

AFTERNOON SITTING

INTRODUCTION OF GUESTS

**Mr. Calvert:** — Mr. Speaker, it's my real pleasure today to be introducing to you, and through you to all members of the House, 41 students from grades 4, 5, and 6 at St. Mary's School in Moose Jaw. I want to, on behalf of all members, welcome the students and to particularly welcome them because, Mr. Speaker, St. Mary's School is about one block from our house and so I feel like I'm welcoming many neighbours in the Chamber today.

With the students from St. Mary's are Mr. McGrane, Mr. Pearce, and Mrs. Whitney. I look forward to meeting the students later this afternoon and ask all members to help me welcome them here.

**Mr. Calvert:** — Hear, hear!

**Mr. Upshall:** — Thank you, Mr. Speaker. Mr. Speaker, it's my pleasure to day to introduce a group of students from McClellan School in Young, Saskatchewan, which is my home town. They are accompanied by their teacher Connie Fritzler, Merv and Vivian Zerbin, Bill Cline, and my wife, Lee Upshall.

I hope they have a good time today and a good tour of the legislature. I'll be meeting them later for drinks and questions on the front lawn. I'm also very pleased because my daughter in one of the students in the class. So I'd like all members to welcome them here today.

**Hon. Members:** — Hear, hear!

**Hon. Mr. Klein:** — Thank you, Mr. Speaker. Mr. Speaker, this afternoon I have two of my constituents from Regina South in your gallery, Ken and Margaret Marsden, and they are here with some family members that reside in Bolton, England, Freda and Bill Starkie.

They have been visiting here for about a month. They are going to be leaving for home in England very soon. We would thank them for including a visit to this legislature in their visit to Saskatchewan. We hope that they enjoyed their stay and we wish them a safe journey back to England.

Welcome.

**Hon. Members:** — Hear, hear!

**Mr. Trew:** — Thank you, Mr. Speaker. It gives me a great deal of pleasure today to pinch-hit for the member for Regina Elphinstone and ask members of the Assembly to join me in welcoming — there's 45 students from Wascana School, accompanied by their teacher Conrad Nelson.

But in addition to that group, we have an informal addition, most of which is from my constituency of Regina North, former students of Mr. Nelson whom he met outside while he was having his tour with the Wascana School. And there's about a half a dozen students from McGuigan and Robert Usher which, as I

mentioned, is in my constituency.

So please join me in welcoming the two groups that have amalgamated to one, and I hope you enjoy the proceedings in the legislature.

**Hon. Members:** — Hear, hear!

ORAL QUESTIONS

Acquisition of Develcon

**Ms. Atkinson:** — My question, Mr. Speaker, is to the Minister of Science and Technology and it concerns the bail-out of Develcon in Saskatoon. Mr. Minister, there have been press reports that your government blocked attempts by Canadian Marconi of Ottawa in a possible acquisition of Develcon in favour of an acquisition by Fairfax Financial Holdings of Toronto, a deal which included a \$7 million loan from SEDCO (Saskatchewan Economic Development Corporation).

Mr. Minister, if this is the case, why would your government freeze out Canadian Marconi from a possible acquisition?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, my simple answer to the member opposite would be that the government did not freeze out an offer from Marconi.

**Ms. Atkinson:** — Supplementary. Mr. Minister, I have here a letter from the Canadian Marconi Company to the board of directors of Develcon and it's dated March 17, 1988, and it states the following: "We understand . . ."

**Mr. Speaker:** — Order, order. Hon. member knows why I've risen, I'm sure.

**Ms. Atkinson:** — Mr. Speaker, it's a new question then. As I was saying, the letter states:

We understand that should you elect to authorize conditional acceptance of that proposal, you are being required (and I underline required) to concurrently prohibit Develcon from pursuing any further discussions of negotiations with us.

If your intention, Mr. Minister, was to get the best possible deal for the taxpayers' money, why would you favour one company's proposal and disallow another from even investigating the possibilities of acquiring Develcon?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I would point out to the member opposite that a quote from one of the shareholders at the recent meeting that they had when they authorized the company to go ahead with the Fairfax deal, and I would simply say that the shareholder was quoted as saying that:

Develcon met with a number of interested parties over the year and held detailed investigations, but

only one transaction reached the point of being an offer, and it's this one.

And that's in reference to the Fairfax, so whether or not there were discussions with Marconi, and I assume that there were, there certainly, according to the statement made by the shareholder, there was not any offer put forward by Marconi and I would simply reiterate again that the provincial government did not have anything to do in so far as whether Marconi had an offer there, or whether it could be accepted by Develcon or not.

**Ms. Atkinson:** — A new question to the Minister of Science and Technology. Mr. Minister, you have given Fairfax \$7 million to loan to Develcon, and the money is secured against Develcon's assets. The holding company, DEI, which is a subsidiary of Fairfax, stands to profit on the showing Develcon makes in the stock-market.

In essence, Mr. Minister, DEI has been given \$7 million to play the stock-market, and that money is secured against the Develcon property, as it would have been secured had you simply loaned the money to Develcon directly. Fairfax, in this case, Mr. Minister, reaps the profits on this \$7 million loan, and Saskatchewan taxpayers are at risk. How is that, Mr. Minister, a good deal for Saskatchewan people?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, the Government of Saskatchewan has provided a good deal of support to the high-tech industry in this province over the last five to six years and will certainly continue to do so in the future. There's no doubt about it that Develcon has very good products and has very good people on staff, but I think the member opposite must keep in mind the fact that over the last three years that losses at Develcon total some 16 and a half millions of dollars.

And the feeling, as was mentioned in the article in the *Star-Phoenix* today, had indicated that simply putting more money into the company was not the answer. I think that we felt that the company also had to be looking at seriously what their plans were going to be. In so far as the loan with SEDCO (Saskatchewan Economic Development Corporation), if you want some more details from SEDCO, I would suggest that you get in touch with them or ask the question of the minister.

But there was negotiation, there's no doubt, between SEDCO and Fairfax with regard to the loan. And as I understand it — and the only information that I have on that is the fact that they have been given an interest-free period, I believe up until 1990, when they will not be paying this particular interest — but this was a contract that was negotiated between SEDCO and the company involved. And I would suggest that if you want more detail on it, you'll have to get that from them, because I don't have it.

**Ms. Atkinson:** — Supplementary. Mr. Minister, as I understand the deal, SEDCO loans DEI \$7 million, and DEI pays no interest for two years. DEI then loans the \$7 million to Develcon, and they are expected to pay interest

at commercial rates of 9.75 per cent on \$7 million.

Mr. Minister, you didn't answer the question. Why should Fairfax reap those kinds of profits while they don't have to pay back any of the interest for two years and Saskatchewan people take the risk? How is that a good deal, Mr. Minister, for Saskatchewan taxpayers?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, the member asks how this is a good deal for the province of Saskatchewan. The fact of the matter is that we still have a very good company that's employing a good number of people in the province of Saskatchewan. We anticipate, with the new products that they're going to be coming forth with within the next few months, that it is certainly going to be providing more income, more revenues for the province of Saskatchewan. It's going to be securing those particular jobs. So I think that there's no doubt about it that that's good for the province of Saskatchewan.

We also know that the company is going to be remaining in Saskatoon. There has been, of course; the shareholders of Develcon of course are not just from Saskatchewan, never have been. They're from all across the country. So we feel good about the fact it's remaining in Saskatoon, and I would hope that as time goes on that they will be able to get their new products going and in fact they will become a very viable company again.

**Ms. Atkinson:** — Final question. Mr. Minister, why would you block a deal which involved no investment on the part of the Saskatchewan treasury in favour of one which does nothing but possibly allow a financial holding company to make a quick profit while leaving all of the risk to Saskatchewan taxpayers? Why would you do that?

**Hon. Mr. Meiklejohn:** — Mr. Speaker, as I've already indicated to the member, the Government of Saskatchewan did not block a deal with Canadian Marconi. In looking at the comments that were made by the shareholder at the shareholders' meeting, a substantial offer from Marconi apparently was never received because the indication was that the only offer that was received was the one from Fairfax, and that in fact was the one that was accepted by the board of directors and also by the shareholders.

**Ms. Smart:** — Thank you, Mr. Speaker. I also want to question the Minister of Science and Technology regarding the Develcon deal. And as Minister of Science and Technology, I suggest that he should get more of the details of this deal because the high-tech industry is depending on you to be supportive of it.

And, Mr. Minister, will you confirm that Mr. Dick MacPherson, the new president and chief executive officer of Develcon, has received a base salary of \$150,000; a \$50,000 relocation allowance; a \$75,000 signing bonus; stock options; a new Cadillac; all expenses for the Cadillac, including insurance; a \$225,000 severance package; and Develcon will pick up any settlement made necessary by Mr. MacPherson leaving his previous employer on short notice. Mr. Minister, how do you explain using SEDCO money, the

taxpayers' money, for these kinds of expenditures?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Meiklejohn:** — Certainly, Mr. Speaker, the member wasn't necessarily accurate, and I have no reason to believe that there's any difference at this time. I'm not really sure how she would expect that we on this side of the House would be aware of the particular agreement that there would be between this individual and Develcon. The only involvement that my department has had is with regard to the moneys for research and development, and nothing else.

So as far as any kind of details with contracts between this individual and Develcon, certainly I can't say whether or not that is the case. You'd have to get that information from Develcon.

**Ms. Smart:** — New question, Mr. Speaker. In June of 1988, while laying off 32 employees at Develcon, Mr. MacPherson said, the lay-offs are necessary to bring the company's cost structure in line. I ask, what kind of value are the people of Saskatchewan getting for their SEDCO money when you swapped 32 jobs for MacPherson's extensive perks package.

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I dare say that any company that has lost in excess of 16 millions of dollars over the last three years would certainly want to be taking a very good look at the way in which the company is being operated and how, in fact, they could be getting the company back to a viable position. So I don't have any doubt that decisions like this had to be made, and hopefully the company now will be back into a very good position.

**Ms. Smart:** — New question, Mr. Speaker. In March when the minister responsible for SEDCO announced the loan, she said: this assistance demonstrates the government's commitment to the high-tech industry in Saskatchewan generally, and in particular to the approximately 180 jobs provided in the province by Develcon.

That's a great commitment. But what we actually see demonstrated is a commitment to a huge salary and benefit packages for a few management personnel and lay-offs for the wage-earners. Didn't your government make any demands on Fairfax about employment levels as a condition for lending them that \$7 million in SEDCO's taxpayers' money?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Meiklejohn:** — Well, Mr. Speaker, I am not too sure whether that member has ever really been in support of the science and technology industry in this province. Certainly her actions would prove otherwise.

I've also indicated that we certainly have no way of knowing what the details are of any agreement between this individual and the company is so far as the negotiations that took place between SEDCO and Fairfax

and Develcon. I don't have the details of that particular arrangement.

I think that we can assure the member opposite and the people of Saskatchewan that we still have a lot of faith in the high-tech industry in this province. We have faith in Develcon, and I'm sure that Fairfax, in view of the fact that they're putting \$1.5 million into this particular company, they are going to be providing new management skills. They're also providing marketing expertise which I think are going to be very, very beneficial to getting this company back on its feet.

**Mr. Tchorzewski:** — Mr. Speaker, I have a supplementary to the minister. In light of the fact that he does not seem to be able to provide the answers here, will he undertake now to table the documents with regard to this deal as soon as possible in this House this week.

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I'm not sure which documents the individual is referring to. If he's referring to the documents between SEDCO and Fairfax, I would suggest that if that information is to be forthcoming, that he should ask the minister responsible for that.

**Mr. Tchorzewski:** — Supplementary, Mr. Minister, will you undertake to table all of the relevant information regarding the deal between SEDCO and the other principals which you have responsibility for? Will you do that and stop evading the question and stop evading the issue?

**Hon. Mr. Meiklejohn:** — Mr. Speaker, I am not evading any issue. I have laid the details out as I understand them, and as far as the responsibility of Science and Technology is concerned, that is, to do with the moneys that were part forward as far as for research and development, that information certainly has been made public. In regard to details of any arrangement between SEDCO and Fairfax or Develcon, certainly I will not be putting any of those papers on the table.

