yet not ended.

And so I ask you, Mr. Minister, first of all, as we are now nearing November 1, are you going to in this budget be within your estimate? Are you going to have your deficit at \$577 million? And if not, how much will it deviate one way or the other?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — At this stage we expect to meet our budgetary and deficit targets. There will be two major variables, of course, that may lead to some difficulties.

One, we're not sure yet what the international markets are going to do to interest rate. We did, as we had debated before, had an interest rate estimate set out. If the rates are held low, by particularly the actions of the G-7, we may be in a better position than we had expected

Secondly, there is some preliminary indications that perhaps the revenues on the oil side from leases may be higher than we had anticipated. I can only speculate on those because we simply don't have precise information. We were concerned three weeks ago that we were going to be under pressure with more expenditures on interest rates. The hon. member I'm sure knows that rates quickly started to move upwards three weeks ago, and then it was an intervention done quite literally overnight, an agreement to dramatically drop interest rates.

So we simply can't say with precision what will happen in those two areas, but we overall are quite confident, at least at this stage, of meeting our targets that have been set out.

**Mr. Tchorzewski:** — Mr. Minister, just to comment on your comment about the interest rates. I would hope that none of us would want to rely on the stock market too many times to lower interest rates, because that's really what has caused all this to happen. I'm not knocking the fact that we're getting lower interest rates. I have a mortgage that I renew next June as well. But I think there are other implications.

But let me just pursue this a little further. I hear you say that you feel that you're going to be within your budget projections in this budget, as of the seventh month of this fiscal year. Now the indications are there. Can I ask you: how do you know that? I mean, how do you find this out? I'm sure you don't take it out of the air. What's the process that tells you how this happens?

**Hon. Mr. Lane:** — Well as we've debated before on statements and everything else, they are . . . and I very carefully said earlier that we estimate. I've thrown some variables which . . . in interest rates. It's now not a matter of month-to-month variations on projections. The information in that case came in within 24 hours of a major shift in trends. So we do try and assess as we go through the years, the hon. member knows, but they are estimates.

And what I've tried to do was give to you some of the broader questions that could impact on our overall estimates for the year, and I've given you two of the major ones. But that's at this stage. I mean, no one is sitting here predicting that if two months from now the lowering of the interest rate has started an inflationary spiral — I don't expect that, but that's just from general advice as opposed to anything specifically — but if it were to start an inflationary spiral because of the sharp drop in interest rates, would there then be a correction upwards two months down the road?

So they're estimates; they continue to be estimates; that's why they're called estimates. I'm trying to give you the overall that we will try . . . and we expect to meet our targets.

**Mr. Tchorzewski:** — I guess, Mr. Minister, on a monthly basis somebody reports to you that here is what the revenues are up until now and here is what the expenditures are. I believe that's the process. Is that what you're telling me?

**Hon. Mr. Lane:** — We get the estimates of cash receipts, cash disbursements on a monthly basis. We haven't got anything precise as yet; I'm giving you my expectation when I see the interest rates drop, which was contrary to the trend, that I see that as a variable that probably affects in a positively way what happens in the final numbers. But yes, we get those expenditure and receipts on a monthly basis.

**Mr. Tchorzewski:** — I understand that, and I wanted to hear it from you, Mr. Minister — not that I doubt what is reported by your officials. But in the Public Accounts Committee that was outlined to us very clearly, that you and all members of the treasury board, as has happened before in 1982, and I complimented the department for doing this, do get a statement of outflow and inflow — outflow of expenditures and inflow of revenues — on a monthly basis, prepared some times every two weeks.

So that information is made available to you, Mr. Minister, and to other members of the treasury board, and I might add, used to be made available to the Premier — I hope still is. Being that he is the president of the Executive Council, I would think he might be interested in knowing the affairs of the province. So I wanted to establish what the process was.

That being the case, Mr. Minister, I want to ask you: since that information was always available to you even in 1986, why did you not know in September of 1986 and August of 1986 that your deficit projections of \$389 million was not going to be \$390 million? Why did you inform the Premier to travel the province and promise to everybody that the deficit would definitely not be above \$500 million, when in fact you announced in March it would be \$1.2 billion? Did you not read that information, Mr. Minister, or were you misleading a Saskatchewan public deliberately?

