

EVENING SITTING

COMMITTEE OF FINANCE

Motions for Interim Supply (continued)

Mr. Trew: — Thank you, Mr. Chairman. I understand the Minister of Highways is handling the questions tonight. Is that correct? Okay. Thank you, sir. Now I know who to address my remarks and questions to.

I want to talk a little bit about your ever-growing deficit. And I want to express some very great concerns held by, I think, the majority of Saskatchewan people, those concerns being that you are doing some things in this year's annual budget that are simply not sustainable, and indeed only masks the deficit problem.

What I am referring to, of course, is the \$200 million transfer from the Crown investments corporation that is a one-time, one-shot payment into the general revenues for the year that we're talking about. On the surface of it, that doesn't sound too terrible because we on this side of the legislature have long said you should be taking profits earned out of Crowns such as Saskatchewan potash corporation, and used to be Sask Minerals before you privatized that — the cash earning Crowns. You should be taking some of the profits and putting it into general revenues to pay for health, to pay for hospitals, to pay for education, and highways. I suspect you're a little bit interested in highways, although it's only a suspicion on my part. You certainly couldn't tell it by the looks of the highways around our province.

Minister, this year, in 1988, what you and your government have done is you transferred all of the retained earnings from SaskTel, earning that had accumulated since 1947 when SaskTel became a Crown corporation. You took all of the retained earnings up to the end of 1988. Those retained earnings amounted to some \$237 million, and that's nothing to be sneezed at. You took those retained earnings, transferred them into the Crown investments corporation, and then snafued a \$200 million dividend into the Consolidated Fund. The point I've been trying to develop is that that is a one-shot effort. SaskTel does not have \$237 million for you to latch on to next year.

You're in the process of getting rid of the Potash Corporation of Saskatchewan, which is like a cash cow to the people of Saskatchewan; a cash cow in terms of their ability to pay revenue and pay dividends to the people of Saskatchewan . . . (inaudible interjection) . . . The member for Weyburn says, Kim, we lost that one. I can assure you that though we came out on the short side of the vote you just wait, just wait until the next election — whenever the Premier's got his courage — wait and we'll see who wins and who lost.

Some Hon. Members: Hear, hear!

Mr. Trew: — And it'll be the people of Saskatchewan that will win and I can . . . Mark my words, the member for Weyburn, along with a huge number of other present government members, will be no longer elected to sit in

this great legislature.

So my question to you, Minister, is: how in the world do you convince yourselves, let alone the people of Saskatchewan, that this one-time money grab of \$237 million out of SaskTel's retained earnings — earnings that took 41 years to accumulate, and you snatched them away in one quick, magical grab — how do you convince yourselves and the taxpayers that that was a good deal?

Hon. Mr. Hodgins: — Well, Mr. Chairman, I would say that indeed many of the Crown corporations under this administration in the past years have done significantly better with better management practices than in past years, and I would throw out a few Crown corporations as examples.

And firstly, I'd like to talk a little bit about the Crown corporation, SGI (Saskatchewan Government Insurance). There was a corporation that we took over as government in 1982, and I think beyond the question of a doubt, if you would hire any financial adviser to review the performance of that corporation, you would see that that corporation has done exceedingly well in the last few years. I throw out Saskatchewan Telecommunications as another very good example with good management practices. There has been, indeed, been some fairly significant profits.

What we have done in this budget is taken from those Crown corporations actual profits of the last year — not gone back in and actually bled the corporations dry, as has taken place in past years, but actually took true profits from these corporations and certainly transferred them to the Consolidated Fund. I don't think that that is a very unusual practice; I believe it is a practice that has been followed by many administrations in prior years. And quite frankly, I think it just makes good financial management sense to transfer those profits that have accrued to the Crown corporations and bring them into general revenue.

Mr. Trew: — Minister, did I hear you say that you've taken the profits from the past year only from the Crowns and transferred them into the general revenue?

Hon. Mr. Hodgins: — Yes, that is correct.

Mr. Trew: — Well, Minister, I think you should be coming a little bit closer to skirting with the truth. SaskTel, in its 1988 annual report tabled in this legislature, available to all 64 MLAs, available to anyone in the public, in that annual report it very clearly shows you snafued not the past year of profits for the Consolidated Fund. You took 41 years of accumulated profit. It took SaskTel 41 years to build up \$237.8 million and you, sir, and your government just snafued that in one magic grab. It is the exact opposite of what you have just stood and told this legislature.

Now either you're incompetent at the job you're doing right now, in which case perhaps we should put this off until the proper minister comes back, or else you're being more than just a little bit mischievous with us here. Now which is it?

Hon. Mr. Hodgins: — Before the hon. member makes accusations such as he has, I would like to offer an explanation. And indeed, what I told you was true. Indeed the actual profits from the Saskatchewan Telecommunications company were transferred to the Consolidated Fund; however, that transfer comes from Crown Management Board. And certainly there was a full \$238 million transferred to the Crown Management Board, but from the Crown Management Board to the Consolidated Fund came only the figure that was based on actual year-end profits of the past year from SaskTel.

Mr. Trew: — So from Crown Management Board you got \$200 million in the year that we're talking about, correct? . . . (inaudible interjection) . . . Well what you want to check, Minister, is the annual report for SaskTel, which show the profits for the year that we're in, for the year 1988. The profits were far less than half of that \$200 million figure that you are bandying about and telling us that we should be trusting.

I would appreciate some clarification on this, because either there is . . . something wrong somewhere, and I'd appreciate if you can straighten that out.

Hon. Mr. Hodgins: — Quite shortly, the figure from SaskTel, a portion of that 200 million, the portion that SaskTel profits made up, were \$71 million from their 1988 profit-loss statement.

Mr. Trew: — And the balance of the \$200 million that the Crown Management Board paid to the Consolidated Fund then comes from the 106 million that the potash corporation made and others. And at any rate, what you have done is, you have taken \$237 million from SaskTel. You can stand here and tell us that you didn't transfer \$237 million into the Consolidated Fund, but you transferred \$237 million in the interim step into the Crown Management Board. In either case, SaskTel no longer has that \$237 million to use to invest in services such as your much-touted individual line service, a service that I don't disagree with, but the fact is every time SaskTel purchases new equipment — and indeed they're getting into the cellular telephone market right now — they're forced to do so on borrowed money because of this grab. SaskTel operates to a fair degree on borrowed money.