### Policy Regarding Drought Situation

**Mr. Goodale:** — Thank you, Mr. Speaker. In the absence of the Premier, I have a question that I would like to put to the Deputy Premier. It has to do with the drought situation which is still persisting in the province of Saskatchewan even though the government has not yet brought forward a program to deal with the situation. Mr. Deputy Premier, it is now well past the government's own time frame of two weeks, as promised back in May, for some definite announcement of government policy to deal with drought.

Yesterday the federal Minister of Agriculture said he was receiving, yesterday I believe, a new proposal from the Canadian Cattlemen's Association regarding some new herd maintenance proposal for livestock producers in drought situations. Will the minister tell us today what is the nature of that new proposal that has been brought forward by the Canadian Cattlemen's Association, and how long will that proposal be under consideration before the government finally comes forward with a decision in this matter?

**Hon. Mr. Hepworth:** — Mr. Speaker, my understanding is that negotiations are still going on, not only between the western provinces and the federal government but as well between producer groups and the governments.

I think what our Premier has heard here in meetings with cattlemen's association, the stock growers association, the cattle feeders' association, for example, is that, yes, everybody recognizes a very serious and severe drought across much of western Canada and indeed right on through down into the United States. Everyone recognizes the urgency of the situation, but I think the wise counsel of the producer groups was that, be in a hurry to do it, but do it right. And I think that's what the consultation and the negotiations and the discussions are all about.

I might remind the hon. member that everyone's first concern was water supplies and ensuring adequate water supplies. And steps have been announced, the increased assistance has been announced in several categories there to make sure that, whether it be for domestic farm use or for the cattle herds, that help has been in place for water supplies. That was our first priority, and it's been addressed by both levels of government, Mr. Speaker.

**Mr. Goodale:** — Mr. Speaker, I wonder if we can have a specific assurance from the Acting Minister of Agriculture that all this dilly-dallying will not result in there in fact not being a program at all this year? Will the minister give us his firm assurance that there will be some form of a herd maintenance program and some adjustments to the crop insurance program to adequately cope with this situation? Will he give us that firm assurance? And will he also tell us that whatever the government's decision is going to be, that his government will be in a position to announce that, specifically, while this legislature is still in session.

**Hon. Mr. Hepworth:** — Mr. Speaker, I'm not going to commit to a specific time frame, given that negotiations are still going on. Quite frankly, I would be surprised that the hon. member would expect us to unilaterally make a decision when obviously some of the producer groups are still wanting to have input on program design.

I recall well, Mr. Speaker, when the Liberal Party, represented at that time by Senator Hazen Argue, designed a drought program that was seen largely by all the cattle producers, indeed all the people of Saskatchewan, as one big fiasco that was repeated at weekly intervals. We don't operate that way, Mr. Speaker. We want to have this well thought out so it can be fair and in the best interest of the livestock producer and indeed of the consumers across Canada.

As I said earlier, in terms of action there have been changes relative to water assistance, there have been changes relative to crop insurance, and you will see subsequent announcements in the days ahead, Mr. Speaker.

#### Construction of Rafferty Dam

**Mr. Lyons:** — Thank you very much, Mr. Speaker. Mr. Speaker, my question today is to the Deputy Premier, the

minister in charge of Saskatchewan Power Corporation. Mr. Deputy Premier, given this sad day for environmentalists and the environment in Canada, in so far as that your pet political project, the shafferty, has now been approved, I wonder, sir, would you mind tabling the licences which grants permission for your government to go ahead with the construction of the dams. It's my understanding that these licences are the first ever issued in Canada that have on them conditions prior to the construction of a project. Would you be so kind as to table to the House the licences and all those conditions, sir.

**Hon. Mr. Berntson:** — Mr. Speaker, the member has been here long enough to know that you can't table documents in question period; and the member has probably even been here long enough to know that the licence would be issued to Sask Water, and not SaskPower, but that it would authorize the Souris Basin Development Authority to construct the dams, with water monitoring at the border, etc. And I take issue with the hon. member because I think there are a significant number of very, very happy people in Saskatchewan today as a result of this licence being issued, Mr. Speaker, so that we can get on with a very major water management project in the Souris River Basin.

Mr. Speaker, environmentalists and water management proponents alike support what is happening here. In Saskatchewan we have probably the largest water-fowl hatchery in the world. This year, Mr. Speaker, because of the drought, the water-fowl hatch will be down probably by 50 per cent or more. And it's only in those areas, Mr. Speaker, where there is water, like around Diefenbaker Lake and the Gardiner dam, like around the Squaw Rapids and Tobin, and like Nipawin, and so on, Mr. Speaker, that we will have a water-fowl hatch this year. And for the life of me, Mr. Speaker, I don't know why people on that side of the House still continue to oppose water management in Saskatchewan.

**Some Hon. Members:** — Hear, hear!

**Mr. Lyons:** — New question, Mr. Speaker, to the same minister. Mr. Minister, you know very well that there are hundreds of hundreds of groups in this province representing thousands and thousands of citizens who have opposed that project.

Mr. Minister, I wonder, in developing and trying to ram through this project and impose it on the people of the province, I have a two-part question for you. First of all, why is it that your government demanded that the . . . demand of the federal government that they not carry out the federal environmental assessment process? And part two, why is that you pressured — some used the word "blackmail," but I won't — but why is it that you pressured the federal government into granting you a licence for Rafferty-Alameda at the threat of withdrawing and withholding any approval to go ahead with the grasslands national park? Why is it that you did that? Is that any way to do business?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Berntson:** — Mr. Speaker, I quite frankly . . . the first-part question was: why did we not allow the federal government to go ahead with its part of the environmental assessment study, I think.

I don't know, Mr. Speaker, where that member's been. I don't know of any member, Mr. Speaker, that would believe that a provincial government would have the clout to say, federal government, you cannot do that. I mean, it's nuts.

Number two, Mr. Speaker, the Souris Basin Development Authority has absolutely nothing to do with the grasslands park, nor does SaskPower have anything to do with the grasslands park, Mr. Speaker, nothing.

The final point I want to make, Mr. Speaker, is these people, in the middle of what is very close to a desert, are opposed to any kind of water management, even, Mr. Speaker, when it is to be used for a coolant for a much needed 300 megawatt electrical generator at Shand. Their suggestion, Mr. Speaker, is that we should not build that plant, but that we should buy that electricity from Manitoba. Mr. Speaker, Manitoba has no electricity to sell.

**Some Hon. Members:** — Hear, hear!

**Mr. Lyons:** — Mr. Speaker, a final supplementary to the minister, Mr. Minister, despite your protestations to the contrary, the federal Minister of the Environment today, in the House of Commons, said that he was not doing an environmental assessment process on requests from the province of Saskatchewan, and in fact that he was going to rely on your environmental assessment process, which every independent body in this North American continent says is flawed.

Why is it, Mr. Speaker, that you would not . . . pardon me, Mr. Minister, that you would not allow your environmental assessment to go before the international joint commission for a basin-wide scientifically credible study? Why didn't you? Why didn't you do that? Is it because you are not sure of your facts, and you are not sure of your own finding; that it's nothing more than a political boondoggle?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Berntson:** — A political boondoggle, a political boondoggle, Mr. Speaker, a political boondoggle would have been to opt, as members opposite wanted, for the Manitoba purchase.

A Manitoba purchase, Mr. Speaker, to buy electricity from a utility that has none to sell; from a utility whose exports are down 57 per cent; from a utility who is virtually totally dependent on hydro for their electricity, Mr. Speaker, at a time when there is no river flow, Mr. Speaker. Now wouldn't it be great for the lights to go out and you call on Manitoba for 300 megawatts and it ain't there?

Now, Mr. Speaker, getting to the specific project and the environmental impact study done here in Saskatchewan, there has never been a project in Saskatchewan subjected

to more public scrutiny than this one. And I think — and I didn't hear the federal minister in question period — but if he said what that member said he said, I think it attests to the good judgement of that minister, Mr. Speaker.

**Some Hon. Members:** — Hear, hear!

## ROYAL ASSENT TO BILLS

At 2:33 p.m. His Honour the Lieutenant Governor entered the Chamber, took his seat upon the throne, and gave Royal Assent to the following Bills:

Bill No. 24 — An Act to amend The Saskatchewan Agricultural Returns Stabilization Act

Bill No. 25 — An Act to amend The Occupational Health and Safety Act

Bill No. 26 — An Act to amend The Oil and Gas Conservation Act

Bill No. 41 — An Act to amend The Teachers' Dental Plan Act

Bill No. 42 — An Act to amend The Controverted Municipal Elections Act

Bill No. 43 — An Act to amend The Tobacco Tax Act

Bill No. 44 — An Act to amend The Department of Finance Act, 1983

Bill No. 48 — An Act to amend The Department of Social Services Act

Bill No. 82 — An Act to amend The Litter Control Act

Bill No. 37 — An Act to provide for Security for Saskatchewan Family Farms

Bill No. 54 — An Act to amend The Land Titles Act

Bill No. 85 — An Act respecting Certified Nursing Assistants

Bill No. 86 — An Act respecting Registered Nurses

His Honour retired from the Chamber at 2:35 p.m.

## GOVERNMENT ORDERS

**Mr. Lautermilch:** — I ask for leave to introduce some guests.

Leave granted.

## INTRODUCTION OF GUESTS

**Mr. Lautermilch:** — Thank you, Mr. Speaker. I would like to introduce to you, and through you to members of this House, a group of some 33 grades 6 and 7 students from West Central School just outside of Prince Albert. They are accompanied by their teacher Elmer Malec, Doreen White; chaperons Mrs. Khn, Mrs. Zelewsky, Mr. Dzioba; and Mr. Denis Neudorf, their bus driver.

I would be meeting them for pictures and refreshments outside on the front lawn in a few minutes, and I would ask all members to make them welcome.

**Hon. Members:** — Hear, hear!

## COMMITTEE OF FINANCE

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

**Item 1 (continued)**

**Mr. Koskie:** — Thank you, Mr. Chairman. Mr. Minister, I was reviewing with you the budgetary revenue items on page 10, and I have just a couple more questions in respect to that.

I note there what would appear to be somewhat of a lack of confidence in the economic growth of the province relative to the other provinces of Canada, because I note that in equalization payments that last year you estimated 185 million; you received over 302 million in equalization payments, and that this year you are estimating \$360 million for equalization payment. I guess the question is: is that a clear indication of the sluggishness of the economic performance of Saskatchewan, relative to the other provinces?

**Hon. Mr. Lane:** — Well it's an indication that the relative growth of one province could be less than that of another. You could get a superheated growth, say, in Ontario, and all other provinces in the country could be growing at 3 per cent. It could in fact bring equalization into those receiving provinces, so it's a reflection of that.

It as well, of course, can be a reflection, as it was in the past, of a rather dramatic drop in oil prices.

**Mr. Koskie:** — But would it not correspondently also indicate that your projection in estimating the amount of equalization payments does take into consideration your estimate of the economic growth in this province relative to, say, Ontario and Quebec and other provinces which are contributing primarily to the equalization payment? There has to be certainly some assumption that there is a sluggishness in the economic performance of the province.

**Hon. Mr. Lane:** — But understand, with the equalization, we try, along with the national government, to try and do an estimate as to what the economies of all provinces would do when we do that estimate, because equalization is a national formula.

I've given to the hon. member what our overall projections are for growth and our estimates for growth in our budget planning. I'm just having a little difficulty responding to the specific question that the hon. member asked because when we look at equalization, we're really trying to get an estimate of all economies.

(1445)

Obviously last year, for example, central Canada, Toronto in particular, surged ahead of virtually all growth projections. And of course that has the effect of rising above norm, and of course those provinces receiving equalization would get more by virtue of the fact of one province having a rather significant growth.

**Mr. Koskie:** — Mr. Minister, in respect to the estimated revenue from oil, I think you indicated this morning that the projected revenue was based on the per barrel price of \$18.45 if I'm not correct. I wonder whether the minister has seen the offering of memorandum of SaskPower

wherein they indicate the projection of crude oil prices. And they say West Texas Intermediate at Cushing, U.S. per barrel 1988, \$17 a barrel; and Edmonton city gate, Canadian, \$20.50 per barrel. This is in the Saskatchewan Power Corporation offering of \$210 million. And what it continues to do is to project the oil prices for subsequent years.

