

EVENING SITTING

Consolidated Fund Budgetary Expenditure
Finance
Ordinary Expenditure — Vote 18

Item 1 (continued)

Mr. Koskie: — Thank you, Mr. Chairman. I want to continue where we left off, Mr. Minister. This afternoon we discussed in some detail the debt created by your administration on the people of this province. We talked about the successive deficits that you have had for each and every year of your administration. We talked about the massive tax increases that you have levied against ordinary people of Saskatchewan.

We were able to establish that the total debt of the province is estimated at \$11.6 billion. We were able to establish, Mr. Minister, that Saskatchewan has the highest per capita debt in the nation — coming from the lowest to the highest per capita debt. We established, Mr. Minister, that in 77 years up to 1982 that the total debt of the province reached the sum total of \$3.5 billion, and we established that in six years plus a few months that you have added \$8 billion to the total debt of this province.

We have seen that your seven straight deficits have accumulated a government deficit of \$3.7 billion on the backs of the people of Saskatchewan, and in fact, Mr. Minister, in those three years while you were in the portfolio of Finance, you acknowledged this afternoon that you ran up a cumulative deficit of \$2.13 billion.

I want to say, Mr. Minister, that in all of the years from 1947 to 1982, that there was only three deficits that this province encountered, and that was in 1961 and 1962, and the total cumulative deficit was somewhere in the neighbour of \$5 million.

And so I say to you, Mr. Minister, that in good times, in bad times, with different administrations, from 1947 up until 1982 when you assumed office, the one thing that the people of this province were assured of is that there was fiscal management and not fiscal incompetence, waste, and mismanagement.

Some Hon. Members: — Hear, hear!

Mr. Koskie: — We have seen the massive tax increases, as I've outlined this afternoon, laid on the backs of ordinary Saskatchewan people. We have seen that you have increased the flat tax up to 2 per cent, amounting to \$500 on a net income of \$25,000. We have seen that you have decreased, at the same time that you have increased the tax on ordinary Saskatchewan people, that you offered tax concessions in corporate income tax to your friends, the corporations.

We see you indicating to this House that you are going to in fact charge more to the resource development corporations, and when we uncover the full scheme of what you're doing, on the one hand you are indicating

that you are going to increase the amount of taxes, corporate capital tax, but at the same time you have decided to decrease the royalty rates for resource companies.

More taxes for ordinary citizens and less for the corporations. Resource royalty reductions, corporate income tax reductions, massive give-aways to the friends of big business that you cater to. And at the same time, you have left a legacy of debt on the backs of the people of Saskatchewan and you have also left a legacy which next generation will have to bear.

I say to you, Mr. Minister, no amount of excuses by you can forgive the mismanagement that you have placed upon the people of this province. And the incredible fact is that no longer can the people of Saskatchewan believe what the people . . . what the members opposite say.

I have some quotes here in respect to deficits. And the member from Kindersley, the minister of Finance, November of 1982 — he says, "This is a minimized and manageable deficit." It was the first of his four major deficits, each one increasing.

In a speech of March 1982 the same minister said, "We anticipate a manageable increase in our combined deficit." And in fact it increased by more than 100 million over the previous year's deficit. And then to top it all, you, Mr. Minister, in 1986-87, running scared after four years in office — four years and the people of Saskatchewan were on the verge of throwing you out of office — you came forward with your 1986-87 election year deficit budget, and you had the gall to say to the people of Saskatchewan that that deficit was going to be \$389 million. And you know, Mr. Minister, that you underestimated by some \$800 million, \$800 million, and that deficit rose to over \$1.2 billion.

I just want to say to you, Mr. Minister, that in dealing with what you have done in respect to the fiscal management of this province is that you have placed the future generations at risk. You have tied the hands on government when the people of this province need the intervention and the help of government most.

And I talk about the debt-ridden farmers across this province. Today we are in the thrust of losing up to . . . Eleven per cent of our farmers are insolvent; 28 per cent of our farmers have a serious debt cash flow; and the Minister of Finance, says, oh well, we can open the treasury, but that problem is much too big for this treasury.

We'll take a look at the record of the deficits and the amount of total debt and anyone knows that what you have done is to tie your hands so that when people need help that you're no longer able. We have had a drought situation raging here in Saskatchewan, one of the worst that we have seen since the 1930s, and this government sits on its hands and waits for Brian Mulroney to try to come out here to buy votes, rather than having a constructive program to deal with the problem.

I want to say, Mr. Speaker, that we look at the mess that

you have given to this province with a lot of concern. And I can say that the debt of Canada and the debt of United States, those two new found, free enterprise societies, are a concern, I'll tell you, to many people watching the progress. Recently, Mr. Rockefeller III, the director or president of the Manhattan Bank, had this to say. He said, "The massive deficit that is accumulating in Canada, and the massive deficit that we have accumulated in the United States, has to be dealt with," and he said, "It can only be dealt with by serious tax increases because the viability of the country is at risk if this debt goes on." And who do you follow? You follow the blueprint written by Ronald Reagan, who has put that country, has taken United States of America from the greatest investor country of the world to the largest indebted country of the world.

Some Hon. Members: — Hear, hear!

Mr. Koskie: — And with successive Tory governments across this country, Canada is right behind. Canada today is the second greatest debtor nation in the world, and the economy of this country is being sold off to outside investors. This country of Canada has the least home-owned operation of the industry of any industrial nation of the world. No other nation of the world has allowed its economy to be bought up to the extent that Canada has — even United States, because most of their corporations are U.S. based. And all I say, Mr. Minister, is that my children and the children of their children will have to pay the terrible consequences of the terrible political callousness of the government opposite — a government so callous that they would walk into an election and spend \$800 million, overspend to get themselves elected and disregarding the future of this province; the government that would pour out \$1.2 billion in the production loans to farmers with absolutely no consideration as to need. And now we have a group of farmers that are about to lose their livelihood, and the minister, the minister from Rosetown-Elrose, sits and chirks. And I'll tell you, you'll chirke but you won't get elected again, my friend.

Some Hon. Members: — Hear, hear!

Mr. Koskie: — One can take a look, Mr. Minister, at all of the indicators to see whether there is a method to your madness, whether there is a light in the tunnel, whether in fact Saskatchewan has any future, or whether we have to wait for the people of Saskatchewan to throw you out of office like they did the previous government of the Anderson government in the 1930s, to be lost again for another 30 years.

I want to ask the minister in all seriousness . . . There are no doubt that those are the statistics which we established this afternoon. And you can't stand here and indicate that it's the social democrats' fault, and you can't stand here and indicate that it's the previous Liberal administration, which you were a part of, because someone must have controlled you during those years.

But I want to say, Mr. Minister, that we view this as a very, very major problem for our future. And as I've said, Mr. Minister, and your own estimates indicate, that just to service the debt of this province — to service the debt —

is \$329 million, almost \$1 million a day, just to service the interest on debt. Just imagine the hospitals and the schools and the highways and the programs that we could finance if there had been any economic decisions made, and any administration capable of running this province.

(1915)

Mr. Minister, I want you to address the area of what is the future in respect to this very massive debt, to the very high taxation that you have imposed on ordinary people of this province. Every individual fee and licence has been increased. We did an analysis of it, and 234 individual increases. We see that power rates are increasing; we see telephone rates are increasing. We see in respect to telephones that not only are we paying for telephone service but we're paying a federal tax now, and you're even charging a tax on the federal tax.

Mr. Minister, you said that you were projecting a 2 per cent economic growth in the province, and all I can say, Mr. Minister, is that unless the agriculture comes through, I doubt very much that you can achieve anywhere near that record. Right now what you have been surviving on . . . And your brag is going to be that, oh well just look at last year; we've cut the deficit; we're on the right track. But the fact is, Mr. Minister, that you distorted the facts in the '86-87 budget, and you overestimated, packed a little money away at that time to allow you to give another pretence that you manage this province. But the facts remain. I don't think there's any minister of Finance in the history of this country who has been able to demonstrate the incompetence of underestimating a budget by the tune of \$800 million.

So I want to ask you, Mr. Minister: what in particular do you see in the future in respect to the economic indicators which will in fact bring a possibility of some economic management to this province? And I only want to say in respect to the massive deficit, to read from one of your brethren in Ottawa in respect to what deficits achieve and debt, he says:

When the government loses control of its finances (and this is Michael Wilson) . . . When the government loses control of its finances, everyone is affected. It leads to higher interest rates for mortgages and for business and consumer loans. It means declining economic confidence, less growth, and fewer jobs. It threatens our ability to provide the kinds of government programs and services Canadians need and want.

He goes on to say, Mr. Minister:

I believe this generation of Canadians want to leave our children and grandchildren a legacy of opportunities and optimism, not one of crushing debt and crushed hopes.

And that's the concern that we have here, Mr. Minister. And what I would like to ask you, recognizing some of the difficulties that you have encountered, but also some of the lost opportunities that you didn't seize upon, I wonder whether or not you could indicate whether you have economic indicators which would point to a more fiscally

responsible budgeting in the future; that the massive debt will be curtailed; that indeed some of the massive debt that has been accrued can, in fact, be wiped out of existence.

I'd ask you, Mr. Minister, if you could indicate some of the economic indicators indicating to the extent that your economic philosophy is, in fact, working.

Hon. Mr. Lane: — Mr. Chairman, and members of the Assembly, today, if the province of Saskatchewan had not invested in the commercial enterprises that the NDP had invested in, we could immediately have a debt reduced of about \$2.5 billion — right off the top, \$2,500 for every man, woman, and child if we hadn't bought potash, uranium, pulp mills, Mr. Speaker. I believe that those people would have preferred to have it in cash.

Mr. Speaker, the hon. members don't like to hear this, but the public wants to know, Mr. Chairman, that if the NDP had not have bought potash mines . . . (inaudible interjection) . . . Oh, they're saying it's not my fault, all the new members are saying, not my fault. I told you this afternoon that the public had rejected the potash nationalization. If there had been no nationalization and acquisition of the potash industry by the now Leader of the Opposition and his cohorts, in 1986, this province would not have had a deficit. And if that same amount of money had have been put in the credit union, that everybody could have got the same interest rate as the average person in this province, there would have been no deficit.

Mr. Speaker, the NDP want to include in their deficit the borrowings and the position of the potash corporation. No other jurisdiction in Canada owns a potash mine, Mr. Speaker. And every other single jurisdiction in Canada had the brains, the foresight, the intelligence, and the wisdom not to buy potash mines — but not, not the members opposite.

Mr. Speaker, we have several hundred million dollars that the NDP used to buy pulp mills. No other province in Canada bothered to buy pulp mills.

Mr. Speaker, \$2.3 billion of our deficit comes, comes, Mr. Chairman, from the NDP investing in business, investing in business, Mr. Speaker. Was it investment to build new industries or new jobs or create new opportunities? The answer is no. And they include Saskoil, Mr. Speaker, and what did Saskoil do when the NDP had it? They were given, given, Mr. Speaker, the natural gas fields of the power corporation — give to them — and then, Mr. Speaker, they went out and opened offices in Calgary. And that's what happened under the NDP, Mr. Speaker. So they're concerned about the deficit. It's rather sudden, Mr. Speaker.

Mr. Speaker, on the one hand they accuse me of not being able to count, and then the member just said, well the deficit was too high a year ago and the hon. member just salted away . . . that the deficit's too high, that we really put money away. I wish . . . he can't have it both ways.

Mr. Speaker, we have read into the record on numerous occasions . . . And I think particularly the new members

who say it wasn't their idea about buying the potash and they weren't part of this, let me tell you, you're covered, you're under that same umbrella. I have, Mr. Chairman, a report to Standard & Poor's, a rating agency, by the NDP, and do you know what they said, Mr. Speaker? Do you know what they said the province would get from the Heritage Fund in 1989-90? You know what they said? Six point four billion dollars. Do you know how much we got? Do you know how much we got, Mr. Chairman? Four hundred and fifty million dollars — nearly \$6 billion out on their projections, Mr. Speaker. The deficit, Mr. Speaker, would be gone three times over if we could even rely on their figures.

Mr. Speaker, I say that . . . I say that, Mr. Speaker, just to read into the record. I also read . . . and I could go on to that Standard & Poor's presentation outline of the NDP because it's interesting reading, Mr. Speaker, of inaccuracies.

And, Mr. Speaker, we've talked about taxes, and I'll freely admit, and I've said it many, many times — no one likes taxes. No one likes taxes. Mr. Speaker, and Mr. Chairman, I read into the record this afternoon so that everyone would know that after all the provincial budgets are in across the country, here's where Saskatchewan stands. For taxpayers earning \$20,000 or less, when we put in the government charges likes sales taxes and exemptions and rebates, the province of Saskatchewan has the second lowest taxes and charges in the country.

When we talk about income levels of \$30,000, the province of Saskatchewan has the third lowest rates in taxes of any province in Canada. And when we talk with those earning \$40,000, the rates in taxes from the province of Saskatchewan are the second lowest in Canada. And when we talk about those earning \$50,000 a year, the rates in taxes in Saskatchewan are the second lowest in Canada. And when we talk about those earning \$60,000 a year, the rates in taxes for the province of Saskatchewan are the third lowest in Canada.

Mr. Speaker, Mr. Speaker, we do make exemptions in Saskatchewan that no one else does. We exempt clothing, and we don't have the tax on power bills that the NDP use to have. Mr. Speaker, we have reduced . . . We are the only province, Mr. Speaker, that doesn't have the sales tax on basic goods. Mr. Speaker, we are the only province in Canada that rebates to the average taxpayer the fuel tax collected by the province. I say that, Mr. Speaker, because I raise again, and the hon. critic and I had this debate this afternoon . . .

When we look back and see the choices made to nationalize potash industry that was already here — that's the tragedy — it was here, it was operating. And we take 6 and \$700 million from taxpayers to say, the government has to own it. And we take over \$100 million of taxpayers' money to buy a pulp mill that was already here and operating.

Everybody knows the tragedy of the 1970s was the taking of taxpayers' money to buy what was already here because of some false ideology and some belief that Saskatchewan had to be the test pattern for government ownership in North America. And just think, Mr. Speaker,

in the 1970s, if we had have taken a billion dollars and put it into new businesses — new small businesses, new opportunities — this economy, Mr. Speaker, would have been diversified to handle drought, low grain prices, low oil prices, the natural commodity cycles that Saskatchewan has historically faced.

I say that, Mr. Speaker, because again we had the debate this afternoon, and I suggest to the hon. members, you can't stand there and say, I wasn't elected in 1976 and '78; it wasn't me that nationalized the potash industry. The NDP can't sit back there and say, because they're new members, that it wasn't me that took over a pulp mill and a whole bunch of other activities, because you can't avoid that responsibility.

And as I said this afternoon, Mr. Chairman, I believe . . . I believe, Mr. Speaker, that the people of Saskatchewan have rejected that approach in the past and they will reject it again. And I believe, Mr. Speaker, that the people of this province fundamentally want to have a part of the economic development of this province, and we are giving them that opportunity. And I fundamentally believe, Mr. Chairman, that the people of this province want to make a contribution to the economic development and the economic activity, and we are giving them that opportunity.

(1930)

And, Mr. Speaker, what we've heard in this session is constant for this, that there hasn't been a change. Not on of these members opposite has stood up and said, what we did in the 1970s was wrong; it didn't work; it cost money.

An Hon. Member: — It wasn't wrong.

Hon. Mr. Lane: — Oh now we have the hon. member from Saskatoon saying, it wasn't wrong. He believes in government ownership of the potash industry, government ownership of the forest industry, government ownership of the mining industry, government ownership of farms. I suggest, Mr. Speaker, that those were rejected, not once, but twice. And I really suggest to the hon. members that the province is changing, and the province fundamentally wants to see economic development in the hands of the people, not in the hands of government, Mr. Speaker. And that's what this government will deliver to them. And the hon. members opposite reject that fundamentally, reject it philosophically, reject that conceptually, Mr. Speaker.

So having said that, Mr. Speaker, the public should be well aware when the NDP talk about their deficit and their deficit figures, that included in their figures are the costs and the debt of the potash corporation, and the cost and the debt of Saskatchewan mining corporation: — and Saskatchewan Minerals; and P.A. pulp mill. And I could go on and on and on and on of what's included in that deficit. And all I urge the hon. members is that the world is changing, the country's changing, and the economy of this province is changing.

And, Mr. Speaker, and Mr. Speaker, the hon. members are on the wrong side of public ownership, personal

ownership. And, Mr. Speaker, we've been through this debate now for five or six years, and we've been through an election, and we'll obviously have another one, but I predict, Mr. Chairman, that when the people of this province have the choice again between government ownership of the economy, they're going to choose themselves in overwhelming numbers, Mr. Chairman.

Some Hon. Members: — Hear, hear!

Mr. Koskie: — Well a feeble, defenceless Minister of Finance gets up and he forgot the question.

An Hon. Member: — Babbles on.

Mr. Koskie: — Babbled on. He forgot to mention that when he assumed office that the total debt accumulated in 77 years was only \$3.5 million, and that since this great economic genius took over, that he's added some \$8 billion. He forgot that.

I ask the minister whether he could indicate, under his great economic plan, what economic indicators that he could put forward indicating that we're on that great horizon of new development and prosperity.

Hon. Mr. Lane: — Mr. Chairman, I've supplied to the hon. member what our projections for budgetary purposes are. They're 2 per cent growth.

We do have estimates up to 3.4 per cent, and I gather that the conference board is raising its estimates as to provincial growth. And we are staying with our track because there's an obvious uncertainty, as we discussed this afternoon, with the drought, which certainly has an effect on the provincial growth. But we simply will maintain our position of 2 per cent. There are estimates of different numbers, and I've given you a couple of them.

Mr. Koskie: — Yes, I though perhaps the minister would set out a little bit more than that in respect to the indicators. I have some statistics here in respect to the economic performance in the province.