By this move to grab \$237 million into the Crown Management Board and the next step being into the Consolidated Fund, you've done two things. You've covered up the deficit by \$200 million this year alone, and the second thing is you have increased the cost of operating SaskTel by the cost of borrowing \$237 million.

I'd be more than a little interested in hearing how you square those two forces which are opposed to the common good of the people of Saskatchewan, the people that elected you and, I suppose, elected us to represent them. So how do you square that with the increased costs that SaskTel is forced to pick up just simply to hide your ever-spiralling deficit?

Hon. Mr. Hodgins: — I would just offer to the member opposite the following explanation. The transfer that took

place between SaskTel and Crown management was an equity transfer, and in fact you would not have a significant impact on the true financial statements of SaskTel. In fact what Crown Management Board has done is taken an equity position in place of the retained earnings on the SaskTel balance sheet, and you would not see any true impact on the SaskTel corporation.

Mr. Trew: — Minister, thank you for the response. I think we've muddled those waters sufficiently to have everybody thoroughly confused by now.

I was interested in your first remarks when you talked about some Crowns being better run under your administration than they were under ours, and I can appreciate you mentioned SGI, but I noticed you were very short on mentioning any others. And I noticed, very conspicuous by its absence, was the Crown that you are responsible for, Saskatchewan Transportation Company, where you took over a million dollar surplus and you now got nearly a \$20 million debt . . .

(1915)

An Hon. Member: — Not this minister.

Mr. Trew: — Not this minister. Yes, I can assure you this minister. I think enough said about that, from my perspective anyway.

You are, of course, welcome to respond to it, but the fact is you can't just say oh well, we're managing everything so wonderfully, because the exact opposite is proven in Crown after Crown after Crown. You just look at their annual reports from before your administration took office, look at them since your administration took office, and you'll see that the example that I use of Saskatchewan Transportation Company is not all that far off the mark with a great many of the others.

Certainly SGI has been making money under your administration and been making more money than it made under the NDP. But I can remember the former member from Regina South, every day in the newspaper hammering the then Allan Blakeney government about his high SGI rates. And then you look at what you've done with drivers' licence costs; you look at what you've done with vehicle registration costs; you look at all of those things with respect to SGI and, of course, it's not much wonder that it makes a profit now. You look at you having changed the deductible from \$200 to \$500. It's not much wonder that when you have that kind of rule changes at your fingertips, it's not much wonder you can make a monopoly insurance company make money.

I would argue that it would take some wizardry to make it lose money year after year rather than make money.

So the simple fact that . . . The simple issue that we're dealing with here, though, comes back to the manner in which you're trying to cover up the deficit. And it is simply not sustainable. Crown management can't take another equity position, because there isn't another \$237 million in retained earnings in SaskTel for them to grab on to. And as I've mentioned, I'm not trying to drag up the debate that we've been through in the last few days, but

the potash corporation is gone and the people are asking, what is going to be next? They're just hoping that it's not going to be another Crown corporation. They're hoping that it's going to be the government that's the next to go.

So I'd appreciate if you could have one more stab at trying to explain the 237 or 38 million dollars from SaskTel to Crown management. You say it's an equity transfer, but it's equity that SaskTel no longer has at its immediate corporate disposal, it's equity that the Crown Management Board in its benevolence may grant back to SaskTel. So please have a stab at that, Minister.

Hon. Mr. Hodgins: — I think I have explained to the member opposite, as best I know how, the fact that the transfer or the equity interest that Crown Management Board has taken in SaskTel will not have an impact on the balance sheet of the Saskatchewan Telecommunications Company.

I would like to respond to the hon. member a little bit about management of the different Crown corporations, and he has spoken a little bit about the STC (Saskatchewan Transportation Company) — the bus company, and SGI and a few others and, indeed, there are Crown corporations today under this administration that are having difficulties. And I think the hon. member would — or at least should — respect the fact that things change, times change, and over the past seven or eight years, with respect to the Saskatchewan Transportation Company, you have seen a number of changes in that market-place.

You have seen general ridership levels actually plummet throughout not only Saskatchewan, but throughout North America. You have seen very much increasing costs, or a cost when it comes to overall operations of that corporation. You have seen intense competition from such sectors as the courier sectors. And I believe that most small towns in Saskatchewan are now serviced by couriers, and I believe that that is good for the people of Saskatchewan, but it does come at a cost: it is a form of competition to the Saskatchewan Transportation Company. And indeed, those are some of the reasons that the Saskatchewan Transportation Company is having financial difficulties at this time.

I could go on at length and talk about the management of many corporations, but I do believe it fair to say that there have been some very good success stories when it comes to the overall management of Crown corporations under this administration.

Mr. Shillington: — Thank you very much, Mr. Minister. I would ask you to explain to me how the machinations with SaskTel actually work. I note there is, under budgetary revenue, an item of \$200 million from the Crown investment corporation in the *Estimates*. I also note that in SaskTel there is something called an equity advance of \$250 million. Perhaps you'd like to tie those together and explain what's going on here, Mr. Minister.

Hon. Mr. Hodgins: — I would answer the hon. member by saying indeed . . . And you have picked up on a discrepancy. And in fact what happens is that from SaskTel to Crown Management Board went 238 million

in retained earnings. In exchange for that, Crown Management Board paid back to SaskTel, in a form of an equity advance, \$250 million. So there is a difference there of \$12 million.

An in answer to the former member's question, in fact the SaskTel balance sheet would improve by that difference, would improve by \$12 million. So once again, \$238 million of retained earnings went to Crown Management Board but in turn Crown Management Board has taken a \$250 million equity position in SaskTel.

Mr. Shillington: — Why was that done?