I wonder whether you're familiar with that document, and are you in general agreement with the projections of prices that they have set out in the memorandum.

**Hon. Mr. Lane:** — Well it's one of the difficult questions that we wrestle with. I have before me . . . I've indicated to you that WTI (West Texas Intermediate) price forecast for the budget, 18.45; federal government budgeted \$18 in '88, \$20 in '89; Goldman Sachs, 17.75 with \$20 in '89; Wood Gundy is 18.40 in '88; DRI is 17.93 in '88, and we have all of these estimates as to what that price will be.

I can't disagree with anybody's estimate as to what the price will be. All that I can use and give you the information what we use to base our estimates for budgetary purposes, and that's all I can tell you. It is, as the hon. member well knows, an estimate, and we have so many different projections and estimates by so many different forecasters that it, quite frankly, is a judgement call.

**Mr. Koskie:** — Well I guess what I'm interested in knowing whether, you know, in fact the minister is in concurrence with the memorandum and the indication of crude oil prices which s being put out to the general public, which indicates from 1988 the price per barrel Canadian at \$20.50, and by the year 2000, \$50.25 per barrel. That is what the . . . another document by your government in the memorandum is being put out to the Saskatchewan people who are purchasing bonds and/or share options.

And I wonder whether the minister could be more definitive whether or not he has reviewed those projections, and whether there is a general concurrence with the information that you have that the price of oil, from the year 1988 at 20.50 per barrel Canadian, up to \$50.25 in the year 2000. This is the projection that they have in this document, and I'd like to know whether there is any concurrence in respect to that.

**Hon. Mr. Lane:** — Well let me indicate to the hon. member that the estimate that we've given is what we are basing our budgetary review estimates on. We can have, and it would be expected, we can have different estimates. Obviously SPC (Saskatchewan Power Corporation) is taking an extremely cautious view. We think that we're taking a very small "c" conservative view with ours.

We don't, I just advise the hon. member, we don't have any long-term projections of the oil prices; ours are a little bit more immediate for Finance's purposes than what someone would make for investment purposes. So I am advised that we don't have those long-term estimates. We wouldn't use the long-term estimates.

**Mr. Koskie:** — Well obviously, Mr. Minister, it's

somewhat disturbing to have one document from your government which is soliciting a major investment by the people of Saskatchewan, wherein they appear to have facts which indicate that the price of oil will rise for the year '88, 1988, from \$20.50 a barrel, to the year 2000, where they estimate it'd be \$50.25 a barrel.

And what I wanted to know is whether a senior portfolio of government would be in a position to advise the potential investors whether indeed in the forecasts of revenues, whether you could in fact concur so that the public, who are investing in the offerings, would have some assurances that the Department of Finance, which is vitally concerned with the revenue aspect of the oil, would be able to confirm those figures.

I take it that you're not in a position to do that, or unwilling to do that. I am surprised that here would not have been some co-ordination between the Department of Finance and SaskPower in formulating a memorandum in respect to the oil prices.

I can only say that I am very concerned that we would be putting out a document here indicating a potential of such revenues for Saskoil, based on those prices, and at the same time when I questioned you in respect to the revenue projections, you indicate that you indeed do not have any long-term projection in respect to the price of oil.

I can only say that it's disturbing that the public would possibly be potentially misled in respect to it. I would have thought that it would have been confirmed.

I guess my question to you, in the preparation of the memorandum and the indication of the price of oil: would not the Department of Finance have some input in the information that is being provided by SaskPower to the public?

**Hon. Mr. Lane:** — But with respect, I ask the hon. member to make the distinction between estimates and, as you use the word, "facts". They are taking, obviously, an extremely cautious estimate as to what they believe oil prices will be. Certainly ours is higher for our budgetary purposes.

I believe that for the purposes of encouraging people to invest in the company that the extremely cautious estimates that they are using are probably wise for those specific purposes, and certainly they should be some comfort to people investing in Saskoil that they would use such cautious estimates as they are as to price.

Secondly, you should keep in mind that they have their use of estimates for different purposes. It would be unwise, for example, for a company issuing shares in a prospectus, and if at a particular time of the year at the time of the issue the price of oil was, say, 15 — everybody expecting it to average 20 throughout the year — that they came with a price that was out of line for that particular time in the market.

So they are for different purposes. None of them are necessarily wrong. They can only be proven correct or wrong, unfortunately, in hindsight, but they are being . . .

estimates used for different purposes, ours being for a prognostication as to what we can expect from revenues; theirs to value shares and encourage people to buy shares.

**Mr. Koskie:** — Mr. Minister, I want to turn to and address another serious concern that we have in respect to the financial management of this province under your stewardship and under the government that you represent.

I want to lay as a background, Mr. Minister, that you took over from an administration that had Saskatchewan in number one place in all of Canada. You took over an administration of a province that was in excellent shape by every indicator imagined. I want to set a base as to what indeed your administration inherited, and I read here from *The Globe and Mail*, and this is prior to '82, And I want to indicate what McLeod Young and Weir's had to say in respect to the economic conditions of Saskatchewan, and this is what was said:

"Saskatchewan is in excellent health, even better than Alberta in terms of future financial footing," said John Rosart of McLeod Young Weir's government finance department.

He went on to say:

Their resource sectors look very strong; they have an extremely capable administration, and they tend to be a lot more prudent than other provinces in the way they spend their money.

He was talking about the previous administration, the Allan Blakeney administration, from 1971 up until 1981 when this article was written.

I want only to indicate a further, not me speaking in respect to the economic performance of the Saskatchewan economy during '71 to '82, but I quote further from this article. And it goes on to quote a local entrepreneur here in Regina, Mr. Paul Hill, and Mr. Hill indicated the following. He says:

I believe in free enterprise (he grins), but I have to say that Blakeney's doing a good job.

Saskatchewan is different. Blakeney has gone the route of Crown corporations. He's created head offices here that wouldn't exist otherwise. He's attracted good people back to the province to work in challenging jobs. He's given us some power over our economy. "Without the Crowns," Paul Hill said, "we'd just be a branch plant, hewers of wood."

And he taps the conference table in emphasis, and he said:

Saskatchewan has the most capable administration in the country.

That's some of the background that I want to indicate to you in respect to what you inherited from the Blakeney administration.

And you go on to confirm the situation of the economic progress that had taken place from '72 to '82. And in your own bible that you produced to send out to the rest of Canada, The Saskatchewan promise, you further indicate what magnificent growth that had gone on from '72 to '82, and some of the highlights that you indicate in respect to the magnificent growth that took place under the Blakeney regime:

The province's compound annual rate of growth was 4.2 per cent between 1972 and 1982, compared to 2.7 per cent for Canada as a whole.

Gross domestic product rose strongly from 3.4 billion in real terms in 1972 to 5.2 billion in '82. (They go on to say) Total personal income rose rapidly in the 10-year period, from 2.8 billion to \$12 billion. Per capita incomes have grown similarly, exceeding national average. The value of commodity exports expanded by four times, (this is from 1972-82) to 6.5 billion by 1982. The population jumped almost 10 per cent in 8 years, just under 1 million in 1982.

(1500)

These are the statements that your government put together; these are the facts that you put together. And it goes on, and it says:

And one of the lowest per capita debt burdens in the country. That's Saskatchewan's opportunity.

And you look at every indicator during that period, you will find that it exceeded the national performance. Gross domestic product, percentage change from '72-82, 51 per cent; in Canada, 30 per cent. Non-residential investment in Saskatchewan, 338 per cent increase; in Canada, 275. Retail sales increased during those years 197 per cent, as compared with rest of Canada, 186 per cent. And personal disposable income rose 333 per cent, compared to 267 per cent for the rest of Canada.

So I say to you, Mr. Minister, those were some of the facts, enunciated in your own document, of how this province was run and how it was performing relative to the rest of Canada. And I guess the question is, Mr. Minister: what went wrong when your government assumed office? Here we had a Premier that stood up and said things were going so well in Saskatchewan that you could afford to mismanage and still break even.

But I say to you, Mr. Minister, the facts don't bear out that there was any management or any competence in your administration. I can say to you, Mr. Minister, that the total debt of this province when you assumed office was \$3.5 billion. That was the total debt that was accumulated in 77 years since confederation — \$3.5 billion. Today, after six years plus a few months of your administration, that debt has increased to \$11.6 billion — \$8 billion additional debt during six plus a few months of office by the Tory government.

I want to say that in respect to the province's net debt, in 1981-82, when you assumed office, the net debt, the

province's equity was \$1 billion to the good, plus . . . assets over liabilities, we had \$1 billion to the good. After your administration, six years of it, the province's equity net debt is now a minus \$2.9 billion.

You saw under the previous administration, in respect to the Consolidated Fund, 11 balanced budgets, and when you assumed office, Mr. Minister, there was surplus in the 1981-82 budget of \$139.2 million. Seven years under this Tory administration and seven years of incompetence, of waste, and of mismanagement has passed this province into seven successive deficits with a total accumulated deficit of the Consolidated Fund in the neighbourhood of \$4 billion. It's 3.7, and then the auditor indicated that you didn't account for another \$181 million, so it's about \$3.9 billion of debt.

That is the legacy of your administration, and that is the stewardship of your government — a 12 . . . almost a \$12 billion total debt, a deficit in the Consolidated Fund of over \$3.9 billion. The three years that you have set forward a budget, Mr. Minister, it averages out to \$700 million on average per year of deficit during the three years that you have been Finance minister.

And this, it seems to me, casts a tremendous burden upon the people of Saskatchewan and the next generations. And I guess the people of Saskatchewan would not object if they could look and say, we are building or we're progressing; we're investing for the future; our programs are being maintained, but none of these facts seem to me to be very true.

I want to ask the minister — in respect to the deficit, in respect to the total amount of debt that we have accumulated — Mr. Minister: how do you account for such a regrettable performance by your government in respect to the amassing of such huge debt and amassing of such successive deficits?

I don't think it's possible that you can stand here and indicate that the circumstances from '82 to '85 were not receptive for balancing budgets. I'll generally acknowledge that there have been some difficult and some softening in some of the aspects of the economy. But the fact remains, Mr. Minister, how can the people of Saskatchewan believe you?

I look at the incredible facts that you stated in one of your budget addresses, the first one that you brought down just before the election, and you stood in this Chamber expecting the people of this province to believe you. And you know what you said in closing, the very last . . . second last paragraph of your budget address. Brought down that year a deficit of \$389 million. And he was going into an election, and he said this: a reduction in the deficit and a commitment to balance the budget in five years.

A reduction in the deficit. That was in 1986-87. When you brought down the 389 projected deficit, you said to the people of Saskatchewan, based on my financial analysis and my financial expertise within my department, I am saying to you, you can trust me that the deficit is less than the previous year and that it will be a balanced budget in five years.



You know what you've done since that? You completely and totally either didn't believe that, or demonstrated an incompetence which I can't believe any Finance minister would continue in that office unless it was a callous, conscious decision because of the election year. And what you did, you didn't bring down a reduction in the deficit; you brought upon the people of this province a deficit of \$1.2 billion — \$800 million over the estimated budget deficit which you said was going to be less than the previous year.

And this is the type of management that the people of Saskatchewan are looking at. And we take a look at the debt of the provinces. In 1982, as I said, it was 3.5 billion. And that continued to increase, and today is \$11,684 billion.

I want to say that in the 77 years, Mr. Minister, before you assumed office, from 1905 to 1982, Saskatchewan had built schools; it built roads and hospitals and technical institutes; they've developed a university; they developed the new Regina campus; there was rural electrification; there was power and dams and coal fire generating plants; natural gas system; highways were in good to excellent shape compared to what they are today. And we find that here in Saskatchewan during that period of time, and certain from '71 to '82, that we had the finest safety net in North America for people.

We had the finest health care system in North America. We had a drug program which the people of this province were proud of, and also we had the school-based dental program, which was the best in North America.

