

The Assembly met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

READING AND RECEIVING PETITIONS

Clerk: — According to order, I hereby lay on the Table the following petition which I have examined under rule 11(7). The petition is as follows:

Of certain citizens of the province of Saskatchewan praying that the Legislative Assembly may be pleased to urge the Government of Saskatchewan to reverse the decision to stop production at the PCS Cory mine and lay off 200 employees.

Mr. Speaker: — Question period will be at 2 p.m.

POINT OF ORDER

Mr. Tchorzewski: — Thank you, Mr. Speaker. I wish to raise a point of order, and I do it at this time because I have just had access only today to the printed Hansard. My point of order refers to unparliamentary use of expressions and language in the legislature, and you will find . . . I refer you to Beauchesne, page 105, in which it states that 'deliberately deceived is unparliamentary, is an unparliamentary expression.

Mr. Speaker, you have been quick to act when you have heard certain members allegedly use, or sometimes really use, unparliamentary language. Yesterday there was not this action quite so quickly, and I refer you to page 2237 of Hansard in which the Minister of Finance said, in answer to a question asked by the member for Riversdale:

. . . it's wrong, and it's deliberately deceptive, Mr. Speaker.

Mr. Speaker, I raise that point of order with you, and I ask you to check the record and then make a ruling in order to determine whether in fact that was unparliamentary language and take whatever appropriate action you deem necessary.

Mr. Speaker: — I'll certainly check the allegation that the hon. member has brought up and take the necessary action.

An Hon. Member: — Even though what he said was really true?

Mr. Speaker: — Oh, yes. Oh, yes.

STATEMENT BY MR. SPEAKER

Ruling on a Point of Order

Mr. Speaker: — Also before orders of the day, I would like to refer to a point of order raised by the member for Saskatoon Westmount yesterday before orders of the day in which he indicated that the Deputy Premier had referred to the absence of a member in the House and was

not corrected.

The point of order raised by the member from Saskatoon Westmount is correct and well taken; however, I should also point out to the House that the previous speaker had also referred to the absence of the Premier and not in the context, not in the context that he had been directing a question to the Premier in his absence.

Therefore, the point of order is well taken. It is well taken and certainly points out that members on both sides of the House should not refer to the absence of members.

Hon. Mr. Berntson: — Mr. Speaker, I wonder if I might have leave of the Assembly to go directly to government orders and deal with third readings, followed by second readings.

Leave granted.

ORDERS OF THE DAY

GOVERNMENT ORDERS

THIRD READINGS

Bill No. 86 — An Act respecting Registered Nurses

Hon. Mr. McLeod: — Mr. Speaker, I move that Bill No. 86, An Act respecting Registered Nurses be now read a third time and passed under its title.

Motion agreed to, Bill read a third time and passed under its title.

Bill No. 85 — An Act respecting The Saskatchewan Association of Certified Nursing Assistants

Hon. Mr. McLeod: — Mr. Speaker, I move that Bill No. 85, an Act respecting certified nursing assistants be now read a third time and passed under its title.

Motion agreed to, Bill read a third time and passed under its title.

SECOND READINGS

Bill No. 75 — An Act to amend The Income Tax Act

Hon. Mr. Lane: — Thank you, Mr. Speaker. This Bill introduces policy measures announced in the budget. It also contains a number of technical amendments that have been requested by the federal government as part of our responsibilities under the Canada-Saskatchewan Tax Collection Agreement.

Over the past year, Saskatchewan taxpayers have witnessed a major reform of the national income tax system. Tax rates have been lowered, certain deductions have been eliminated, and tax credits have replaced most personal deductions and exemptions. The federal proposals will result in a significant redistribution of income tax liability among Saskatchewan residents. They will also result in a major loss in personal income tax revenues for the province in 1988.

Because of the magnitude of the federal proposals being introduced in 1988, action had to be taken to minimize the provincial revenue loss in 1988 in order to ensure that adequate funds are available to finance vital government services such as health and education. As a result, the Saskatchewan flat tax will be increased to 2 per cent for 1988. This increase will enable our government to offset the revenue loss resulting from the implementation of the federal tax reform proposals, while maintaining a relatively low marginal tax rate and ensuring that higher income taxpayers pay their fair share.

In addition, the Saskatchewan tax reduction will continue to provide assistance to approximately 335,000 lower and middle income families and individuals.

In order to minimize the impact of the increase in the Saskatchewan flat tax, the province will not require the payment of tax withholding for the first six months of 1988. The tax will be held at the rate of 1.5 per cent from January 1 to June 30, 1988, and the rate of 2 per cent from July 1 to December 31, '88. The remaining flat tax liability will be payable when individuals file their 1988 income tax returns in April '89.

By implementing this change in conjunction with federal reform measures, over 95 per cent of Saskatchewan individuals and families will see an increase in their take-home pay, commencing this July.

Federal tax reform presents us with both a challenge and an opportunity. In 1989 we intend to introduce reform measures that will enable the province to respond to the economic and social challenges facing our residents over the next few years and beyond.

In presenting the budget, I tabled a discussion paper entitled "A Dialogue on Saskatchewan Income Tax Reform." The paper presents four alternatives for personal income tax reform in Saskatchewan and asks for public input in developing proposals for reforming our tax system. Public response to the paper has been positive, and we expect to have a specific proposal prepared for public discussion later this fiscal year.

In reforming our tax system, there are a number of principles which must be addressed. Changes must be made to improve the fairness of the tax system. Individuals should bear a tax burden which reflects their ability to pay. The delivery of social policy through the tax system must be considered. Support for the family is one of the corner-stones of the Saskatchewan tax system, and any reform proposal must examine ways of directing greater support to families.

The tax system has been used extensively to accomplish economic objectives. Programs such as the Saskatchewan stock savings tax credit and the labour-sponsored venture capital tax credit encourage a strengthening of Saskatchewan industry through equity participation by Saskatchewan residents. We believe that the tax system should continue to be used to foster economic growth in the province.

The system must also be simplified. Complexity

undermines public confidence in the fairness of the income tax system and encourages tax evasion. Consideration must be given to maintaining the harmony between our tax system and the federal system. In Saskatchewan, individuals and families have to deal with only one income tax administration, unlike in the United States where tax filers are often required to file separate federal, state, and indeed municipal tax returns, and deal with three separate tax administrations.

The final principle which must be addressed in reforming our tax system is revenue sufficiency. Any reform proposal must ensure that government revenue will be sufficient to fund the central government services. By carefully considering and balancing these principles, a reform proposal can be introduced in 1989 which will make our personal income tax system more equitable and more efficient.

In respect to corporate income tax, our government is introducing measures to assist one of the province's largest employers, small business. This Bill provides for the extension of the two-year corporate tax holiday for new small business. Small business incorporating in Saskatchewan prior to April 1, 1990, will be eligible for a provincial tax holiday during their first and second years.

In addition, small businesses will receive assistance in reducing the burden of local business taxes. In the budget I announced that our government would commit \$10 million to the reduction of local business taxes in 1989. Changes have also been introduced to the corporate capital tax to ensure that resource companies and federal commercial Crown corporations operating in Saskatchewan made adequate contributions to provincial revenues. These corporate tax changes will result in additional revenues in excess of \$37 million in this fiscal year.

And finally this Bill introduces a number of technical amendments at the request of the federal government under the terms of the Canada-Saskatchewan Tax Collection Agreement. These amendments will allow our Act to remain consistent with the federal laws so that the taxpayer compliance is made as simple as possible. I would be pleased to answer members' questions concerning these amendments when discussing this Bill at the Committee of the Whole.

(1015)

It therefore gives me pleasure to move that, An Act to amend The Income Tax Act, be now read a second time.

Mr. Koskie: — Thank you, Mr. Speaker. I want to make a few comments in respect to a very substantial increase in the personal income tax on ordinary Saskatchewan residents.