I look at housing starts, new dwelling units. I look at the period from 1976, Mr. Minister, to 1981, and I find that an average for the six years under the New Democratic Party, on average there was 9,909 units built per year. I note that from 1982 until the present that the average during your administration was something like 5,845 housing units built.

We keep talking about how the population is growing and how people are coming in, and still we are building less and less homes to accommodate them, apparently. But the truth of the matter is that the exodus is faster than the immigration. In the six years, as I said, we had an average of 9,909 new housing starts per year, and in the first six years of your administration, about 5,800. So this has been a 41 per cent drop in new housing starts during the comparative periods.

And all I can say is that a lack of housing construction throughout the province has certainly, in respect to my area, to many of the outstanding tradesmen that I

associate with and who are supporting the New Democratic Party because of lack of any meaningful jobs in the construction industry — the plumbers, the electricians, and the list goes on. So there has been a massive drop — in '87 there was only 4,895.

Now you may come back and say, well, you had this vision during the election of the home improvement program. And obviously you spent a considerable amount of money in respect to that. But nevertheless in respect to housing, new housing starts, they're tremendously down.

We look at the value of manufacturing shipments. And your government likes to talk about the diversification, but the record shows that between 1981 and '87, that the total value of Saskatchewan manufacturing shipments actually declined in real terms after taking inflation into account. From 1981 to '87 there was a 9 per cent decrease in the real value of Saskatchewan manufacturing shipments after taking inflation into account.

If we take a look at the total public and private investment — and the source is Statistics Canada — and also in respect to your budget addresses, in nominal dollars, or current dollars, making adjustment for inflation, there has been a 10 per cent increase in total investment spending in Saskatchewan from '81 to '87. But in real terms, taking inflation into account, there has been a 22 per cent decline over that period. In other words, the real value of total investment in Saskatchewan in '87 was 22 per cent below the real value investment in 1981.

And if you look at your budget speech, on page 42 at the bottom of the page, for the sector breakdown of investment from 1983 to '87, in nominal or current dollar terms you indicate that even in the current dollars from '83 to '87 there has been a decline from . . . in investment, in agriculture, in mining, and utilities.

If we take a look at another indicator, the retail sales, Mr. Minister, from 1981 to 1987, Saskatchewan total retail sales volume was exactly in pace with inflation. In other words, over the period there was basically zero percentage growth increase in the real value of the total retail sales after taking inflation into account. In 1987, the total value of retail trade in Saskatchewan increased by only 4 per cent — second-worst in Canada. The national increase in 1987 was 9.8 per cent.

If we take a look at inflation, Mr. Minister, over the past year since June of '87, Canada's annual inflation rate has slowly and steadily declined from 4.8 to 4.1. But over that same period of time, Saskatchewan's annual inflation rate increased, has gone up. In June of '87, Canada's rate was 4.7 and Saskatchewan's, 4.5. But in every month since your budget, the Saskatchewan inflation rate has been significantly higher than the national rate. Those are some of the indicators.

And then we take a look at jobs. We find over the period when we were in office, in the last six years of the New Democratic Party administration from 1976 to 1981, Mr. Minister, there was an average annual increase of 9,000 jobs per year, but in the Tory first six years, from '82 to

'87, there has been an average of only 5,300 new jobs per year. That's the decline of 41 per cent.

In 1981 in Saskatchewan, Saskatchewan had 110,000 jobs for young people age 15 to 24. By 1987, that had fallen to 95,000 — 15,000 jobs fewer for young people; were gone. In 1981, Saskatchewan had 21,000 people reported unemployed; in '87, in excess of 36,000 — 15,000 more unemployed. From '82 to '87, the national unemployment rate had fallen dramatically, but in Saskatchewan it had increased from '82 to '87 from 6.2 to 7.3.

And we find, Mr. Minister, in respect to other indicators, in respect to bankruptcies, in 1987 in Canada there was 6 per cent more bankruptcies than in '86. But in Saskatchewan the '87 level of bankruptcy was 9 per cent higher than in '86. The total number of businesses in consumer bankruptcies in Saskatchewan in 1987 was 992.

We can take other indicators as to the health of the economy that you have put in place here in Saskatchewan. Another indicator is new vehicle purchases. According to the national survey conducted by the research market and social research, in 1987 the national average was 113 new cars purchased per 1,000. Saskatchewan had the lowest rate in the nation for 1987 — about half the national average. The Saskatchewan figures was 64 new cars per 1,000 households.

And I guess the final test of how the economy is working here in Saskatchewan is in respect to the *Poverty Profile 1988*, the National Council of Welfare. And I want to say, Mr. Minister, in respect in the latest year for which the figures are available, 1986, Saskatchewan had the second-worst poverty rate for families in Canada. The Saskatchewan rate was 16.4 per cent. The Canada rate was 12.3 per cent. For that same year, Saskatchewan had the second-worst child poverty rate in Canada, with 25.7 per cent of Saskatchewan children in poverty, or 64,600. Those are some of the indicators that we look at, Mr. Minister, in respect to the new, buoyant economic prosperity which you try to purport and try to project across this province.

The number of businesses in Saskatchewan, the annual increase in the total number of businesses in Saskatchewan, we find that in 1976 to 1981, the New Democratic Party's six years, there was an annual average of 12 per cent increase in new businesses. And during the period from 1982 to 1987, Mr. Minister, the PC's six years, the annual average rate of increase in new businesses was 3.6 per cent.

Those are some of the indicators that the people of this province have looked at. The people of this province feel the misery of your economic policy, and I think it's indicated in some of the facts that I have set forward to you.

I guess what I want to ask in closing on this, Mr. Minister, in a very serious vein is . . . You're indicating an economic growth of a mere 2 per cent here in Saskatchewan, and what I'm asking is: — when are we going to see the benefits of this great, new, economic, Margaret Thatcher type

styled economic policy?

Hon. Mr. Lane: — Well, Mr. Chairman, before I respond in some detail to the hon. member, I would like to put on record my views of the so-called poverty statistics that get thrown around rather glibly, because I think that they are a distorted statistic that unfairly reflects on the province. And those out of the province and those in the province that use it, I believe, are being unfair to the province. Because I'll tell you how that works: — if net farm income is zero, a whole bunch of people in agriculture are deemed to be below the poverty line. And that's ... (inaudible interjection). . . No, the hon. member knows this. And that's precisely what they do. They do not — they take that net farm income for a year which puts virtually all of rural Saskatchewan below the poverty line, and that's the statistic used by some, particularly — with all respect to the hon. members — outside the province. And I think they're being unfair to the people of this province with the use of that statistic.

Having said that, Mr. Speaker, let me indicate because we do have a different view of what's happening. Mr. Speaker, I'm talking now about the investment intentions, and this is Statistics Canada. Their survey shows that Saskatchewan private and public sectors plan to spend 9.2 per cent more on new capital in 1988 for a total new investment this year of \$4.7 billion. That's compared to the 1987 results which were above the national average.

Mr. Chairman, we can take a look at the job activity in this province, and with an increase in employment year to year, April to April, Mr. Chairman, it's interesting to note, it's interesting to note that every sector in Saskatchewan increased employment, except agriculture, Mr. Speaker. There was a modest 1 per cent reduction in public administration, but every single, other sector . . . and that obviously reflects, Mr. Chairman, on the difficulties that our farmers face. But I think it indicates an inherent strength in the Saskatchewan economy, that it is becoming increasingly diversified, and that employment in the non-agricultural areas is growing and growing rather rapidly.

Mr. Chairman, we could talk about housing starts, and certainly they were down, Mr. Speaker, but they do not illustrate the surge in Saskatchewan's home remodelling activity. A recent Statistics Canada survey indicates the value of Saskatchewan new housing construction, including alterations, rose thirty-three and a third per cent last year, the strongest percentage use in Canada. Statistics Canada estimates that new capital and housing repair spending rose 28.5 per cent.

And yes, Mr. Chairman, I'll grant this to the hon. member, that there are serious difficulties in agriculture and that does have a dampening effect. But, Mr. Chairman, one should look in Saskatchewan at other sectors. And when we talk about construction, and I look at the construction activity in Saskatoon with the new City Hospital which is going to employ hundreds of workers; and I look at the nearly hundred million dollars for the agricultural building in Saskatoon, which again will hire hundreds of workers; and I look at the recently announced new pulp mill and facilities in Meadow Lake to employ hundreds of workers; and I look at the much maligned by the

opposition Rafferty and Shand power projects to employ hundreds of Saskatchewan tradespeople. Mr. Speaker, the same tradespeople the hon. member says support the NDP, but show up at the pro-Rafferty rally, and union leaders speak in favour of the project, Mr. Speaker, because they believe in it and they want it. And, Mr. Speaker, if those are the same union people that are supporting the NDP as the hon. member says, they're certainly giving out mixed signals, because they show up at a rally in Estevan by the thousands to urge development and building of that project.

Mr. Speaker, yes, there is difficulty in agriculture. Everybody in Saskatchewan realizes that. But, Mr. Speaker, there are also some great strengths in the provincial economy and we will see the results. And it's interesting, Mr. Speaker, although we in government are using a 2 per cent growth, many other forecasters are predicting it much higher. But it's wise and cautious, Mr. Chairman, to keep in mind the debilitating effects, not only on agriculture but the economy, of a drought.

So, Mr. Speaker, we will continue to be cautious in our estimates, but there are many other statistics which show a great deal of strength in the Saskatchewan economy.

Mr. Van Mulligen: — Thank you, Mr. Chairman. I listened with great interest to the preceding debate. And notwithstanding the minister's comments about investment intentions about how our economy will improve, the harsh reality of Saskatchewan, Mr. Chairman, is that there are line-ups at the food banks, there are line-ups at the employment offices, and frankly, Mr. Chairman, there are line-ups at the border of people leaving the province to seek opportunities elsewhere.

That is the harsh reality of Saskatchewan. That's not a reality that I've invented. People of Saskatchewan know that. They know that from their own experience. They know that in their families and in their extended families, there are people now who are unemployed where they weren't unemployed before. There are people who are underemployed where they had full employment before. They know from their discussions with friends and relatives in other parts of Canada that, frankly, the Saskatchewan economy is flat and that there are opportunities in greater numbers elsewhere.

People have seen tough times in Saskatchewan before, Mr. Chairman, and they will likely see tough times again. And they know that we're experiencing tough times now, but I don't think that any of the people in Saskatchewan can quite recall a government that seems to have lost sight of the simple principle that if you continue to spend more than you bring in, you will surely run up massive deficits. That is something that we have not seen very much of in Saskatchewan.

Mr. Chairman, I want to turn, if I might, to the question of pensions. I want to ask the minister that . . . He will know that it's been the practice of the government to provide for a partial cost of living increase for civil service superannuates. Last year you would not provide for such an increase. In fact, in a letter to superannuates, you said, and I quote you:

The world economic situation has forced us to take a hard look at where we are going. There is not only a desire but a critical need for government to get by with less. This reality, unpleasant though it is, is affecting everyone.

And you go on to say, and I quote:

I must therefore advise you that it is our decision not to provide a pension adjustment to your membership for the current year. We believe this action is not only fiscally responsible but also consistent with our government's direction in a number of other program areas.

Well I wonder, in light of your government's generosity to Peter Pocklington and to Fairfax industries and to many others, one might question, one might question your consistency of treatment in a number of other program areas.

But I want to just put that aside, Mr. Minister, and refresh you, in fact, that on May 13, I believe it was, you announced that the government would, in fact, that it was your intention to provide a cost of living increase to civil service superannuates retroactive to April 1 of 1988. And I wonder if you can provide us today with the details of that announcement. Has that, in fact been done? If not, who and when is this to be accomplished?

Hon. Mr. Lane: — The increase is approximately \$2 million; it's 60 per cent of the combined Saskatoon, Regina CPI (consumer price index). It's effective April 1, and the cheques are being adjusted and processed now. So any that have not received it from effective April 1, their next cheque will probably be the one that includes the retroactivity back to April 1. I might advise that I did meet with the association and they indicated they were pleased with that response.

Mr. Van Mulligen: — I would agree with you, Mr. Minister, and I thank you for that information. It just wasn't clear. You'd made an announcement and I just wanted to get clarification on that.

I wonder if I might turn to another aspect of pensions. In March of this year the Premier suggested that billions of dollars in government pension funds might be used in an equity financing proposal to solve the farm debt crisis. And if I might refer to a *Leader-Post* story which ran on March 10, where it's reported that the Premier also suggested a link between the roughly \$4 billion of debt faced by Saskatchewan farmers and the more than \$5 billion held by the government in pension funds.

And I quote the Premier. He says:

We're sitting on billions of dollars of pension money that is here in Saskatchewan, (the Premier said, adding) . . . the province shouldn't discard anything in time of need. We have money in pensions. I am just going to explore anything possible (he said).

As the minister responsible for many pension funds and

pending any changes, the minister responsible for investment decisions made by your department, can you outline today the guide-lines that you have issued with respect to investing pension funds in the Premier's equity financing proposal?

Hon. Mr. Lane: — We indicated, with legislative changes, that right now there are about three or four different pieces of legislation which establish criteria, that for uniformity the criteria that will be utilized for pensions investments will be The Pension Benefits Act. And there the prudent investment manager, earnings history — all of these factors go in to play.

There will be no change with the investment corporation in The Pension Benefits Act and the legislation restricting pension investments and pension fund management. The hon. member should keep in mind that the decisions with the changes will be made by the superannuation boards. And having said that, they will have the criteria of, roughly, the prudent investor, and the choices as to what they invest in will be theirs.

(2000)

I suggest to the hon. member, in the past that has included, under the criteria used in this province, it's included investment in Bank of Montreal building in Regina, the Lloyds Bank building in Regina, I believe, Royal Bank and McCallum Hill . . . I believe it's Lloyds Bank building now; I'm subject to correction. Royal Bank property on 11th and Hamilton, I believe. Those investments were made in about 1980, but those met the standards. The standards are not being changed except that, rather than have four different pieces of legislation all with roughly the same standards, we will just for uniformity use The Pension Benefits Act with no changes in criteria.

Mr. Van Mulligen: — I do then ask you, Mr. Minister, does The Pension Benefits Act . . . does your interpretation of that suggest to you that the various pension funds — and again you have responsibilities in these areas — that you will be encouraging them or otherwise allowing them to invest in the equity financing proposal that the Premier has been trumpeting these last few months?

Hon. Mr. Lane: — I will not be encouraging them to invest in anything. If they choose to invest in equity financing or downtown development or commercial property in Saskatchewan or something of that nature that they have in the past, that's their choice. But whatever they invest in has to meet the investment criteria established by The Pension Benefits Act.

I do not intend to encourage them, not do I intend to discourage them from exercising their investment management choices within the framework of The Pension Benefits Act.

Mr. Van Mulligen: — Can I ask you then again: — does the equity financing proposal, as outlined by the Premier, meet, in your opinion, the investment criteria or the framework of The Pension Benefits Act?

Hon. Mr. Lane: — Well I couldn't tell you, for the very simple fact that if there is equity financing, what return on investment does it give; what's the security of the investment? Some equity financing proposals in other jurisdiction, it's virtually the same as a real property mortgage, first charge instrument, so that could be very secure type of security. It could be a floating bond or a floating debenture, which may be a very secure instrument. I simply cannot tell you. I couldn't tell you, if there is equity financing, what form of security would be issued.

Once that is decided, if there is equity financing and what type of security is issued to the public, then it's up to the superannuation boards to decide as to whether that's an investment that would meet the prudent investment criteria and related criteria in The Pension Benefits Act. I just simply couldn't answer that because I think one could design an equity financing where you would end up with the same security as a first mortgage of real property, depending how you design it. And that type of security certainly has been secure, has been an approved investment in the past. So I would just be speculating to the hon. member.

But the decision is theirs, and they will not be encouraged or discouraged; they will be allowed to make the investment decisions based on the criterias that now exist.

Mr. Van Mulligen: — Well, Mr. Minister, might I suggest to you that thousands of men and women in Saskatchewan, who have their moneys tied up in the various pension funds that the Premier talks about, are very concerned about the types of statements that the Premier has made about taking billions of dollars in pension funds from pension funds that rightfully belong, at least in part, to thousands of Saskatchewan people — to take those billions of dollars and to throw them into the farm debt crisis situation; that they are greatly concerned about that, and that they want more than assurances that whatever happens will happen and will need to meet the criteria of The Pension Benefits Act.

You use the word that all of this is a great deal of speculation, and I guess that's the nub of the problem, that there is a great deal of speculation about billions of dollars belonging to Saskatchewan people. And I think that it's incumbent upon you to be clear about the guide-lines and conditions under which pension funds, pension money, and, indeed, taxpayers' money — inasmuch as the government is a contributor to these pension funds — that these fund will be invested only subject to certain rigid criteria that you would expect before any such investments might be made, will be done on the basis of a certain return on investment, and will be done on the basis of a certain type of security.

I don't think that the kinds of concerns that I'm raising are made in isolation of the concerns that have been raised elsewhere by those who have charge of great pools of capital in this country, because frankly they too have great concerns about the wisdom of investing in farm land equity financing proposals.

So therefore I ask you: would it be your intention, given

the speculation that's out there, given the unease, given the concern, to make some clear statements about the conditions and guide-lines under which any investment might be made by pension funds in the equity financing proposal?

Hon. Mr. Lane: — Well the only clear statement I could make to the hon. member is that the pension funds boards will not be made to make any investment that they do not approve of. I do advise the hon. member a couple of facts: — one, you referred to taxpayers' money. I'd like to correct that, in that under the pension plans now, once the employer makes the employer's contribution, that's then the employee's money. That's not taxpayers' money any more; that's the moneys of the employee. They will not be required to make . . . They will not be required to make any investments that they don't want to. That's their choice.