**Hon. Mr. Lane:** — We've debated this several times. Let's take a look at the ultimate deficit figure that we have debated many times, and take into account what we could have done.

Sixty million dollars of that ultimate increase was a reduction in the estimated value of land bank land transferred to the ag equity corporation. We got, much later in the year I gather, some rapid reappraisals. The reappraisals were being done during the course of that year as to the valuations, and they continued to drop throughout the year. We very much indicated that we were not taking the \$100 million we could have taken and that we had proposed to take from the Liquor Board.

We certainly had increased expenditures on the home program. We had done an estimate, you may recall, and we debated this in the Assembly, as to what the reserve would be under the production loan program, and the reserve that we had chosen for the 1986-87 budget was the reserve that the Canadian Wheat Board uses for its cash advance program.

And throughout the course of that year — and I gather much later in the year — the Provincial Auditor had some concerns as to whether that reserve for loss exposure was high enough. We then chose — we could have had a

lengthy debate with the Provincial Auditor as to whether who's right, who's wrong — we chose, for the purposes of the deficit, to increase that by \$110 million. We could have, we could have maintained the position throughout the year, of the Canadian Wheat Board reserve.

We indicated about \$70 million in miscellaneous over-expenditures, one of which I think, if I recall — and I'm subject to correction, but if I recall, \$18 million for salary settlements in health care. And the hon. member knows that those have not been put into the budget of the year.

**An Hon. Member:** — Loose change.

**Hon. Mr. Lane:** — No, no. I'm not suggesting that. But what I'm saying to the hon. member that the salary settlements that are negotiated after the budget have historically been brought in to the following year, and not in the year because you don't want to prejudice and send out a signal as to what your amount of moneys you're putting on the table for salary. And that's been the longer term practice of the government, and I think not an unwise one.

We chose to begin to write off losses in Sedco (Saskatchewan Economic Development Corporation). Saskatchewan Forest Products, STC (Saskatchewan Transportation Company). Now that's not a decision that we had to make. But we did choose to do that. The big variation, the big single variation is the drop in resource revenues. And I suggest to the hon. member that I'm not aware of any financial adviser, industry analyst, that predicted during the course of that last fiscal year the drop in oil prices to as low as \$10.

As a matter of fact, when we did a quick comparison of the estimates, we were actually closer on our estimates of oil revenues than the province of Alberta was. And I would suggest that the province of Alberta has a very intimate knowledge and understanding of the oil industry, perhaps better than any other jurisdiction in Canada. So you know, some things that we chose to bring into the deficit we did deliberately. We've debated that on many occasions so far this session.

**Mr. Tchorzewski:** — Mr. Minister, you chose to inflate this deficit. You chose to do that so that you could do all of those devastating things that you've been doing since March, or even earlier, of this year. You misjudged by \$700 million.

If you think anybody believes you when you say that, Mr. Minister, that somehow there were unforeseen circumstances, I simply say to you that you're the same minister who made a guarantee to the citizens of Saskatchewan that the prescription drug plan would never have the deterrent fees. And you expect them to believe you when you say you didn't mislead them on the deficit.

(1130)

You're the same minister who said in 1986 that your deficit would be \$389 million, and now you come up with some stories about why it's not. You're the same

minister who said the people of Saskatchewan that the sales tax would be done away with, and in your budget this year you're increasing it by 40 per cent.

Mr. Minister, it's a question of your credibility, as it is the question of the government's credibility. Are you saying to this House then that oil prices after October of 1986 went down, or did they go up, Mr. Minister?

**Hon. Mr. Lane:** — I can indicate that by August prices went below \$10 a barrel, and that was a rather dramatic drop after the budget. Okay.

But then an OPEC (Organization of Petroleum Exporting Countries) agreement increased it to 15 in . . . That was the August OPEC agreement. The December agreement — and there was volatility within that period of time between August and December — got prices into the 15 to the \$18 range. Okay.

For '86-87, WTI west Texas intermediate crude prices average \$15.29, which was 24.2 per cent below the budget projection.

Of the revenue shortfall — and I'll break it down for you — on the oil side there was a decrease in the royalty tax and other oil revenues, a virtual elimination of the bonus bid revenue, and then reductions in credits as a result of the activity to the temporary service and supply employment program.