Many will remember that the PC Party, in their election platform, indicated that they would in fact bring about a 10 per cent across the board decrease in personal income tax. And what we seen? We have them introduce, under the disguise of tax reform, a flat tax. And this year they have increased it by 33 per cent — increased an ordinary Saskatchewan resident's . . . the flat tax by 33 per

cent.

The minister indicates that this is done in respect to the tax reform of the federal government. Let's take a look at the tax reform in the federal government, basically, and see what it has meant to ordinary people in Canada.

First of all, I want to indicate that the amount of income tax that is being paid by residents across Canada since 1984 under the federal government has increased on average from 1,000 to \$1,500. They increased the tax massively and then brought in the so-called tax reform, with the net result that people across Canada today, under the federal Tory party, are paying on average 1,000 to \$1,200 more in personal income tax. And he congratulates them on tax reform.

I want to say that there's a second part of the massive tax reform of the federal government, and that is implementing a sales tax or a value added tax which will be introduced following the next election. And this will again massively increase the taxes on ordinary Canadians.

I want to say that here we have a government come in with a massive increase again of a tax on ordinary Saskatchewan people. First of all, as I said, it's a breach of the promise that they have given to the people of Saskatchewan that they would reduce taxation. But what do we find? We find now a 2 per cent surtax, flat tax, imposed on residents across this province. For a family earning some \$25,000 at 2 per cent, if their net income is 25,000, they pay \$500 a year just in flat tax.

It's interesting to know that the minister on the one hand has increased the flat tax on ordinary taxpayers but at the same time he introduced in his budget a cut in corporate income tax from 17 per cent down to 15 per cent. That's the fairness in respect to the government opposite.

He indicates that he is supporting families. And I wonder how a flat tax of 2 per cent or \$500 on \$2,500 income is supporting the strengthening of families and the caring of their children.

We take a look at . . . since 1983-84, under the PC government, it has increased the corporation income tax by only \$1.7 million. The corporate income tax paid in 1983-84, the estimated income tax, corporate income tax this year is only \$1.7 million increase. But in the same period, it has increased the personal income taxes by 47 per cent or \$266 million.

And when you check the figures in minister's March budget, we see clearly the impact of his policy. For every dollar that an individual pays in personal income tax, corporations are paying only 16 cents in income tax. And this, the minister says, is strengthening and protecting families.

If we take a look at the amount of revenue that is being raised in respect to personal income tax via the flat tax, we find that while personal income taxes in 1982 accounted for 15 per cent of provincial revenues, that personal income tax now has increased to where it represents 23 per cent of the government's revenue.

But if you look at the same period of time in respect to corporations, the corporate income taxes seven years ago at 4 per cent of the revenues of the government today, it represents 4 per cent. And the minister stands here and indicates that he's strengthening and protecting families.

I want to indicate, Mr. Speaker, that this government has broken yet another promise. It has increased massively the taxes on ordinary people, and he goes on to indicate — and we'll be dealing with it later — in respect to the corporate capital tax, and he indicates that that has been increased. And the Bill purports to increase the corporate capital tax.

But if you look at the same time that the minister is protecting their friends, while he purports to increase the corporate capital tax, at the same time he indicates that to the resource companies what he proposes to do is to give a further reduction in resource royalty tax. On the one hand he's going to charge them more under the corporate capital tax; on the other hand he proposes to give them a reduction in the resource royalty tax.

All of us have seen the unfairness of the basic taxation policy of this government. We have seen it in respect to their application of royalty and taxes on the oil companies as opposed to individual members in society. We have seen from 1982 to 1985 that the production of oil, the value of oil produced doubled from \$1.2 billion in value in 1982 to \$2.4 billion.

And I'll tell you, Mr. Speaker, that the revenue to the people of Saskatchewan did not increase a single dollar during that period of time. And the oil companies filled their pockets, and now what is happening the people of this province are taking the beating with increased taxes and the massive increase in the flat tax.

I want to say that the minister is talking about tax reforms. Well we have had some of his tax reform because his predecessor in 1985, the member from Kindersley, introduced his tax reform and part of that tax reform was this vicious flat tax, was increased and introduced at that time.

I think that any time that you hear a Tory talk about tax reform, one has to look only at their idol across the Atlantic where Margaret Thatcher, the Prime Minister of Great Britain, introduced a massive tax reform policy — a \$9 billion cut in taxation. And do you know who got it? Five per cent of the richest people in United Kingdom received 50 per cent of the tax benefits. And at the very bottom of the scale, the very poorest, they had a small increase in the amount of taxation.

So when the minister starts talking in introducing this Bill about further tax reform, I say to the people of this province, I think we've had enough. This government has gouged and picked the pockets of people in Saskatchewan, the like of which we have never seen. If we take a look in the four budgets — of '85-86 and the budget of '87-88 and '88-89 — you will find that the overall increase in taxes that have been imposed on the backs of Saskatchewan people exceeds \$500 million on ordinary Saskatchewan people.

They have breached every promise they have made. They broke the promise in increasing the tax rather than decreasing. They also indicated that the E&H tax would be removed in the first term of office, and what did we see there? The E&H tax went up from 5 per cent to 7 per cent — another Tory tax reform for the people of this province. But the unmerciful part of the fiscal taxation policies of the government opposite, it seems to me, is that not only while they are paying excessively more taxation, the services provided to families have been greatly curtailed and cut.

The minister didn't say, when he's talking about families, how he is protecting them when he destroyed the basic underlying feature of the drug program. He didn't speak of how his government achieved helping families by cutting and slashing and imposing a premium on the drug program. He didn't talk about undermining dental program of the school-based program. And so what I'm saying here, Mr. Speaker, is that this Bill here clearly indicates the direction of this government, a government that is conveniently taxing away the people of the province, slashing the services to the people of this province, and at the same time giving hand-outs to their corporate friends.

This, Mr. Speaker . . . The people of this province, as we travel it, are indicating that they have had enough. Business people are saying, this government is taxing us far too much. Ordinary Saskatchewan people are saying, we can't tolerate any more taxes and at the same time have massive cuts in our services.

So I say to you, Mr. Speaker, that this Bill here, The Income Tax Act, it represents, I may say, a breach of a promise by this government.

An Hon. Member: — The people were misled.

Mr. Koskie: — The people again, as my colleague indicates, were misled, but the people of this province are sick and tired of any tax reform, Tory style.

It's rather interesting that while introducing the tax increase here, the flat tax, by 33 per cent, that the minister didn't go further and introduce also, as I understand are incorporated in The Income Tax Act, two other factors which he indicated in his budget that the was going to carry out. They're obviously missing from the Bill, and they are the reduction, as I indicated, of the corporate income tax from 17 to 15 per cent. He didn't have the nerve to put in the Bill an increase of 33 per cent for ordinary Saskatchewan people and at the same time put in the Bill that he was cutting the corporate income tax by 2 per cent.

The other obvious omission is the repeal of the manufacturing and processing tax reduction. Here he has indicated in his budget that he was prepared, that he was going to repeal the manufacturing and processing tax reduction, which will affect many of our small manufacturing and processing businesses here in Saskatchewan. That, obviously, is a part of his tax reform as indicated in his budget.

But what he indicated here is that he's going to increase the tax on ordinary Saskatchewan citizens by 33 per cent, half a per cent on the flat tax this year, but he didn't include that he's reducing the corporate income tax rate from 17 to 15 per cent. He didn't indicate that he is repealing the manufacturing and processing tax reduction which will affect the local small manufacturing businesses throughout Saskatchewan.

I think it's clear, Mr. Speaker, in closing my remarks, that the people of this province are on to this government. They have no longer any faith in believing what they say. This government promised tax reduction and what did we get is tax increases, massive tax increases, and in fact, in Saskatchewan we pay two income taxes now. We pay the ordinary income tax, and then on top of it we have this special Tory tax reform tax, the flat tax, at 2 per cent of net income.