All of that has been slashed under your government, but at the same time, Mr. Minister, to the amazement of the people of this province, while you have slashed and cut programs, underfunded education, underfunded health, the debt has increased, programs have been cut, and taxes have increased dramatically.

And so I just want to ask the minister, in light of this tremendous burden that is laid upon the backs of people of Saskatchewan, I ask you, how do you justify such a huge debt placed on our future generations? How can you justify such a magnitude of deficits and virtually little to show for it?

I'd like, Mr. Minister, for your justification of this incompetence, this mismanagement, and this waste, and which, I suggest to you, that if it continues, the people of Saskatchewan are fed up with the mismanagement that has been placed upon them by your government, I specifically ask you, Mr. Minister, how is it possible for you to stand in this House in '86-87, going into election, promising that there would be a reduction in the deficit when you estimate it at 389 and then balloon it to \$1.2 billion; I ask you, Mr. Minister: — how do you explain it to the young people of this province who will bear the responsibility of the payment of this massive debt? And how do you justify it in the light of the massive cuts in programs that we have encountered?

**Hon. Mr. Lane:** — Well, Mr. Chairman, this is a debate that has now been going on for about six and a half years

and I'm sure it will continue. I do appreciate the hon. member reminding me of the quotes of a gentleman named Paul Hill, and those quotes were amply used and I think well publicized, if I recall, in the 1982 election.

**An Hon. Member:** — Darn right.

**Hon. Mr. Lane:** — And darn right says the hon. member. My recollection at that time, before you used those quotes you were winning in the polls, and as soon as you ran those ads quoting Paul Hill, all of a sudden the whole 1982 election campaign turned around. So I suggest to the hon. member, I would be a little cautious if I were you, reciting those, because it had a rather negative effect in the 1982 election.

I'd like to put a couple of things in perspective just so the hon. member knows, because one in particular I know that the debate will heat up and I personally believe that the issue will be a major one come the next provincial election. And of course the hon. member knows that in 1982 there was not a surplus left. There was a budgetary surplus, but when the books were opened the deficit was really 200-and-some million. But I'm going to, for argument's sake, I'm going to take the budgetary numbers used by the government in its last budget, which it did not bring to a vote in this Assembly, I might add.

**An Hon. Member:** — No, no. That's not what I asked.

(1515)

**Hon. Mr. Lane:** — Oh, I know you didn't, but I think that the public would be quite interested to hear this, that if we take those budgetary estimates of the government of the day, the New Democratic Party, that they had, after record years of potash prices, record years of oil prices, record resource revenues, that they could come out with a surplus of \$131 million.

**An Hon. Member:** — 39

**Hon. Mr. Lane:** — \$139 million. It's very, very interesting. It's very, very interesting when everybody in the world knows that Saskatchewan has a highly cyclical economy. The wise government would have built up tremendous surpluses, so when we have a downturn the surpluses are there. That would have been very, very wise government.

But, Mr. Speaker, even accepting the NDP's figures — and I will prove to the hon. member that they were totally wrong — there was not left in their budget enough to run government for 13 days on the expenditures in 1982. That's how much of a legacy the Blakeney administration, of which the hon. member was a part, they left in their budget enough to run government for 13 days. Thank you for the hoard of money, and thank you for saving for a rainy day.

Here's where the hon. member was further wrong. Included in that estimate was an overpayment of \$120 million under equalization which this government had to negotiate to pay back over five years, which we just did last year. So even in that figure it was not correct. So I suggest to the hon. member, we can debate that for some

time and I'm sure we will.

Let me take what I believe to be an issue in the next campaign, and we've had some debate here now, and it's the question of potash. And I know, I know it's a very positive argument to take to the people of this province to ask them if instead of buying potash mines and spending the 800-and-some millions of dollars and borrowing that money, just think of what the economy could have been if that same amount of money had of been leveraged into new jobs, new businesses, new industries and new opportunities, instead of buying mines that were already there.

I think any fair-minded person, any fair-minded person has to consider just what that would have done for economic diversification. If the choice had have been made . . .

**An Hon. Member:** — Sure, you'd have spent it all; you'd have given it away.

**Hon. Mr. Lane:** — No, even if you had have spent it. I'm not arguing who spent it. All I'm saying is that if the choice had have been made, to buying potash or taking the same amount of money and put it into new buildings, new projects, new opportunity, new jobs, new small business, I'll tell you that the economy would have been so diversified already.

So I suggest to the hon. member that there's little doubt in my mind that potash will be a major debate and the options will be resurrected by the next provincial election.

And I look forward to that debate because every one of you know that potash nationalization out there is no longer a positive issue for the NDP. Every single New Democratic member in this province knows full well, and they say full well, and they will admit that potash nationalization was a tremendous error, and they all admit to that mistake.

And, Mr. Speaker, I've presented to this legislature and to the people of this province a very simple calculation about two years ago . . .

**An Hon. Member:** — It was simple, all right.

**Hon. Mr. Lane:** — Well it had to be for the hon. members; it had to be for the hon. members.

If, instead of buying the potash industry as the NDP wanted to do, if that money had have been put into a credit union at the same interest rate as the average person would get in the credit union, by 1986 there would have been no deficit. That was the calculations — not at prime rates or rates that very select clients get, but the same interest rate that the average Saskatchewan person gets in his credit union. If that had have been just put aside, just put aside, there would have been surpluses.

The hon. member says that he built new nursing homes . . .

**An Hon. Member:** — I never mentioned nursing homes.

**Hon. Mr. Lane:** — Oh, oh, oh, oh. Oh, he says he never mentioned nursing homes; he talked about hospitals and health care facilities. I'm glad he never mentioned nursing homes, in which case I apologize to the hon. member, because I know he likes to be reminded of the famous memo that thousands of people in this province hold in their hands — a memo in the Blakeney government that there will be a moratorium on new nursing home construction and we promise never, the NDP promised never, ever, ever, ever to build another nursing home in this province, and that was a commitment.

And now we have the new Leader of the New Democratic Party saying that he supports the moratorium. He won't build new nursing homes because he does not want to see our seniors be put into nursing home, and that's a commitment that he's made and a commitment he's made to the people of this province. I think that will be a matter of some debate.

So having said, that, Mr. Speaker, this debate that we've had has been going on for some considerable period of time. I believe that the people of this province want to see the economic diversification. I believe that the people want to see their opportunity to own more and more of the provincial economy themselves. I believe that the people of this province want the opportunity to be able to make a commitment and a personal investment in the economic development of this province, and I believe most strongly that they do want that opportunity. That's not an opportunity they've ever had before, and certainly not an opportunity that the New Democratic Party would give to them.

I believe, as well, that the new opportunities like heavy oil upgraders and paper mills and the expansion of the economy so that the first time in this province's history the labour force exceeds a half a million people, for the first time that we end up with a population of over a million — and I could go on and on with protection for home-makers at the same time and home owners and a Saskatchewan Pension Plan, and I look at help for farmers that need it in some difficult times.

And I suggest to the hon. member, I suggest to the hon. member that there are some fundamental choices that the people will make in the next election. And I believe, I believe . . .

**An Hon. Member:** — Darn mad, they'll kick you out.

**Hon. Mr. Lane:** — I hope that you keep thinking that because that was a commitment you made to me prior to the last election. All I suggest to the hon. member . . .

**An Hon. Member:** — What about Eastview?

**Hon. Mr. Lane:** — Ah, the hon. member says what about Eastview? They certainly don't talk about the voter turn-out. They've been rather quiet. And I haven't heard, Mr. Speaker, and I know the press hasn't heard — I haven't heard one NDP member, including their national leader, talk about their resounding successes in Quebec

with their promises of breakthrough.

So I suggest to the hon. member we're having our traditional debate in the Committee of Finance. I suggest to the hon. member that there should have been a tremendous surplus.

I believe that fundamentally that the nationalization of the potash industry and buying the P.A. pulp mill was wrong — it was not the Saskatchewan way. I don't believe that spending hundreds of millions of dollars of buying prime farm land was the Saskatchewan way. I don't believe it will be the Saskatchewan way a year from now or two years from now, and I dare you to say it will be three years from now — that buying potash mines is the Saskatchewan way.

I don't believe that that will be the case, and I don't believe, I don't believe, Mr. Speaker, that the opposition will . . . (inaudible interjection). . . Oh, they say we're going to give away the . . . I wished I could give away a potash mine, let me tell you, and take the debt with it — take the debt with it, Mr. Speaker, take the debt with it, because the taxpayers have paid so much for your social and political and economic experimentation that they won't buy it again.

So I suggest to the hon. member, you can talk about the past, you can talk about the past and what you did, but the people don't want to see it, Mr. Speaker, and I believe that the Saskatchewan way and what we will see going into the next election is the vision of the province that the people have, where they're participating as individuals and as people in the economic development of their province. And, Mr. Speaker, that's what the debate will be.

**Mr. Koskie:** — Mr. Chairman, the minister indicated that he made yet another calculation. And he is going to tell the people now what has calculation is. Well, I just got finished telling you no one believes you. You made a calculation in 1986-87, and you said there would be a reduction in the deficit, and your calculation was out over \$800 million. Now who's going to listen to your calculations? And you give guarantees, too, Mr. Minister, and nobody believes you on guarantees either.

I just want to raise one guarantee that you gave to the people of your constituency. "Guarantee" is the heading.

Progressive Conservative Party of Saskatchewan is committed to continue medicare system in our province. The Progressive Conservative Party of Saskatchewan rejects any form of deterrent fees or health insurance premiums. The Progressive Conservative Party of Saskatchewan will abolish the unfair deterrent fees for prescription drugs.

This was said by the minister, now the Minister of Finance — guarantee he gave to the people of Saskatchewan. I say, I want him and his credibility to go forward in the next election. And I have a suspicion that he won't have the nerve to run again under the circumstances of the mess that he has left behind.

He's more likely to run for cover as he did when his party

initially was in trouble — the former Liberal. And when they were in trouble, he ran for his own convenience.

And I'll tell you, when this party gets into trouble that man will not stand and protect his party when the people of Saskatchewan turn with scorn against his mismanagement and his deception and his guarantees that are not even worth the paper that they're written on — not even worth the paper it's written on. That's the man that's going to win the next election, a man that has deceived the people of this province in every turn.

I want to ask you, Mr. Minister, you're so willing to give away potash mines. I wonder why, when a group approached you in respect to the purchase of it, that you didn't in fact take up serious negotiations?

**An Hon. Member:** — We never got an offer even.

**Mr. Koskie:** — Ah, you didn't meet with them and they indicated that you wouldn't meet with them.

But let's take a little closer look, because what you have excluded from your subsequent budgets is what was included in the budgets previously, and that's called financial debt indicators. And I'd like the minister, if he would, to fill in some of the blanks in respect to the financial indicators under his fiscal management. And first of all, in March 31, '82, the per capita debt was 3,426, because that came out of the 1983 budget brought in by your predecessor. I'd like if you could indicate to me what the per capita debt is as of March 31, '88.

**Hon. Mr. Lane:** — Gross debt at March 31, 1988 is \$10,594.

**Mr. Koskie:** — A fair little jump, I may say. I would ask if you would also indicate, as a percentage of combined budgetary revenue — March 31, '82, the debt of the province as a percentage of the combined budgetary revenues was 124.5 per cent. Would you indicate what the percentage . . . as a percentage of combined budgetary revenue as of March 31, '88.

(1530)

**Hon. Mr. Lane:** — The officials will work that out.

**Mr. Koskie:** — I want, while you're working, also to determine in respect to the debt as a percentage of the gross domestic product. In March 31 of '82 it was 22.8 per cent. Would you indicate what our debt represents in respect to the . . . as of March 31, '88, in respect to the gross domestic product?

**Hon. Mr. Lane:** — Well again, we'll do the calculations and get those for you.

**Mr. Koskie:** — And, Mr. Minister, would you also have your officials indicate the interest payments on government portion of total debt as a percentage of the budget revenue?

In March 31, 1982 it was 1.6 per cent. For every dollar that was raised as revenue, 1.6 cents went towards paying of payment of debt. Could you indicate what percentage

is, as of March 31, '88, goes towards interest payments, as a portion of the total debt, as a percentage of the budget revenue?