Hon. Mr. Hodgins: — I believe if the hon. member would look at most Crown corporations you would find that Crown Management Board traditionally, both under this administration and under former administrations, has held equity positions in most of the Crown corporations. This has not taken place before with SaskTel, so you are now seeing Crown Management Board for the first time hold an equity position or an equity interest or an equity line on the balance sheet in SaskTel.

You will also see that what this does for Crown Management Board as a corporation is increase the retained earnings on their balance sheet.

Mr. Shillington: — Why take out 238 million and put back in 250 million?

Hon. Mr. Hodgins: — The discrepancy simply is a rounding sort of an operation for one. When Crown Management Board deals with this type of money, it rounds it out to a nice even figure, and it is the first time that Crown Management Board has taken an equity position in SaskTel.

So indeed, there's a \$12 million difference. It is an exchange of numbers; there is no money made nor lost on this transaction. What you're talking about is a \$12 million difference, a \$12 million difference. Here again it is simply a paper transaction. There is no money made nor lost on a transaction of this nature, and indeed what it has done is enhanced the actual position of the SaskTel balance sheet by some \$12 million.

Mr. Shillington: — But I may say, no one's going to accuse you of not being thorough when you round. I mean, you're not rounding to the nearest thousand or hundred or million. You round off to the nearest quarter of a million dollars.

All I can say is, Mr. Minister, if you were as thorough in fixing the highways as you are at rounding off the Finance minister's budget, you could play pool on these highway in this province, they'd be that smooth.

Mr. Minister, I wonder if you'd like to find a serious response. You're not seriously going to tell me that they took out \$238 million, put back in \$250 million, all for the purpose of rounding out the figures. Surely it is not a serious comment.

Hon. Mr. Hodgins: — I don't think there's much more

that I can add to what I have said. And perhaps my terminology of rounding of figures was not exactly accurate. But I can only once again stress that this is a paper transaction. No money is gained nor lost on this transfer. In fact, what it has done is enhanced the balance sheet of SaskTel by \$12 million. What it would in turn do is decrease the benefit, if you like, to Crown Management Board by the same \$12 million. I can really offer no further explanation than what I've given.

Mr. Shillington: — Tell me, Mr. Minister, does your department do a lot of this kind of rounding? Are there other examples of rounding off the nearest quarter of a billion dollars just to make . . . I assume, just to keep the figures simple?

Hon. Mr. Hodgins: — As I've said to the member opposite, there's little or more . . . nothing that I can add to what I have said. Only that Saskatchewan Telecommunications, under this administration, has been a very well run operation, a very well run operation. And certainly Crown management Board taking an equity position in SaskTel is nothing weird or unusual, nothing unusual whatsoever. In fact, Crown Management Board holds equity positions in not only SaskTel but virtually all Crown corporations. That is a practice under this administration; it was a practice under the former administration.

Now the member opposite may tease and jest about rounding of figures, but I just stress once again that there is no money gained, nor lost, on behalf of the taxpayers of Saskatchewan in this particular transaction. It is an accounting procedure, not an unusual accounting procedure. And the members may jest and laugh at that, but if the truth of the matter were known, if the members opposite had an ounce of genuineness in them this evening, they would get down to some of the real issues at hand in this Appropriation Bill.

I can tell the members opposite, and I can tell the members of the —Saskatchewan legislature this evening, that there are people in Saskatchewan who are dependent on funds from government who are very dependent on this one-twelfth or one month supply of funds, and if the members opposite wish to continue to jest and to tease about a rounding figure, they may do so. I will be here all evening. But I can really offer no further explanation to you, sir, than what I have thus given.

Some Hon. Members: Hear, hear!

(1930)

Mr. Shillington: — Okay, I will accept . . . I think the member from Melfort may have some appreciation of why the Provincial Auditor has so much difficulty with this province's books.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Minister, I'll accept your explanation that the reason for the quarter of a billion dollars was it just was a nice, simple figure to deal with. I'll accept that, Mr. Minister, and I will not question that again. As far as I'm concerned that's biblical.

Mr. Minister, I wonder if you'd like to get back to my original question. I never really asked you how you come to pick a figure of a quarter of a billion dollars. I didn't really want to know that that figure appealed to you because it was round. I really wanted to know why anyone would take out 238 million and put back 250 million? The question was why the in and out, not why you found a quarter of a billion dollar figure so appealing.

Mr. Chairman: — Order, order. I'd ask the members on both sides of the House to keep it down a bit.

Hon. Mr. Hodgins: — Well I will make one more, one more stab at this for the hon. member's benefit, and once again, and I will go through this as slowly and as painstakingly as I can. When you have SaskTel providing to Crown Management Board \$238 million in retained earnings, now what that does is increase, naturally, Crown Management Board's retained earnings. And in turn for that, when you have Crown Management Board, not unusually, taking an equity position in SaskTel, as it does in many other Crown corporations, both under this administration and under the past administration, what you have is simply an equity position for the first time that Crown Management Board holds in SaskTel.

Now once again, that transpired under the former administration; it has transpired under this administration; and in fact what it is is a swap — retained earnings for equity. Nothing unusual. It is an accounting practice that increases Crown Management Board's retained earnings.

The answer that the member opposite is looking for, well what happens when Crown Management Board has an increase in retained earnings, indeed, then that corporation from time to time will pay to the Consolidated Fund a dividend. And I believe that that is what the hon. member has been after, and that, quite frankly, is the simple answer.

Mr. Shillington: — Mr. Minister, you're right; it's a paper transaction. Why bother? Why take out 238 million and put back 250? What sense does that make? There's got to be some reason for it. It didn't occur just because someone felt like juggling figures. There's got to have been a reason why you would take out all the money and put it back in. There's got to be a reason for it, Mr. Minister. I wonder what the reason is.

Hon. Mr. Hodgins: — Well sir, I have just told you, when Crown Management Board, through this transaction, has an increase in retained earnings — and that is what happens through this transaction: Crown Management Board has an increase in retained earnings — then in turn, in turn, and this as well took place under your administration, from time to time Crown Management Board will pay to the Consolidated Fund a dividend, and indeed that is the answer that I believe you are looking for. And certainly, certainly that was one of the merits in performing this particular accounting transaction.