(1030)

And I'll tell you, it's very, very difficult for working people. Working people across this province have no basic deductions. Basically their net . . . their gross income is equivalent almost to their net income because of a lack of deductions. And as a consequence, the 2 per cent flat tax is a heavy burden on those that take home cheques to feed their families and to provide the necessities of life.

I have talked to people across this province, school teachers and others, who are on monthly wage. And they are indicating that in spite of some adjustments in respect to salaries, that when they look at their take-home pay now, as a result of the vicious flat tax that has been imposed, that their take-home pay is less today than it was two years ago. That's what the people of this province are finding. They're finding that they're being taxed and taxed and taxed by this government, while at the same time the corporate sector, in the corporate income tax, are getting a break. They see this government that gave up huge amounts of revenue to the oil companies from 1982 to 1985 that have jeopardized the fiscal strength of this province. And to now, this government has turned on the very people that supported them and have catered to the outside multinational corporations with gifts and tax breaks.

I want to say, Mr. Speaker, that we will be opposing this massive increase here in the income tax. I think it's a total breach of promise. I think it's a deception that this government is trying to play on the people of Saskatchewan with the phoney attempt of bringing in tax reform.

I can only say, Mr. Speaker, that when corporations pay 16 cents for every dollar that ordinary Saskatchewan people pay in respect to personal income tax, there's got to be something wrong. That's PC fairness that's basically unfair to the people of this province.

I can say that in this province the personal income tax was the envy of other provinces until this government took office. And today the personal income tax paid by Saskatchewan people is the . . . if not in the highest, is the second highest personal income tax for a person earning

\$35,000, and the minister can't deny it.

The best he could do is to exclude those figures from his estimates and from his budget address so that it couldn't be compared. But in 1987, when we looked and compared the personal income tax being paid by Saskatchewan people, it was the second highest in Canada, second only to Quebec. And those were his figures, his figures set out in the '87-88 budget, and we were using the comparison of someone earning \$35,000. This is a fantastic record that this minister has brought forward. He should be very proud that he has given the oil companies the break, and he has taxed the ordinary citizens of this province, the like of which we have never seen.

I want to say, Mr. Speaker, that certainly, given the opportunity to discuss this with the people of Saskatchewan, that the high taxation that is being charged to the ordinary people of Saskatchewan is an issue which we are raising with the people of Saskatchewan. And I can only say that more and more of them are in agreement with us and indicate that the fiscal management of this government is so bad that they need to be tossed from office. And more and more people are joining, joining with us in a tax revolt against this government, because what they are doing is taxing ordinary people and giving holidays and grants to their corporate friends.

Can you just feature? — Canada Packers as an example. Here we're charging ordinary people that have helped to build this province, yet 33 per cent increase in the flat tax. And only a year and a half ago, what did this government do? It walked into Canada Packers after it had set up Peter Pocklington in North Battleford, and the minister, then of Finance, the minister of small business or industry and trade sent a letter to Canada Packers: — enclosed herein find our cheque for \$1 million as a grant if you will stay in the province — \$1 million cheque from the people of Saskatchewan. And then this minister has the utter audacity to turn around and to tax further the people of Saskatchewan.

As I say, Mr. Speaker, I will want to discuss this vicious tax increase in some detail in both the estimates and in Committee of the Whole. Our members on this side are opposed to this massive increase in the flat tax, and accordingly will be voting against it, Mr. Speaker. Thank you.

Some Hon. Members: — Hear, hear!

Motion agreed to and the Bill read a second time.

Mr. Speaker: — When shall the Bill be considered in committee?

Hon. Mr. Lane: — With leave, later this day, Mr. Speaker.

Leave granted.

Bill No. 79 — An Act to amend The Saskatchewan Pension Plan Act

Hon. Mr. Lane: — Thank you, Mr. Speaker. Almost two

years ago this government introduced the Saskatchewan Pension Plan to provide an unprecedented level of protection and security to the people of this province.

For people without access to private pension plans, it offers the opportunity to take control of their future and plan for a comfortable retirement. It also enables people to supplement what they might received from other pensions such as the Canada Pension Plan.

Two features make the Saskatchewan Pension Plan especially attractive for low income earners — matching government contributions based on an individual's income, and a guaranteed minimum pension.

Since introducing this landmark plan two years ago, we've had the opportunity to review how well it functioned, and to the credit of everyone who has been involved, it has functioned extremely well.

More than 40,000 Saskatchewan people have responded by joining the plan, and already more than 1,600 people are enjoying retirement benefits offered by the plan.

Many of these people were previously unable to have a pension. More than 50 per cent of our members described themselves as housewives. Another 30 per cent are farmers and part-time workers. I don't need to remind anyone of how these groups have been bypassed and overlooked in the pension mainstream.

Many of our members have suggested ways we can improve the plan, the first and only plan of its kind to North America. People have asked us to keep things simple, and understandably they want to maximize the amount they can put into the plan.

We have taken their suggestions and made some other changes. We want to lower administration costs, we want to make the plan as fair and as understandable as possible, and we want people to plan for and enjoy a secure retirement without additional burden to the taxpayer. The Saskatchewan Pension Plan amendments being given second reading today will accomplish the aforementioned.

The specific amendments are as follows: — firstly, the amended plan will allow anyone to contribute up to \$600 a year, regardless of income level. Previously, high income earners could make personal contributions of up to \$600, but lower income earners had to make sure that their personal contribution plus the matching amount they would receive from the government would not exceed \$600. This proposed change will make it easier for members to calculate their personal contribution and will enable lower income earners to set aside more for their retirement should they choose to do so, without any additional cost to the taxpayer. It will also eliminate the administrative problems caused by accidental over-contributions.

Secondly, retiring members receiving the guaranteed minimum pension will obtain additional retirement benefits with their unmatched personal contributions. Previously, these were refunded at the time of retirement, as they provided no additional value. With the

implementation of this change, lower income members will be able to realize larger pension benefit than they could previously, at no additional cost.

The third change will have government matching contributions calculated on the member's income for the previous, rather than the current, year. This will simplify contribution amount decisions for members such as farmers or self-employed workers who don't know their income for the current year. It will also enable the Saskatchewan Pension Plan to issue annual statements earlier and finalize accounts for retired or deceased members more expeditiously.

The fourth and fifth proposed changes have to deal with the simplification of contribution eligibility. With legislative approval of these changes, we will allow members in receipt of Canada Pension Plan benefits and Saskatchewan Pension Plan death benefits to continue making Saskatchewan Pension Plan contributions until they are 65 years old. By taking advantage of the recently enacted early retirement provisions of the Canada pension Plan Act, many people were rendered ineligible to make Saskatchewan Pension Plan contributions. SPP (Saskatchewan Pension Plan) members who may receive a death benefit from another member would have been ineligible to make their own personal contributions. These changes will make the plan more equitable, since people have always been able to contribute to the SPP if they are receiving retirement benefits from a private plan or even disability or survivor benefits from the Canada Pension Plan.

The sixth and seventh changes will provide a six-month cooling-off period for new contributors and new retirees in the plan. New contributors will be able to opt out of the plan and receive a refund of their contribution. The new retirees will be able to revoke their retirement, pay back benefits received, and resume making their contributions, or simply defer their retirement date.

While locking investing of contributions provides protection for members, sometimes personal situations change drastically. This amendment will allow people to exercise the right of change, to change their minds, within reason. We also expect it will reduce our administrative costs in dealing with appeals to the board of trustees.

Other minor housekeeping amendments provide 18-year-olds with eligibility for maximum government matching contribution rather than a prorated amount, treating them the same as retiring members; that an application for membership can follow a contribution, and the ability to advance larger, less frequent pension payments to members whose pensions are small.

The contributors to the Saskatchewan Pension Plan are the ordinary people of this province. They want to prepare for their retirement, and they want to enjoy retirement on their own terms. They are people like our parents or brothers and sisters or children who have lived in towns, villages, and cities of this province. We believe these changes will make the plan more equitable and fair for those who decide to contribute to the Saskatchewan Pension Plan. These changes will not increase the tax burden but for the most part will reduce administrative

costs to the plan.