**Hon. Mr. Lane:** — 8.42 per cent.

**Mr. Koskie:** — That is the figures that we have worked out, Mr. Minister, and that takes us to March 31, '88. And there's just a slight variance with yours.

The per capita when you took over was 3,426. AS of March 31 of '88 it exceeded \$10,000 for every man, woman, and child. And now it's up. In '88-89 your deficit has . . . your debt rather, has increased to \$11.6 billion, and you divide it by approximately a million people, that's approximately \$11,600 for every man, woman, and child.

As a percentage of the combined budgetary revenue — if you haven't figured it out — in March 31, '82 was 124.5 per cent. Today, Mr. Minister, it represents 345 per cent. As a percentage of the gross domestic product, in March 31, '82 it represented 22.8 per cent. Today it represents, in our figures, 57 per cent. Interest payment on government portion of total debt as a percentage of the budget revenue was 1.6 per cent. And your calculation is in the neighbourhood of 8.4 per cent; our calculation was 9.2 per cent as of March 31. Now that's excluding the massive increase in the debt from the previous year, up to \$11.6 billion.

So this is what has happened under your stewardship. Now if you had a economic policy, Mr. Minister . . . First of all you came with the promotion of "open for business," and that was supposed to generate great economic growth in this province. And then that didn't work because it ended up being "hoping for business." And then you turned your mind to the onslaught of privatization.

And so what I want to ask you now, Mr. Minister: — can you indicate in respect to the privatization plans that you have put in effect to date — we know of the coal mine at Manalta; that was sold off at Coronach, was sold to Manalta Coal. We know that you auctioned off the highway equipment. We know that you've sold a large percentage of Saskoil. WE know that you've sold off or given away Weyerhaeuser, the PAPCO (Prince Albert Pulp Company). We know that you've sold off Sask Minerals. We know that you're selling off SMDC (Saskatchewan Mining Development Corporation). We know that you're selling off and have commissioned the sale of SaskCOMP — and the list goes on.

But what I want to ask you, Mr. Minister: can you indicate what revenues have already been brought into the provincial treasury in respect to privatization; that is, in respect to the coal mine, the highway equipment, the Saskoil, the Weyerhaeuser, the Sask Minerals, the SaskCOMP, SMDC, and any other privatization? I'd like to know whether you could give us a breakdown of the amounts of revenue that was received by the Government of Saskatchewan, either by a Crown management or directly by Finance. But surely the Finance minister would indeed be on top of the revenues that are coming in from privatization. I ask the minister, could you

provide us with those figures?

**Hon. Mr. Lane:** — We've received zero dollars.

**Mr. Koskie:** — Well if the coal mine at . . . Okay, you're saying, you received . . . Now are you saying that the Department of Finance . . .

**Hon. Mr. Lane:** — I'm talking about the Consolidated Fund.

**Mr. Koskie:** — I'm asking in respect . . . I'm talking about the gross debt of this province, and you have indicated what the amount of the gross debt of this province is. And what I want to know: what amount has been received by this government in respect to privatization, and is it reflected in that figure of \$11.6 billion of debt?

**Hon. Mr. Lane:** — Let's be clear. The gross debt you're talking about is not . . . that includes the debt of the Crown corporation. We can't answer for Crown Management Board. That's the . . . (inaudible interjection). . . No, that's the . . . I'm not the minister responsible for the Crown Management Board. Secondly, I advise the hon. member that I believe that that's done in another forum.

But I'm telling the hon. member that in the Consolidated Fund we've received no dollars on privatization. The only change in the Consolidated Fund with regard to privatization, which we will I'm sure discuss later with the hon. member from Regina Victoria, is the fact that the investment corporation . . . some of the activities previously done by Finance will now be done by the investment corporation, which we will be discussing over the next few days. But as far as the Consolidated Fund is concerned, we've received zero dollars, as I've indicated.

**Mr. Koskie:** — I'm not asking in respect to the Consolidated Fund, but I would have thought that when you were putting down the total debt of the province, the gross debt, which includes the combination of the Consolidated Fund and the Crown corporations, that you would be knowledgeable in writing down that figure as to what goes into it.

In other words, I would have thought, Mr. Minister, that if money was paid in as a result of privatization, that that would have been reflected in the figure that you incorporate in your budget in respect to the debt of the Crown corporations. And I don't know how you can come down in this House, put down a figure in respect to the total debt, which is a combination of the two, and not have knowledge in respect to the returns that were received by the province in respect to the privatization.

**Hon. Mr. Lane:** — To the hon. member, there's been no dividends taken from the Crown Management Board since 1983. So certainly I will give the hon. member this — to take the debate into the realm of what happens to the moneys from a privatization, and as I've indicated, none have come into the Consolidated Fund; that will be a matter for Crown Management Board to make the decisions to how those funds are going to be allocated. They do not go into the budget planning, and they don't go into the Consolidated Fund.

**Mr. Koskie:** — Just one further question. I know all that, and I know that they're paid into Crown management . . . likely are to be paid into Crown management. But what I'm asking you is, you're indicating in your document the total debt of the province, and that includes Crowns.

Now how can you come into this House and state a figure as to the amount of debt of the Crown corporations — and it's listed in your budget address — without knowing the figures as to what is the income in respect to the privatization? It's ludicrous, because how can you depend on the figures? Obviously there has been some money paid into the government, either in the Crown sector or in the consolidated. You say there hasn't been no dividend paid to the consolidated, so leave that aside.

Now I ask you in respect to arriving at the figure, in respect to the debt of the Crown corporations, is it included, the moneys received in respect to privatization?

**Hon. Mr. Lane:** — The hon. member will see that, for example, the sale of Crown corporation will show up in the next year's position of the Crown Management Board, and its position, and certainly will have some effect on the gross debt — I can't tell you what effect. We're basing our report on the assumption of no revenues from privatization, and we had to plan that way. We will certainly be able to report next year as to the overall position, but we . . . well, the hon. member shakes his head. I mean, we can't sit and make an assumption that, even though a transaction's being negotiated, that it's necessarily going to take place until it's finally done. And so we could not put that into the estimates until a transaction is completed and money is received. I mean, I don't think the hon. member would expect anything else.

**Ms. Atkinson:** — Thank you very much, Mr. Chairperson. Mr. Minister, two years ago Saskoil was sold by your government. I understand there was in excess of \$75 million that was accrued to the province as a result of that sale. Can you tell me where that money went?

**Hon. Mr. Lane:** — That accrued to the Crown Management Board.

**Ms. Atkinson:** — Mr. Minister, can you advise me whether or not it's reflected in the Crown Management Board's statement of debt that shows up in your annual budgetary statements.

**Hon. Mr. Lane:** — I'm advised that it would show up perhaps as an operating income, which would reduce the loss that Crown Management Board would have.

**Ms. Atkinson:** — Mr. Minister, in your budget address in March of 1988, you indicated to the people of this province that we had a gross debt of some \$11.2 billion. You indicated to the people of this province that we had a total Crown corporation debt of \$7.4 billion. In 1988 there was an estimate of Crown corporation debt of \$7.1 billion. Can you give me the actuals in terms of Crown corporation debt for the year 1988?

**Hon. Mr. Lane:** — Would you tell us, because the figure that you used was March 31, '89, of the 11.2, but not '88,

and the hon. member from Quill Lakes . . . (inaudible interjection). . . No, but the hon. member for Quill Lakes had asked at '88, so there are different figures obviously.

(1545)

**Ms. Atkinson:** — Mr. Minister, your budget address is dated March '88. If you turn to page 37 you have an estimate for 1989. I suspect I would have stated it 1988-89, but you stated it as 1989, a total Crown corporation debt of \$7.4 billion.

Under your estimated Crown corporation debt for 1988 — I would have stated it 1987-88, but you stated it 1988 — you say that there's a Crown corporation debt of \$7.1 billion. I'm asking you to tell me what the actual Crown corporation debt was for the year 1987-88, or as you stated in this document, 1988.

**Hon. Mr. Lane:** — Just so the hon. member understands, we're . . .

**An Hon. Member:** — Oh I understand . . . (inaudible) . . .

**Hon. Mr. Lane:** — No, no. What we're talking about, if you refer to page 37, okay? You've got the estimated debt. I will give you the figures as we did with the hon. member through the revenue side, okay? The estimated on the Crown corporation at March 31, '88, the preliminary estimate we have now is 6,850,088,000.

There will be a slight reduction on the next category, which is "other," if you want to . . . The amount set out is 193,562 in the estimated '88. Our preliminary estimates are now 193,453.

The non-reimbursable debt, which is \$3,303,929,000 in the Estimates — our preliminary estimates are now 3,171,257,000. And the total gross debt estimated in the budget is 10,671,786,000. It will be 10 billion . . . preliminary estimates are 10,214,798,000.

**Ms. Atkinson:** — Well that doesn't do anything at all, Mr. Minister, other than to tell me that once again you have miscalculated, as usual, information that's contained in these documents that indicate to the people of Saskatchewan the financial situation for our citizens.

Now, Mr. Minister, we want to talk about privatization. Your government has this ideological bent that says, sell at all costs, sell everything. And we don't quite understand why. We're trying to get at here whether or not this "sell at all costs" is to lower the gross debt of our province.

In 1986 you sold Saskoil. You can't show me where in these documents this has lowered the gross debt of our province. In 1986 you sold PAPCO to Weyerhaeuser of Tacoma, Washington. Where in this document would I find the Weyerhaeuser sale, the money that has accrued from the Weyerhaeuser sale? Where would it be in terms of lowering the gross debt of our province?

**Hon. Mr. Lane:** — Well I hate to tell the hon. member that the reason for the change in the estimates — and understand, they're estimates — is that the Crown

corporations actually borrowed less than they had estimated they were going to do a year ago. That's the reason for the difference. It's not any great, nefarious . . .

**An Hon. Member:** — Or it could be privatization.

**Hon. Mr. Lane:** — No, it's not. The privatization, if there are any revenues, would shop up in Crown Management Board. Keep in mind as well that if an asset ended up with a significant debt, selling it for the amount of the debt doesn't get you any great return to generally reduce . . . have significant reduction.

And finally, keep in mind, that . . . you've indicated that privatization is an ideological vent to try and reduce the deficit. That is not true. What I suggest to the hon. member, that the objectives of public participation and privatization are to diversify the economy, create jobs, create new opportunities, and to give the people of this province a direct involvement in the economy, and a direct involvement, if they're employees, in the operations of the company for which they work.

And I suggest to the hon. member that that debate we will have for some considerable time with regard to the specifics as to where it flows within Crown Management Board. There is another forum to deal with Crown Management Board, and I suggest that the hon. member take her questions to the Crown Management Board.

**Ms. Atkinson:** — Well earlier this afternoon in question period, the Minister of Science and Technology was suggesting that we take our questions on the Develcon deal to the SEDCO minister. This afternoon, with the Minister of Finance, he's suggesting that we take our questions with regard to the overall operations of our province, not only the Consolidated Fund operations but also the Crown corporations of our province, he says, take our questions to Crown Management Board.

Mr. Minister, you are the Finance minister of this province. You are in charge of the industrial strategy of this province as it pertains to collecting revenue and expenditures in this province. That's your job, Mr. Minister, and you can grimace all you want, but that is in fact the case.

Now, Mr. Minister, you say that privatization, Tory style, is not to reduce the deficit. If privatization is not to reduce the deficit, Mr. Minister, what's happening to all of this money that apparently is being accrued from the sales of Saskatchewan assets? Where is that money going and why can't you give us an accounting for it?

**Hon. Mr. Lane:** — Again, I suggest to the hon. member that you can't take a look at the use of those moneys if the deal is still not finalized, or if the . . . the transaction is payment over time. You've had all the documents on Weyerhaeuser; you've had ample opportunity to debate and you've expressed your views. Your views are not being accepted by the people of the province with regard to Weyerhaeuser and the hon. member knows that.

And so I suggest . . . and for you to try and leave the impression that the use of a holding company as a vehicle for government management is new, let me tell you that

that is not the case; that Crown investments corporation, the predecessor to CMB (Crown Management Board), was set up some many years ago.