Mr. Shillington: — Mr. Minister, that's an absolute *non sequitur*. It doesn't make any sense at all. Mr. Minister, why would someone take out 238 million and put back

250 million? Mr. Minister, you start at the second step. You say, but once you've taken out 238 million, then the money's got to go somewhere and this is as good a place as any. Send it back where you got it.

Mr. Minister, I'd like you to start at step one. Why was the 238 million taken out if they're only going to put it back again?

Hon. Mr. Hodgins: — After consultation with Finance officials, some of them who have been around since Ross Thatcher's days, I might add, as minister of Finance, I can only once again provide to the members opposite the simple explanation that from SaskTel to Crown Management Board goes \$238 million in retained earnings. From Crown Management Board back to SaskTel is taken an equity position in SaskTel. Indeed, the effect that this has is increasing the retained earnings in Crown Management Board and in turn, not unusual, but in turn from Crown Management Board to the Consolidated Fund from time to time is paid a dividend, and this is what transpired. I can offer no further explanation than that.

Mr. Shillington: — Mr. Minister, this has little, I think . . . Your difficulty in explaining this, I think, has little to do with the fact that you aren't the Finance minister. I don't think the member from Lumsden's comments would have been any more intelligible had he been here. The bald fact is there is no explanation for this that you or any minister would ever care to give in this Assembly. I said, I'm about . . . Patience, patience — the truth will come to he who waits. I say that to the member from Lloydminster.

Mr. Chairman: — Order, order. Allow the member from Regina Centre to make his comments.

Mr. Shillington: — Mr. Minister, I said when this budget was brought down that the budget was cooked, and I think I said it was crooked. It was this kind of machination, it was this kind of thing that led to that comment. Let me explain it to you in the simplest of terms, Mr. Minister, what this is all about.

There is a difference between the province's fiscal year and the Crown corporation's fiscal year. You can use that difference in the fiscal year, and you in fact are using it, to move the debt forward one year in time. You can borrow it this year and pay it back next year and by so doing you move the debt forward one year in time.

What the minister has done is to in fact hide a debt of \$200 million. That's what he's done with this. That's all this is, is an attempt to cloak a \$200 million grab, a \$200 million debt. He's artificially reduced the indebtedness of the province by \$200 million. That's what this is all about.

Mr. Minister, I say to you, Mr. Minister, that the comments of the Provincial Auditor, in his report that *The Globe and Mail* described as scathing, surely must have had this kind of thing in mind. Surely this is what he had in mind. Surely, Mr. Minister, when the Provincial Auditor said that this government's books were in shambles, as they did, it was this kind of thing he had in mind.

What you've done . . . Well I cannot see the person I'm

speaking to. Mr. Minister, what you've done with this transaction, this is what I said when I said you cooked the books. Mr. Minister, I would suggest you ought to leave the officials out of it. The officials who are in this Assembly are, by and large, people of the highest reputation and integrity. I would ask the minister not to blame this bit of chicanery on the officials. This little bit of chicanery is vintage member of Lumsden. This is vintage, this is vintage member from Lumsden.

Mr. Minister, this is pure unadulterated chicanery. I know it. I suspect the Premier knows it. You may or may not know that, Mr. Minister, but that's what this is all about.

Mr. Minister, I have an additional . . . I'm going to ask . . . I'm going to perhaps allow one of my colleagues to raise a question or two next, but that, Mr. Minister, is what all this is about. It's unadulterated chicanery. It's crooked. And when I said the books are cooked, it was this kind of thing that I was referring to.

Hon. Mr. Hodgins: — I will be very brief in my response to the hon. member. But I would say this, and I would say this to all members opposite. Here is an opposition that has spent — what? — the last four of five months, talking and talking and talking about all the reasons that the Potash Corporation of Saskatchewan should remain in the government's hands, talking about all of the benefits to state-owned Crown corporations, giving all of the smart and stupid arguments in the world that the government should run all of these Crown corporations. If indeed the members opposite were correct in that philosophy, if they were correct, all of these Crown corporations would be making hundreds of millions of dollars each and supplying to the government, to the Consolidated Fund, moneys that would cover the deficit 10 and 20 times over.

The facts of the matter are that these corporations, many of them that should be privatized — the potash corporation being a prime example — is one of the reasons that we have the difficulties financially that we do in the province of Saskatchewan.

So I would ask the members opposite again, if they are wondering, well why this \$200 million, I ask the question to them: why not 4 or \$500 million from the state-owned Crown corporations to which members opposite hold on to with such a passion, with such a passion?

So, Mr. Chairman, I say that indeed there has been a \$200 million transfer; I'd say indeed, Mr. Chairman, it is generally accepted accounting principles of which we are dealing with here tonight, matters that are not unusual, matters of practice that have taken place under the former administration and under this administration.

Some Hon. Members: Hear, hear!

(1945)

Mr. Shillington: — Mr. Minister, if those comments made any sense at all, then they were an argument in favour of privatizing SaskTel. If those comments made any sense at all, that's what you were saying. I'll tell you, Mr. Minister, if you think that privatizing the gas side of SPC

(Saskatchewan Power Corporation) constituted stormy seas, wait until you try and privatize SaskTel. Then you really are going to see very, very heavy seas.

Mr. Minister, your comments, the comments you just made, are really staggering. Apart from being an argument in favour of privatizing SaskTel, what you're also saying is that it is legitimate to sell off capital assets and use the proceeds from the sale of capital assets for operating deficits . . . (inaudible interjection) . . . Mr. Minister, now that's what I just heard you say.

Mr. Minister, there isn't a reputable economist or accountant in the country who would suggest that's a proper way to run a government. It's not a proper way to run . . . It isn't the proper way to run a household. It's not the proper way to run a farm. I am quite sure, Mr. Minister, you don't operate your auctioneering business in such a fashion, by selling off assets to pay debt, and it's not the proper way to run a government.