The long-term success of the plan will of course mean lower costs to government and to the people in the future. I move second reading of this Bill.

Mr. Van Mulligen: — Thank you, Mr. Speaker. I just want to say a few words. We're not surprised that at this stage that there would be a number of amendments by the government to the plan, bearing in mind that this plan was introduced with great haste by the government. Although we support the plan, we think that the plan needs to go further, and hopefully we'll have an opportunity in future years to improve dramatically the plan that's before us. I want to say, however, that in listening to the minister, that I agree that the amendments are primarily intended to make the existing plan more equitable and fair, agree that they are mostly amendments of a technical nature which are required, therefore can support the Bill and are prepared to see it go forward to committee.

Thank you, Mr. Speaker.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

(1045)

Bill No. 88 — An Act to make Certain Changes in the Statute Law with respect to the Investment of Moneys Held pursuant to Certain Acts

Hon. Mr. Lane: — Mr. Speaker, I rise today to move second reading of a Bill, No. 88, The Investment Provisions Amendment Act. This is an omnibus Bill, Mr. Speaker. It amends 15 separate statutes to accomplish the following four objectives.

In the first place, this Bill provides various pension and other general funds with the ability to contract for the services of outside investment managers. These services are currently provided to the Department of Finance. With these changes, fund manager or pension boards will have the opportunity to obtain investment management services from the private sector and to pay for these services out of the fund.

Secondly, Mr. Speaker, the Bill exempts a number of funds from the authority of the Investment Board. Current legislation permits the Investment Board of cabinet to determine investment policy to be followed by these funds. It is important that this linkage to government authority be eliminated, and that investment authority be clearly vested with a plan sponsor, or its board.

This Bill also standardizes the reference to authority under which investments can be made. Our current legislation is unduly redundant and confusing. Investments can currently be made under The Pension Benefits Act, the Pension Benefits Standards Act, The Department of Finance Act, the Canadian and British Insurance Companies Act, etc. These changes will result in uniform and consistent regulations applying to the investment of superannuation funds, The Pension Benefits Act. The changes are being implemented, Mr.

Speaker, with the support of the funds affected, and they will neither enhance nor diminish the scope of eligible investments.

Finally, Mr. Speaker, the legislation will standardize investment decision making authority for various types of pension plans. Most significantly the legislation empowers the Municipal Employees' Superannuation Commission to make its own funds investment decisions without reference to the Minister of Finance. Again this is being done, Mr. speaker, with full support of the superannuation commission and recognizes that no potential Consolidated Fund liability exists within this plan.

These legislative changes serve to remedy past inconsistencies and anomalies. They are being made with the knowledge and support of the affected parties and, most importantly, Mr. Speaker, these changes serve to position the various funds to better manage their investment activities at a time when financial markets are increasingly complex and volatile and the size of the funds are growing at a dramatic rate.

Mr. Speaker, I would just like to assure all hon. members and the opposition critic, as I've indicated, that all changes being implemented have the full support of the particular funds affected.

Mr. Speaker, I move second reading of Bill No. 88, The Investment Provisions Amendment Act.

Mr. Van Mulligen: — Thank you, Mr. Speaker. I thank the minister for his remarks, and I thank him for his assurances about the support of the participating pension plans in so far as his plans are concerned. I might say, though, that in no way lessens some concerns that we have on our side with the proposed legislation and other consequential Acts, because in a sense the minister is asking us to buy a pig in a poke, Mr. Speaker.

He's asking the Legislative Assembly to improve the contracting out of investment management services of billions, of billions of dollars, of public dollars, without it being clear who will be contracted to provide these services. There has been a great deal of speculation in the media based in part on comments by the minister, based in part on reports that have been leaked to the media, about an independent investment corporation being developed to handle these investments.

Now supposedly this investment corporation is to be client-owned. That is to say, it's owned by the respective pension funds and by the various investment funds that are proposed to come together to form this particular body. And therefore I'm not surprised, as neither should the minister be, that the various employee groups and the various pension funds are pleased with that particular direction.

The concern that we have is that this particular investment corporation — and again I'm going on the speculation that's been there in the media — is to be a private business corporation; that is to say, it's to be chartered or set up under the existing corporation Act. And should this be the case, I would submit that we, as

members of the Legislative Assembly, should be concerned, indeed alarmed, about the fact that billions of dollars of public money are to be administered by a corporation that will not be subject to, not be subject to the public scrutiny of the Legislative Assembly.

And therefore in that particular way, Mr. Speaker, we fear that the people of Saskatchewan, through their Legislative Assembly, will have again less of a say in how the public funds, the public moneys of this province, are to be, in this case invested, or in other ways discharged.

That is a concern that we have expressed now for some years in this Legislative Assembly. This is a concern that rises out of Bills by the government to enable the cabinet to take extraordinary powers to organize departments without reference to the Legislative Assembly. So therefore, Mr. Speaker, we are greatly concerned about the direction that the government proposes.

We feel that there are other options available to the government. It is reportedly, reportedly in the consultant's report that was prepared for the government, other options were made available, such as Crown corporations, an independent Crown corporation, a Crown corporation that would be subject to the public scrutiny of the Legislative Assembly, as opposed to the speculation that is afoot about a private business corporation which would limit the kind of scrutiny that members of the Legislative Assembly can give to investment of public moneys, and recognize in this case that we're talking about billions and billions of dollars — not just employees' contributions, but also contributions by the employer, that is to say, the Government of Saskatchewan, and other public funds, whether it's the workers' compensation fund or other funds where the government proposes to contract out services to this investment corporation, but that corporation not being answerable in any way to the Legislative Assembly.

So therefore we have some great concerns. When the minister first spoke, he said that . . . I'm not quite clear whether he said that it's an omnibus Bill or an ominous Bill. At this point, Mr. Speaker, I would say that it's an ominous Bill because it reduces the kind of scrutiny that I feel that the Legislative Assembly should give when public dollars are involved. This particular Bill seeks to limit that, therefore we have those concerns.

I will want to take some further time to review the minister's comments, and at this time beg leave to adjourn the debate, Mr. Speaker.

Debate adjourned.

Bill No. 45 — An Act to amend The Department of Revenue and Financial Services Act

Hon. Mr. Lane: — Thank you, Mr. Speaker. This is a legislation consequential to the investment services statutory provisions amendment Act and deals with another aspect of the pensions. I might advise that the proposed investment corporation referred to by the hon. member as being a public corporation is at the choice of the pension fund managers. Certainly all of the options referred to were at their request, were certainly

considered. But I can give the assurance to the hon. member that the form is that requested by the pension funds.

Mr. Speaker, the Public Employees Benefits Agency within the Department of Finance administers several public sector pension and benefit programs. Currently the cost of administering these programs are a charge upon the Consolidated Fund. We are proposing, through this Bill, to create a revolving fund which allow the cost of administration to be borne by the pension benefit funds.

The measures presented in this Bill represent a common sense approach to managing the ever increasing demands for government services. The measures accomplish several goals. We are better able to serve the needs of individuals and families, interest groups in communities throughout Saskatchewan, by reallocating funds used for the administration of employee pension benefits to higher priorities such as health and education.

We are better able to serve the needs of employees and superannuates who participate in the pension and benefit programs in terms of the level and quality of services offered.

Through this Bill we are going a long way towards removing the constraint on the administration services offered to employees and superannuates, as a result of the Public Employees Benefits Agency being part of the process of competing for limited government resources.

I'm pleased to report that we are able to achieve these goals without having a significant negative impact on the pension benefits enjoyed by our employees. As well, it is worth noting that neither the role of the various boards and commissions established to administer the plans, nor the autonomy of the funds themselves will be diminished or infringed upon.

Mr. Speaker, the principle that users of government services should be expected to shoulder more of the burden is, I think, reasonable and sensible, and again I indicate to the hon. member, that is part of the overall changes. This has also been approved by the various plans and their boards and commissions.