I secondly would advise the hon. member — and it was always thus — that the various superannuation boards do have the right to determine their investment strategy. They may decide on a certain percentage in equities, fixed income securities, mortgages, whatever. Each one of those superannuation boards has always had the right to determine its investment strategy. That does not change as well, and that will be communicated, I might advise the hon. member, to each of the employees and superannuates.

So I can't stand here and say that if a superannuation board wanted to invest in equity financing that they could not do it. I can stand here and tell you that the choice would be theirs, and they will not be made to make any investment that they do not want to.

Mr. Van Mulligen: — Mr. Minister, there is a lukewarm — I suppose that's overstating it, probably more appropriate to say a very cool reception to the concept of equity financing in farm land by existing capital pools.

The Canadian Bankers' Association — and I refer you to an article in the *Star-Phoenix*, May 13, to indicate it there:

It's not likely investors will be interested in proposals to attract private capital into agriculture, the Canadian Bankers' Association said.

The proposals, usually called equity financing, don't offer much prospect for profits and could be subject to government intervention, the association told the Commons agriculture committee . . .

The association said equity financing is usually regarded as a way to help financially strapped farmers. (Agreed.)

But investors will only be interested in investments with profitable farmers who are good managers and these people can already get loans from the banks.

They concluded that:

. . . equity financing "fails in most criteria

necessary to attract investment capital on a voluntary basis.”

Other opinion that's been offered also suggests that there may be a feeling that there should be plenty of equity capital available in Saskatchewan bank accounts, but such a pool is unlikely to be spilled into equity financing or any other debt instruments without a realistic expectation of equity investment benefits.

Equity holders normally have some say, in other words, the wish list seeking a pool of capital but with conditions that normally do not exist for attracting such capital, and recognizing that those — and including the Premier who are proposing equity financing — have developed a long list of conditions under which equity financing, at least from the farmers' point of view, might be palatable. But with conditions that normally do not exist for attracting such capital, banks and other financial institutions would be unlikely participants, and the terms are unlikely to be appealing enough for those with savings.

If the Premier is developing his proposal for equity financing on the assumption that pension funds will be invested in his scheme, wouldn't it be sensible for your department at this point in time, again given the very many billions of dollars that the Premier is talking about, wouldn't it be sensible for you to clarify for all concerned just what might be available from Saskatchewan pension funds, just where your department stands, before he goes too far with his proposals, so that we can all let him know just what the constraints might be?

Hon. Mr. Lane: — Well, I'm not qualified to debate equity financing with the hon. member. But let me indicate that there are jurisdictions in the world where equity financing is well accepted by investors — Australia, for example; I believe in Europe. It depends on the form of the equity financing; it depends on the security; it depends on return investment. It'll depend on how it's decided.

The only assurance that I can give the hon. member is the one that I gave earlier, is that the investment or the superannuation boards and the pension boards of the various funds will make their own decisions. They will not be obligated or forced to invest in anything they do not want to.

And if equity financing — and I say if it does come — is not in a form that is acceptable to investors, of course people aren't going to participate. If it's in a form that's acceptable to investors, that's a choice that they'll have to make. That's the choice that they're making in other jurisdictions. I'm told that roughly 40 per cent of Saskatchewan farm land is leased or non-owner operated. So equity financing from that point of view is not new.

All I'm suggesting to the hon. member, if anyone looks upon the Saskatchewan pension funds as simply major pool of capital for investment, overriding all of the criteria established by The Pension Benefits Act and the individual pension boards, they're wrong. They will continue to make that decision.

They, for example, as happened several years ago, I believe about 1980, if proposals came forward for commercial property investments in downtown Regina, they would go through the same exercise, and decide. I think the hon. member can agree with me and accept that perhaps 20 years ago in this province pension funds didn't even look at the province, even on secure commercial property.

(2015)

So there has been an evolution in their thinking, but no one at any time has forced or insisted, nor will it happen because the Act protects their right to make that investment. The pension funds, to change their investment strategy or to invest in anything in particular, the choice will continue to be theirs. The choice of their investment strategy will continue to be theirs, and it should be that because under the fully funded plans we have to fundamentally keep in mind the point I made earlier that this is no longer the government's money; it's no longer, as the phrase used before, taxpayers' money. Under these plans these are the employees' moneys, and that has to be as fundamental to the thinking, the changes, and to the Act. And that is well protected under the changes.

Mr. Van Mulligen: — Well I hear what you're saying, Mr. Minister. And I just want to get this clear, though. You're saying that you would have a great deal of concern about anyone who would have designs for all of the pension funds in this province — that pool of capital — and override whatever wise provisions there might be in The Pension Benefits Act? Am I correct on that?

Hon. Mr. Lane: — Yes.

Mr. Van Mulligen: — Well you say that I'm correct. Can you then perhaps enlighten me, and I assume that this is something that's more than the Premier is thinking when he links, suggests a link between the \$4 billion in debt and the more than \$5 billion held by the government in pension funds. And he says we're sitting on billions of dollars in pension money that is here in Saskatchewan, shouldn't discard anything in a time of need. We have money in pensions.

Does the Premier not know about The Pension Benefits Act or the kinds of constraints there might be, and rightfully so, on pension investments? Was he just talking wistfully? Does the Premier not know what is going on? Was there no discussion to tell the Premier that look, Mr. Premier, there are some constraints here on this \$5 billion, and although the \$5 billion might be there, it's not something that you can automatically revert into the farm debt crisis and invest in equity financing proposal. Was there no discussion? Did you not alert the Premier to these kinds of constraints and guide-lines?

Hon. Mr. Lane: — Let me pose a question to the hon. member. Supposing there's an equity financing corporation dealing with farm equity that guarantees to the investor an 11 per cent return on investment guaranteed by the province of Saskatchewan — and I'm just speculating. Supposing that there was that type of investment opportunity. I think a lot of people would

probably invest in that type of operation.

Should we exclude anyone from doing it? I can't readily think, assuming we're going to assume a Saskatchewan investment, investor, limited to Saskatchewan investors. But one can design equity financing. One could design a Saskatchewan commercial savings bond with a guaranteed investment rate of return to be used for commercial investment in the province. Should anyone be excluded from that? Fair question in my view. Should people be made to invest in it? No, they shouldn't. But should they be automatically excluded? No, I don't think so and I don't think that would be wise.

I think the choice has to be left up to the pension fund managers, the superannuation boards, and the pension boards. As long as the criteria are there and they have the right to determine their own investment strategy, I really think that the choice should be theirs. And I do believe, as I've indicated earlier, that — and woe betide anybody, whether it be forced to use it to buy potash mines or anything else — I don't think that that would be acceptable to the people of the province. But I don't think that it's right to take away all investment opportunities, assuming it's a legal and legitimate investment.

And all I can keep assuring the hon. member is that with the changes the decisions are still those of the various superannuation boards, pension boards. The choice of their investment strategy is also theirs, remains theirs. So I can't give much more indication than that.

Mr. Van Mulligen: — I appreciate what you say, Mr. Minister. And like you, I suppose that if someone came along and could guarantee me an 11 per cent return on an investment, and as a pension fund manager, well I would say that I was very attracted.

But I can tell you one thing, Mr. Minister. My experience, both in terms of investment management and my experience on pension boards, suggests to me that you never put all your eggs in one basket. My experience suggests that you spread those eggs around, because one sector of the economy or one sector of investment will sometimes out-perform another, but that you always guard yourself.

But the Premier is talking, again, is trying to relate a \$4 billion in debt faced by Saskatchewan farmers with the \$5 billion held by the government in pension funds. And he seems to be under the impression, as I read it — and again as we go through the agricultural estimate — he seems to be under the impression that somehow all of this pension fund money will somehow become available.

And I wonder, can you tell the House: is this the opinion . . . is this your opinion that all of that money might become available for equity financing? Is the Premier right in making that kind of association between \$4 billion in debt faced by Saskatchewan farmers and the 4 to \$5 billion that's being held in pension funds? Is the Premier right in making that kind of association? Or should the Premier be told that he should perhaps be a little bit more modest in his outlook, modest in any realization of investments by pension funds or any other pools of capital for that matter?

Hon. Mr. Lane: — Well I must say with respect to the hon. member, I didn't put that interpretation on it. I think certainly that there's a statement as to the amount in, under investment management, and certainly the possibility of equity financing.

I agree with the hon. member completely when he talks about the investment strategy of not putting all your eggs in one basket, varying your portfolio for whatever objectives the particular board chooses. And that investment strategy has always been held, and continues to be held, and will continue to be held in the province as the prerogative of the various investment boards.

So I interpret the Premier's statement as a statement that there is this amount under investment management. That's the case, certainly, an awareness of equity financing.

But I have discussed equity financing. I can envisage equity financing which may attract a lot of investors. I can envisage equity financing, if not properly done, of attracting no investors. But I can't tell you, one, even if investment or equity financing is being further contemplated, or secondly, what form it would take if it is being pursued. But again I just simply suggest . . . I agree with the hon. member that the ability to diversify portfolios, to balance portfolios, is fundamental to the successful operation of any pension plan.

Mr. Van Mulligen: — Well, Mr. Minister, I would just . . . I would interpret your remarks to say then that you do not share the Premier's inimitable, wild-eyed optimism about pension funds being made, in whole, available for equity financing. That's my interpretation and even if your explanation has been somewhat tortured here this evening I think that you've begun to set some minds at ease across Saskatchewan, because frankly Saskatchewan people have grave concerns about the Premier saying that we're going to take all of their pension funds and put them into farm equity and tread where no other financial institution seems willing to tread. At this point I want to turn it over to my colleague from Saskatoon South who I understand also has some questions.

Mr. Rolfes: — Thank you, Mr. Chairman. Mr. Minister, just a few questions on the client-owned investment management corporation. Could you tell me who initiated the idea of moving away from the Department of Finance in setting up the client-owned investment management corporation?

Hon. Mr. Lane: — Let me explain to the hon. member what the difficulty or the problem is that we're facing, that as we've moved to the fully funded plans the amount of moneys under investment management is escalating dramatically. Our estimates are that by 1992, I believe, the amount could directly be over \$9 billion. That adds a whole new dimension to the needs of the department and, I suggest, the employees as to how that's managed.

With that problem before us, then we retained a firm called J.P. Marshall — and I'm prepared to deal with that now or leave it till the legislation and give the credentials

of that particular corporation — to review the situation. They did the in depth study and review, and there were several options, as articulated by the hon. member from Regina Victoria today, where he talked about a client-owned corporation, a Crown corporation, quasi-Crown, treasury board Crowns, whatever they're called. I can assure the hon. member that the ultimate choice as to whether it was a client-owned corporation or a Crown corporation or treasury board Crown, was that of the pension funds. That was their choice, and that was the decision. Frankly I'm not indicating anything they don't know. I favoured the Crown, myself, but their choice was the client-owned corporation and that's the decision that we're making.

Mr. Rolfes: — That's all well and good, Mr. Minister. I didn't ask that. All I asked: who initiated the discussions on the changing? That's all I wanted to know. Who initiated that discussion?

Hon. Mr. Lane: — Well, as Minister of Finance, I certainly did in terms of being made aware and recognizing the extent of the funds under investment and investment management, and then we looked for solutions.

Mr. Rolfes: — So the teachers' federation or the teachers' group of Saskatchewan or the employees' group of Saskatchewan didn't come to you and say, Mr. Minister, we are concerned about the investment by the Department of Finance of our superannuation funds and we would like to look at a new vehicle? Am I correct in saying that they did not come to you and say that they were concerned, and they wanted you to look at a new vehicle for investment of superannuation funds?

Hon. Mr. Lane: — We initiated the study, the J.P. Marshall study that I've referred to. We then took that study to the various funds. So it's certainly initiated by us in terms of the study. The study could have just as easily come back any other way and, secondly, any of the funds could have rejected the study, as well. But we did take the study to them.

(2030)

Mr. Rolfes: — Mr. Minister, from what you're saying, I guess you were concerned about the huge funds by 1990 or 1995 and you were concerned about those investments and you wanted to divest yourself of that responsibility and look for a new vehicle. I'm not critical of that. The reason I'm asking that question is, of course, that there are a lot of teachers out there who, when they heard the Premier talk about equity financing and talking about 7 per cent, giving 7 per cent — and that is in *Hansard* — the teachers out there were very concerned. They're saying, hey, look, over the years we've done very well. Meiklejohn and others have done very well in investing our money over the years and we have no particular desire to change the method of investment of our superannuation funds.

In estimates, in Education estimates, Mr. Minister, I asked the Minister of Education the following question. Give me a couple of reasons as to why you felt the pension plans, the pension funds, had to be privatized or had to be changed. The Hon. Mr. Hepworth said the following:

Mr. Chairman, relative to . . .

An Hon. Member: — Order.

Mr. Rolfes: — Okay. The Minister of Education. I'm sorry. The Minister of Education said the following:

. . . relative to the pensions, the reason that the negotiations or the discussions, if you like, have been instituted is not because of some wish particularly by the government but more by the teachers themselves. And I think what they see in this new structure would be less government and more of the profession, if you like, in charge.

As I understand it, no matter which pension fund has been looked at, the view has been the same. They (meaning the pension fund people) see it as a chance to get it a little more arm's length from government and have themselves more in control of their own destiny. And it's not something that we've been trying to ram their throats . . . (I think he meant ram down their throats). They tend to want to go that way.

Mr. Minister, when this was discussed in estimates and people saw it on TV, the teachers contacted me and said, that is not correct — it is absolutely not correct; we did not initiate this discussion. Many of the teachers are concerned out there, and they're particularly concerned of two things, as I said, Mr. Minister: one is the Premier's comments, and he has mentioned it on numerous occasions, that all these billions that are sitting there could be used for equity financing, and he has used a figure of 7 per cent.

Now that has concerned the teachers. Now they will be reassured tonight of your speculation that if the government guaranteed something at 11 per cent, and maybe that would be a good investment. And I agree with you. If the government guaranteed it at 11 per cent, maybe it would be a good investment. But that has really scared the teachers.

Secondly, Mr. Minister, the concern that the teachers had was the unfunded liability. Now I know that that is probably not a real scare and they shouldn't worry about it because the government still has the ultimate responsibility to make sure that they're fully funded. And I hope that that will be the case in the new legislation.

So, first of all, Mr. Minister, would you make the correction here tonight and say that you do not agree with the Minister of Education — that these talks were initiated by the government, and they were initiated because of your concerns of the increasing amounts in the funds and that you felt that there were better ways of doing it.

And, Mr. Minister, one further thing, would you tell me: did you — after your discussions with the people — did you give them another alternative? Did you say to them, look, if you don't like the recommendations made by the study, you can still stay with the old plan? Did you give them that alternative?

Hon. Mr. Lane: — Well what we gave to the teachers . . . And keep in mind that all of the funds received the same, that once we got the study, we then took it to each of the funds.

That study had different alternatives in it, so . . . Okay. That was a matter of some discussion with the funds and the finance officials and Marshall — the three of them, you know, came to some conclusions over time. Understand, during the process, with respect to your interpretation of what the Minister of Education said, the process, once we gave them this, we made it abundantly clear to all funds, you don't have to accept this, there's . . .

An Hon. Member: — They could stay with the old one.

Hon. Mr. Lane: — Oh, yes. All had the choice as to whether they wanted a change in the investment management or not. They were all given that choice, and that was made clear to all of the funds throughout the whole thing. I frankly know that to go any other way would have been, one, politically unwise and unfairly threatening. So that choice was made throughout.

How each fund then took the report, discussed it with their people, I can't answer for that. I don't have any indication what they did with it or what the extent of their discussions were with it. We dealt with the boards, who are the ones that have had the responsibility for investment. I, of course, as Minister of Finance, had the statutory trustee position, which is now being modified.

But I'm just advised that the teachers, for example . . . And understand, these discussions went on for a long period of time. But I am advised that they at first favoured the Crown corporation concept, but then during the course of discussions then changed their mind and chose the client-owned structure, and that has now been accepted by all of the funds.

Mr. Rolfes: — Mr. Minister, I don't want to prolong this because I know we are pressed for time. I simply want to make absolutely certain as to what the two ministers have said. One minister says it was initiated by the employees' group. You clearly indicated tonight that that is not the case, that this study was initiated by the government, and you have also clearly indicated to me tonight that the groups had a choice of staying with the old plan, so that it would still be administered and invested by the Department of Finance. That choice was clearly there, but they chose the client-owned investment management corporation — all of them chose that route. Am I correct in that?

Hon. Mr. Lane: — Yes, and let me just, because this could get off . . . When they had the proposal, there were different views of the different funds, as to whether it should be Crown, should be client-owned, should be treasury board Crown. There were differences of opinion. These discussions have been going on for nearly a year and over that time the discussions with the Marshall group, and the finance officials, and the various funds, the consensus developed. But we made it abundantly clear, and in a couple of examples, reiterated to the funds: — look, this is your choice. And they chose it, and they came to the consensus over a period of a year to go with the

client-owned structure. But it is their choice.

Mr. Van Mulligen: — Thank you, Mr. Chairman. Mr. Minister, I just have one more question on the matter of pensions. Hard on the heels of the release of the *Farm Finance* for the Future committee report in this legislature, which dealt with the concept of equity financing, the Premier made the suggestion, hinted strongly at a pilot project in equity financing. And I want to ask you: has there been any discussion on your part, or that of your officials, or those in charge of the various pension funds, that you're aware of, with a view to investing pension funds or other government funds in such a pilot project?

Hon. Mr. Lane: — No, we haven't been involved in any pilot project and we're not sure that it got any further than discussions about a pilot project. You'll have to check with Agriculture about that, but as far as Finance is concerned, that's the advice that I have.

Mr. Van Mulligen: — I'd like to . . . Thank you, Mr. Minister. I'd like to turn to the Provincial Auditor, if that's appropriate at this point and if you're ready to proceed.