Secondly, keep in mind that under the previous administration there was a separate minister responsible and reporting for Crown Management Board. So that is not new. To try and suggest historically that the Minister of Finance has been involved in all of the economic activity, is not correct, and it's probably not wise for that to be the case. There are other ministers involved and there are other avenues to deal with the Crown Management Board, which is Crown Corporations Committee.

That's all I'm suggesting to the hon. member. It is not a new process; it's not a new procedure and that's the proper forum. And to expect the Minister of Finance, who is not the minister responsible to the Crown Management Board to be intimately involved in all of this, is simply not correct.

**Ms. Atkinson:** — Well, Mr. Minister, we have a budget address dated March of 1988 where you laid out the strategy of your provincial government for the coming year in terms of the collection of revenues and expenditures on behalf of the people of our province. And in this document, Mr. Minister, we have a statement on page 36 and 37 of the total debt of our province. We have a statement as to the gross debt by allocation. We have a statement where a Crown corporation debt is laid out. We have a statement, Mr. Minister, that indicates that Crown corporation debt will increase a significant amount of money in view of the fact of what you are now actually predicting for the year ending March of 1988. Crown corporation debt, Mr. Minister, will increase by some \$600 million.

Now we, Mr. Minister, have seen your government sell off some very lucrative assets that have been accrued by the people of our province. Saskatchewan Oil, for instance, was sold off by your government. Apparently you reaped \$75 million. I'm asking you where this would show up in this budgetary statement in terms of debt. Where would the sell-off of the SaskPower Corporation properties show up in this statement that you provided? Where would the sell-off of Sask Minerals show up? Where would the sell-off of SaskCOMP, the highways equipment, the dental equipment, where is this money going to, Mr. Minister?

I want an explanation; I want you to account for all of the assets that have been sold off. And apparently Saskatchewan people are supposed to be reaping some sort of benefit from this sell-off, and I'm wondering where the money's going to.

**Hon. Mr. Lane:** — Well there are several different components. And let's assume, which is not likely on some of the investments made by the previous administration, that there's a capital gains on the sale. If there is a capital gain on the sale, that will go in to Crown Management Board income, okay? Obviously at some point the government will have to decide what to do with that.

On the Saskoil, I'm told that the moneys were used to repay the Heritage Fund — which was another creation of some years back — investment. So they to date have stayed in the Crown sector.

(1600)

But secondly, as I've raised with the hon. member, at some point there may have to be a decision, if there are capital gains, a to what to do with that income. But to date, that has not been the case, and as I indicated that they can . . . if the asset had substantial debt, it would simply go to repay the debt of that particular asset.

**Mr. Koskie:** — Mr. Minister, are you saying then that with the \$11.6 billion estimated debt, gross debt, that it has indeed taken into account — I mean that money that from the sale-off of assets has been structured into the whole financial picture of the province? And when you have the \$11.6 billion debt, can you advise this House that in fact takes into consideration the moneys received from the sale of the highway equipment; that it received from the sell-off of the dental program and equipment? That the 11.6 billion includes and recognizes the sale-off of Saskoil and the moneys received by the province? Does it also take into consideration the 11.6 billion debt, the money received, if any, from Weyerhaeuser? Sask Minerals? And the lists go on.

But specifically what we're asking, does the \$11.6 billion of debt hoisted upon the province also include the sale-off and recognize the revenues received from the sale-off of assets? That's the key question.

**Hon. Mr. Lane:** — Except keep in mind that we can't take those into account in doing our budgetary planning for the very simple fact that the transaction may not be closed, and it may not close.

Let's take a look at . . . I am advised that the Saskoil went to repay the Heritage Fund investment.

**An Hon. Member:** — Okay, highway equipment.

**Hon. Mr. Lane:** — Highways equipment, we'll get you that information. But I'm sure that all that would do is reduce some cash requirements of the government.

With regard to the hon. member, I don't want the hon. member to be interpreting the estimated reduction as coming from privatization, that is, coming in a reduction in the borrowing requirements to Crown corporations.

**Mr. Koskie:** — Well what you have really indicated to us, Mr. Minister, is the following: — that we have a debt of \$11.6 billion; we have a consolidated debt of 3.7 or 3.9, depending on whether you listen to the auditor or yourself — and I prefer the auditor, for obvious reasons.

The fact remains here, Mr. Minister, with \$11.6 billion, what we have seen, the accumulation of that massive debt, estimated debt, and at the same time we have seen the disposal of a coal-mine, highway equipment, Saskoil, Weyerhaeuser, PAPCO, Sask Minerals, Saskoil, and the list goes on.

This situation is even worse than what I projected initially, because not only do we have a massive debt on the backs of the people, you have sold off a substantial amount of assets of this province and the debt has risen each year.

This is the problem that we have with you, Mr. Minister, and the economic policies of your government. But not only have you sold off the assets, you haven't even been able to reduce the debt. It's gone up another billion this year. And at the same time, what you have heaped upon the people of this province, massive tax increases.

I want to ask you, Mr. Minister, a few specific questions in respect to the debt. Will you agree and publicly indicate to the public that under your . . . as Minister of Finance, that the accumulated deficit during the three budgets that you have brought down is in excess of \$2.1 billion?

**Hon. Mr. Lane:** — We'll do the total, but I just correct the hon. member that you've been using 11.6 for some reason, and I've just indicated to the member from Saskatoon that the preliminary estimates are down from the estimated set out in the budget papers, so that figure is not correct.

**Mr. Koskie:** — Mr. Minister, I want to further indicate to you in respect to getting back to the mismanagement of your government, to take a look at the history of this province, to go back all the way to 1947 up to the present. And during those years from 1947 up to 1982, '81-82, there was only two very small deficits in this province — in 1962 there was 3,359,000, and in 1961 there was \$2,421,000.

Now these were difficult times too, if you recall, Mr. Minister. In 1960-61 we were hit with a major drought; in the mid-'60s we had the problem of surplus of grains and introduction by the federal government of a "lift" program. And throughout all those years, all those years, previous governments were able to balance their books with the exception of about \$5 million in '61-62. And here we have a government, the so-called managers they claim, and the deficits have accumulated in every successive year that you have operated. You started in '82-83, and every subsequent year a massive deficit has been accumulated.

I want to ask you, Mr. Minister, why is it so necessary . . . how do you account that this province throughout its years when it didn't have its massive resource base, when agriculture was . . . I doubt if it was developed to the same degree that it was today, but throughout all those years, from '47 up until you assumed office, were able to balance the books and to develop this province, which was the envy, I may say, of Canada. There's no doubt that the financial institutions in dealing with Saskatchewan indicated under the Blakeney years that it was the best financially managed area in North America. And I ask you to remember that, Mr. Chairman, because that stated, and that is true.

And I may say that during those years our credit rating didn't go down. Our credit rating went up and up. And it's only under your administration the deficit has accumulated, the debt has accumulated, the credit rating

has gone down, and also, Mr. Minister, the taxes on the backs of the people of this province have risen massively.

And I can only say, Mr. Minister, you must have a better explanation of why the consequences of this economic policy has cast a shadow on the fiscal future of this here province, because that is a massive debt to lay on the backs of a million people. And you talk about balancing a deficit, but that doesn't solve the problem of your mismanagement, because in your own estimates you're indicating that it's almost \$330 million annually just to service the debt. That's almost a million dollars a day just to pay interest on the debt that you have accumulated, \$329 million of interest. No wonder with this mismanagement that we have a backlog of waiting lists at our hospitals and a cut in our education funding and our health care programs being slashed.

I want to ask, Mr. Minister, two things: one, can you confirm that we have come from the lowest per capita debt in Canada to being now number one, the highest per capita debt in Canada? — per capita.

**Hon. Mr. Lane:** — Well the hon. member has to keep in mind that gross debt includes the debt of the Crown corporations. And I find . . . (inaudible interjection). . . Well he knows that, but I find it very, very interesting that no other government in Canada chose to establish a potash Crown corporation and borrow money and increase the debt through that Crown corporation.

No other government in Canada made the decision to buy into the uranium industry and run up debt in the province on that Crown corporation . . . (inaudible interjection). . . Oh yes, which . . . oh yes, which is in the gross debt of this province. So I can . . . No other province that I'm aware of chose to buy a pulp mill and increase the debt of the province. And then, Mr. Speaker, the gross debt — and the hon. member should remember that — includes things like the potash corporation. It includes corporations like the Saskatchewan Mining Development Corporation. It includes all of those commercial Crown corporations that the hon. member chose to put taxpayers' money into.

So when you talk about gross debt, we are in a unique position. We're in a unique position because we were the Social Democrats' economic experimentation crucible here, whereby they would get into the resource industry and buy up companies, that they would buy up pulp mills, they would buy up farm land. No other province in Canada, Mr. Speaker, embarked down that rather slippery slope.

I suggest to the hon. member that when we look at the province's debt charges as a percentage of revenue, Saskatchewan is the third lowest. Our percentage, as I've indicated, is 8.42 per cent, Alberta, 4.22 per cent, and British Columbia, 5.28 per cent.

**An Hon. Member:** — All happened in the last six years.

(1615)

**Hon. Mr. Lane:** — Mr. Speaker . . . and that's not correct when the hon. member says, all in the last six years -

that's not correct. Manitoba, for example, under the NDP, 11.23; and I can go on and on and on, Mr. Speaker, but we do have the third lowest in the country.

I can compare our rating with Manitoba's, for example. We're AA, Standard & Poor's, AA minus; Manitoba under the NDP, A plus. DBRS (Dominion Bond Rating Service), Saskatchewan is an A high, Manitoba an A low. So I can give some comparisons when you talk about ratings.

But to compare, compare your social economic experimentation, and try and say that that's not a factor in the gross debt of this province, is wrong, and the hon. member knows it's wrong. In the gross debt of the province is included the debt of the Crown corporations, for which you have to take a degree of responsibility, and the people out there are not letting you avoid it.

**Mr. Koskie:** — Mr. Minister, just a simple question. Can you confirm, in respect to the three budgets that you brought down, that the accumulation of the deficit of those three budgets exceeds \$2.1 billion?

**Hon. Mr. Lane:** — 2,137.

**Mr. Koskie:** — You add on the part that was left off, and the auditor indicated it would be somewhere in the neighbourhood of \$2.3 billion, an average of \$700 million each year. That's great fiscal management, Mr. Minister.

Just for the record, I have here — source is Midland Doherty, provincial budget reports, and it indicates clearly here that standing as number one — it was the best in Canada under the previous administration. And now under this administration it is number one — world class, Tory style. It has Saskatchewan leading all other provinces with per capita debt, and that's debt per capita, '87 budgets — 8,369. That's the facts. That's the financial institution that confirms our position, Mr. Minister, and you can't get around it.

I want to turn also to the devastation that you have placed upon the people of Saskatchewan with your mismanagement and incompetence, and that takes us to the area of taxes. And I want to go over some of the tax policies of your government, and I want to ask you whether you think you've been fair to the people of this province.

If I take a look at the personal income tax from 1983 to '84 up to '88-89, we find that you have increased the total personal income tax by \$266 million. From '83-84 it was 565 million, and you've increased it to 800 . . . estimated 831 million, or a difference of \$266 million for '83-84.

In the sales tax revenue, which hits a lot of ordinary Saskatchewan citizens, you've increased that from 340 in '83-84 to 476 million estimated in '88-89 — a total increase again of \$136 million.

If you take a look at the . . . on the other hand, in respect to the corporate income tax for the same period of time, from '83-84 up to '88-89 estimate, a miserable increase of \$1.7 million. Corporate income tax, from '83 to '84 up to '88-89, increased by \$1.7 million. At the same time,



personal income taxes increased by \$266 million; sales tax revenue increased by \$136 million. Clear indication here, Mr. Minister, that what you have done is to lay the taxation policies and increase in taxes on the backs of ordinary Saskatchewan people.

And I say to you that the personal income tax that we pay here in Saskatchewan in '87 was the second highest personal income tax in Canada for a person earning 35,000 income. And that's in your own '87-88 estimate book. And this year what you did was to increase again the flat tax and added on yet another substantial increase on the backs of ordinary people.