Mr. Speaker, I move second reading of The Department of Revenue and Financial Services (Consequential) Amendment Act 1988.

Mr. Van Mulligen: — Thank you, Mr. Speaker. I don't want to say much about this particular Bill. I agree with the minister that it's in great part consequential to the previous Bill. I might again emphasize, however, that there are alternatives available to the government. And let's make it clear that it's the government that has pursued this matter. It's not a matter that has been pursued by the pension funds as such. This is a matter that's being pursued by the government. This is a government that has outlined the alternatives available to the various pension funds, and I'm not surprised that the pension funds would find the investment corporation that has been much bandied about as being the most preferable option of those that are being proposed by the government.

That in no way lessens the concerns that we have, that we have as stewards of the public purse, and as those who are concerned about how public moneys are spent and invested in Saskatchewan, no way lessens our concerns that this Legislative Assembly on behalf of the people of Saskatchewan should have the opportunity for public scrutiny of significant investment decisions where public dollars are involved.

The Bills that we have and at least goes . . . again I would say some step towards allowing a limitation of that scrutiny and something that we are concerned about. But as with the last Bill, Mr. Speaker, I would ask for leave to adjourn the debate from this matter.

Debate adjourned.

Bill No. 46 — An Act respecting Certain Amendments to Certain Acts resulting from the enactment of The Department of Revenue and Financial Services Act, 1988

Hon. Mr. Lane: — The Revenue and Financial Services Consequential Amendment Act amends the various pension Acts which are administered by the Public Employees Benefits Agency. The amendments provide the authority to pay for administrative costs directly from the various pension funds rather than the Consolidated Fund. While the authority to charge for the administration costs lies in The Department of Revenue and Financial Services (Consequential) Amendment Act, 1988, reciprocal authority to pay for those costs must be included in each pension Act.

The following pension Acts are specifically affected by the Bill: Liquor Board superannuation fund; members of the Legislative Assembly superannuation fund; the municipal employees' superannuation fund; the judges of provincial courts superannuation fund; the Anti-tuberculosis League's superannuation fund; Saskatchewan Transportation Company superannuation fund; public employees' superannuation fund; public employees' annuity fund; Workers' Compensation Board superannuation fund.

The expenses of administering the public service superannuation plan, the old formula plan, will continue to be charged to the Consolidated Fund as no separate fund exists for this plan.

Mr. Speaker, I move that The Department of Revenue and Financial Services Consequential Amendment Act will be read a second time.

Mr. Van Mulligen: — Mr. Speaker, I agree with the minister that this particular Bill is consequential to the last Bill we dealt with and is certainly related to the penultimate, or the next-to-last Bill we dealt with. And as are those two Bills, I would beg leave to adjourn debate in this matter.

Debate adjourned.

(1100)

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 70 — **An Act to amend The Corporation Capital Tax Act** be now read a second time.

Mr. Koskie: — Thank you, Mr. Chairman. I want to make a few comments in respect to The Corporations Capital Tax Amendment Act. This legislation, as indicated by the minister in his comments, is intended to ensure that large resource corporations with significant activities in Saskatchewan will pay a reasonable share to the provincial treasury.

I want to say, Mr. Speaker, that on surface, this looks encouraging and we say, it's about time. However, when we look closer at what the government is doing, we discover that it's really only a very gentle touch in respect to the corporate capital tax increase.

I don't disagree with the principle that is being adopted. The minister indicates that the capital surcharge will generate something like \$34.8 million to the provincial treasury. But he counters this with, I believe, two measures. The government turns around and proposes to reduce the resource royalties and freehold production taxes by an amount equal to 1 per cent of the value of the Saskatchewan resource sales. The estimated savings in respect to the resource royalty cut-back or decrease is somewhere in the neighbourhood of \$20 million.

So on the one hand the minister is indicating that he is going to go after these big corporations and receive for the provincial treasury \$34.8 million, and then he turns around with his left hand and he hands them back \$20 million in resource royalty decreases.

I want to say that another aspect that is beneficial to the corporations is the corporate income tax reduction. Here the minister also indicates in his budget that there will be a 2 per cent cut in the corporate income tax. So while increasing the surcharge on the resource companies, he turns around, as I said, and decreases the royalty tax by 20 million and he cuts the corporate income tax by 2 per cent.

So it's a clear indication that this government is really catering to the whims of big business and it has, as was indicated here earlier by the introduction of The Income Tax Act, sticking it to the ordinary Saskatchewan resident whereby he increased the flat tax, went up some 33 per cent.

In his remarks, Mr. Speaker, the minister says, and I want to just quote to make a point. He indicates:

As a result (he says) fewer than 1,000 companies pay tax and most of them have their head offices located outside the province.

The very point that we have been indicating. I think it indicates two or three things. It indicates that the economic policies of this government is not attracting outside companies to locate here in Saskatchewan. By his

own admission and his statement, is that most of their head offices are located outside this province.

And under the previous administration, one of the key industrial strategies that we had is that in the development of our resource sector that the companies that would be developing them would indeed have their head offices here in Saskatchewan.

And indeed this was achieved to a large extent with the Crown corporations — the Potash Corporation of Saskatchewan, head office, Saskatoon; SMDC (Saskatchewan Mining and Development Corporation), head office in Saskatoon; Saskoil, which was a Crown corporation, head office here in Saskatchewan.

So the admission of the minister is that many of the major companies, resource companies, while indeed developing our resources, are not in fact locating here in Saskatchewan. And I say that's regrettable because our strategy was to indeed have head offices here in Saskatchewan, to have people hired here in Saskatchewan, to have the money that was earned stay in Saskatchewan with companies with head offices in Saskatchewan.

As a consequence of the economic policy of the government opposite, we have fewer jobs being provided to Saskatchewan people as a result of not locating head offices here.

So I can only say that on the face of the minister's statement, the economic policies that they have been following are indeed a dismal failure in contrast to what we had developed here in Saskatchewan.

An Hon. Member: — And found wanting.

Mr. Koskie: — Pardon?

An Hon. Member: — And they're found wanting.

Mr. Koskie: — Did you want to say something, the member from Souris-Cannington?

I want to also indicate, Mr. Speaker, in respect to The Corporation Capital Tax Act, I'm just wondering whether the minister will be prepared to indicate to us whether or not he had some considerable consultation in introducing this particular tax. What was the degree of the amount of consultation? With whom did he discuss the implementation of the amendments to the corporation capital tax? I would have welcomed whether he has any information as to whether or not there are similar enactments in other provinces, say Manitoba, Alberta, and British Columbia.

I'd be asking the minister those particular questions, because I would suspect that he had considerable consultation with his friends, the major corporations. Certainly there was little or no consultation when he came to sticking it to the ordinary taxpayers in respect to the flat tax.

He indicates also in his remarks in respect to the Bill that it provides for another taxation, and that is in respect to the

federal Crown corporations. And he indicates that in the current fiscal year that should amount to \$2.3 million. I want to get specifically from the minister whether or not that includes all of the Crown corporations, federal Crown corporations; or is there, I suppose, a select few that are in the resource industry and excludes others that are not? But I want that clarification.

There are some concerns in respect to the particular sections in the Act which we can deal with in Committee of the Whole. But those are the concerns that I have in respect to it, Mr. Speaker, that while on the one hand he indicates that there's going to be additional revenue to the provincial treasury, and we think that those that develop our resources, they belong to the people of Saskatchewan and therefore we should be entitled to greater revenues from the development of the resources.

But he does counter, as I said, with two measures of decreasing 1 per cent the resource royalty of about \$20 million. I suspect that that affects the same companies that he's putting the surtax on in respect to capital tax. And so when you look at the increase, it's not 34.8 million. Although it does look like an increase in the estimates, there will be revenue loss in respect to the decrease in the royalty rates paid by resource companies, and there will be indeed some reduction when implemented, loss of revenue, in respect to the decrease in the corporate income tax.