**Mr. Tchorzewski:** — So, Mr. Minister, you knew by August what the price of oil was going to be. You knew by August that it had dropped to \$10 a barrel, and yet through August and through September and through October you still tried to say to the public of Saskatchewan that your projected deficit was going to not change. In other words, Mr. Minister, you misled them. Your Premier did the same. He knew in August what the price of oil was going to be, and as a matter of fact from then on it went up.

When I spoke earlier about mismanagement and about political decision making on a partisan way, with total disregard to fiscal needs of this province, you have just confirmed it. You knew what the situation was going to be, and you didn't tell the public. You hid your deficit.

Now, Mr. Minister, can you explain why, as a responsible member of a government, you would have not told the public the truth about what the price of oil was going to do to your revenues from oil? Can you say that and explain it today?

**Hon. Mr. Lane:** — We simply couldn't tell, because the . . . well it had dropped down to 10; it had dropped down to 10. And I've already just read into the record the August OPEC agreement got it back up. There was a subsequent agreement that got it back up further, and so to argue that anyone in the industry knew what the price was going to be during the course of that year, I frankly think is not fair, because there was so much volatility. I mean, I just take a look at the graph for oil price flow — again west Texas intermediate crude prices — and a dramatic drop, and then the gradual track back up again.

So again the estimates were . . . we certainly didn't estimate a drop down to 10. I don't think anybody predicted a free fall down to 10, and no one again expected later in the year that it was going back up to 18.

**Hon. Mr. Blakeney:** — Mr. Chairman and Mr. Minister, I want to focus in on the comments made by you and the Premier during the election campaign that the deficit would be 500 million. And you have told us today that one of the main reasons — you have confirmed what you said in writing in March of this year, in the course of your Saskatchewan economic and financial report, that one of the main causes for the large increase in the deficit from the 400 million or so that you predicted in March, from the 500 million which you predicted in October, to the 1.2 billion you reported in March — you say one of the main reasons was a \$350 million drop in resource revenues.

Mr. Minister, you knew by October when you were telling the public that the price of oil had dropped. You knew that six months had gone by during which period the price of oil was much lower than your prediction and therefore that the revenues would be much lower than your prediction. You knew that there would be a substantial shortfall. You knew that in order to get back the revenue which you had predicted, the price of oil would have had to go to 25, 30 or more dollars a barrel. And yet in October you quoted a figure which did not take into account sharp drops in oil revenue which had already taken place, and in respect of which there was no reasonable prospect that they would ever be caught up. And they weren't, and they haven't been.

Now why, Mr. Minister, did you not level with the public? No one is quarrelling with you for not being able to predict oil prices, particularly. We are quarrelling with you for saying, when you knew that the money had been lost, for saying in October, don't worry the oil money is in, or will be in, and the budget deficit will be around the \$500 million mark. Now speaking of oil revenue, how can you justify not taking that into account in calculating the figure of 500 million which you gave to the public during that campaign? You knew it. Why didn't you level with the public?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Lane:** — Well I'm somewhat surprised because the hon. member usually knows what's going on. But, did I know during the course that oil prices had gone up in August? yes, I knew that. Did I know that they had gone down in July? yes, I knew that. We also . . . (inaudible interjection) . . . No, I said that the August Agreement brought them back up to the \$15 range. There was an international movement, I think it fair to say, amongst oil producing nations to try and get some . . . the price back up again, and that was public information.

We did have, and we were unable to predict, for example, what the bids were going to do on the land sales. We had two in that time which we had to take a look at. And who knew? I mean, as the hon. member knows, that's going to depend on not only prices but how the industry views the opportunities. As well, we don't know until we get into near the year end and I'm not even

sure, in many cases, you know precisely then with the impact of the equalizations is a result of the drop in revenues. And to put those factors and say that you can, with precision, tell us what's going to happen, I don't think is accurate. I mean I can throw in the effect of equalization, of the agreement signed in 1981, which caused over the last five years to pay back \$123 million because of overpayments prior to 1982.

And so those calculations, and as the hon. member knows full well, you may get an adjustment equalization, two and three years down the road, back on revenues before. I mean, that's the way the . . . (inaudible interjection) . . . Well the hon. member says that that's not right, those are in fact the cases that you can get readjustments of your federal equalized payments, equalization payments, down the road.