Hon. Mr. Lane: — We're in the hands of the critic. Are you saying we're finished Finance? Are we going to do it all at once? If that's what the critic wants, that's fine with me.

Mr. Koskie: — Mr. Minister, no, we are not finished in respect to Finance. We were wondering whether it's convenient for you to just dispose of the auditor. It will not take a great deal of time, and for the convenience of the arrangements that we've made.

Hon. Mr. Lane: — The officials say it's fine with the. We won't have to change anybody around, so go ahead.

Consolidated Fund Budgetary Expenditure Province Auditor Ordinary Expenditure — Vote 28

Item 1

Mr. Van Mulligen: — Mr. Minister, I note a couple of things. One is the comments of the auditor to the Public Accounts Committee, that, given the present level of funding enjoyed by his office, one could reasonably expect that the auditor's report next year will be forthcoming at about the same time as the auditor's report this year, given the work-load that he enjoys.

These comments were made by him prior to the end of May, when I believe his report came forward, and he said that his report could be expected around early June, roughly a year after his report was provided last year. Given the level of funding that he has, that's how long it will take him to get his report ready for the legislature.

I note that the amount of money provided to the Provincial Auditor this year has gone from 3.2 million to roughly \$2.9 million, a decrease. One would assume, from the auditor's remarks and from the budgetary provisions, that we can reasonably expect the auditor's report next year, again, late May, early June, perhaps the

middle of June. That is something that is totally out of keeping with the past practices of this Assembly. And I don't want to pre-empt the Public Accounts Committee which held discussions with you on that point. But I wonder from your point of view, from a policy point of view, if you could tell this Assembly whether it would be your intention to ensure that the auditor has the sufficient support and resources to enable him to complete his report in a timely way, let's say at least by the end of March, next year.

Hon. Mr. Lane: — I don't believe I'm betraying any confidences when I indicate that members of the committee from both sides did approach me with a view to some extraordinary funding for the Provincial Auditor to bring it back into currency. I can advise the hon. member that I'm advised that in this year's budget request, for example, that the amount requested by the Provincial Auditor and the amount allocated, the difference is roughly \$8,000. So it's a very modest amount between the request and what is being voted on. So that the request from the auditor himself is very much in line with the budgetary item before us.

Having said that, as I've indicated to those, I'm not adverse to that extraordinary payment. The caution that I have is that I, as Minister of Finance, I would be much more comfortable if I had a better idea of what the work-load actually is now that we've gone through that transition from a purely Provincial Auditor to the use of the Provincial Auditor and some of the private sector accounting firms in the province. That's the caution that I have.

I am aware that from time to time . . . And I believe back in 1978 additional funds were put into the Provincial Auditor's budget to allow him to catch up. In many cases, the Provincial Auditor falling behind is an evolutionary period, a little bit each year, and eventually a problem comes.

So the only caution I throw at the hon. member is that I would be . . . I'm not adverse, conceptually, to the additional moneys. I would be much more comfortable if I knew that the work-load had in fact stabilized as a result of the use of the private sector audits. But that's the caution that I leave with the committee.

Mr. Van Mulligen: — I just throw this out as a suggestion then, Mr. Minister, that if you have concerns about the work-load and trying to get a handle on that, you might want to ask the committee to do that evaluation for you and to give you advice, appropriate advice, as to what the appropriate level of funding might be to any appropriate commitment of resources to assist the auditor to get up to steam.

I want to turn to a couple of matters in the auditor's report of this year that, although we're able to obtain information from officials before the Public Accounts Committee as to the facts of the matter, there is some questions of policy and guide-lines that I want to ask you about.

And one is the matter of non-compliance with statutory tabling requirements. And I quote the auditor. He says

that:

I note that there are numerous instances where financial statements have not been tabled in the Legislative Assembly as required by statute.

And the instances are further described in various chapters of his report.

That is a matter of some concern, where agencies are not able to provide financial statements to the Assembly as required by law to get those in on time. And although we, as members of the Public Accounts Committee, can receive information from officials as to the various reasons that these may not be on time, and assurances that they will be forthcoming shortly, the fact remains that these financial statements were not tabled on time. And I wonder if you might tell us if you see the need for a declaration by yourself to all the various departments and agencies — some policy direction that would attempt to focus their minds and their energies into ensuring that financial statements will in fact be tabled on time, as required by statute, in the Legislative Assembly.

Hon. Mr. Lane: — I am advised by my officials that many were tabled at the last meeting of the committee, and that in some cases, the reports are awaiting the auditor, for example, some the public employees' disability, that the records were completed and awaiting the auditor. Some have some technical difficulties.

I am advised there is a further problem which we believe is now cleared up, and that was our own PEBA (Public Employees Benefits Agency) in the Department of Finance that last year a lot of its allocation of its resources dealt with the early retirement programs. And that took a great deal of the time of PEBA. That problem is over, and we're assessing as to whether we need additional resources in PEBA. That problem is over, and we're assessing as to whether we need additional resources in PEBA, or whether the problem is now solved from that point of view. So by and large it looks like many of them, or most of them if not, will be cleared up in this year.

Mr. Van Mulligen: — Well, I appreciate your assurance, but I just simply want to point out that the matter of financial statements not being tabled on time in the Legislative Assembly seems to be a growing problem. I would certainly commend to you your diligence and your watchful eye to ensure that even though this year's problems may now seem to be resolved, that this type of situation will not develop in future years, and that whatever it takes, whether it's a strong word from your office, or whether it's additional resources, will be provided to ensure that this does not happen again.

I want to just turn to another aspect of his report, and that's the matter of active co-operation. I'm sure that you are aware of the fact that the auditor states that:

For the first time since my appointment, I must include in my annual report comments concerning a lack of co-operation in obtaining information that I consider necessary.

And without going into a great deal of detail, he points to problems with respect to the Crown investments

corporation, department of supply and services, which is now defunct, then the Saskatchewan Property Management Corporation.

And I wonder, as one member of the Executive Council, I suppose — and I'm not clear in your obligations in this matter — but at least as one who is nominally in charge at least when it comes to the funding for the auditor's office, whether that statement evinces any concern for you, and evinces for you the need for some policy statement on your part to all departments, agencies, and corporations that wherever possible that they should co-operate with the auditor; and in the case of a dispute as to what co-operation should be provided, that there is some ready mechanism to settle that dispute so that these matters do not drag on and that whatever information the auditor is entitled to will, in fact, be forthcoming.

Now we can get the details of these disputes from officials before public accounts, but I want to ask you whether from your point of view, from the point of view of the Executive Council and the Minister of Finance, whether you see a need for such a policy declaration on your part to all those agencies and departments to ensure that this matter of lack of co-operation does not arise again.

Hon. Mr. Lane: — Well I believe that that's one area that I'm not quite frankly satisfied with the Provincial Auditor's statements. I do think that there are from time to time disputes between accountants. For example, I'm advised when the auditor says that the department of supply and services . . . asked to see contracts to support rental payments made to SPMC (Saskatchewan Property Management Corporation) and that he didn't get the information — that there were no contracts, and so nothing was provided. So that they then started to give alternate documentation. I mean, that's as bad as two lawyers fighting, I mean, when we're at that level.

Then when we deal with the SPMC allegation that the Provincial Auditor said that there was not enough information . . . He believes that the auditor for SPMC, a private accounting firm, should provide a report on the management control systems. The difficulty that they had, the private sector auditors, is that they were not appointed until later in the year, and we'll be supplying that information. And that was communicated, I am advised, to the Provincial Auditor.

So then dealing with the Crown Management Board, I am advised that much of that is still working its way through the relationship between the Provincial Auditor and the private sector auditors. The question is: should he accept the audits done by them or does he automatically, if he wants to, just go in and redo what was already done? I gather that is starting to work out, but there were some strains in the relationship between the private sector auditors and the Provincial Auditor. I do believe those are being resolved. If not, then we would have to bring in legislation to specifically delineate the responsibilities if they can't work it out, and that would be a matter for this Assembly ultimately to decide.

The Provincial Auditor certainly made his statement. I do believe that there were justifications for the areas that he specifically referred to.

Mr. Rolfes: — Mr. Minister, I'm not going to pursue the same area as my colleague has in the non-compliance with statutes and the non-co-operation of various departments with the Provincial Auditor. Those are documented in the auditor's report and if the member from Wascana wants to get into the debate, I would ask him to stand up and get into the debate.

Mr. Minister, the auditor has documented on numerous occasions where there was non-compliance. I don't want to get into that particular area right now.

What I want to refer you to . . . I'm sure you're well familiar with The Tabling of Documents Act. But just in case the minister has forgotten, it states very clearly, Mr. Minister, that it requires that documents required to be tabled must be prepared and forwarded to the minister or the Lieutenant Governor in Council within 90 days after the end of the period to which the document relates.

It goes on further to state that section 9 of The Tabling of Documents Act provides that if a document cannot be tabled because the session is adjourned, it must be tabled at the earliest possible day after the session is reconvened.

Mr. Minister, I just want to draw to your attention, I have here six documents that certainly were not in compliance with The Tabling of Documents Act. One, Mr. Minister, is your own, and I think you probably gave some kind of an explanation saying that you had some problems with PEBA, and that's the judges or the provincial court superannuation fund. I don't know if that fell under that particular one. But if it did, let's leave that one.

But I have here five others that I don't think fall in the same category. One of them is the Saskatchewan medical care insurance commission. Mr. Minister, this particular document was tabled on June 9, 1988, but the auditor has indicated that he was finished with it August 18, '87, almost a year before it was tabled in this legislature.

And very conveniently, Mr. Minister, this document was tabled just a few minutes before we started with the estimates — before we started with the estimates of '87-88. And this is the document for '86-87. Yet when the minister was asked why he had not tabled them, he said he had forgotten all about them and they were locked in his vault. But we are told — we are told, Mr. Minister — that all departments, if they do not table their documents, are given a notice or a reminder that their documents have not been tabled and that they should table them.

Now I would think, Mr. Minister, that if I, as a minister, received such a notification or such a reminder, that I would check around to see if there was a document that I hadn't tabled. Obviously, the Minister of Health didn't.

Also, Mr. Minister, another one here, Saskatchewan Health Research Board. Again this is the '86-87 document. It was tabled just a few days ago on June 10, '88. Yet the Provincial Auditor was finished with it on June 11, '87 — one year ago.

I remind the minister that we sat last year in this House from June 17 to approximately November 5. I would

assume, I would assume . . . (inaudible interjection). . . Well, the minister can laugh about this and make a joke out of it, but I think this is a serious matter. This is a serious matter because you are denying the right of this legislature to information which we have a right to know. The people have a right to that information and you people have denied it.

Again, Mr. Minister, Saskatchewan Health prescription drug plan. Why was that not tabled last year when you dismantled the prescription drug plan? This one was tabled just a few days ago, in '88, yet it's the document for '86-87, and the Provincial Auditor indicates that he was finished with it on June 26, '87.

Surely, Mr. Minister, one would have to stretch one's imagination not to think that this wasn't intentionally done, that when the big debate was on last year in this House, the Minister of Health and the government simply didn't want us to have access to this information when you were dismantling the prescription drug plan. I just don't believe that the minister forgot. I just don't believe it.

(2100)

Mr. Minister, I have another one here, the Saskatchewan Cancer Foundation. This is the 1986-87, and it was tabled just a few days ago, June 10, 1988, and the auditor indicates that he was finished with it on August 14, '87. Again, Mr. Minister, there was a lot of debate in this House, in this legislature, last year from June 17 to November 5 while we were sitting, on the cancer foundation, or on the cancer clinic.

Mr. Minister, what I'm saying to you is this: that I am absolutely convinced that this is an intentional policy of the government not to table the documents when they are required, and I just don't believe you when you say that . . . give all the kinds of excuses to my colleague as to why these couldn't be done.

I ask you very specifically, Mr. Minister: why do you believe that these documents that I've just referred to were not tabled when they were required to be tabled by The Tabling of Documents Act? Would you please answer that for me.

Hon. Mr. Lane: — Well the hon. member, I believe, knows full well that the tabling of the documents is the responsibility of the particular department along with its reports and documentation required for the legislature. And I'm sure that the hon. member asked that question of the Minister of Health during estimates and, if not, certainly the opportunity was there. I did try. You've indicated that you do not accept what I say with regard to the Department of Finance. That's fair enough. I have given an explanation for the ones earlier that I was requested. You may reject the explanation. That's fair debate. All I can do is give it to you. But the responsibility is that of each department on the tabling of documents. And I would hope that the hon. member in his vigilance will take it up with the appropriate departments at the appropriate opportunity.

Mr. Rolfes: — Mr. Chairman. Yes, Mr. Minister, we on

this side did. I didn't personally, but my colleague from Regina Lakeview certainly did. And what would you do when the minister tells you that it was locked in his vault and he had forgot, forgot to table them? Would you say that he is being untruthful? Would you say that he is being incompetent? Would you say that we should be suspicious of his motives? Would you . . .

An Hon. Member: — Would you say that he's slimy?

Mr. Rolfes: — Yes, would you say that he is that? Mr. Minister, I just don't believe the Minister of Health. I just don't believe the Minister of Health. And as the Minister of Finance, who is responsible for the Provincial Auditor and, I believe, also The Tabling of Documents Act, do they . . . Maybe I should ask the minister: — does The Tabling of Documents Act not come under your jurisdiction, Mr. Minister?

Hon. Mr. Lane: — Well I'm advised by my officials that it's the responsibility of each department. I can't tell you what response the Minister of Health gave. You don't believe they were locked in his vault. What am I supposed to do? I don't know. Well you can take some comfort to the fact that they're not being left around, that they're locked up safely in a vault. I mean, maybe you can take some comfort.

You asked a question; you indicated to the Assembly and the public that answers were in fact given. The question has been previously asked by a colleague in the opposition. All I can tell you is that I've tried to give an explanation to you as it applies to the Department of Finance, and it's more than appropriate for the hon. member to ask the Minister of Health at the opportunity, the various departments. I can't answer more than that to say that that's a responsibility of the departments, and there is a forum in which you can ask the respective departments.

Mr. Rolfes: — Mr. Minister, you still didn't answer my question. Under whose jurisdiction does The Tabling of Documents Act come? Does it come under your jurisdiction or whose jurisdiction does it come under?

Hon. Mr. Lane: — I'll have to check whose it is. I'm advised it's not ours.

Mr. Rolfes: — Okay, Mr. Minister. All I would ask of you, if you have any influence in the Executive Council at all to . . .

An Hon. Member: — He doesn't.

Mr. Rolfes: — Probably not that much, but would you make sure to tell the ministers that in this House, we must accept their word. We can't question as to the truthfulness of what they state, but I find it very, very difficult, Mr. Minister, to believe the Minister of Health when he says that they were locked in his vault and he had forgotten about them when a reminder is sent. When they're not tabled, a reminder is sent to all the ministers as to which documents have not been tabled. Surely the Minister of Health would . . . Then something would twig in his mind, I would think, and he'd say, hey I didn't table certain documents.

Mr. Minister, that's simply not credible. I can't say anything more against the Minister of Health because then I know Mr. Chairman would say I've been unparliamentary. But if . . . I just do not believe the Minister of Health, and you can draw your own conclusions from that.

Hon. Mr. Lane: — I will pass on the impassioned pleas of the hon. member to the Minister of Health. I doubt if I could expand the plea to 15 minutes but I will pass on the hon. member's concerns. At the appropriate time the hon. member certainly has the opportunity, I believe, to pass it on directly. I know the minister personally, and I know he's a good listener, and he'll take your concerns into consideration.

Mr. Rolfes: — Mr. Minister, my last question. In the Health department sometimes it's referred to, when you're absent-minded and you don't really face reality, that you could be schizoid or the minister could be suffering from Alzheimer's disease. Now you draw your own conclusion. Or he's simply not telling the truth; take your conclusions from that.

Hon. Mr. Lane: — Those are not phrases that I think that most people in the Assembly would use as glibly as the hon. member, and I think we can take them as in the heat of battle and leave them at that. I don't think they're appropriate phrases to use.

Mr. Rolfes: — Mr. Chairman, I want to make it very clear, that is not in the heat of battle; I'm simply facing reality. The Minister of Health did not table these documents, and for anyone to believe that they were locked in his vault and he didn't know about it, when notification is sent to him, it is simply incredible. He did not want us to have those documents when we were debating this very issue, and therefore he did . . . that is the reason why he wouldn't table them and that's why they were a year late.

And if the Minister of Health, who is now smiling in his seat, who says, well I got you on that one. Yes, he did, but I'll tell you, the people will get him for that.

Mr. Upshall: — Mr. Chairman, thank you. Mr. Minister, I'd like to turn for a minute to the program which your government put in with regards to the rebate on gas tax.

Now, Mr. Minister . . .

Hon. Mr. Lane: — If the hon. member doesn't mind we'd just like to be clear . . . Are we finished Provincial Auditor? Now we're back into Finance? I'm not trying to constrain debate, but just . . . okay. Can we then vote on the Provincial Auditor so we can get back on the Finance?

Item 1 agreed to.

Vote 28 agreed to.

**Consolidated Fund Budgetary Expenditure
Finance
Ordinary Expenditure — Vote 18**

Item 1 (continued)

Mr. Upshall: — Thank you, Mr. Chairman. As I was saying, your government implemented a program to rebate a gas tax which it said in previous elections that there would never be another gas tax under Tory administration.

Now, Mr. Minister, just to start off. I can find where the revenue side of the tax comes in, but I've never been accused of being a financial genius, and I was wondering — and I don't suppose the minister from his past record has either — but I was wondering where the expenditure for the rebate program falls under, under the budget estimates '88-89.

Hon. Mr. Lane: — Well you've maintained your position. It's net budgeting on the item, so it's the revenues less the expenditures.

Mr. Upshall: — The revenues less the expenditures, as I agree, but could you identify specifically under what subvote that this would come under as far as expenditure is concerned?