Mr. Deputy Speaker, we feel that the resource companies should be paying more. We have indicated that throughout. We have seen the oil companies making billions of dollars here in the Saskatchewan oil industry and the people of Saskatchewan receiving little or no revenue.

And so we will be, in essence, supporting this, subject to some of the questions which I've raised and a few details in respect to the Bill.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

SECOND READINGS

Bill No. 101 — An Act to amend The Revenue and Financial Services Act

Hon. Mr. Lane: — Mr. Speaker, this Bill is consequential to the enactment of Bill 82, An Act to amend The Litter Control Act, which imposed the environmental handling charge of refundable deposit on beverages sold in cans.

This Bill will allow the environmental handling charge and the deposit to be collected and administered in a manner similar to the province's consumption taxes. By adopting the provision of The Revenue and Financial Services Act, an existing and efficient system will be used to ensure that the environmental handling charge and the refundable deposit are properly collected and accounted for by distributors and retailers of canned beverages.

I move second reading of Bill 101, An Act to amend The Revenue and Financial Services Act.

Mr. Kowalsky: — Mr. Speaker, we're not likely to have controversy with this, but I would want to check with the critic involved. I move adjournment.

Debate adjourned.

Bill No. 78 — An Act to amend The Teachers' Life Insurance (Government Contributory) Act

Hon. Mr. Berntson: — Mr. Speaker, group life insurance is one of the mandatory items for negotiation in teacher collective bargaining. The amendments being proposed here are intended to simply provide the necessary legal basis for changes in the teachers' group life insurance plan that are included in the new contract.

There are three specific points to note, Mr. Speaker. First, teachers who were previously covered under the plan as community college employees and who now are employees of SIAST (Saskatchewan Institute of Applied Science and Technology), will continue to be covered under the plan.

Second, teachers who retire prior to age 65, who elect to continue coverage until age 65, will now also have the option to maintain coverage beyond that time until their 75th birthday.

And third, teachers who retire after age 65 will also have the option to maintain coverage until their 75th birthday.

I should add, Mr. Speaker, that all premiums for coverage beyond age 65 will be the responsibility of the teacher, and that the amount of coverage provided will be reduced because of the age factor.

As I have indicated, Mr. Speaker, these amendments are strictly consequential to the new group life provisions in the teachers' contract.

I therefore move, Mr. Speaker, Bill No. 78, An Act to amend The Teachers' Life Insurance (Government Contributory) Act, now be read a second time, Mr. Speaker.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

Bill No. 76 — An Act to amend The Teachers' Superannuation Act

Hon. Mr. Berntson: — Mr. Speaker, this is one of the three Bills being introduced this session as a result of the recently signed teachers' contract; the other two dealing with the teachers' dental plan and the group life insurance plan.

The amendments of the superannuation Act are all needed in order to provide a proper legal basis for provisions in the new contract relating to teachers' pensions. The highlights are as follows.

Teachers who were previously employees of the community college who became employees of SIAST on January 1 this year will continue to be covered by the teachers' superannuation plan. The deadline for teachers

to transfer from the old formula pension plan to the new annuity plan is being extended by three years to June 30, 1991.

(1115)

Teachers who have reached age 55 and who have at least 20 years of service will be eligible to receive a superannuation allowance or annuity. The allowances will be subject to actuarial reduction with one exception. There will be no reduction in the case of teachers who qualify and apply during the period July 1, 1988 to July 1, 1989 inclusive.

Mr. Speaker, it is intended that this one-time opportunity for the allowance without reduction be directed to practising teachers. For this reason it will be available only to teachers who have been in contract at some time since July 1, 1986, and it will not be available to teachers who transfer into the plan under a reciprocal agreement during this one-year period.

Finally, Mr. Speaker, the method of calculating required superannuation contributions is being redefined in order that the teachers' pension plans will remain properly integrated with the Canada Pension Plan.

As I have indicated, Mr. Speaker, these amendments are not being brought forward as a government initiative. They are all required as a consequence of the new contract with our province's teachers.

I therefore move that Bill No. 76, an Act to amend The Teachers' Superannuation Act be now read a second time.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Department of Finance Ordinary Expenditure — Vote 18

Mr. Chairman: — Would the minister introduce his officials.

Hon. Mr. Lane: — With me at present, Mr. Chairman, are Mr. Art Wakabayashi, deputy minister; and Mr. Bob Blackwell, director, operations branch, treasury board division.

Item 1

Mr. Koskie: — Thank you, Mr. Chairman. Mr. Minister, I want to clear off a few introductory questions which you may have the information, or can provide to me, however I would like the information prior to the conclusion to the estimates.

And first of all, what I would appreciate if you could send over is a list of your personal staff, their classification, their rate of pay, whether their salaries have been increased and whether or not the increase was from classification or a straight increase in respect to the

individual. And also whether this completes the . . . this is a complete list of staff and whether there's a budget for any additional staff, you might answer that.

Hon. Mr. Lane: — You said there were some other specific questions, you were just making a list.

Mr. Koskie: — Oh, all right. I want that information in respect to the staff. Also, in respect to air travel outside the province. I would appreciate if the minister could provide information in respect to the minister's air travel, destination, who accompanied you, cost and dates of the particular flights. And also, if you would, Mr. Minister, provide us with the cost of travel for the department during the past year, '78-79.

And also if you could . . . well, I can get into the specific, but the amount budgeted for this year. And also, I would appreciate if you could provide me with the cost of the recent trip that you yourself had to Japan recently and provide the details as respect to the cost, the number of people that accompanied you and such detail in respect to that.

Thirdly, Mr. Minister, in respect to advertising. I would like if you could provide us with the total cost of all advertising by the department in '87-88 with a break down indicating to whom it was . . . the money was paid. And also the total budget for '88-89, and indicate a break down as to what programs or for what the budget, advertising budget is allocated for the current year.

Fourth, I wonder if the minister could provide us with information whether or not you have any employees under a personal service contracts within the department during the year '87-89, and if so, to provide us with the details, that is the name of the person, the position held, and salary and term of contract?

And fifth, I would like you to indicate whether you had any major contracts with consulting firms during the course of the year '87-88, that is to do any major study for the Department of Finance?

Sixth, I would appreciate if the minister could provide, Mr. Chairman, information whether the Department of Finance has been involved directly in the government's planned privatization, that is 87 . . . during the year '87-88; any direct expenditures by the Department of Finance in respect to, you know, the employment or the seeking out of advice or any studies in respect to privatization; if so, the details and the amount that would have been spent in '87-88? And also, do you budget for any direct expenditure for this year relating to privatization?

Seventh, I'd like, if you could provide information, Mr. Minister, in respect to the Income Tax Reform Commission, that is the expenditures, if any, in the year '87-88, the personnel; and the costs and the payments made to members of the commission, and whether you have allocated a budget for this year, and if so, the amount of that budget.

Those are some of the preliminary questions that I would appreciate, Mr. Minister, if I could get it. There may be, as

I say, some follow-up questions if I had that information. But I've tried to set those out, those detailed questions.

Hon. Mr. Lane: — I, too, would just like to clarify a couple of things. We'll try and get what information we have on the Japan trip. I'm not sure all of the expenses are in yet.

But on the question of privatization, are you including finance, for example, on private sector auditing? Is that . . . or are you looking at a broader question of privatization?

Mr. Koskie: — I was looking at a broader aspect of privatization in taking the lead, for instance, of doing any studies in respect to it, the bringing in of any experts that you may have been involved in, that type of thing, rather than the specific auditing of the private corporations.

Hon. Mr. Lane: — If it's all right, we'll try and get most of that for you by 2 o'clock, if that's all right.

Mr. Koskie: — Yes, that would be fine, Mr. Minister.

Hon. Mr. Lane: — I want to introduce other officials that have joined the committee. Mr. John Wright, the executive director of taxation, economic policy division; Gerry Kraus, Provincial Comptroller; and Bill Van Sickle, the executive director, admin. division; and Mr. Bill Jones, assistant deputy minister, investment and financial services branch. I'm sorry, and Keith Laxdal, who is associate deputy minister, revenue, pensions and administration.