Mr. Minister, I am shocked that you would state that it's appropriate to sell off capital assets to pay debt, and that's what you just finished saying, apparently. And I find it equally appalling that you would make an argument in favour of selling SaskTel so that you have some money to pay the deficits, and that's what you appeared to say. Both comments, Mr. Minister, were appalling, absolutely appalling.

I wonder, Mr. Minister, if you gave any thoughts to the comments of the Minister of Finance who had some different theories about what ought to be done with the proceeds. I wondered, Mr. Minister, if you bothered to check your comments with the Minister of Finance's comments before you just made them?

Hon. Mr. Hodgins: — I think the hon. member should know that my thoughts on the particular matter do not disagree whatsoever with, I think it would be safe to say, everyone on the government side of the House.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — And I do believe, Mr. Chairman, that it would be fair to say that when the Potash Corporation of Saskatchewan shares are sold and the public are allowed to invest in this corporation, I would say that the funds realized from the proceeds of that sale, indeed, in part at least, should be used to look after some debt. As well, Mr. Chairman, I would think that the public of Saskatchewan should have some input as to where those moneys go.

I believe, Mr. Chairman, that it's well-known throughout the province of Saskatchewan that demands for funds with respect to highways, with respect to ever-increasing costs of health care, with respect to educational needs throughout this province in order to make our young people as keen and competitive as possible, that those demands are there. And I would say, Mr. Chairman, that most fair-minded and reasonable people in Saskatchewan would agree that funds realized from the gains on sales of corporations or the loss on sales of corporations like this, when those funds are taken into government's hands, then indeed significant consultation

with the people of Saskatchewan should, and I might add, will take place.

Mr. Shillington: — Mr. Minister, what you're saying is that these assets should be sold off to provide you people with an election slush fund. That's precisely what you're saying.

Mr. Minister, have you given any thought to the day, which isn't too distant at the rate you're going, when there isn't going to be anything more to sell off? Have you given any thought to what you're going to do that day, when that day comes? Because at the rate you people are going and the rate you're selling things, that day is going to come pretty quickly. What do you intend to do then, Mr. Minister?

Surely, Mr. Minister, you can't seriously argue that it is sound management to pay off . . . to sell capital assets to cover debts. This is like, Mr. Minister, a farmer who's in trouble who sells a quarter section to pay his debts. He's on a slippery slope, because without the quarter section you've got less income, and you have less ability to service the debt. And the more you sell off assets, the faster you're sliding down the slope.

I wonder, Mr. Minister, if you don't see that same thing applying to your government. You're selling off assets which are earning money. As you sell them off and squander the proceeds on an election slush fund, you then, Mr. Minister, have less income available to service the debt, and you are on the same slippery slope that the farmer was I just described.

Have you given no thought, Mr. Minister, to what's going to happen to you when that day comes when you run out of capital assets to sell off?

Hon. Mr. Hodgins: — I certainly have given considerable thought to that and given considerable thought to what will transpire when some of these assets are put back into the people's hands. I've given considerable thought to the future of the young people in Saskatchewan when they have a corporation, such as the Potash Corporation of Saskatchewan, in which they could, number one, invest, and in which, number two, they could have the prospects of new jobs and new opportunities when it comes to the diversification of such corporations as the Potash Corporation of Saskatchewan.

I and all members opposite have given considerable thought, and that is precisely why we have introduced and passed in this legislature legislation to sell the Potash Corporation of Saskatchewan.

I would say in fairness, Mr. Chairman, if the member opposite were to get really honest tonight with himself, he would say that indeed some of the members opposite back in 1981 or 1982 gave the same types of consideration to this corporation and the young people and the future of this province when they laid before Crown Management Board, the government corporation, a document, a plan, a strategy to privatize many of the corporations that were held in government hands. I recall reviewing that document, Mr. Chairman. I have it in my desk and it lists the potential privatization of aspen and

paper plants, natural gas corporations, potash corporations, uranium developments, and on down the line.

Indeed, Mr. Chairman, the member opposite asks, have we given consideration to what may transpire with the privatization of these assets? I say to you, Mr. Chairman, we have given careful and serious and continuing consideration to a very important juncture at where we are today, Mr. Chairman, with respect to the future of Crown corporations and the future of our young people in the province of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Minister, the obvious question that arises: if you're concerned about the young people in the future, then why are you living for the moment by selling off capital assets as quick as you can and spending the money as quick as you can? Surely if you had any interest or concern about young people in the next generation, you wouldn't be squandering these assets here and now to create some kind of an immediately favourable environment. Surely you'd leave some of these assets to future generations.

Mr. Minister, your behaviour is the precise opposite of what you suggest. Rather than having concern about future generations, you have no concern at all. Your behaviour, Mr. Minister, is the height of irresponsibility. You're selling off assets as quick as you can. You're spending the money as quick as you can and giving absolutely no thought to the future. Your behaviour, Mr. Minister, is the precise opposite of what you suggested. You're not concerned about young people in the next generation. It's just the opposite, Mr. Minister. You're concerned about yourselves in the next election, and you frankly could care less what happens to this province or the people thereafter.

Hon. Mr. Hodgins: — Well, Mr. Chairman, I certainly disagree vehemently with what the member opposite has stated. Once again, Mr. Chairman . . . And I would stress that if members opposite were genuine, were genuine about where the best bet for the future lies with respect to these Crown corporations, they would come back to their own document of early 1982, wherein they themselves recognized that there were to be significant benefits in the privatization or the public offerings of many of the Crown corporations — a document, a plan, a strategy devised by members of the NDP to do precisely what this administration is doing today.

Now the members opposite, over the past four or five months, have chose not to talk about that document, have chose not to talk about their own plan for the privatization or the public share offerings in those Crown corporations. And I wonder today, as I stand here, Mr. Chairman, why have they chosen not to talk about it? Are they ashamed, are they embarrassed, or just what took place? Did the radicals across the way, Mr. Chairman, really grab a hold of the NDP and say, no, we can't do this, although it does make economic sense, although it does make good sense for the young people of Saskatchewan? Did the radicals across the way really get a hold of that document and cut it to shreds, and say, no, we will not allow this to happen?