Hon. Mr. Lane: — It's the program services, revenue division. You will note that the increase does not take into account the amount that I previously indicated for the summer student program. That shows up in the Public Service Commission — student summer employment program, subvote 6; that's at page 72. That's where the summer students are paid from.

Mr. Upshall: — Thank you, Mr. Minister. Now, Mr. Minister, with regards to the program, I was wondering, my office received a package of rebate forms approximately four days before the deadline was to come up. I was wondering what your reasoning was to have the package of rebate forms sent out at such a late date to my office and other offices?

Hon. Mr. Lane: — They were well distributed in R.M. offices, post offices around the province. We decided late in the program, as a courtesy, that we would make sure that each MLA had adequate copies. So that's the reason for the delay. But there had been the wide distribution beforehand, and it was a courtesy to just make sure that the MLAs had ample copies. I apologize if it wasn't adequate time, but it was an afterthought to make sure that all the MLAs on both sides of the House had ample copies.

Mr. Upshall: — Well thank you for the explanation, Mr. Minister. I just hope that in the future the consideration would be given . . . thought earlier in the program to allow everyone who comes in to offices to get these forms.

Now, Mr. Minister, I was wondering, what were your predicted number of recipients with regards to the tax rebate program.

(2115)

Hon. Mr. Lane: — Our estimate . . . well let me give you a broader explanation. According to StatsCanada there are 327,000 households in Saskatchewan have at least one vehicle. Since Statistics Canada group single people

living together as a household, we would expect more than one application from these households. A more accurate estimate of the number of potential applicants would be in the range of 350,000 to 380,000, probably in the range of 350,000.

Therefore we estimate that the 282,000 applications received as of June 17 represent 74 to 80 per cent — and understand that range of 74 to 80 is because we're estimating between 350 and 380 — of the total potential number of applications are in. We should take from that, when we look at that percentage, that there are of course farmers who do not apply, they have another program. There may be people out there that, when they did their calculations, realized that the rebate was 10 or \$15 and perhaps decided not to. So I believe that we're probably closer to 90 per cent.

Mr. Upshall: — Mr. Minister, a couple of more questions. What was the value, dollar value, of the potential 350 to 380,000 recipients? And what was the actual value paid out, that will be paid out to the 282,000 people who actually applied?

Hon. Mr. Lane: — Well our estimates are \$26.2 million.

Mr. Upshall: — That's \$26.2 million that will actually be paid out under the program?

An Hon. Member: — That's our estimate.

Mr. Upshall: — Okay, and what is the actual dollar figure that could have been paid out had everyone applied?

Hon. Mr. Lane: — If there were 100 per cent take-up, 100 per cent take-up and 100 per cent personal use take-up, it would be about \$39 million. And obviously we don't expect that. A large number of farmers would have very little personal use, for example.

Mr. Upshall: — So if everyone applied 100 per cent take-up, it would be a \$39 million expenditure.

An Hon. Member: — And 100 per cent personal use.

Mr. Upshall: — And 100 per cent personal use. And you paid out 26.2. Okay.

And, Mr. Minister, under your calculations what would be the interest revenue from that \$26.2 million from the time that the program started until the time that the actual dollars would be paid out?

Hon. Mr. Lane: — We're doing a quick guesstimate of about \$1.2 million.

Mr. Upshall: — So that is revenue to the government from taxpayers who are using fuel that they could have had in their own pockets, but now it's going into what department, the Consolidated Fund? Is that where the interest revenue would be going?

An Hon. Member: — That's right.

Mr. Upshall: — The Minister indicates that that is right. So, Mr. Minister, something else. What is the cost of

administration, the total cost of administration for the fuel rebate program?

Hon. Mr. Lane: — We're estimating around about 1.3 to 1.5, in there. The calculation won't bread down because we've combined much of the administration now, to save costs, with the farmers' oil royalty rebate. So both are being administered certainly during the course of the summer, the same people are putting out both program forms.

Mr. Upshall: — I assume then that the administration breakdown would parallel the breakdown of expenditures under the farmers' oil royalty rebate program and the fuel tax rebate — let's say 1.2 under the farm royalty and 3.3 under the fuel rebate program. Is that accurate to assume that?

Hon. Mr. Lane: — The estimate would be, and again we're estimating because we are having the same people process both programs during the course of the summer. So we're now estimating the allocation, and it's roughly in that 1.3 to 1.5, plus 1 million on the farmers' oil royalty rebate.

Now again, understand that we're making an arbitrary allocation here, but that's, I'm told, roughly the breakdown.

Mr. Upshall: — So then the 1.3 to \$1.5 million for administration which covers both programs . . . (inaudible interjection). . . plus 1 for the farm royalty rebate, okay. Have you estimated the actual cost of processing each individual tax rebate to the government?

Hon. Mr. Lane: — We would have to do that after the program when you look at resubmissions and things of that nature. We could certainly give you a better idea after the program has been fully paid out.

Mr. Upshall: — Yes, I would appreciate that information when it becomes available to the government if you would send it across.

Mr. Minister, during this whole process of the tax rebate program, you had a number of programs, announcements, you had a number of brochures, you had the cost of printing the application forms. Did all the advertising for the fuel rebate program come out of your department?

Hon. Mr. Lane: — I'm advised that it did.

Mr. Upshall: — Well, Mr. Minister, could you give me a breakdown of the costs of the forms, the cost of the explanatory pamphlets, the cost of the media advertising, the cost of letters that were put out after the applications were received by your department, and the cost of postage, and any other costs that might be incurred to give me a total breakdown of the cost of advertising?

Hon. Mr. Lane: — We'll have to pull that for you, but could I supply the opposition critic as for all the advertising expenditures, and if I give the critic, the package with the detailed breakdown that the hon. member asked for on the fuel rebate, is that acceptable?

I'm not . . .

An Hon. Member: — I was supposed to get it at noon.

Hon. Mr. Lane: — Well I can give you general, but I can't give you that detail at this time. But I can try and get it as quickly as possible.

Mr. Upshall: — Yes, I appreciate having details as quickly as possible. I assume, then, that you can give me the total cost of advertising for the program. Would you do that please?

Hon. Mr. Lane: — You wanted postage and all of the detailed items, yes?

Mr. Upshall: — Mr. Minister, you're saying you don't have the total that you can give me right now — the total cost of advertising?

Hon. Mr. Lane: — What we have now is the estimate which is 150,000.

Mr. Upshall: — Well, Mr. Minister, just doing a quick calculation, not having the breakdown, it appears to me that there was \$1.5 million in administration; \$1.2 million in interest — that's 2.7; a \$10 million shortfall from those people who didn't apply. And by 10 million, the actual figure was 13; I just reduced it by 3 million, given that you said it was 100 per cent consumption by individuals. So you're looking at about 12, almost \$13 million for the fuel rebate program — the cost to the government and the people of this province — lost revenue. And I'll tell you, Mr. Minister, that represents about 50 per cent of the actual pay-out that your government put forward to the people of this province. Do you think that that is extraordinarily high?

Hon. Mr. Lane: — Well, understand . . . First of all, you are comparing apples and oranges, and it's not a fair comparison. But, I mean, there are many options. You cannot have the fuel tax . . . We've gone through that debate. Many in the opposition were opposed to no fuel tax. There was the debate, and we have been through this many times, as to whether out-of-province people and others should pay it.

When we designed a system whereby individuals would be forgiven the tax or have the tax rebated, we tried to design a system that was the least expensive. Least expensive way of doing it is using summer students, and that's the system that we are using.

Obviously, and I've said it before, and I would certainly appreciate the hon. member's comments once the end of September and we have everybody paid out, what his views are. We've had some from the opposition that say the program should be scrapped completely. And I would appreciate the hon. member's views that, having chose this, obviously there is a cost for administering this. I suggest to you it's the least costly proposal in looking for a way to get the benefit back to the average consumer here in the province.

Mr. Upshall: — Well, Mr. Minister, the \$10 million that you didn't have to pay out represents a fairly substantial

sum that the fuel consumers of this province are paying for a program that you put forward to buy yourself an election, or attempt to.

And I'm saying to you that the method with which that you put this program forward and the results that we have seen from it tell me that the Tory government, who said that there would be no gas tax imposed under their regime, is not quite accurate.

In fact if you look at all the promises from members on your side of the House, or many of them who are not there now, virtually every one of them has comments on elimination of fuel tax — provincial gas tax reduction 40 cents per gallon, and it goes on and on in every one. And now when we see the program after it's set up, we see that the government has actually taken \$10 million or thereabouts out of the pockets of these people who you had promised that they would pay no tax.

(2130)

Now, Mr. Minister, because of the way the program was set out there was a number of complications that came forward. As I understand it, there were about 2,500 to 3,000 applicants who did not . . . who had their application forms sent back because the postmark couldn't be read on the envelope. In your estimation . . . Could you answer this: why did you send those letters back that you couldn't read the postmark on? Obviously the people made an attempt to get them in there. Wouldn't it have been simpler just to accept them if they were within a couple of days of your deadline and the postmark was on it, even if you couldn't read it? Why did you hassle these people by sending the letters back and asking them to reconfirm that they had actually sent them in on time?

Hon. Mr. Lane: — The member is not correct. There were not the 2,500, 2,800. There were about 1,300 returned. Secondly, we did wait, I believe, a week before any were sent. So any that came in in that week after the deadline were not sent back.

Once a full week had passed, we felt that they probably were mailed late even though obliterated and that's why they were sent back. So there was a grace period of a week given before any were sent back, and the number is approximately 1,300.

Mr. Upshall: — Well, Mr. Minister, I'm not sure that we're talking about the same thing. In the newspaper article, June 10 of the *Star-Phoenix*, it says about 1,500 people clearly missed the deadline, and that is in the ballpark with what you're saying. But it also goes on to say, between 2,500 and 3,000 applications with unreadable postmarks arrived about the same time were also returned to their senders.

Is that accurate, Mr. Minister?

Hon. Mr. Lane: — That quote's not right.

Mr. Upshall: — So the actual fact, the total number of those people who sent in applications with unreadable postmarks, added to those people who had clearly missed

the deadline, totalled about 1,300. Is that what you're telling us?

Hon. Mr. Lane: — The ones that were returned were approximately 1,300. There was a period, a grace period of a week after the deadline. When they came in during that period they were accepted, so that the 1,300 were the deadline plus the grace period of about a week before they were sent back. So they came in a week past the deadline.

Mr. Upshall: — Mr. Minister, will those people who missed the deadline for this year be able to reapply for this year's, for 1987's rebate when the rebate comes up again next year?

Hon. Mr. Lane: — It's not the intention, as I tried to advise the hon. member during the course of this . . . that the only way to control administrative costs is to have a deadline. Otherwise we would have to increase the number of permanent employees to manage it as they would come in year round. I suggest to the hon. member that we do have to have a deadline. I know that deadlines always cause some difficulty. We did advertise it. There were concerns in the opposition that we didn't, that we wouldn't advertise it. We did advertise it, and I think we have to look at it from the other side, that the vast majority of people submitted their application forms in on time, and we should respect the effort that they made to get their applications in on time.

Mr. Upshall: — I understand that, Mr. Minister, but in other tax areas, for example with your income tax, if I happen to miss something this year, I can always apply it next year because it's a fair way of doing things.

I think what you're trying to say here is that because you got yourself in to a bind with this fuel tax rebate . . . And I think everybody knows that it was the curse of the country when this thing was informed, if you walked around any filling stations. I will leave you to be the judge of that in later days.

But you're saying that because you want to keep down the administration costs, and I can really see that adding up the amount that has been taken out of the people's pockets, that you might want to do that, but in the same terms it's not really fair for those people who for some reason didn't get it in on time, should be able to apply next year as they do with their income tax and apply that because it's money that's coming to them. And you said that the money is coming to you in the form of a rebate. Fine, you put the deadline on; however there will be another deadline next year as there is in the income tax system. And ask you why those people wouldn't be eligible next year to apply for this year's rebate if they missed the deadline.

Hon. Mr. Lane: — Well it's certainly not an exact analogy in terms of the income tax. You are into averaging and all sorts of other activities that respond . . . that continue in the income tax system which do not apply here.

Yes, we can sit and debate the need for a deadline. I do believe that when we get over 275,000 people coming in on time with their applications, their applications

properly completed, that obviously the vast majority of people recognize the need to meet the deadline. I believe that many of them also saw the need that in order to try and keep the cost down that there had to be some regulations and guide-lines.

The hon. member is right. And I agree with the point that he made, that the public will decide, the public will decide whether they want the rebate program, or as the NDP in opposition said, they're going to cancel it. So they will have the opportunity to make that choice. And I agree with the hon. member with that statement.

Mr. Upshall: — Well, Mr. Minister, your government as I said before, in 1982 and after that, said that there would be an elimination of gas tax and there wouldn't be one in place. And now I have been out in the country, and I've talked to many people, and in the cities, and the program that annoyed them most, second to all the incredible cuts and bad mismanagement and incompetence of health care, was the fuel tax rebate. Every time they went into the service station they were made because they had to keep these receipts because you were taking money out of their pockets. And as we see tonight, it adds up to \$13 million out of the pockets of Saskatchewan taxpayers that you have taken out under your gas tax program.

Now, Mr. Minister, I just have one question: seeing that it worked in '82, I was wondering if you were going to see if it would work again in 1990 or '91 and eliminate the fuel tax.

Hon. Mr. Lane: — Well I don't want to give the hon. member any inside information as to what the election strategy will be. I know that the hon. member . . . I've been into his riding and I know why he would like some advance knowledge as to what the strategy would be. And I appreciate and understand his concern.

Having said that, there'll be lots of issues. There'll be the issue of your desire to take away the rebate; there'll be the issue of whether the people should be participating in economic development or whether it should be the government. I can see all sorts of issues, and I look forward to the debate and I'm sure the hon. member does look forward to debating them in Humboldt.

Mr. Upshall: — Well, Mr. Minister, I would say that people of Saskatchewan, as I said earlier, were very disgruntled with your scheme to rebate fuel tax. I think that, along with the money that you've taken from their pockets and the fact that you won't give them an extra chance in the next year to get their rebate. I think that's one of the main reason why the fuel tax program was put in in the way it was.

I think that you knew that there was going to be a substantial amount of money that would not come back into the program, because I think that your cupboards are so bare that you're attempting to do anything to get money out of the pockets of the people, whether it be in the form of a fuel tax rebate that they won't claim for or cutting programs and services.

So, Mr. Minister, I think that, if you were using logic when you were putting this program in, you would have stuck

to the traditional ways of using tax as an income source for the government. Instead you tried to fudge it in terms of a program whereby Saskatchewan people wouldn't have to pay and it was just for out-of-province and other consumers.

But as it turns out, we're looking at \$13 million, \$13 million that your government has used out of the taxpayers' pockets — those people who consume fuel in this province. And I think, Mr. Minister, that that tells me that you're desperately in need of funds, and if you had any flexibility at all, you would, indeed, change the program.

Mr. Shillington: — Thank you. Mr. Minister, I wonder if you would be kind enough to give me the Liquor Board profit for 1987-88, the actual Liquor Board profit. I see your officials are looking it up.

Hon. Mr. Lane: — Preliminary estimate is 123.7 million.

Mr. Shillington: — Okay. Mr. Minister, what was the actual payment to the treasury?

Hon. Mr. Lane: — Zero.

Mr. Shillington: — Mr. Minister, what is your estimated Liquor Board profit for 1988-89? Your officials must have a figure.

Hon. Mr. Lane: — The estimate in the budget is 129 million.

Mr. Shillington: — What is the anticipated payment to the treasury?

Hon. Mr. Lane: — 150.

Mr. Shillington: — Mr. Minister, I want to suggest to you that you are, in a number of ways, building up an election fund. Mr. Minister, you are doing it in a number of ways, and I want to suggest two of them.

I want to preface the remarks by saying that this government is becoming anti-democratic. As you remain in office, you become less and less comfortable with the democratic systems which hold you accountable. You, Mr. Minister, you seek to avoid accountability. I won't, at this hour of the night, repeat all of the manifestations of that.

Suffice it to say that the member from Saskatoon South mentioned, one, your failure to table annual reports, Mr. Minister, Bill 5 is yet another manifestation of your desire to avoid accountability. You no longer have to come back to the legislature to explain what you're doing, when you're doing it. The privatization Bill is yet another; you don't want to come back to the Legislature to justify privatizations. Mr. Minister, the electoral boundaries is yet another; you jiggle the boundaries.

Yet another way you're doing it, Mr. Minister, is by not giving the Assembly any information with respect to the financial affairs of the province. I see the minister shaking his head. I just wished you'd shake it hard enough to loosen whatever it is that has glued the pieces together.

(2145)

Mr. Minister, I want to refer first to the Liquor Board profits. Mr. Minister, I suggest to you that you are building up a rainy day fund in the Liquor Board profits. Mr. Minister, you consistently actually pay less to the treasury than you estimate.

In 1986-87 you estimated \$240 million profit; you actually took 140 million. What you did, of course, was leave \$127 million in retained earnings in the Liquor Board. In 1987-88 we learned that you took in \$123 million, estimated 122.5 million to the payment to the treasury, but you paid nothing. Why? Because you're keeping that there for an election year having . . . (inaudible interjection). . . Well I will get to the liquor board stores you're going to sell in a moment, Mr. Minister, having salted away the money . . . Well, I'll wait while the minister yawns; I do not want to interrupt what must have been a most enjoyable yawn. When you're finished, I'll continue.

Mr. Minister, you built up \$120 million in 1986-87. You socked away another \$122.5 million last year. Mr. Minister, you say this year you estimate \$125 . . . 150 million. Mr. Minister, I know full well at the end of the year you're not going to take any. Why? Because you're salting away money — \$150 million a crack — so you can shower the public with goodies come election time.