Mr. Koskie: — I want to turn your attention, Mr. Minister, to the page 10 in the Estimates, and what I want to take a look at is the budgetary revenue. And I would think that by now you would know for '87-88, the year '87-88, not only the estimated but the actual revenues in respect to the various items as set out in page 10. And I was wondering . . . I want a couple specifics here, but I was wondering whether it's possible for you to provide me with the 1987-88 actuals in respect to budgetary revenues.

I want specifically to know in respect to oil, it indicates 309.3 million. So I think I'll just stop there, and first of all, ask you whether you're in a position to provide us with the actual revenues for '87-88?

Hon. Mr. Lane: — I can give you what we have. We don't have the final actuals, if I can give you that. They're not prepared yet. But the '87-88 blue book, and I can give you the most recent, revised forecast. The blue book, as the hon. member knows, was 3,202,508,000. The revised forecast is 3,295,673,000.

Mr. Koskie: — In respect to the specific items then, I want to run through them. Corporation capital, estimated in '87-88 was 51.9 million. I was wondering whether I could get the specific information as to the projected amount that you expect to receive from corporation capital tax?

Hon. Mr. Lane: — Does the hon. member want me to just go right down the list? That may be easier.

Mr. Koskie: — Yes.

(1130)

Hon. Mr. Lane: — The corporate . . . the blue book was 181,900,000. The revised forecast is 178,944,000; that's a difference of 2,956,000 — percentage change of down 1.6 per cent.

Individual: — 751 million — in the blue book — 500,000; the revised forecast, 768,555,000 — a difference of 17,055,000; that's percentage change of 2.3 per cent.

Sales: — in the tax, 467,300,000; the revised forecast of 455,302,000 — a reduction of 11,998,000; percentage change over blue book of down 2.6 per cent.

Tobacco: — blue book, 91 million; revised forecast, 89,811,000 — a difference of 1,189,000; percentage change of 1.3 per cent.

Other was 174,945,000; the revised forecast was 194,324; percentage change of 11.1.

I'll go through the non-renewable resource category if the hon. member wants that at this time.

An Hon. Member: — Yes

Hon. Mr. Lane: — Oil and gas: — the blue book estimate was 330 million; the revised forecast, 369,439,000 — a difference of 38,639,000; percentage change of 11.7 per cent.

Potash: — 35,400,000 in the blue book; revised forecast, 48,900,000; difference, 13,500,000 — 38.1 per cent difference.

Uranium: — blue book, 15,990,000; revised forecast, 19,718,000; the difference, 3,728,000 — 23.3 per cent change over blue book.

Other: — 19,140,000; revised forecast 20,438,000; difference of 1,298,000 — a 6.8 per cent change.

Under the category Other Own Source, Liquor Board: — the blue book was 122,500,000. As we had indicated, we were not taking the money from the blue book at that time, so the difference is obviously the 122,500,000.

Agricultural lands: — 16,840,000; the revised forecast 20,681,000; difference 3,841,000 — 22.8 per cent difference from the blue book.

Motor vehicles: — 73,500,000; the revised forecast 67,873,000; difference 5,626,000 — a difference from the blue book of 7.7, negative 7.7 per cent.

Other: — 133,000,006 in the blue book; revised forecast, 138,844,000; a difference of 5,878,000 — percentage change-over, blue book, of 4.4 per cent.

I'll give you now the category of intergovernmental transfers.

CAP (Canada Assistance Plan): — 151,681,000; revised

forecast 156,801,000; differential of 5,120,000 — percentage change-over, blue book, of 3.4 per cent.

EPF (established program of financing): — the blue book was 400,600,000; revised forecast of 406,233,000; the difference of 5,633,000 — Percentage change-over, blue book, 1.4 per cent.

Equalization: — 185,000,000; revised forecast 302,675,000; the difference of 111,675,000 — a difference of 63.6 per cent.

Other: — 51,406,000 in the blue book; 57,073,000 in the revised, a difference of 5,667,000 — an 11 per cent difference. Unidentified revenue is \$23,000. The overall difference, blue book — I'll give you the totals — blue book, 3,202,508,000. Revised forecast is 3,295,673,000. The difference is 93,165,000; total percentage difference of 2.9 per cent.

Mr. Solomon: — Thank you, Mr. Chairman, I would request leave to introduce some special guests, please.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Solomon: — Thank you very much. It's my pleasure this morning to introduce to members of this Assembly, some very special guests from Lavoy, Alberta, and from other parts of the world. In the east gallery I have visiting with me this morning — they're on their way from Lavoy, Alberta to Manitoba — my uncle and aunt, Fred Solomon and Rosa Solomon. My Uncle Fred is 82 years old and he's a retired farmer; my aunt is a retired school teacher. And they're accompanied by their daughter, Ellen Ching, who has been spending the last two years or thereabouts in Peking, China, doing some work for CIDA (Canadian International Development Agency) with her husband who is doing some special contract work on behalf of Hewlett-Packard in Calgary.

And I'd like to just also mention as well that my uncle has never been here before, but my aunt was here once before in her life, and it was when Tommy Douglas was premier,

So I'd like to, with that introduction, have all members joint with me in giving them a very special welcome.

Hon. Members: — Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Finance Ordinary Expenditure — Vote 18

Item 1 (continued)

Hon. Mr. Lane: — I would just advise the opposition critic as well, that you will note a slight difference between the blue book numbers, and that's referred to in the footnote on page 10 dealing with SIAST. And that is adjusted both on the revenue and expenditure side.

Mr. Koskie: — I want to thank the minister for that information. I was wondering, Mr. Minister, would it be possible to make available the statement which you had. It's rather difficult to copy all the details down. Would it be possible to provide us with the sheet of that information so that we would have it on your new projected estimates?

Hon. Mr. Lane: — I will give you the information. I'll get it photocopied for you. I do have some notes here that I'd prefer to raise in debate.

Mr. Koskie: — I would like it as soon as possible. Leave the writing on it you want. I just want to . . . from what you have given and the information that we have, a couple things are evident.

One, in respect to oil revenue where it was estimated at 330 million, I believe it went up to 369 million. I want to ask the minister: — in estimating that revenue, could you indicate what accounts for the significant increase in revenue in the year '87-88 in respect to oil revenue?

Hon. Mr. Lane: — Very modestly higher prices than estimated, but primarily bonus bids.

Mr. Koskie: — Could you be a little bit more specific in respect to it? In respect to price, what calculation of price did you include in your estimate, and what price did you receive? And further, can you give the breakdown of the additional revenue of some 38 million, I guess it is, breakdown in respect to price increases and also in the sales?

Hon. Mr. Lane: — Let me break it down. I'm sorry about the price because our budget estimate was 18.90, that's West Texas Intermediate. The revised estimate's coming in at \$18.72, so it's virtually the same. Our budget for this year, I don't know if we discussed it — estimate is 18.45. You can just keep that for future information.

There was a \$5.8 million increase in Crown royalties and freehold taxes, a \$20.4 million increase in bonus bids, and a \$1.1 million increase in other oil revenues, and a \$.6 million due to adjustments in service and supply employment program pay-outs.

Mr. Koskie: — I note in respect to the projected estimate for '88-89, for oil it's estimated at 311,372. I take it what you're estimating there, as you have indicated, that per barrel be estimated at 18.45. Could you indicate whether, in light of what happened last year, substantial increase in revenue, whether you are expecting to have an increase over the estimated 311, either due to price or to other sales?

Hon. Mr. Lane: — Well so far I'm advised that we're right on our projections. I do suggest that our estimate of 18.90 and the actual coming in at 18.72 is fairly close.

Mr. Koskie: — Yes, I appreciate that. And I was talking about this year's estimated amount of 311 at 18.45. Is that price holding in the market at the present time, up to the present? And secondly, have you any indication as to the stability of that during the course of the year?