Is that what took place? I really wonder if that took place, because, Mr. Chairman, it is a strange course of events, a strange course of events where members opposite — and I could list the names — sat and planned and analysed with many good financial advisers beside them, many good people, not politicians but good financial advisers by their sides, assisting them in drafting up this vision for Saskatchewan, a vision that would privatize or offer public share offerings in uranium, in pulp and paper, in natural gas, in potash, and a list of others.

They sat there and they devised that plan, and they said, yes, it was a good idea. And why have they chosen not to talk about it, Mr. Chairman? It's a fairly serious issue that the radicals opposite said, no, it may be good; all the financial advisers may say, yes, it's good for the people of Saskatchewan; but we're not going to do it because we're radicals and it just doesn't fit in with our own personal philosophy. Is that what happened? I wonder. And the people of Saskatchewan, I will guarantee you, will have access to that document, and the young people in my constituency will read that document.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — They will read that document and they will see the utter hypocrisy of the members opposite. And attached to that document, do you know what will be on the front of it? There will be a covering letter, a covering letter talking about these plans devised by the NDP, taken over by the radicals and shredded.

There will be a covering letter talking about Tommy Douglas, and a great man for this province he was in many ways, but I will tell you, he talked one thing in the legislature and he did another thing outside. That is, he preached all of his life about the big, bad multinational corporations, but what did he do afterwards? He sat on the board of directors of the Husky Oil corporation.

Attached to that document will be a little letter, and it will also talk about the former premier of this province, Mr. Allan Blakeney, who preached all of his political days here in Saskatchewan about the big, bad multinational corporations; about how you shouldn't privatize, how you should not offer shares to the people of Saskatchewan. But what did he do within minutes of being defeated out of this legislature? What did he do himself? Bought shares personally in the Saskatchewan Oil and Gas Corporation. It's not good for the people, but I, Allan Blakeney, I will go ahead and I will buy shares in Sask Oil and Gas.

There will also be on that document, Mr. Chairman, that will go to every one of my constituents in the Melfort constituency, a little line about the Leader of the Opposition, a man who condemned multinational banks and says that, oh they're just big, bad multinationals, but I am going to go to work for them and assist in a legal capacity in foreclosing on farmers.

Mr. Chairman, those things will be given, and I will absolutely give you my assurance that that document and that letter explaining what is right for the people of Saskatchewan as admitted by the NDP in their document, it will go to every one of my constituents, and I

will tell you, Mr. Chairman, that the hypocrisy of the members opposite will be shown in a clear-cut, concise manner, Mr. Speaker; that my people in my constituency will read and understand and be shown, be shown the real hypocrisy of the NDP.

Some Hon. Members: Hear, hear!

(2000)

Mr. Lingenfelter: — Mr. Minister, I just want to say in the beginning, I have not seen that kind of a tirade from a minister, I guess, since the member from Arm River, who used to sit on this side, threw his water across the Assembly when he got out of control.

But I want to say to you that, first of all, before you bother sending a letter out to all your members in your constituency, you should think about meeting with your mayor, who is very upset with you as the member and the minister because of the pulling back on the fertilizer plant that was to be built in your constituency which you didn't do anything about. And you may be sending a letter about some document, but we'll be sending a letter to your people in your constituency about their member who didn't stand up for them in this legislature to protect a fertilizer plant that was promised and to be delivered until you backed out and went with Cargill. You individually did not stand up in this legislature, even to this day, to defend that project for your own home town. And we'll be sending that letter out to all the people in Melfort explaining your role — I'll carbon copy it to you — your role in this Assembly in protecting the people.

But I want to ask you a question on the deficit. You've outlined how privatizing, in your mind, has lowered the deficit of the province. Can you indicate to me now what the total debt of the province is? What is the total debt of the province at this time?

Hon. Mr. Hodgins: — The member opposite, Mr. Chairman, may well have at his side the budget address given by the Minister of Finance in March, 1989. I will refer him to page no. 31 in that document and he will, by turning to those pages, see both the estimated 1989 and the estimated 1990 gross debt figures to which he is questioning, as well as the actual 1988 figures provided on page 31 of the budget address, March 1989.

Mr. Lingenfelter: — Mr. Minister, I don't have my copy. Will you give me the numbers, the total deficit of the province at this time.

Hon. Mr. Hodgins: — I will give you as provided for in this document on page no. 31: gross debt, estimated 1990, 11,155,719.

Mr. Lingenfelter: — You've been rounding off things to a quarter of a billion but rounding them off to the nearest 10 billion just won't work. Can you give me that number again? It's not \$11 million, I don't think, sir. I think it's more than that. Can you give me the number that the debt is at the present time. And I want the Consolidated Fund and in the Crown corporation, CIC (Crown investments corporation of Saskatchewan) and all the Crowns. What is it at the present time?

Hon. Mr. Hodgins: — Total between the Crown corporations and the Consolidated Fund, \$11,155,719,000.

Mr. Lingenfelter: — And I wonder if you could tell me what it was in 1982. Your officials will know roughly and you can give me this to the nearest billion. Will you give me what the debt was when you took over — the wizards of the economy who were going to solve the economic problems that were created by, as you say, members on this side, who you say didn't know what they were doing with the economy. What was the debt at the time that you became a member of the economy of this legislature? Just so I can make the comparison, and this one you can round off to the nearest billion.

Hon. Mr. Hodgins: — My officials advise me that they do not have that figure with them this evening.

I would offer to the members opposite a simple fact, and that was when this government did take over the reins of administration, there were many departures from normal, given accounting principles and practices. And the members opposite have made the case, when we were government, we had no debt, we had surpluses every year. Well I'll tell you, Mr. Chairman, I campaigned in 1982 and was successful in 1982 in part on the management of the financial affairs of the province of Saskatchewan of the NDP administration.