So those are variables and to argue that people knew with precision is simply, you know, I mean, it's a debating point but not factual.

**Hon. Mr. Blakeney:** — Mr. Chairman and Mr. Minister, I am asking on what basis you told the public there was a deficit of 500 million when you knew that it was much higher. And the fact that equalization payments, two years hence, might bring a readjustment doesn't in any way bear on what you said the deficit would be for this year.

Now, Mr. Minister, are you saying you did not know what you told us in March, that the revenue . . . that there would be a very substantial drop in resource revenues, you did not know that in October? Are you saying that the information which was on your desk, which comes to you monthly, didn't show that you'd already suffered most of that?

Are you denying that information or are you saying that by some miracle between October and March there would be a great inflow of money because the oil price would go up to \$30? Which is it, Mr. Minister? You had suffered the loss by October. You knew that oil revenues were much lower than you had estimated in March. By what magic did you think that those revenues were going to come up to your estimate? By what magic did you think, therefore, that your deficit would be only 500 million and not the 1.2 billion you were forced to admit was the case in March?

**Hon. Mr. Lane:** — So the hon. member understands, when I said that equalization can be adjusted two and three years down the road, I indicated that as a general statement on equalization. You do get your adjustments. When you approach your year end, you get a closer estimate of what your equalization is going to be.

Keep in mind the approximate dates that I gave of increases back up on oil revenues. In August there was an OPEC agreement, and I think I indicated December there was a further OPEC agreement. I mean there was so much volatility in that international oil industry through the whole course of 1986, and to argue that it was based purely on supply and demand which would give some precision up or down, of course is not factual.

(1145)

There was, through that whole process, there was an excess of supplies, and it was a matter of whether those oil producing nations were going to withhold supplies from market. And those are not decisions to which we're privy until they are finally made. And in the case of 1986, even once they were made by OPEC, for example, they weren't necessarily being carried out by many of the producing countries. So we certainly indicated that they would be down.

Remember as well, with respect . . . that even when we did our budget in last year, when we came in with an estimated price for oil, we came in considerably lower than what the federal government had done.

So, yes . . . I'm not sitting here denying that it's not an estimate; it certainly is an estimate. But to argue that there was any precision at any time during the year on oil prices so that you could know what your revenues were going to be, you know, it just wasn't there. They were estimates, and that's why we call them estimate, as the hon. member knows.

But secondly, in terms of the oil industry during 1986, to deny a great deal of volatility and to deny that there weren't efforts by producing states to try and get prices up after the free fall is not realistic.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Mr. Minister, you are saying — and I want to underline this, because we're dealing with a budget which deals once again with your estimates — and you're saying that you made a little error of \$350 million when estimating last March what the oil revenues would be. And you said, well of course it's 12 months into the future, and there's no precision.

But you're now saying that in October you're still estimating. You were still making a \$350 million error for a six-month period — on this one issue alone, a \$350 million error of how much money you're going to take in in a six-month period.

Now that is pretty impressive when it comes to making errors — pretty impressive — and casts . . . like the thirteenth stroke of the clock makes you question not only that estimate, but all the other ones you've presented to this House and are presenting to this House today.

Now let me turn to another matter which you might say you didn't have any knowledge on. When in October you were saying that the deficit would be 500 million, how much did you believe would be spent on the home program, which wasn't even in your budget at that time? You had announced it before you said that the deficit would be 500 million. Now you're saying, well, well, we spent 120 million which wasn't in our estimates and that's why the deficit was up.

But you knew, Mr. Minister, you were going to spend that money. You were busy spending it in September and October. Now why didn't you acknowledge that? Why didn't you level with the public and say that that would be added to the deficit, as you were forced to level with the public when you gave your figures in March?

**Hon. Mr. Lane:** — Let me state, there were two oil sales, lease sales, September, December. There certainly would be some expectations when price had gone from 10 back up to 15 and 18 that we would have done better in oil sales. The fact is, we didn't in both of those. And I gave you the example of the December OPEC agreement which got the price back up into the 15, 18 range. Oil sales turned out in December of that year to bring in only \$2 million. The expectation would have been with price that we would have started getting back some increase in revenue. But it simply didn't happen.