Hon. Mr. Lane: — At this point we're slightly below our estimates, but we do expect it picked up in the fall.

I do have, for the hon. member, that outline of the budgetary revenues.

Mr. Koskie: — Mr. Chairman, Mr. Minister, similarly, in respect to potash you had estimated 35.4 million, and indicates here that it was slightly over \$48 million. Can the minister indicate what represents the increase in revenue in respect to potash over what was estimated in '87-88?

Hon. Mr. Lane: — Revenue increase is attributable to the following: — prices were projected to average \$86.45 but instead were \$100.90. This enabled the industry to pay the profits-related graduated payment. Obviously, higher list prices increased Crown royalty payments. Production was projected at 6.1 million tonnes but came in at 6.4 million tonnes.

Mr. Prebble: — Thank you, Mr. Chairman. Mr. Chairman, with leave from the House, I'd like permission to introduce a group of students who are in the Speaker's gallery.

Leave granted.

(1145)

INTRODUCTION OF GUESTS

Mr. Prebble: — Thank you very much, Mr. Chairman. Mr. Chairman, it's my pleasure to introduce to you, and to all members of the Assembly, five students and two teachers accompanying them. Four of the students are from the R.J.D. Williams (Provincial) School for the Deaf in Saskatoon. They're hearing impaired students and their names are Margo Sayazie, Gabriel Kkaikkai, Ronald Hofer, and Jonathon Reigert. They're accompanied by their teachers Allan Reine and Dianne Newman, and Dianne's daughter Kirsten.

And we've very pleased to have them visiting with us in the Assembly this morning. We've just met for pictures and I'll be meeting the students afterwards for drinks and discussions about what's taking place here in the estimates. I'd ask that you help me welcome them in the usual manner with a round of applause.

Hon. Members: — Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Finance Ordinary Expenditure — Vote 18

Item 1 (continued)

Mr. Koskie: — Thank you, Mr. Chairman. Mr. Minister, dealing with potash for the year, revenues from potash for the year '88-89, you've estimated that the revenue would be 50.048 million. I ask you, in respect to that, number one, what is the projected price per tonne, and also the projected production?

Hon. Mr. Lane: — The question on price: — prices are projected to increase from \$100.90 to 140 per tonne of K₂O; production is projected to decline from 6.4 to 6.1 million tonnes.

Mr. Koskie: — One other interesting aspect — in equalization payments you had estimated 185 million and, in accordance to your figures, it exceeded \$300 million. Can you indicate, Mr. Minister, the degree of inaccuracy that you achieved in respect to that item?

Hon. Mr. Lane: — Well there were two reasons. I'm advised that Ottawa changed the time for the adjustments. These adjustments go back to previous years, of course, as the hon. member knows. And secondly, the estimates were based on perhaps a modest slowing of the economy in central Canada, which is a major factor in equalization, and of course that didn't happen.

Mr. Koskie: — And this year I note that in respect to equalization you have estimated another 175 million over the estimate last year to \$360 million. I wonder if the minister could indicate what degree of accuracy does that figure represent? Are you able to indicate whether that would likely be another 60 per cent out or whether you have some assurance that that represents the figure in respect to equalization?

Hon. Mr. Lane: — Well keep in mind, the hon. member, that these are estimates. For example, the province over a period of five years did have to pay back an overpayment on equalization in the 1981-82 budget, which we have just paid back. But we are estimating an 18.9 per cent increase from the '87-88 actual of about \$57.3 million. The increase is due to the fact that the 1986 economic data will be fully incorporated in the equalization estimate for the first time in '88-89. Prior to this year, equalization payments did not fully reflect the economic problems in 1986 caused by falling commodity prices. As a result, the entitlement will rise to 279.3 million from the 1987-88 entitlement of 179.7.

Mr. Koskie: — Mr. Minister, in the formula for setting the equalization payment, I wonder whether you could enlighten us in respect to the outline of the nature of the application of the equalization payment in layman's terms.

Hon. Mr. Lane: — I will not attempt to summarize, but it's 36 different entitlements all separately weighted which go into the calculations with the overall objective. They're to provide extra revenues to provinces with below average tax bases, so that a basic level of public services can be provided at reasonable rates of tax.

Equalization payments are determined by a formula that compares each provinces' capacity to raise revenues from 36 different sources against the average revenue raising capacity of five standard provinces. Those provinces are Ontario, Quebec, Manitoba, Saskatchewan, and British Columbia.

The comprehensive list of revenues covered by the formula include 17 categories for natural resource revenues and 19 non-resource revenues. For each

category the formula assigns a province either a positive equalization entitlement if the province's per capita tax base is below the average of the five standard provinces, or a negative entitlement if the province's per capita base is about average.

Entitlements for all categories are summed to calculate the province's overall entitlement. If the sum of a province's 36 separate entitlements is positive, the federal government makes a payment to the province that makes up the difference between the province's capacity to raise revenues and the five-province revenue raising standard. If the sum of entitlements turns out to be negative, the province is simply not eligible to receive equalization payments.

Makes great television.

Mr. Koskie: — Definitely — great television, indicating that you can read. I just want to ask you in respect to that, Mr. Minister, that you indicate that one of the ingredients in determining it is below the provinces that have . . . are below the tax base. What I want to specifically ask you, in respect to other provinces, can you indicate whether Manitoba, Alberta, relative to Saskatchewan, are receiving equalization payments relative to what Saskatchewan is?

I note where Premier Getty was indicating that he appears to have been underpaid and was looking for some 3 to \$400 million additional money. I wonder whether a similar situation exists here, whether there may be a further entitlement, as Premier Getty has indicated, in respect to Alberta?

Hon. Mr. Lane: — There's a separate program not related to equalization that Alberta is dealing with, and it's the revenue stabilization program. And there is a national program in place if revenues fall dramatically below, that there is a stabilization formula not related to the equalization formula. And Alberta, of course, having the effect of the major drop in oil revenues for the one year, is making a claim under the revenue stabilization, which is not an equalization related matter. Okay?

Now so Alberta, on the equalization, does not receive equalization payments. Manitoba, the estimate in '87-88, the estimate now was 508; the estimate now is 544 million, so it's up for Manitoba as well.

Mr. Koskie: — In respect to a couple other items, the established program financing, I note that it was, in 1987-88, was relatively close to the estimate; and I note that in established program financing this year, it's up to . . . estimate is 427.6 million. Are you expecting to receive close to that under the formula, or is there a risk of shortfall in respect to that or additional payments?

Hon. Mr. Lane: — Revenues are fairly stable under that program. Any adjustments tend to come from population, so we expect it to be fairly stable.

Mr. Koskie: — In respect to the . . . In formulating the budget, could the minister indicate what economic rate of growth that you are expecting for Saskatchewan during the current fiscal year?

Hon. Mr. Lane: — We based it on 2 per cent. We're now noting that most forecasters are in the range of 3 per cent plus. I wouldn't want to move from the 2 per cent yet, with the uncertainty of drought out there, but we did estimate it at 2 per cent.

Mr. Koskie: — Recognizing the agricultural situation, in what area do you project to have the greatest economic rate of growth in the province?

Hon. Mr. Lane: — We're advised that non-agricultural private sector investment is up considerably.

Mr. Koskie: — Mr. Minister, in respect to uranium, also, we noted that there had been a substantial increase over the estimated 1987-88, and I wonder whether you could also indicate, in respect to uranium for '88-89, what you base that projection of revenue . . . production and price?

Hon. Mr. Lane: — Let me indicate that there . . . as I stated before, there was about a \$3.7 million increase. The sales were estimated, '87-88 at 8.9 million kilograms; the revised estimate is 11.1 million kilograms. The '88-89 budget estimate is 9 million.

The average price for '87-88, it was estimated at \$59.94 — that's Canadian. The revised estimate is \$58.02. The budget estimate for '88-89 is \$62.08.

The committee reported progress.

The Assembly recessed until 2 p.m.