I ask you, Mr. Minister, the other obvious things that is happening, and if you look at your charts in your budget address, is that the revenue or a portion of the revenue from non-renewable resources has decreased — has decreased from 13.2 per cent down to a little over 11 per cent. The only one that seems to be rising is your equalization payment.

And so I don't know how you can stand here and try to justify an economic policy with every single indicator indicating the reverse. Massive debt, deficit every single year, and now we turn to the imposition of heavy taxation burden on the people of Saskatchewan.

I ask you, just for comparison sake, I want to reiterate, from '83-84 to '88-89 corporate income taxes increased by 1.7 million, personal income taxes by 266, sales tax by 136 million. The extra revenue from corporate income plus corporate capital, combined, is an additional \$63 million. The extra revenue from personal income plus sales tax, combined, is \$402 million, Mr. Minister.

This is the shift that you have made. You have created a debt by handing out large amounts of money to the corporate sector, the Pocklingtons of the world, the Weyerhaeusers of the world — and the list goes on. And you have created debt, and now the ordinary people of Saskatchewan are burdened with the massive increase.

Mr. Minister, I want to ask you why you think it's fair that the people of Saskatchewan, who have built this province, should now be faced with the burden of your incompetence and your deficits, when indeed what you have been doing with a large percentage of the money is either handing it out to your corporate friends — the million dollars that you handed out to Canada Packers; the 21 million that you handed out to Peter Pocklington; the cushy deal that Weyerhaeuser either sucked you into with your incompetence or certainly a deal, I think, that any corporation would jump at.

And so I guess the question that the people are asking is, at the same time that you are devastating them with increase in taxes, you had the utter gall to reduce the property improvement grant — some \$83 million that was helping to reduce the taxes paid throughout the province, and I ask you, and the people of this province are also asking, Mr. Minister: how do you justify that during the period of 1982 to '85, when in fact you . . . indeed, oil production doubled, from \$2.1 billion in value — \$1.2 to \$2.4 billion — that no additional revenue was received from the oil companies? And in fact in '82-83 the revenue from oil

revenues was 700 million; and '85-87, with double the value of oil produced, you received for the people of this province \$674 million.

Obviously what the problem is, in part at least, Mr. Minister, is the priorities of your government. What you have decided to do is to tax the people of Saskatchewan that built this province, and to the oil companies, you erred in not getting a reasonable return during that period from '82 to '85-86.

I guess the people of the province are asking us to ask you to justify why you should impose on them massive increases at the same time that you cut programs and that you're intending to give further corporate benefits in royalty tax reductions.

Those are the questions they're asking, Mr. Minister. I'd like to ask you to respond whether you think your taxation policies have been fair to the people of this province.

**Hon. Mr. Lane:** — Mr. Speaker, I would like the hon. member to take a look at the real facts, and now that we have all provincial budgets in, I'm going to tell the hon. member and the people of this province where Saskatchewan stands relative to the other provinces. And this is now that all provincial budgets have been tabled.

For a taxpayer earning \$20,000 a year or less, Saskatchewan is in second place, second to Manitoba. For a taxpayer earning \$30,000 a year, Saskatchewan has the third lowest taxes in Canada after Alberta and Manitoba. For a taxpayer earning \$40,000 a year, Saskatchewan has the second lowest taxes in Canada after Alberta. And, Mr. Speaker, for someone earning \$50,000 a year, the taxes and charges in Saskatchewan are second only to Alberta, the second lowest in Canada. And for a taxpayer earning \$60,000 a year, the taxes and charges in Saskatchewan are the third lowest in Canada.

I ask the hon. member to take a look at the budget address and when you take a look at the taxes and charges, and I think it only fair that you do, because other provinces don't exempt, for example, power bills from E&H tax, and other provinces do not exempt clothing as Saskatchewan does.

And when we take a look at other provinces charging a fuel tax, including the province of Alberta, and ours is rebated to the average taxpayer of this province, Mr. Speaker. And when one takes a look at those and takes a look at the charges of government, that Saskatchewan, Mr. Speaker, for someone earning \$20,000 per year, I believe the second lowest in Canada to Manitoba, the difference being about \$150. For a taxpayer earning \$40,000 a year, Saskatchewan has the second lowest in Canada, Mr. Speaker. Taxpayer earning \$60,000 a year, when you take a look at those other charges, Saskatchewan taxpayer again, third lowest in Canada.

So, Mr. Speaker, yes, taxes are unfortunately a fact of life. And I suggest to the hon. member and to the people of this province, when we compare with the tax situations in other jurisdictions, when we are consistently the second or third lowest in Canada, that the opposition should be made aware of that.

When the hon. member talks about a comparison with corporate and personal income taxes, I just ask the hon. member to understand that if we have half a million individual taxpayers and 100 corporations, in all likelihood there's going to be a great deal more revenue from individuals than there is from companies. I really expect, Mr. Speaker, I really expect the hon. member to support this government's initiatives to diversify the economy so we get more corporate revenue.

But let me correct the hon. member further. He says we're reducing it in 1988. That's not correct. We've indicated in 1989 there will be some changes with regard to corporate income tax. But let me tell you, the hon. member forgets that since 1982 the corporate capital tax on large corporations has gone up 365.6 per cent, Mr. Speaker; that the combined corporate taxes of corporate income tax, and the corporate capital tax have in fact gone up 99 per cent since 1982, Mr. Speaker. Corporate taxes . . . (inaudible interjection) . . . Well the hon. member doesn't want to hear it, but in fact corporate taxes have gone up more dramatically, Mr. Speaker.

(1630)

I advise the hon. member, certainly there was an increase in the corporate capital tax in this budget. I've indicated to the hon. member and to the people of this province, it is being brought in in a way to try and give as much benefit to the taxpayers of Saskatchewan as possible, and it will track the federal government tax reform initiatives. So that effective this July 1, I believe, in another ten days, the people . . . 95 per cent of the taxpayers will have a higher take home, Mr. Speaker, as a result of the relationship between the tax increase in Saskatchewan on the flat tax and the federal tax reform reductions. So we have tried to ease the tax burden.

The hon. member complains about, and I know the small-business community is starting to be concerned about the New Democratic Party position when they are so strongly objecting to this government trying to reduce the business tax. All I can tell the hon. member, we will try and reduce the business tax. We have made a commitment in 1989 for \$10 million in expenditures to try and reduce that tax.

We have put out for public discussion, and I hope that the opposition will make a contribution, to what form the personal income tax system should take in Saskatchewan starting, hopefully, in 1989. That can mean some significant differences to the average taxpayer.

So I suggest to the hon. member, we will obviously continue this debate for a long period of time. We've had it for several years, but I think that when we hold ourselves up to scrutiny compared to other provinces, Saskatchewan holds up rather well.

**Mr. Koskie:** — Mr. Minister, would it be possible to make that shift? Do you have the other staff? We could finish off SaskTel and what else? SaskTel and Telephones or whatever it is.

**Hon. Mr. Lane:** — Let me get the officials.

**Mr. Koskie:** — Yes. If you would, if we could finish that off within the half hour and perhaps after . . . at seven we could come back on Finance.

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

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

**Hon. Mr. Lane:** — I would like to introduce to the committee, Mr. Chairman, Mr. Doug Smith, deputy minister, Department of Telephones

## **Item 1**

**Mr. Brockelbank:** — Mr. Minister, I'm sure this will appear as welcome relief to you after the last department you were dealing with. I wonder, Mr. Minister, if you could give me a brief sketch of the communications policy area in the Department of Telephones and what's happening there recently.

**Hon. Mr. Lane:** — I'll give quickly to the hon. member the mandate. The Department of Telephones has a lead role in conducting federal-provincial negotiations on telecommunications policy, monitoring federal regulatory process, particularly the CRTC (Canadian Radio-television and Telecommunications Commission), preparation of provincial government submissions if any are necessary to the CRTC, obviously the normal activities in terms of preparation for any federal-provincial meetings or provincial meetings with regard to communications policies and plans.

**Mr. Brockelbank:** — In the previous year, how many submissions were made, presentations that would qualify, in your word, as submissions, were made?

**Hon. Mr. Lane:** — To whom, CRTC of federal . . .

**Mr. Brockelbank:** — And other jurisdictions, other bodies.

**Hon. Mr. Lane:** — We're estimating. If you want to get a precise list, we'll have to prepare that for you, but there have been two major studies of all jurisdictions, including the federal government, over the last couple of years, trying to get a national policy, for example, on the impacts of competition on long distance . . . competition in the telephone system and the impact on long distance. The deputy indicates there are probably at least 12 presentations and efforts in that regard with those ongoing committees.

We have numerous representations before the CRTC, particularly in regard to cable television outlets in the province in terms of trying to expand the number of local rural communities under our program that have access to cable television. That's an ongoing function. We would have to get the total list of those. The deputy estimates there would be somewhere around 12, including any representation before the Department of Communications in Ottawa.

**Mr. Brockelbank:** — At a later time, Mr. Minister, could you make available to me that list of 12 and if there is executive summary of each of them. If not, the submission itself.

And a final question on this section: — do you anticipate the level of submissions to continue at about the same as it was in the previous year?

**Hon. Mr. Lane:** — I would expect myself that they would increase because of the pressures on long distance. We've stated our policy before the Crown Corporations Committee and in this Assembly before, that we fully support the cross-subsidization and the ability of our telecommunications company to subsidize the lower local rates with long distance revenues.

I've indicated to the hon. member that the increasing problem is no longer a philosophical one, as I think it was some time in the past with some jurisdictions. It's just now that the communications technology is such that we can have large Saskatchewan data base users, for example, just access a satellite and bypass the telephone system. We're starting to see large national users simply set up their own systems.

So those problems are there, and I see that those problems will intensify, and I believe that we would see more representations trying to maintain the province's position in that changing environment.

I want to be cautious with the member. When I said the estimate was 12 submissions, that's what we're guessing on that ... the difference; the number may be higher or lower when we do give you that list.

**Mr. Brockelbank:** — You will provide the list and the summaries.

**An Hon. Member:** — Yes.

**Mr. Brockelbank:** — Mr. Minister, you have listed here members of the Executive Council, item 4, legislative secretaries, and the amount of \$6,900. That's for what?

**Hon. Mr. Lane:** — That's my Legislative Secretary, the member from Arm River.

**Mr. Brockelbank:** — I believe in Crown corporations you said the member for Arm River dealt with ILS (individual line service) program and so forth. And that is ... Are you suggesting ILS is under here or under Sask Telecommunications?

**Hon. Mr. Lane:** — No, the ILS is the Department of Telephones. That's, I'm advised, is the practice, to have the Legislative Secretary report under one department. I might advise that he will have, and has, some occasional duties in terms of a local community wanting the cable television system and process and procedures, etc.

**Mr. Brockelbank:** — Mr. Minister, when you rose you said the ILS was under Department of Telephones.

**Hon. Mr. Lane:** — ILS is under the SaskTel.

**Mr. Brockelbank:** — Okay. You see no reason why you shouldn't charge the Legislative Secretary to SaskTel rather than Department of Telephones?

**Hon. Mr. Lane:** — I would hate to see the hon. member miss the opportunity to debate the Legislative Secretary in Committee of Finance if that was the case, and so you have a second opportunity to deal with it.

**Mr. Brockelbank:** — I don't think it matters that much, Mr. Minister; just curiosity on my part.

I do want to deal with item 3, which is payments to the Saskatchewan Property Management Corporation. Going from the estimated 1987-88 to the present estimates, it's increased by \$9,900, and that's an increase of 14 per cent. Why is there an increase of over 14 per cent payment to the property management corporation?

(1645)

**Hon. Mr. Lane:** — Well I'm advised that the \$9,000 increase is the figures from property management. Their normal escalation factor is based on operating costs and lease escalations. That's the only information I have.

**Mr. Brockelbank:** — Fourteen per cent — 14 per cent. I think, Mr. Minister, you may be getting ripped off by the property management corporation.

And I would like you to, at a later time, give me a more detailed accounting of this 14 per cent increase of payments to the property management corporation and what it's for, what space it's for.

**Hon. Mr. Lane:** — Well I'm advised about two years ago the department moved to new space, Saskatchewan Place. And as property management's gone through its evaluations, that's what they have.