On the home program, I think we can debate, if the hon. member is stating that the home program and expenditures were unwise, or the amounts, Mr. Chairman, I think we can go through a rather vigorous debate of programs. And I think the hon. member's political party had, during the course of not only the provincial election campaign but leading up to from the announcement of the NDP home program, I would guess that we had at least, at least during that six-month period, at least 64 different announcements of what the NDP home program was going to cost, because every single candidate out there was giving a different statement and you had several conflicting party statements as to what your program was going to cost.

So if you want to have that political debate as to the knowledge . . . (inaudible interjection) . . . The member from Quill Lakes doesn't like to hear that. He doesn't disagree with me, because he knows what I'm saying is correct, that the estimates of those programs by both parties were . . . you know, they varied during the course of the political debate.

So in terms of the take-up on the program, I . . . the program took up much more in the first year than we had expected. And the reason being that I believe that many people thought that as the bidding war, as they called it, went up during the campaign, that this may be very short-lived and we better make sure hurried decisions and take advantage of programs because of the election environment. I say that quite candidly. I think a lot of people made those decisions. And as a consequence, certainly, the expenditures came in, in the first year, higher than we had expected.

**Hon. Mr. Blakeney:** — Mr. Minister, you are saying, I take it — I didn't hear much relevant to the question that I asked — but I take it you're saying that that also took you by surprise, the amount of money for the home program, and that the amount of advertising that was done for it wasn't expected to produce that substantial expenditure. Fair enough, just another little shortfall in the estimate.

Now, Mr. Minister, I want to ask you this, because I didn't understand your March statement. You told us in your March statement that the deficit was currently forecast at \$1.2 billion. I want to ask you two short questions. Is that still your estimate of what the deficit was for the year ended March 31, 1987? And was the write-off of Sedco, referred to on page 8, part of that deficit?

**Hon. Mr. Lane:** — I'm told that it's going to be about 1.235 and that Sedco, on the advice of the auditor, is not

taken into account.

**Hon. Mr. Blakeney:** — Do I understand what you're saying, that you're telling us that the deficit, some seven months after the fiscal year ended, you are now guessing that your deficit may be 1.235? May I say, Mr. Minister, on any number of years we've had audited statements dated in September which gave us what not only the government but the auditor was prepared to certify was it.

But all right, let's take your estimate of 1.235 of the deficit for last year. Are you now telling me that that does not include the \$45 million write-offs of Sedco, the forest products corporation, and Sask Transportation Company? That those are not included in the 1.235, and if we added that, then the deficit would be \$45 million larger than that?

**Hon. Mr. Lane:** — I'm advised that we're not aware of any financial statements at September to which the hon. member refers. And on the advice, I gather, of the auditors, that it was subsequently recommended that it be written off against the cumulative deficit as opposed to the operating deficit.

**Hon. Mr. Blakeney:** — We're to add that to the deficit — to the overall deficit, but not the deficit for the year? So if we want to find out how much we fell behind, it was not only the 1.235 calculated for last year but it is another 45 million which is clearly a loss according to the Minister, but which he didn't say was lost last year, was just lost some time.

And then I want to know about this \$110 million of the production loan program, this write-off. Now, Mr. Minister, you will be aware that there is no production loan program in the Consolidated Fund or in the Heritage Fund. How did you write off this \$110 million?

**Hon. Mr. Lane:** — We paid to the ag credit corporation a grant for that amount.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Mr. Minister, that is the nub of the issue I want to raise. One of your corporations, the ag credit corporation, lost some money on production loans, or at least wants to reserve against potential losses. To the, you either . . . I don't know how you paid a grant. You reserved, I suspect . . . you didn't hand over that money to the agricultural credit corporation, I'm sure of that. You set up a reserve saying you may not get your money back from the ag credit corporation. Is not that true? And if this is so, how did that become part of the deficit?

**Hon. Mr. Lane:** — The statute for the ag credit corporation specifically requires that if they have either a loan loss or, you know, provision for loan loss, we have to make that payment.

**Mr. Chairman:** — Order, please. It being 12 o'clock, the committee will rise and report progress.

The committee reported progress.

The Assembly recessed until 2 p.m.