I would say, Mr. Chairman, and I will offer you this simple explanation, and I think, Mr. Chairman, this tells a whole lot about members opposite in their many years in government. Today, Mr. Chairman, I as a private citizen in the province of Saskatchewan get a power bill every month for my personal residence and other buildings. And I will tell you, Mr. Chairman, for myself and for every taxpayers, every utility user in the province of Saskatchewan, I want them to know that when they get their power bill, 40 cents out of every dollar that they pay to debt, goes to paying the interest on the debt of the power corporation of Saskatchewan. And I would say, Mr. Chairman, that that debt did not begin with this administration.

I will make the case to you, Mr. Chairman, that 40 years ago the power poles that were placed in the grounds of rural Saskatchewan, today have not been paid for. I would make the case to you, Mr. Chairman, that Crown corporations under the NDP administration were indeed bled dry, bled dry, Mr. Chairman, and multimillions of dollars borrowed from those same big, bad multinational banks, not Canadian big, bad multinationals even, but American big, bad multinational corporations to finance these Crown corporations and yet not even pay the debt on the power poles that are in the grounds of the province of Saskatchewan today for 40 years — have not been paid for yet.

So I would make the case to the members opposite, don't talk to me about your surpluses and your tremendous financial administrative abilities, because frankly, Mr. Chairman, the sins of those past years are today coming to haunt us. And that is precisely why, Mr. Chairman, it takes good, sound fiscal and financial management

practices to look after the many sins, quite frankly, of years gone by under NDP administrations.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Mr. Minister, you've admitted to me that the debt at the present time is \$11 billion. I want you now to tell me what it was back in 1982 when you went over it. Now this will be the total debt from 1905 until 1982 — the total debt for that period of 70-some-odd years. Can you tell me what the total debt for 77 years was when you people took over. We know it's 11 billion now. That's in seven years, after seven years of your government. But what was it when you took over? I'm sure that your officials would have it at their fingertips, to the nearest billion, what the debt was.

Hon. Mr. Hodgins: — My officials come in here with current information. They come in here, certainly, with some historical information, but I might add, Mr. Chairman, my officials do not come in with filing cabinets; they come in with brief-cases. And I would tell the member opposite that those figures are not available this evening. I would be more than pleased to undertake to provide that information to you in writing and, I might add, in a timely basis. But this evening my officials do not have that information with them.

Mr. Lingenfelter: — I wonder, Mr. Minister, if your officials don't have it — and I know the people you have on staff and I know that they know. What you're doing is to refuse to give it to us. You have very professional people with you tonight. They know what the debt of the province was. You're simply refusing to give it to the committee, and I would ask, Mr. Chairman, whether or not this is proper, for a minister who obviously has officials who know the answer to refuse to give that information.

Mr. Chairman: — I can't make him answer the question if he doesn't have the information with him.

Mr. Lingenfelter: — I wonder then whether the minister would ask the Premier, who's sitting in the desk just next to him, if he knows, if he knows what the debt was when he became Premier.

Hon. Mr. Hodgins: — Mr. Chairman, I have indicated to members opposite that my officials have indicated to me that they do not have that information with him. I have also indicated to members opposite that I will make a personal undertaking to provide that information to them, and I would say on a timely basis. That information, I am sure, is available, but once again, I remind members opposite that my officials here this evening do not have that information with them, but I will provide that to you.

Mr. Lingenfelter: — Well, Mr. Minister, I have here a document — it's called *The Saskatchewan Economic and Financial Position*, July 1986 — and the individual's name on it is the Hon. Mr. Gary Lane, the Minister of Finance. And I want to tell you what the debt was because you refuse to give it, and then you will know for another committee, or someone may ask you on the street or a radio program because . . .

An Hon. Member: — Put it in your letter.

Mr. Lingenfelter: — And you might want to put this in the letter that you send out to your constituencies so you get some truth out there. But the debt in 1982, as of March 31, was 3.5 billion. Do you want to write that down, just so you have it — 3.5 billion. Now this wasn't just for the New Democratic government, I'll remind you, for the 11 years they were in government. This is from the period of 1905 to 1982. The debt was 3.5 billion.

Now that built all of the highway system. That built all of the power plants that were in place at that time, every office that is around the province — SaskTel, SaskPower, all the government agencies the debt was 3.5 billion. It was the money that was borrowed, 418 million, part of it, for the potash mines. All the debt, the total debt, was 3.5 billion. It included the money that that may have put into major dam projects back in the 1930s and '40s, money that was borrowed. Every one, every project in the history of the province, the total debt was 3.5 billion.

Do you want to then tell me how much, Mr. Minister, you ran the debt up. Can you do that calculation and give it to us. It was 3.5; it went to 11.155 billion. Can you tell me how much of the debt then, of 11 billion, is yours in seven years? Can you tell me that?

Hon. Mr. Hodgins: — The hon. member conveniently, Mr. Chairman, forgot a number of points, a number of points, Mr. Chairman, that I feel most people in Saskatchewan know and recognize. And I would start, Mr. Chairman, by mentioning to you that if you look at the general economic situation of the entire country and specifically Saskatchewan over the past few years, you would find, Mr. Chairman — and members opposite may not realize it and I can go into why . . . They may not realize the impacts of \$2 wheat. Maybe they don't realize the impact of \$2 wheat.

Maybe, Mr. Chairman, they don't realize the impact of drought upon drought. Maybe, Mr. Chairman, they don't realize the impact of a crash — a literal crash — in the oil market, for instance, Mr. Chairman. Maybe they don't realize what it means to have oil drop from 28 or \$30 a barrel down to \$10 barrel. Maybe they don't realize what it means to have an international crash of the grains market, an international crash of the potash market, an international crash of the uranium market. And maybe, Mr. Chairman, members opposite fail to realize the significance of all of these factors.

(2015)

And I say frankly, Mr. Chairman, they do fail to recognize it because they live in what I view as a fantasy land, the same fantasy land, Mr. Chairman, that we discovered when we opened up the books of this great province. And what had other provinces done over that time period from 1905 to 1982? Other provinces had done precisely what every . . . I shouldn't say what every . . . Other provinces did over that period of time, 1905 to 1982, what most reasonable Saskatchewan families do, and that is when times are good, when we're making pretty good money, let's sock a little away in a savings account. Let's put a little away for a rainy day. Let's be a little bit prudent. Let's

let the good times look after some of the bad times.