**Mr. Brockelbank:** — In other words, what you're telling me, Mr. Minister, that there was no change in the amount of space you're using; it's just that property management corporation jacked up your rate over 14 per cent?

**Hon. Mr. Lane:** — That increase, as you say, came from the property management.

**An Hon. Member:** — How does he account for it?

**Mr. Brockelbank:** — He's not accounting for it. What the minister is saying to us is that the property management corporation said, your rate's gone up 14 per cent and no ifs, ands, or buts — pay it.

Mr. Minister, does the SaskTel relay service come under SaskTel and not under the department? This is with regard to the deaf.

**Hon. Mr. Lane:** — No, that would come under SaskTel.

**Mr. Brockelbank:** — Under SaskTel, okay. That's all I have on that particular department, Mr. Minister.

**Hon. Mr. Lane:** — If the hon. member wants to deal with it now, the deputy minister and I will be able to respond, I

think, to the question.

**An Hon. Member:** — On what?

**Hon. Mr. Lane:** — On the relay service. If you're referring to the handicapped service, the relay service for the hearing impaired, we can deal with that now if you wish.

**Mr. Brockelbank:** — Mr. Minister, I gather we're going next to Sask Telecommunications which appears on page 97. Is that correct?

**Hon. Mr. Lane:** — As soon as we finish telephones.

**Mr. Brockelbank:** — Yes, okay. Well, we'll deal with the relay service as well. I am concerned, Mr. Minister, and I would like to get from you, Mr. Minister, with regard to the 14 . . . in excess of 14 per cent increase in your rent, I want to know what the breakdown is — whether that is just rent or whether that's other services provided to the department by property management corporation. And what portion of it is rent; what are the other components of the charge?

**Hon. Mr. Lane:** — I'm advised it's rent and parking.

**Mr. Brockelbank:** — Can you at a later time, Mr. Minister, provide me with the detail on that? I'd like to have that.

Now, Mr. Minister, I have a letter which has been sent to you, of course, and I've received a copy because the person understood that I was the critic for SaskTel, and it has to do with the SaskTel relay service. And it's from an official of the Saskatchewan deaf association. And the person raises some, what appear to be, on the surface, some very valid issues with regard to service on the deaf.

The vice-president, in his letter, states that in 1986 you made a number of commitments with regard to service for the deaf in Saskatchewan, and they feel that the government . . . or SaskTel is not living up to the commitments that they've made, and they raise the concern with me by copy of this letter. They have four areas of concern, and I want to get the minister to comment on each of these and to, if he can, indicate when SaskTel is going to meet the commitment the minister made two years ago with regard to the deaf.

The first issue that's raised is with regard to the number of calls per ring-up. Members of the Assembly will have to understand that the . . . in order to use the service, it's necessary to use a 1-800 number and then have the . . . so that the member's actually dialling 11 numbers. A person that's using the service is actually dialling 11 numbers. And they feel this is a bit of a problem for them, and they would like to have more than one call per ring-up.

And the second area is that they feel that SaskTel operators require more training. And this is a matter of concern to them because on long-distance calls they get the impression that the service is being strung out and it's costing them more because possibly the staff is not as highly trained as they can be. And I was wondering if the minister has some comment about training of the staff to be sure that it's up to a level of high efficiency.

And the other point which is especially a concern to the vice-president of this organization is that you have not set up an advisory committee, and that that should receive immediate attention. Now you've been telling them for a year or more now that it'll be set up . . . the set-up of this advisory committee is imminent, and they've begun now to not believe you, Mr. Minister. And I wonder if you could comment on this area.

**Hon. Mr. Lane:** — Yes, I received a copy of the letter. I am having the matter reviewed by the corporation.

Let me explain on the relay service that with the handicap surcharge we increase the number of relays, I believe, from one to four. In other words, a 400 per cent increase. The number of calls, my recollection, increase only about 1 per cent.

So we're trying to figure out where exactly the problem raised by the hearing impaired arises, because the ability to handle calls went up 400 per cent; the number of calls only increased the 1 per cent. And we're trying to figure out exactly where the problem is, but we have undertaken to respond to them.

Secondly, with regard to the rates, the handicapped get much reduced rate and a much reduced long-distance rate.

I have difficulty responding to the question of whether there is access. I remember one . . . if I recall one part of the concern raised was that a call very early one morning . . . or in the morning there was a delay of trying to get through; it was busy. That can happen at various times, even with the increase in relays. We'll try and deal with it as best we can.

But on the training of the SaskTel employees, they do take sensitivity training, and they take some basic sign language training as well, as part of the process. The delay in the advisory is certainly the fault of the minister, and we've had some difficulty trying to resolve the question. Certainly the hearing impaired want the advisory committee to represent solely the hearing impaired. Others that are handicapped want to see the advisory committee more broadened to represent other disabilities so that they have an outlet to ensure that both the technology is there and that SaskTel is responding to their concerns, and that's what I will try and respond to, and I will try and respond to certainly within the next couple of weeks.

**Mr. Brockelbank:** — Mr. Minister, you said the number of relays was increased from one to four. I want to know when that occurred.

And as it relates to appointing the advisory committee, it seems, Mr. Minister, you're frozen by indecision. You've been putting them off for two years about setting up the advisory committee, and if there's concern about who will be served by it, I'm sure that the minister can at least establish some advisory committee and get it started and add to it later if it's felt necessary to do so.

**Hon. Mr. Lane:** — Well I did . . . I'm prepared to accept the criticism for the delay. That is certainly my

responsibility.

I did indicate that there are other handicapped in the province who believe that the advisory committee should be more broad than just the hearing handicapped. The hearing handicapped don't, in some cases, subscribe to that view, and so that's the difficulty we're wrestling with. But we have, I believe, that virtually everybody has now been contacted to see whether they will serve or not on the advisory committee. I can't confirm that 100 per cent for you, but I believe that to be the case.

And I, as I say, I'm prepared to accept the criticism. I can respond by saying I believe that we will have the advisory committee within the next couple of weeks. I think we're imminent in terms of being able to make that announcement.

**Mr. Brockelbank:** — When were the number of relays increased, Mr. Minister?

**Hon. Mr. Lane:** — I'm subject to correction, but I believe some time in the fall; if I recall, it's November of '87. But I'm subject to correction on that, and I can supply that information in detail to the hon. member. I did give the information to the Crown Corporations Committee as to the precise date, and including the statistical analysis of the calls, the percentage increase of the relays, etc., and specifics as to the training. I will undertake to supply that to the hon. member, again in the next couple of days.

**Mr. Brockelbank:** — I want to urge you, Mr. Minister, to make progress on this particular program because I think it sounds eminently reasonable, what the vice-president is saying. And I want to give you every encouragement to go ahead and do that.

I wanted to . . . I hope I'm not off the topic, but I wanted to ask a question about the Sask Telecommunications statutory appropriation, the advances. I wonder if the minister could outline the change there? It was estimated in the previous fiscal period, \$35 million. It's now estimated at \$59 million.

**Hon. Mr. Lane:** — I'm advised that it's primarily rural individual line service — switch modernization, which we've announced, to move to computerized digital switching throughout the network, and the overall digital network modernization program.

If I could just revert quickly back to the relay service. I know the difficulty, and I can apologize to those affected. But we have been — just so the hon. member can take some comfort, many within the industry, including CRTC and others, believe that the Saskatchewan system is the best anywhere in Canada. So it's not that we're reluctant to make the changes to upgrade that system. But we will respond to the issues raised by the hon. member, but I'm advised those are the capital budget, main program expenditures.

**Mr. Brockelbank:** — And you're not just talking about the increase, Mr. Minister, you're talking about the aggregate amount?

**Hon. Mr. Lane:** — Yes.

**Mr. Brockelbank:** — That's mainly for ILS?

**Hon. Mr. Lane:** — All three — ILS, switch modernization, and the digital network modernization program.

**Mr. Brockelbank:** — Okay. That's all I have, Mr. Minister, but I must say that I'm going to talk to your landlord.

(1700)

**Mr. Rolfes:** — Mr. Minister, just one quick question. Could you tell me what you estimate you will raise on that tax that you have implemented on telephone bills, the tax upon the federal tax? A number of people have talked to me about it. In fact, I wasn't even aware it was on until I looked at my bill last month, and I'm estimating now that I will be paying, between the federal government and the provincial government, between 10 and \$12 a month on taxes on my telephone bill. Could you tell me what you estimate you will raise by that tax?

**Hon. Mr. Lane:** — I don't have that information but I'm prepared to supply it to the hon. member.

One of the difficulties is that, of course, the provincial taxation has to be a direct tax and it must show up on the bottom line. That's not an argument for it; it's historically been that way. I think if anybody takes a look at a printing bill, for example, that they get from a printer, you will see that there will be a federal excise tax, the federal sales tax, and then the provincial sales tax, always the one on the bottom line. Secondly, in terms of the federal communication tax, it doesn't apply to the whole bill; it only applies to certain designated long-distance services.

So I don't have the information. I will get it for the hon. member just as quickly as I can, what the revenue impact is.

Item 1 agreed to.

Items 2 and 3 agreed to.

Item 4 — Statutory.

Vote 38 agreed to.

#### **Consolidated Fund Budgetary Expenditure Saskatchewan Telecommunications Ordinary Expenditure — Vote 153**

Vote 153 agreed to.

#### **Consolidated Fund Loans, Advances and Investments Saskatchewan Municipal Financing Corporation Ordinary Expenditure — Vote 151**

**Item 1** — Statutory

**Mr. Tchorzewski:** — Mr. Chairman, I just . . . keeping track of the time and because I don't have many questions on this, probably we can do this now — it won't take very long. But as I look at the Municipal Financing Corporation, I'm looking at the last page of the report of 1987, December 31, in which it indicates that the board

of directors had approved the purchase of debentures from certain local governments of which \$5.8 million were not purchased. Is that a usual occurrence, or is that something that happened to a larger extent this year than in any other year?

**Hon. Mr. Lane:** — I'm advised that that's a normal process. They will send in their application. The deal may not be closed before year-end, and they'll still get approval on it.

**Mr. Tchorzewski:** — Yes, I'm familiar with that. I remember doing some of this myself. But is the amount unusually large this time, or is that the standard amount that has happened in the past?

**Hon. Mr. Lane:** — I'm advised it's not unusual.

**Mr. Tchorzewski:** — Mr. Chairman, this may not be . . . It's related, but it's not exactly on the Municipal Financing Corporation. I want to ask, Mr. Minister, several questions on the Local Government Finance Commission.

In the estimates last year, when the Minister of Urban Affairs was questioned on this, he said that the lead agency for that commission and the follow-up work on it would be the Department of Finance. Is it the Department of Finance that's the lead agency in looking after the Local Government Finance Commission report?

**Hon. Mr. Lane:** — We're just checking whether that expenditure was . . . We know we paid the cost of the finance commission and the operation of that. I don't know whether it was subsequently turned over to Urban Affairs or not, but even if it was we'll undertake to get the information for you.

**Mr. Tchorzewski:** — I appreciate that. Since I have no further question on the Municipal Financing Corporation . . . I just simply wanted to clarify that one point, so I'm prepared to let that one go. So if you have officials that are here specifically for that, you won't have to keep them.

And then later this evening, so that you can look into the Local Government Finance Commission, I'll tell you ahead of time, I want to ask some questions; I want to ask some questions about the costs. I think I know what they are; I want them confirmed. I want to ask some questions about what has been the follow-up on the review process, and what are some of the conclusions that you may have reached on them, Mr. Minister.

But seeing that it is near 5 o'clock, but in fact beyond it, maybe since we are done now with the Municipal Financing Corporation report, we can call it 5 o'clock, if it's okay with the minister.

**Hon. Mr. Lane:** — Yes, and we'll go back and get what information we can, even if it has been transferred, to try and give you as much information as we can.

**An Hon. Member:** — There won't be much there, Gary, just . . .

**Hon. Mr. Lane:** — No, I understand.

**Mr. Chairman:** — Any more questions on Municipal Financing Corporation?

Being near 5 o'clock, the committee will recess until 7 p.m.

The committee recessed until 7 p.m.