Mr. Minister, if it weren't just that it were crass, it would be bad enough, but, Mr. Minister, last year you did away with a drug plan. You did away with a dental plan. Mr. Minister, the educational system should be an embarrassment to you at all levels. Mr. Minister, but you continue to sock away money at \$120 a million a crack so you can . . . \$120 million a year so you can cynically, Mr. Minister, shower them with money in an election year.

Far worse, Mr. Minister, is the Saskatchewan property development corporation. It's popularly, I think, called Sask fraud because that is what the corporation is designed to do — to help you cook the books.

Mr. Minister, when I got . . . I said earlier, Mr. Minister, and I'll repeat it, that most ministers of Finance symbolize their efforts to bring order to the province's finances with a new tie. You ought to have a chef's hat for your efforts to cook the books. In some ways, Mr. Minister, you've been fairly successful.

I refer you, Mr. Minister, to the Saskatchewan Property Management Corporation — Sask fraud as it's called. We spent some time, Mr. Minister, wondering how on earth expenditures could have arisen so astronomically in the Saskatchewan Property Management Corporation. We noted that last year expenditures went up, operating expenditures went up by 11 per cent; capital expenditures ballooned. The total of the two together means an increase in money flowing to the Saskatchewan fraud corporation by 27 per cent.

Mr. Minister, your operating funds have gone up by 11 per cent this year. If you go back two years to the beginning of Sask fraud, we find that the money flowing

to Saskatchewan Property Management Corporation has gone up by 33 per cent during a period of time that your budgetary expenditures have gone up by 8 per cent. Are you leasing that many Renaissance hotels?

At first I thought you might be until I actually began to wonder where you were hiding all the hotels. You can't possibly be wasting — not even this government, as prolific as it is — could possibly waste that many tens of millions of dollars. Clearly what you're doing, Mr. Minister, is you are building up money within Sask fraud, a very large chunk of money, and you want to shower it on the public in an election year and hope that you can do something about your abysmal showing in the polls.

Mr. Minister, I don't believe for a moment that the member for Souris-Cannington didn't think of it. I credit the member from Souris-Cannington with being the author of it.

Mr. Minister, you are clearly, cynically salting away money. Old people are going without drugs; children are not getting their teeth fixed; taxes are going up, and you are salting away money in the Liquor Board. You're salting away money in Sask fraud, and, undoubtedly, in a number of other sources which we . . .

Mr. Chairman: — Order, order. I'd ask the member to refer to the corporation by its proper name.

Mr. Shillington: — I'd appreciate the basis for your ruling, Mr. Chairman. I'm not quarrelling with it. I'm wondering why you believe I cannot characterize, why you believe I cannot characterize an activity of government in the manner in which I honestly see and believe.

Mr. Chairman: — Order. I've asked the member to refer to the corporation by its proper name and any challenge of that is a challenge of the Chair.

Mr. Shillington: — In the interest of continuing with the estimates, I won't be candid with the chairman about what I think of the ruling, but I'm going to honour it. I refrain from being candid with you at this point in time.

Mr. Minister, I say to you that while you are short-changing children, while you're short-changing old people, while you're taxing people who cannot afford it, you're failing to come to the assistance of farmers, you're salting money away. It's cynical. Mr. Minister, it's callous and it borders on the cruel.

So I ask you, Mr. Minister: — will you acknowledge that this is what you are doing, and will you use the money which is raised in each year for the programs in that year so that we may restore governmental and social programs to the level at which they should be?

Hon. Mr. Lane: — Well I wasn't embarrassed about the educational system until I heard the hon. member just give his diatribe. Mr. Speaker, for the hon. member to stand up and argue that the liquor board fund has not been used as a stabilization fund by previous administrations is wrong. It was done by the previous administration before the hon. member was dropped from cabinet. I'll tell you it was common practice and

done after.

I suggest to the hon. member, I made it abundantly clear in the past, I made it abundantly clear in the economic statement, and I made it abundantly clear in last year's budget that we were not taking that fund. I suffered the slings and arrows for not taking the fund last year; now I'm being accused of exaggerating the budget, now not using the money. I mean, will you make up your mind which way you're going, please? On the one hand you say you're spending too much money and then you're putting too much aside. On the one hand you're saying you're being profligate, and then on the other hand you're accusing me of putting money aside.

I just suggest to the hon. member that the funds were not taken. I've been clear to that, clear to the public, and clear to this legislature. We debated that last year, and debated, I thought in a lot more articulate manner with the former Leader of the Opposition.

Having said that, for you to stand up and criticize the existence of property management Crown corporations, which have been used in other jurisdictions, including Manitoba, I think it's really, really a matter of sour grapes that the hon. member didn't think of it when he had his chance.

And I can understand that he can be upset with the changes to government services. After all, they were the guys who brought out to the public, the hon. member spending \$25,000 to repair a grandfather clock, for Heaven's sakes, for his office.

So all I'm suggesting to the hon. member, you can make those arguments. The property management Crown concept is used in other jurisdictions, including NDP Manitoba, before the people saw the light. It's not new. It's used in other jurisdictions. Financing assets that are used over 20- and 25-year or 30-year life spans is fair financing. That can be debated and that debate's been going on in the House now for three years.

To argue, just say simply to the hon. member that to argue on the one hand that you're spending too much money, and on the other hand, you're putting too much money aside, is a rather inconsistent argument.

Mr. Shillington: — Well all I can say is I didn't think I'd ever see George Orwell's superior, but I've just seen a doublespeak in a fashion which leaves George Orwell a poor master of the English language. Anyone that can take tens of millions of dollars each year, destroy social programs, overtax people, shower it on them during an election, and describe that as stabilization, has a real knack with dealing with the English language.

Mr. Minister, having run that admission that your hoarding of funds in the Liquor Board is stabilization, would you — it would be humorous if it weren't so tragic — would you, Mr. Minister, admit that that's the explanation for the astronomical increases in Sask. fraud is that you are stabilizing it, to use your language, stabilizing it? Will you admit, Mr. Minister, that this Sask Property Management Corporation is also a stabilization fund?

Hon. Mr. Lane: — Not at all. As we indicated earlier, we are trying to move the costing of the leasing, for example, of government space to a cost-recovery basis. We are doing it gradually.

Secondly, it's not something that you can impose overnight because historically departments have been assigned buildings without any indication as to the commercial-lease cost. If departments had to make their property acquisitions or their rental acquisitions or the rental of their property on a commercial basis, they may choose completely different space than they have. So in the past, there has been no system. We are trying to gradually move it to a cost-recovery basis. It takes time to do that, and that's what we've been trying to do, and that's been one of the basis for the corporation.

Mr. Shillington: — Well, Mr. Minister, if there's an explanation for the astronomical increases in Sask Property Management Corporation beyond — to use your euphemism — building a stabilization fund, I really wish you'd give it.

You know, I started out this process by asking each of the ministers why the big increase in your cost to Sask Property Management Corporation. I gave up after a few ministers. I asked the Minister of Justice why the increase. He told me they renovated the court-house in Assiniboia. I did some subtraction — it was 6 million bucks. I said to the Minister of Justice, if you spent \$6 million on the court-house in Assiniboia, I could see the dang thing from my front yard in Regina, it would be that big. There's no way you could do it. And so on we went. I asked other ministers, why the increase. I got similarly ludicrous answers.

Mr. Minister, it is crystal clear that you are using Sask fraud and the Sask Liquor Board corporation for stabilization funds. It would be humorous, Mr. Minister, if you weren't destroying programs that children and old people need; if you weren't taxing people who could ill afford to pay it; if you weren't causing all that hurt and doing all that damage for the cynical of possible reasons to try to resurrect your own political fortunes.

Well, Mr. Minister, I wish you'd save the children and the old folks and the taxpayers the pain and agony, because your political fortunes simply can't be salvaged.

Hon. Mr. Lane: — I don't know if it's worth a reply, but the hon. member, I'm sure, doesn't recall that in the past one agency handled all the costs for each department and its patients. And there was no effort for managers to try and look for less costly space or for managers to try and look for less costly space or for managers to restrain the cost for leasehold improvements. Now they have some involvement in those costs because the costs are being allocated back to them. It strikes me as good management.

(2200)

Mr. Lingenfelter: — Mr. Minister, I want to ask a few questions on your dialogue on Saskatchewan income tax reform — the paper that you delivered in March of 1988. Before I start, I wonder whether you can outline for us the mandate of the committee and the members of the

committee who presently serve on the committee, and also the original committee so we could have a differentiation of names and a comparison.

Hon. Mr. Lane: — The committee consists of myself and officials: — Keith Laxdal, acting deputy minister; John Wright, executive director of taxation and economic policy division; and Kirk McGregor, associate director of taxation policy, taxation and economic policy division.

Mr. Lingenfelter: — Mr. Minister, does Keith Laxdal still serve on the committee?

Hon. Mr. Lane: — Yes.

Mr. Lingenfelter: — Still is.

Mr. Minister, in going through this paper, you've outlined, or the committee has outlined, four options to tax reforms in the province of Saskatchewan, and you'll be well aware of the four, basically: — first of all the Saskatchewan progressive flat tax structural alternative; and secondly, the Saskatchewan marginal tax structural alternative; and third, the Saskatchewan pure flat tax structural alternative; and the final option, Saskatchewan independent tax system alternative that would be, in fact, if accepted, based I guess in part on the Quebec system where we collect our own tax independently of the Canada tax system.

I wonder, Mr. Minister, at this time, if you can outline for us briefly the pros and cons, and to give us some idea of where you're headed on that basis in terms of tax reform in the province as seen by yourself.

Hon. Mr. Lane: — I have deliberately — as I advised the Assembly at the time of the budget — I have deliberately avoided taking a position or being seen to take a position on it because I'd like some fair debate on it.

I can advise the hon. member, with the committee, as it's established, I'll indicate how we see it evolving. We will have a distribution to groups that we've identified that would be interested in tax reform. We're trying to track the federal government's thrust in terms of how it communicated the papers and the technical papers out to interested organizations or groups.

So we will be sending those out, not only to professional organizations ... I believe that many organizations may be concerned, not so much as to the forum as, for example, whether we accept the tax credits, if that's an acceptable way of reallocating income. We hope to get those out within the next couple of weeks.

Mr. Lingenfelter: — Mr. Minister, I wondered as well ... I mean, really it's hard to believe that you being on the committee and the minister, that you wouldn't have an opinion and a direction that you'd be giving to the people in studying the options that are outlined here.

It seems to me that going through these four, there's a couple of them that don't make a lot of sense, but I guess we won't get into that tonight because you're not willing to outline the position of the government as it relates to the four options. But that surprises me a little bit. Two

explanations, I guess: — one, that you're not being totally factual in saying that you're not involved in giving instructions; or that the tax reform is nothing but a smoke-screen. And people will make their own assumption as to which it is.

I think it's clear, obviously, that Tory tax reform, whether it's in the United States or in Great Britain or in Canada or in fact in Saskatchewan, Mr. Minister, means only one thing, and that's shifting the tax responsibility away from the rich and putting it on the backs of the poor, in conjunction with major social cut-backs in terms of health and social services.

And I guess it amazes me that you haven't included in your tax reform discussion such things as the income tax as it would relate to increases in the provincial sales tax. At the last election and the election in 1982, you promised to eliminate the sales tax. After the 1986 election, you increased the sales tax by 2 per cent. In the review that you're doing, it's not even mentioned as one of the possibilities of tax reform.

I have here the list of the oil companies' revenues and taxation in the province of Saskatchewan. Mr. Chairman, I want to just quote some of the numbers. In 1981 the total value of the resource in Saskatchewan, the total amount of the value of the resource was \$2.2 billion. And, Mr. Minister, in 1986 that had increased to 2.5, and yet the revenue to the province and to the people of the province had decreased, and decreased to a large extent. The amount of revenue and taxation that we were getting as the owners of the oil had actually gone down, even though the revenue had gone up considerably.

Now it seems to me, Mr. Minister, that if you're looking at tax reform in the province of Saskatchewan, it's ridiculous to look at only the income tax side of it, and that in fact we should be looking at sales tax; we should be looking at liquor taxes; we should be looking in particular at the taxes resource companies pay.

And I wonder, Mr. Minister, why you would take the position that oil companies should be excluded from the review when they're one of the main sources of taxation in the province. We're blessed with a large amount of oil and gas that belongs to the people of the province, and yet your friends are allowed to go free in terms of whether or not they pay more taxes. It's not being reviewed in the same way as income tax is. Why have you chosen to go this route, very narrow on income tax, and not look at in a broad-based way?

Hon. Mr. Lane: — Well the hon. member is not accurate. It's interesting, amongst other things, when the NDP refer to the revenues in oil back in 1981, they never mention the additional windfall that they got from the federal export tax on energy that they got because of the unwise policies of their friends, the Trudeau Liberals. And the additional that came, the additional . . . (inaudible interjection) . . . You guys kept them in office. You guys kept them in office. The NDP kept the former prime minister in office. And, Mr. Speaker, I'll take it a step further; it's the NDP that also brought to the oil industry in Saskatchewan the national energy program. So they get their revenues on the federal export tax, not a provincial

tax.

With regard to the question of the corporate tax, changes in the corporate tax were made in this year's budget which I think have been well debated.

Let me move though to the question of sales tax and why sales tax cannot be considered in the overall position at this time, and we have debated this in previous debates. And as part of the overall federal tax reform, there is the ongoing studies now as to a national sales tax. And the relationship of national sales tax to provincial sales taxes is a matter of ongoing negotiations and discussions. The federal government did put out its position paper on the sales taxes to whether it be a valued added, the different options; some have been backed away from, and we're now looking at the national sales tax. I don't know where that's going to come down because no final decisions have been made by the federal government. I think there's a growing consensus, I understand, in Ottawa of all three parties to have major changes, at least, to the federal sales tax. Whether it results in a new national sales tax, I simply can't tell you. Those negotiations are going on.

If it is a national sales tax, then the question that Saskatchewan will have to address: do we then participate as part of the national sales tax? Again, we cannot decide that until we see what the federal proposals are. I have indicated publicly, as part of federal tax reform, that if it is workable and to the province's advantage — or certainly not to the province's detriment — if we can work in conjunction with the national sales tax to eliminate the duplication of activity for small business, we would be happy to do that. But until we have those proposals, I simply can't put proposals out for public discussion.

I can assure the hon. member that the question of the national sales tax and the position of sales taxes is very much part of the federal tax reform, and there's been great public discussion on it now. I do believe that there is support from all — but I'm subject to correction — but I believe that there's support from all three parties in Ottawa to at least major revisions in the federal sales tax.

Mr. Lingenfelter: — Well I guess the thing that will be confusing to a lot of people, if there were a lot of people watching this, Mr. Minister, is why you can go ahead and review one section of the tax system in this province if it is as you say, that you're in the midst of negotiation with the federal government. What sense does it make it isolate one narrow area of taxation and pretend you're studying it when obviously you're not?

And I say to you that this makes as much sense as the federal parties so-called tax reform that they announced back in '85. And then we find out this year, as the headlines of many newspapers are carrying — here's one, Tuesday, May 10, 1988, "5,220 well-off Canadians paid no taxes in 1986." This is after tax reform.

And we know what happened in the United States, in places like California, where right-wing governments have so-called tax reform. Two things happen: the rich pay much less taxes; middle and lower income pay at

least as much, but get many less services in terms of health care and social services.

Here is another new item. "Tax-cutting British budget snips cord of consensus politics," by Richard Gwyn. And in that article he says, and I want to quote:

What Lawson has done is turn Britain's haves into have-everythings and its have-nots into have-nothings. More than half of the nine billion tax cut will end up in the wallets and the purses of the top 5 per cent of British income earners.

And he goes on later in the article to say:

The profound effects of the budget, though, will be political. It legitimizes greed by giving to those who already have. It sanctifies meanness of spirit by giving nothing to those who now have nothing.

And, Mr. Minister, I say to you that this is what your tax reform is. And I'm not going to debate it a long time tonight because I think the people of the province know what you're up to. But all I'll say is that two years from now, when we come back to this House and compare who is paying what, I would be willing to bet that under your tax reform the Richard Gwyn article will have relevance in Saskatchewan as well.

Hon. Mr. Lane: — Is that the same Richard Gwyn who said that the NDP suffered a terrible defeat in Lac-St-Jean last night? Maybe he is partially accurate.

I think in fairness, to the hon. member, in the areas under provincial control we have made some major changes in terms of the corporate side. In terms of the corporate side, we've made major changes with the new corporate capital surcharge reductions for small business, and adjustments so that the base in . . . Relative to Alberta, which is our major competition in the corporate side, it's a level playing field, at the same time increasing revenues to the people of the province.

(2215)

On the personal income tax side we put out the proposals for fair discussion. If you feel that strongly . . . I hope that the hon. member in the opposition does put in position papers.

Thirdly, I agree with the hon. member that the people will decide this. Fourthly, I do say on the national sales tax and the changes on sales tax that that's a matter of some public debate now, and that's not a change we could make in conjunction with the federal proposals that are out there for public discussion now.

Mr. Koskie: — Yes, thank you, Mr. Chairman. Mr. Minister, this morning I gave you a whole series of questions and, disappointingly, contrary to your commitment to provide it at 2 o'clock, I have not yet received any of the answers, and it makes it pretty well impossible to follow up in any of the questions. And I suppose I took you at your word, Mr. Minister; I expected that you would have it here. I'm not going to bother going and delaying it any further. Apparently you had them in

your possession and didn't have the decency to send them over so that you wouldn't be questioned in respect to them. That can be the only conclusion that I can come to.

You gave a commitment today at 2 o'clock that you'd have them here, and your word is about as good as the figures in your budget — inaccurate. I want to indicate, Mr. Minister, that having received these, I'll pursue them with the public because the public perception of this minister leaves much to be desired.

Accordingly, Mr. Minister, I am prepared to proceed with the conclusion of the estimates and the individual items.

Item 1 agreed to.

Items 2 to 7 inclusive agreed to.

Item 8 — Statutory.

Items 9 to 12 inclusive agreed to.

Item 13 — Statutory

Items 14 and 15 agreed to.

Item 16 — Statutory

Items 17 to 23 inclusive agreed to.

Item 24

Mr. Koskie: — In respect to item 24, Mr. Minister, I think I understand the deletion, but in 1987-88 there was 13.5 person-years; in the current year there are none. Is that as a result of the new arrangement in respect to pensions, I take it.

Hon. Mr. Lane: — And the establishment of the revolving fund.

Item 24 agreed.

Items 25 and 26 — Statutory

Items 27 and 28 agreed to.

Item 29 — Statutory

Items 30 to 32 inclusive agreed to.

Items 33 to 36 inclusive — Statutory

Item 37 agreed to.

Vote 18 agreed to.

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

Vote 12 agreed to.

Consolidated Fund Debt Redemption, Sinking Fund and

**Interest Payments
Finance
Vote 175**

Vote 175 agreed to.

Vote 176

Vote 176 agreed to.

Vote 177

Vote 177 agreed to.

**Supplementary Estimates (No. 2)
Consolidated Fund Budgetary Expenditure
Finance
Ordinary Expenditure — Vote 18**

Vote 18 agreed to.

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

Vote 12 agreed to.

**Consolidated Fund Loans, Advances and Investments
Potash Corporation of Saskatchewan**

Mr. Koskie: — That's not to be dealt with, the item on Potash Corporation of Saskatchewan.

An Hon. Member: — I mean, it doesn't matter, but it's out of order.

Mr. Koskie: — No, no. That was not itemized, nor were we prepared, Mr. Chairman, in the items that were indicated to handle today. And we want to ask, certainly, many questions in respect to the potash corporation expenditure, and we're not prepared to let that go.

Mr. Chairman: — I'd like to thank the minister's officials.

Hon. Mr. Lane: — Mr. Chairman, I'd like to take the opportunity before the committee to thank the officials from the Department of Finance for their help and assistance. Thank you.

Mr. Koskie: — Yes, I too, Mr. Chairman, would like to take the opportunity to thank the array of officials who, as my colleague indicated, had the difficult job of directing the Minister of Finance. I thank them all for their efforts.

The committee reported progress.

MOTIONS

**Referral of Bill to Standing Committee on
Non-Controversial Bills**

Hon. Mr. Berntson: — Mr. Speaker, by leave of the Assembly, I move, seconded by the Minister of Finance:

That the order for second reading of Bill No. 99, An Act respecting Consequential Amendments to

Certain Acts resulting from the enactment of The Small Claims Act, be discharged, and the Bill be referred to the Standing Committee on Non-Controversial Bills

Motion agreed to.

COMMITTEE OF THE WHOLE

**Bill No. 62 — An Act respecting Securities in
Saskatchewan**

Clause 1

Hon. Mr. Lane: — Mr. Chairman, with me is Mr. Bill Wheatley, chairman of the securities commission; Miss Barbara Shourounis, registrar; and Dean Murrison, legal review officer.

Mr. Shillington: — Thank you. Mr. Minister, contrary to what has been our practice in many Bills, on this one I intend to make some general comments — and others might make general or specific comments — but I intend to make some general comments under the first . . . under clause no. 1, then the specific comments which I have I intend to make under the various clauses, so I say to the minister that the . . .

An Hon. Member: — He's actually read this Bill.

(2230)

Mr. Shillington: — Well I guess we'll see, won't we, as we got through the Bill, I say to the member from Morse.

Mr. Minister, I want to complain, and do so in the strongest possible terms, about the inability of the government to properly administer the area of securities. Mr. Minister, the consequences of your incompetence are perhaps more obvious here than they are in some other areas. They've really been spectacular.

This area, Mr. Minister, was no place for your government's patronage, and it was certainly no place for the petulance of the former minister, the member from Maple Creek. And I can only describe her treatment of the officials of the former chairman as being petulant. Mr. Minister, petulant — petulant is spelled T-o-r-y — that's how I spell petulant.

Mr. Premier, it has cost the Saskatchewan taxpayer enormous sums of money. I know that this is a difficult area. These Bills are esoteric in nature and difficult for the public to follow. Mr. Minister, your inability to administer this area, your firing of the former chairman, Ken Stevenson, for what I believe was an attempt to do his job, has cost the Saskatchewan taxpayer enormous sums of money. Your failures, your failure to regulate the securities business and the financial services business has been the results — to use the language of my 12-year-old — have been awesome.

We have seen, Mr. Minister, we've seen Pioneer Trust; we've seen Principal Trust. The revelations about the latter go on day after day after day. It was a hot issue last summer. A year has come and gone, the temperature's

gone back up to the '30s, and we still are dealing with the Principal Trust issue. And the Principal Trust issue is a number of things, a number of failings, but it's also a failure of your government to regulate the securities industry.

Mr. Minister, there are some improvements in this legislation, but if your government's is not going to enforce it, then, Mr. Minister, we are wasting our time tonight; it isn't going to do a bit of good.

Principal Trust, Mr. Minister, went for two years, if I'm correct, did not file financial statements required under The Investment Contracts Act. Was anything done about it? No. As the member from Saskatoon indicated, that failure by your government to require the financial statements — which incidentally didn't exist . . . There was a good reason why you weren't getting quarterly statements and annual financial statements, because no firm of chartered accountants would give them an unqualified statement. That coincided, Mr. Minister, with large contributions to the Conservative Party of Saskatchewan.

Mr. Minister, I say to you again that your performance in this area has been abysmal. We've seen the Pioneer Trust fiasco. We've seen the Principal Trust fiasco. This government has been unable to regulate the sale of securities, the sale of investments, the regulation of financial institutions. Your failure's have been spectacular, Mr. Minister. It's cost the taxpayers an enormous sum of money, and there really should have . . . I know that there are often . . . we often call for ministerial resignations when we don't really expect them, but given the enormous size of the failures in this area, there really ought to have been some ministerial resignations.

If this legislature functioned as a parliament should function, there would have been some ministerial resignations. Mr. Minister, your failures have been spectacular. The cost to the Saskatchewan public has been burdensome, indeed. People have lost money that they could ill afford to lose.

You know, Mr. Minister, previous to this government taking office, it was assumed that if you invested your money in the like of Principal Trust or Associated or First Investors Corporation, you didn't have to worry because "they" were looking after it. Who was "they"? "They" was you people.

When our friends and our relatives were investing money and assuming that "they" were making sure it was safe, you don't have to look any further than this Chamber for "they". "They" are sitting right over there. And "they" weren't doing their job.

The very idea, Mr. Minister, of going for two years and allowing Principal Trust to continue to sell investments without filing the annual financial statements . . . There really ought to have been some resignations over this. But you people plough merrily along. You will stand up in a minute and, I'm sure, make some inane excuse. In the meantime, Saskatchewan people are out a lot of money because of your incompetence.

Hon. Mr. Lane: — Well, I think the public are inured to the hon. member's extreme statements. And let me simply advise him that with regard to the Principal Group, the Securities Commission had an involvement to the extent of dealing with the sale of mutual funds under the existing legislation. That, I'm advised, was the limit to their obligations and powers, and I am advised that the mutual funds activities under the Principal Group of companies, the mutual funds are fairly much in good shape, I'm advised.

The other activities come about through other regulatory actions. Obviously the Code inquiry will have some influence on how governments view the actions of their relationship with the Principal Group of companies.

So I think the member is being unfair when he tries to draw in the Securities Commission to a regulatory activity that did not have the statutory power to act upon. And I think we should recognize in the narrow activity that it had under the previous . . . the existing legislation — not the present Bill or the Bill before the Assembly — that they were limited to that component, being mutual funds, and I'm advised that mutual funds seem to be in reasonably good shape.

So I'm only asking out of fairness that you may criticize the regulatory activities, much more broad than dealing with the Securities Commission. Securities Commission, within the framework that it has responsibility for, I would doubt that the hon. member can really find criticism. He can make the political statements, but I don't believe he can find criticism.

Mr. Shillington: — Well, Mr. Minister, I note in section 166 that The Investment Contracts Act is repealed. And I note also that, Mr. Minister, in my reading of this legislation — and I'm sure the minister will correct me if I'm wrong — that hereafter these type of investments will now come under the Securities Commission. So I think this is relevant.

Mr. Minister, what bothers us is that one year has gone by. We began last year at about this time asking the member from Maple Creek about this issue. It's all on those . . . (inaudible interjection). . . Right. On those rare occasions when she graced the House with her presence, she never admitted that there was anything wrong with going for two years without receiving the financial statements. She has never once said, yes, we should have had the financial statements for the 1985 year. She never said that, nor has this government ever admitted there's anything wrong with going for two years without getting the financial statements, which were just not available. No firm of accountants would give them an unqualified statement.

So, Mr. Minister, this is relevant to this, the Bill, and it's relevant that you people have never admitted your role in the tragedy. Complicity might be a more accurate term. Mr. Minister, we'd just like to hear you say we made a mistake, and you've never done it. You and the member from Maple Creek have insisted that you are as clean as the driven snow on the whole issue, that you did everything you should, and that the whole problem belongs to the province of Alberta.

Well it doesn't, Mr. Minister. Your officials, the officials of this government had a responsibility, and your officials sitting with you, and I'm not drawing them into the debate, they're not part of this debate — you, Mr. Minister, are now responsible, the Minister of Finance, who I think is the actual minister in charge of the Securities Commission . . . I'm told I'm wrong, it is the Minister of Finance . . . the Minister of Justice, I meant to say.

The Minister of Justice, who is responsible for this, has the responsibility for ensuring that never happens again. But never again is any one who is selling securities and investments to the Saskatchewan public ever allowed to go for two years without filing the requisite financial statements. We'd just like to get that statement out of you. There's probably not a whole lot we can do this evening in this Bill to prevent the tragedy which went before, but I and my colleagues would like to ensure it doesn't happen again. And nothing that you have said has given us any assurance that it won't happen again.

Hon. Mr. Lane: — I suppose the hon. member is talking about mistakes. And I was heartened tonight to hear from one of the members of the New Democratic Party opposition that they had nothing to do with the potash nationalization, and it wasn't them; that they weren't around then and that it was a mistake. That's the first one, but then I heard a couple of other members that were in that former administration who are standing by their decision. So I . . . again, I think the hon. member certainly alluded to the fact that . . . no one wants to see investors lose through that, and as the Code inquiry unfolds, I think the situation with the company is going to lead to a rather, I suspect, lengthy and perhaps even damning report, if one can accept the newspaper reports as to that inquiry.

I do believe that the hon. member, in fairness, has to remember that there were questions as to an inquiry here. I don't think the public would have been well served with a, basically a year-long inquiry, and it's going to go on quite a bit longer in Alberta. That was a request that we had last summer. The question ultimately will be decided, and I'll grant this to the hon. member, and I think that the Code inquiry results will be an influence on several governments' responses. Ultimately were any errors made? If there were errors, were people prejudiced as a result of the errors? — and those are the fundamental questions that have to be answered. I don't think it's fair to make those decisions without the Code inquiry.

(2245)

We've indicated on numerous occasions we don't rule out the inquiry if that's what it takes, but we're better served and the people are better served to await the Code inquiry. That's all I'm suggesting to the hon. member.

Secondly, the hon. member does make reference to The Investment Contracts Act, and that is a change that that now comes under the Securities Commission by virtue of the Bill before the Assembly. And that will then require, similar now to other jurisdictions, that the investment contracts be treated like other securities, with the reporting procedures that are set out in the Act. So I think

we would both agree that, even without the Principal inquiry, the action in principle is probably a good idea, and that is in fact being done in this legislation before the Assembly.

Mr. Shillington: — Mr. Minister, nobody's asking for a Code inquiry in Saskatchewan. What we were asking you to do is do your job. Principal Trust, Associated Investors, and First Investors were not allowed to sell in the province of Ontario because they weren't meeting the standards of the province of Ontario. Our standards are identical, and you let them sell, and it cost the taxpayer tens of thousands of dollars. That is what we're complaining about, Mr. Minister, is that you let them sell those securities when they weren't meeting the standards of this province.

Hon. Mr. Lane: — But keep in mind that they were selling in the province of Saskatchewan, I believe, since the 1950s and early '60s under those very provisions, so to leave the impression that it was recent is not accurate. They were selling here for a long period of time, and under the provisions of Saskatchewan legislation.

Mr. Koenker: — Thank you, Mr. Chairperson. Mr. Minister, the difference in that regard is that the previous administration enforced the securities legislation, and that's precisely the point here tonight, that you can introduce new securities legislation, and if you have no resolve to enforce it, it means nothing. So this is of the essence here tonight.

And you would like to pretend, initially, that this legislation has nothing to do with Principal Trust, that the Securities Commission has had nothing to do with the Principal Group. Do you deny that in 1986 your Securities Commission did conduct an investigation into the Principal Group's actions in Saskatoon? Do you deny that?

Hon. Mr. Lane: — Except that I'm advised that that dealt with mutual fund sales. And I've said at the outset that the Securities Commission, under the previous legislation, had responsibility in the mutual fund sales. So certainly that investigation went on, but dealt with exactly what I had said at the outset as to the area of responsibility for the Securities Commission.

So all I'm asking the hon. member, that if you're critical, I mean, don't blame the Securities Commission for the legislative powers that they were acting under before. And I've said, on the mutual funds, that that's where the limit of their regulatory authority was, and that on the mutual funds that I'm advised that they're in good shape; the Principal Group of companies' mutual funds are in good shape.

So all I'm saying is that I'm not denying there was an investigation. It dealt with the sales of the mutual funds and not the investment contracts. The investment contracts will now be moved under the jurisdiction of the Securities Commission under the legislation before us, but that wasn't their regulatory authority before.

Mr. Koenker: — Do you deny that there was fraud in the Saskatoon office of Principal Trust with respect to the sale

of those mutual funds?

Hon. Mr. Lane: — I'm not trying to be picky. I'm trying to be precise. You indicated, was there fraud. That's not the information that I have. There were forgeries alleged of sales personnel signing, obviously, others' names to documents. That practice was investigated and action was taken. I'm not . . . as I say, I'm trying to be precise, given the criminal nature of the statements used; that's all I'm trying to do here.

Mr. Koenker: — In order to be precise, if there was forgery in the Saskatoon office of the Principal Group, can you confirm that?

Hon. Mr. Lane: — Not really. I confirm that there were allegations. I'll have to check and see if there was a criminal resolution of the matter and whether the courts did in fact make that ruling. I don't believe they did.

My understanding was that the decision as to prosecutions went to the Department of Justice, and on their advice, no prosecution. So I'm not aware if there was a final determination. And again, I'm not . . . I'm sure that the Leader of the Opposition will understand the difficulty I have in responding to the questions.

But there were the allegations of forgery. Employees were dismissed on investigation. My understanding was there was not a court determination of the criminal offence and that the decision not to prosecute was done with the Department of Justice as in the normal course.

Mr. Koenker: — Well, Mr. Minister, this illustrates very clearly the kind of concern that we have on this side of the House with respect to your will or ability to implement your own legislation and to properly regulate in the field of securities and investments. What you're really saying, in that it didn't go to court and that it was handled by the Justice department, is that your securities people, in conjunction with the Department of Justice, winked and nodded when there was forgery found in the office of the Principal Group in Saskatoon in 1986.

And I contend that, as my colleague has said earlier this evening, that when it came to enforcement of The Investment Contracts Act, section 25, by the former minister from Maple Creek with respect to the filing of quarterly financial statements, that minister and that department also winked and nodded.

So we have a couple of instances here of very clear regulatory failure from your government and your government's minister, who are either unwilling or unable to enforce their own legislation.

I simply will leave it at that, that this legislation, this new securities legislation matters not a whit if there's no resolve to enforce it and to regulate properly. And I dare say that the public of Saskatchewan ought not to bear the risk in making investments that their own government is not regulating. That's damning, Mr. Minister. And I'll just leave it at that.

Some Hon. Members: — Hear, hear!

Hon. Mr. Lane: — I would like to make it clear to the hon. member that when the Securities Commission investigated, the employees were dismissed. So to say that there was no enforcement is not quite fair.

Your point that prosecution sometimes . . . that incidents don't result in prosecutions, there can be any one of a number of reasons for it, including the ability of prosecutors to determine whether there is the evidence needed to prosecute the charge. That's a judgement call that I think it fair to say the Leader of the Opposition and . . . (inaudible interjection). . . No, I think it fair to say that we've had a practice in this province that the ministers of justice and attorneys general do not interfere in those. Those are calls made by prosecutors. That's been the practice. I'm not here to indicate that they did less than their job when they reviewed the evidence, but I do want to indicate that employees were dismissed upon the investigation of this matter.

Mr. Shillington: — Thank you very much, Mr. Minister. I want to know whether or not this Bill is a uniform Bill in the sense that the same Bill is being submitted to various jurisdictions, and if it is, what is the authorship of the Bill?

Hon. Mr. Lane: — No, it's not what we would call uniform legislation. It is similar, and certainly there's been a strong working relationship with the various jurisdictions. It is based on Ontario, very similar to Quebec, Alberta, British Columbia, and Manitoba, but it's not what we would call uniform legislation, which is traditionally legislation very much precisely along the lines. It's not uniform in that context.

Mr. Shillington: — Mr. Chairman, I direct this to the chairman. This is a very long Bill, and if we really want to know the meaning of eternity, we can try going through this section by section. I have a suggestion to make which I think could be done by unanimous consent. I'm sure there's 5,000 reasons why it can't be done and 6,000 rules covering them, but I have the following suggestion. If I am the only person who has questions on individual sections, and I don't know that that's true, but if I am, we could simply proceed to the sections where I have questions and not ask approval of each individual section in between, and that would speed us through in a fraction of the time it would take. If the Government House Leader prefers to go through it page by page, we can do that as well.

Mr. Chairman: — There is amendments to clause 81 and clause 96. We could approve it to clause 80.

An Hon. Member: — Let's just go through it page by page.

Page 1 agreed to.

Pages 2 to 12 inclusive agreed to.

Page 13

Mr. Shillington: — Mr. Minister, you have increased the number of commission members from four to six. I'm wondering why you've done that?

(2300)

Hon. Mr. Lane: — It will allow the commission to obviously broaden the experience of people to be appointed, but secondly, it allows them now to establish panels for hearings.

Page 13 agreed to.

Pages 14 and 15 agreed to.

Page 16

Mr. Shillington: — Mr. Minister, section 9, and the notice provided for the hearings — I didn't see an equivalent for this in the old section, actually. I don't particularly object to it. I'm just wondering in what circumstances that would be of use?

Hon. Mr. Lane: — I'm advised that these provisions were in regulations before.

Page 16 agreed to.

Pages 17 to 20 inclusive agreed to.

Page 21

Mr. Shillington: — Mr. Chairman, as far as I'm concerned, we can approve of part 3 as a whole. I have no questions on part 3.

Mr. Chairman: — Is part 3 agreed? Carried.

Page 28

Mr. Shillington: — Did we not approve part 3? Then we're on page 28.

If I understand this correctly, we used to require financial statements. Now we're allowing audits. It doesn't seem to be a great burden to require them to send financial statements. All it costs is a 37-cent stamp and they mail it in.

I don't believe, Mr. Minister, that providing for audits provides nearly the same protection. Now I'll stop there, and perhaps the minister will tell me that I'm wrong, that we used to . . . But it seems to me we used to require financial statements, and now we simply allow audits. And I'm wondering why the change.

Hon. Mr. Lane: — Well, financial statements are still required by section 24.

I think *Hansard* may be having some difficulty. I think if we do parts, if we can indicate to *Hansard* that we have gone from page such-and-such to the next page, so that they can follow along. Is that . . . Thank you.

Page 28 agreed to.

Page 29

Mr. Shillington: — I always get suspicious when I see the word, "self-regulation". This, I think, is new. At least the

title is new. I'm wondering, Mr. Minister, if in the era of everything from Pioneer to Principal to Osler, if we really need a degree of self-regulation in the securities industry?

Hon. Mr. Lane: — Well this would refer to the investment dealers association, the stock exchange, for example, as approved by order in council as set out in clause 8.

Mr. Shillington: — Mr. Minister, I question whether or not there's any room for self-regulation in an industry involving such enormous sums of money. It is one thing to allow some businesses to regulate themselves — that may make some sense, it's been used in the professions for a long time — but with respect to securities, there is enormous sums of money involved, and the presence of enormous sums of money doesn't always bring out the best in people.

And I'm really wondering if there's any place for self-regulation in this whole area at all. There are very few areas that have distinguished themselves over the last three or four years with respect to self-regulation, and the problems here have just been endless.

Mr. Minister, our jurisdictions have a reputation for being pussy-cats when it comes to regulating some of these things. We allow some things that the U.S. jurisdiction would not allow, and here I see we are moving further in the area of self-regulation.

I say, Mr. Minister, I don't think there's any place for self-regulation in an area which involves the exchange of as much money as this does, and the opportunity for the enormous profits and the enormous short cuts — if I can be very kind to them — the enormous short cuts that are sometimes taken here. I say, Mr. Minister, I think there's no place for self-regulation in the securities industry at all.

Hon. Mr. Lane: — I'm not debating the merits of self-regulating or demerits of self-regulating; I do indicate to the hon. member the difficulties. And I think other jurisdictions have wrestled with the difficulties of regulating, for example, a stock exchange. And they trade not just beyond or within the borders of a particular jurisdiction, in many cases they trade internationally.

I'm not debating the point with the hon. member. I'm just raising the difficulty, for example, of trying to regulate a stock exchange or a commodity exchange. One may say that they don't have a place; I think that realistically they are here and others have wrestled with the difficulties. And keep in mind that we are not giving up our jurisdiction, that we still have the approval requirement of the Lieutenant Governor in Council.

So I think it's a realistic recognition of the stock market that there are some rather imperfect regulations out there now, regulatory agencies now. Other jurisdictions have looked at it and haven't come up with solutions yet.

Mr. Shillington: — Mr. Chairman, I have no questions on part . . . That takes us then to part VI; I have no questions on that. And if that's agreed that takes us from page 33 to page 38.

Hon. Mr. Lane: — Just to clarify that takes us from page 29,

part V through to page 38.

Page 38 agreed to.

Page 39 agreed to.

Page 40

Mr. Shillington: — There is, Mr. Minister, a new exemption here, I believe, unless again I'm mistaken. And I guess I haven't been so far, so I'm not doing badly.

Section 39(1)(e) appears to provide a new exemption. I wonder what exactly the . . . Perhaps I'm wrong. If I am, I'm sure the minister will correct me, but if it does provide a new exemption, I would be interested in knowing the reason for exempting this.

Hon. Mr. Lane: — That was an exemption, though, that was previously there at \$97,000, and that goes back some considerable time. It's just been increased to 150,000.

Page 40 agreed to.

Pages 41 to 51 inclusive agreed to.

Page 52

Mr. Shillington: — Thank you very much. I've been asked by *Hansard* to specify the clause and this is a very long section. It appears to be section 39 which began on page . . . Section 39, beginning on page 39, is still trolling along nicely on page 52.

It appears, Mr. Minister, that we are . . . I refer you to clause (1). We are omitting "a security issued and sold by a prospector for the purpose of financing a prospecting expedition." I'm wondering why this is being omitted. In the old Act, I think this was called a grub stake. I'm wondering, Mr. Minister, why this is being omitted.

Hon. Mr. Lane: — No, it's the same provision that's in the old legislation. The hon. member's right — prospector's grub stake. It's carried over from the previous Bill.

Mr. Shillington: — Mr. Minister, there's section (p) then, provides for yet more securities which will be exempted by regulation. What precisely does the department, does the commission rather, anticipate exempting under section (p)? Again it's section 39, beginning on page 39 — this gets very awkward with something this long — subsection 2, sub-subsection (p).

Hon. Mr. Lane: — The advice I have on clause 2, subclause (p) is that it is merely a provision for the commission, that there are so many new types of securities coming down, that rather than bring it back for legislative change all the time, that they have the power by regulation, if a new security comes along, to define it and exempt it or reject it.

Mr. Shillington: — All I can say, Mr. Minister, is I hope you'll show a good deal more deference to the average investor and a great deal less deference to those who are selling them than you have in the past when you make these exemptions. There's altogether too little protection

given in this whole area to the investing public, and far too much deference paid to those who sell them and those who issue them.

Page 52 agreed.

Page 53

Mr. Shillington: — What are the futures? As I read this, this includes a farmer who sells a futures contract on his crop. And I see the officials vigorously shaking their heads. Perhaps through the minister they'll enlighten me as to why the language . . .

No person shall trade with . . . commodity future contracts in Saskatchewan unless: . . .

It seems to me, Mr. Minister, that language is broad enough to include a farmer who sells his crop by virtue of a future contract.

Hon. Mr. Lane: — If we go back to the definition section, you will find that it's commodity futures traded on exchanges, so it doesn't include the farmers.

Mr. Shillington: — That may be so; that may be so.

Page 53 agreed to.

Pages 54 and 55 agreed to.

Page 56

Mr. Shillington: — Now this I assume, Mr. Minister, is the section which governs the information which must be given to an investor who buys 100 shares in the Royal Bank of Canada because he thinks the price is going up or because he thinks the dividend is attractive.

(2315)

Subsection 42(1)(d) requires the dealer to provide "the name of the person or company from, to or through whom or which the security was bought and sold." How would you come by that information? You can provide the exchange, but I'm not sure where you're going to get the name of the person or company that the security was bought from.

(2315)

Mr. Shillington: — Mr. Chairman, if I can just make a noted comment, I don't think this information's been provided for half a century. If I buy securities, if the Chairman decides to invest his many millions in the shares of the ABC moose pasture and buys them through the Toronto Stock Exchange, the shares may come from anywhere in the world, and I'm not sure how one would get the information required in subsection (d).

Hon. Mr. Lane: — Except that this is the same as the section 74 in the old Act, and it really . . . all it does, and it's a standard practice — if someone buys shares from a dealer, they will get a statement after as to the amount. It's like your bill, and that's the information that's forwarded, required to be forwarded in the past.

Mr. Shillington: — I know it's the same as the existing section, but that doesn't mollify me one bit. There's no way of providing this information.

Mr. Minister, if the chairman sells 100 shares . . . say if he buys 100 shares in the Royal Bank, the seller may live in Tuktoyaktuk, they may live in Des Moines, Iowa, they may live in Paris, they may be sold through any one of a million brokers. What actually happens, the actual process is the chairman takes his bulging wallet down to the brokerage in Saskatoon, opens it up, the moths fly out, he pulls it out, and then he's going to buy his shares. The broker calls the Toronto Stock Exchange or the Montreal Stock Exchange. They, in turn, have an electronic system by which they know what shares are available, but there's no way in the world of ever knowing the name of the person in Tuktoyaktuk, Des Moines, Iowa, Paris, or London who sold you the share. This just won't work. You may blissfully ignore it if you like, but it won't work.

Hon. Mr. Lane: — In the vast majority of cases, he's acting as broker, not as agent. I think your questions come from (d), which says, where he's acting as agent, he then is required — he's obviously acting on behalf of someone — he then is required to declare; otherwise I'm advised that it's that statement that one gets . . . If one buys shares, you'll get a statement of the purchase price, the commission, and the number of shares.

Mr. Shillington: — Mr. Minister, I'm not going to keep us here all night, but this guess is no better than your last one.

The chairman goes down to get the shares in the Royal Bank of Canada, the broker is acting as his agent. On rare occasions, the broker will own 100 shares in the Royal Bank of Canada which he's prepared to sell to the chairman. The broker must then indicate on the confirmation sheet that the broker is selling as principal. And that's the only circumstance under which the broker doesn't sell as a agent, when he's selling his own shares or the shares of his own firm. Otherwise, if he's buying them through an exchange in Montreal or New York or Toronto, he's selling as an agent.

Mr. Minister, your last explanation was no better than the one went before it. I'd ask you to try again . . . (inaudible interjection) . . . I don't think he has any idea what he's talking about.

In one fashion or another, more through my work as a lawyer than an individual, I've been buying these things for 20 years. And I'll tell you, Mr. Minister, this information is not available and cannot be provided in any case.

Hon. Mr. Lane: — Well we think that . . . (inaudible interjection) . . . No, we're not wrong. In many cases what may be happening, if someone for example buys shares through Wood Gundy, and they may have acquired it from, say, another brokerage house, it will probably have a code on it, and there's a provision in here that they may use codes. And they advise that that's how the transaction would be indicated to the buyer.

Mr. Shillington: — Mr. Minister, it's too late at night to

continue this argument. I tell you you're wrong about this. It doesn't appear on any of them. I can show you half a dozen confirmation slips from half a dozen brokerage firms; the information isn't there. Nobody wants it, nobody needs it, and nobody, quite frankly, needs this subsection (d).

You don't provide the name of the person you bought it — through whom — that is not known. And it would be an enormous job to actually find out who in Des Moines, Iowa, sold 100 shares, in our mythical case, to the chairman.

I'm not going to keep it up, Mr. Minister, but this section is nonsense. It just is not done, cannot be done in today's electronic system.

Hon. Mr. Lane: — I hope the hon. member will give me all those slips that he has just offered, confirmation slips offered to give.

Page 56 agreed to.

Pages 57 and 58 agreed to.

Page 59

Mr. Shillington: — The old section 78 provided a right of rescission. That doesn't seem to have been carried forward into the new legislation. I see the officials shaking their heads, so perhaps it has been. I'll wait for the minister to confirm it has been, in fact.

Hon. Mr. Lane: — The rescission rights are set out in section 79, I'm advised.

Mr. Shillington: — Another comment I have about section 46 is, is there's a typo in it. I don't intend to take a long time, but there are, by my count, 146 words in that sentence — and I've a complaint about that — and I don't see a verb. I think there's a mistake in the printing of this particular section. It just does not make sense, Mr. Minister.

So I don't expect your officials to . . . I know the position of the minister opposite is that he can do no wrong and has done no wrong, but I think this section does not make sense as it stands.

Hon. Mr. Lane: — If you want to write out a House amendment, I'd be more than pleased to entertain it and consider it.

Mr. Shillington: — Mr. Minister . . . Mr. Chairman, Mr. Minister, two years hence, when I have your job, we won't need House amendments, we'll be coming here with Bills properly drafted. I'm not the minister of Finance, and I'm not drafting amendments.

Hon. Mr. Lane: — I've always been prepared to accept reasonable House amendments, and I just wanted to indicate that to the hon. member. And I was not in any way trying to pry what commitments the hon. member had made with the Leader of the Opposition.

Page 59 agreed to.

Pages 60 to 63 inclusive agreed to.

Page 64

Mr. Shillington: — Mr. Chairman, part X — I'm probably going to take longer to explain this than it would have taken to go through it the other way — part X is unchanged except for the increase in the minimum, actually, to 150,000, and I think we could approve part X beginning at section 57 on page 64 and ending at section 58 on page 66.

Page 64 agreed to.

Page 65 agreed to.

Hon. Mr. Lane: — I do want to mention to the hon. member in section 46 that he couldn't find the verb; that we have found the verb and it's in the second line.

Page 66 agreed to.

Page 67

Mr. Shillington: — Mr. Minister, section 59, why would we not give this to people who are investing in it, the price paid to the underwriters? With respect to sale of some securities, the underwriters charge enormous amounts, and I'm wondering why we would omit that? Why would we omit information which seems to me to be necessary to figure out what the underwriters charged?

Hon. Mr. Lane: — It has to be in the final prospectus; it may not be set in the preliminary prospectus. That's why it can be omitted.

Page 67 agreed to.

Page 68

Mr. Shillington: — Thank you. I think, Mr. Chairman, we can approve the balance of this part which will take us to, and we can approve all of part 12 which will take us to section 79.

An Hon. Member: — Page 79.

Mr. Shillington: — The minister's correct. It's page 79, section 80.

Pages 68 to 79 inclusive agreed to.

Clause 81

Mr. Chairman: — Clause 81 of the printed Bill. House amendment to Clause 81 of the printed Bill. Will the members take the amendment as read?

Clause 81 as amended agreed to.

Page 80 agreed to.

Pages 81 and 82 agreed to.

Page 83

Mr. Shillington: — As far as I'm concerned, Mr. Minister . . . or, Mr. Chairman, rather, we can approve everything up to the end of part 13 which ends at section 83 on page 96.

Page 83 agreed to.

Pages 84 to 99 inclusive agreed to.

Page 100

Mr. Shillington: — Mr. Chairman, again, I know the hour is getting late. I think we could go to the end of part — my roman numerals are not good — part XIV, which takes us to section 97.

Mr. Chairman: — House amendment to clause 96. Will the members take the amendment as read?

Clause 96 as amended agreed to.

Page 105

Mr. Shillington: — Mr. Minister, I just asked the Securities Commission to look at this, and I'll be very brief. This is one of the very serious problems with the sale of securities; it involves take-over bids. I think there's a crying need to have legislation which requires all classes of shareholders to be treated equally. Mr. Minister, it seems to me that the current practice of buying voting shares without buying non-voting shares could create some serious inequities. I just raise the point, and I would ask the commission to look at it.

(2330)

Hon. Mr. Lane: — I'm advised that the securities commissioners are in fact looking at that problem.

Page 105 agreed to.

Pages 106 to 124 inclusive agreed to.

Page 125

Mr. Shillington: — Mr. Minister, again the same comment. Insider trading has been a major problem. This seems to me to be largely the old legislation which hasn't done the job before, and I'm not sure it will again.

Mr. Minister, one of the things that was in section 121 of the old section provided that those who didn't have the knowledge, and were therefore treated unfairly, could sue, and that seems to have been left out. If it's in somewhere else, I'd appreciate knowing that, but that seems to me to be a very useful remedy to leave the shareholders.

Hon. Mr. Lane: — I am advised, as we go through the insider trading itself dealing other parts, the fines are now up to \$1 million, and there are now penalties for passing on information as well, not just using. So there has been an expansion of the penalties, an increase in the size of the penalties, but an expansion of the offences.

Mr. Shillington: — That doesn't exactly answer my question. Why leave out the civil remedy which was given to those who didn't have the knowledge? It appears to me to have been left out.

Hon. Mr. Lane: — It's in part XIX.

Page 125 agreed to.

Pages 126 to 135 inclusive agreed to.

Page 136

Mr. Shillington: — Mr. Chairman, those are all of the questions I had on the legislation actually. Unless members want to mechanically go through these pages one by one, it seems to me we could simply approve the balance of it without going through the pages.

Mr. Chairman: — Is the Bill approved to Clause 167 — coming into force? Carried.

Hon. Mr. Lane: — Could I take the opportunity, Mr. Chairman, and members of the Assembly, to thank the officials from the Securities Commission for their help and assistance.

Mr. Shillington: — Yes, I'd like to join with the Minister, particularly at such an ungodly hour of the night, to have them there. I do appreciate it.

The committee agreed to report the Bill as amended.

THIRD READINGS

Bill No. 62 — An Act respecting Securities in Saskatchewan

Hon. Mr. Berntson: — Mr. Speaker, I move that the amendments now be read a first and second time.

Motion agreed to.

Hon. Mr. Berntson: — By leave now, I move this Bill be now read a third time.

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

The Assembly adjourned at 11:36 p.m.