But members opposite, in their many years in government, did not have the same common sense that the average Saskatchewan family has, and as a result, Mr. Chairman, what did members opposite put away for those years in government? I will tell you, Mr. Chairman, when I walked into this legislature in 1982, and when this administration walked into this legislature in 1982 and opened up the books — and the people of Saskatchewan thought and had placed trust that members opposite would have put away a little for a rainy day in something called the Heritage Fund — well, Mr. Chairman, when we walked in here the cupboard was bare. Our province, not like Alberta, had a Heritage Fund, that was there in name only. As far as any real, cold dollars, Mr. Chairman, there was nothing there.

I say, Mr. Chairman, I used the example of Alberta, the province of Alberta who had 10 to \$12 billion put away in a Heritage Fund — put away, Mr. Chairman, just like the average Saskatchewan family would put away a little money when they had a good year; just the same way, Mr. Chairman, that my grandparents and my parents did when they had a good year in whatever business or job they had, put away a little in case things got a little tough.

But, Mr. Chairman, members opposite did not. The people in the province of Alberta did, to the tune of 10 or \$12 billion. But members of the NDP said, no, let's buy a potash mine; let's nationalize something else. Maybe let's take over the farm. Maybe someone out there is making a profit in some business; let's nationalize that.

Well, Mr. Chairman, that is precisely what took place. We formed government, the cupboard was bare, and indeed, indeed through these difficult economic times when there was no reserves to draw on, indeed the deficit in this province has increased and increased significantly. And I say, Mr. Chairman, that it has been with a great deal of difficulty that we have managed through these difficult times. But I believe the people of Saskatchewan recognize what we have been through, the people of Saskatchewan recognize the \$2 wheat, the \$10 oil, and they recognize the compassion and the understanding that this administration has had when it comes to things like high interest rates and with no Heritage Fund to draw on.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Well, Mr. Chairman, this is going to take all night because I ask the minister a simple question about the deficit. He has admitted that the debt today is \$11 billion, and that we now know that when he took over it was \$3.5 billion, and I asked for the difference or the amount that they had built up in the last seven years. I asked a very short question. He gets up and gives a radical statement for 15 minutes about everything except the answer.

But I want to tell you, Mr. Minister, that the total debt in the province when you took over office was 3.5 billion. This was the debt that was incurred during the Depression of the 1930s. Like, you're not the first people to have a drought. This included the debt that built up before there

was potash and uranium

I want to say to you, as well, that in 1971 when the New Democratic Party was first elected, the price of oil was not \$10 a barrel or 20, it was \$2.70. That is what it was in 1971. In 1975, at mid-term, it was 7.50 a barrel. But I want to tell you that in 1985, Mr. Minister, while you ran up one of the biggest deficits in the history of the province, the price of oil ranged between 25 and \$30 a barrel, and the production was 50 per cent higher than it was in 1982. These are facts and you know them.

The simple question, Mr. Minister, is: where is the money going, where's the money? And besides that, not only has the deficit gone up by 6.6 billion — 6.6 billion — you have also sold off massive amounts of assets, a great amount of the assets of the province. Pardon me, it's 7.7 billion — 7.7 billion it has increased in seven years. That's a billion dollars a year — a billion a year.

Now, Mr. Minister, you say that privatizing is solving the debt problem. You've been privatizing; you sold off Sask Minerals to Quebec and Ontario companies; you've sold off Saskoil; you sold off the P.A. pulp mill; you sold off the coal mines; you sold off potash equipment; you've sold off major parts of SaskTel; you sold off the highway equipment; you privatized the dental plan and sold off that equipment.

Now not only have you created the deficit to go from 3.5 billion to 11 billion, but you've sold off a great number of assets. When do you think you're going to hit that break even point where you sell off enough assets to get the debt, not reduced from where it was in 1982, but you'll end up selling the whole shooting match, and you're going to have a debt higher than it was when you took over? Can you tell, Mr. Minister, at the rate you're going, when will it be that you start turning it around? When is the date that you anticipate that the debt crisis in this province will turn around?

We know that the Premier could care less about the deficit of the province. Everyone knows the boondoggle at Rafferty where he's got money sunk in that place down there, and he doesn't even have the legal status to go ahead with it. He doesn't even have the legal right to go ahead with it. The federal court, which is appointed by the federal Tories, have told him it's illegal; that he's been acting illegally even though he's dumped \$30 million into it. That's what they're saying, that's what they're saying. They're saying that when he sells off the assets that he's gone mad. This is what they're saying — it's a Premier who's gone totally mad with privatization.

And they're also saying, where is the money going? Where is the money? You've admitted the debt is \$11 billion — \$11 billion, up from 3.5. And you've privatized, for seven years you've sold off assets. How can you convince the people of the province that privatizing, selling off assets, is going to solve the debt problem?

Now you've mentioned tonight that you intend to privatize SaskTel. You've said that in a comment made to the member from Regina Centre. And we'll be sending *Hansard* out; we'll be putting it in the pamphlets in the next election with a letter to all the people in the province

that the Acting Minister of Finance on August 14 made this statement to the legislature, that he intended and wanted to privatize SaskTel because it would help the debt problem. He said that tonight. I'm saying to you and asking you quite seriously: where does it end? Is there any limit to what you will privatize?

Hon. Mr. Hodgins: — The member opposite has talked about a variety of specific points. And his first question was the difference in debt between 1982 and 1989 and just what that figure is, and I'll have to take the member opposite's figures as reasonably accurate. I would say, Mr. Chairman, in answer to that, the difference in figures is about three-quarters of Alberta's Heritage Fund — about three-quarters of Alberta's Heritage Fund.

And I remind you, Mr. Chairman, that this province in 1982 had no Heritage Fund. It had a Heritage Fund in name only, but where was the money? Where was that money, Mr. Chairman? And it's a fair question to ask. And if I want to look back in history, Mr. Chairman, there's a fair number of the problems today that relate back to that zero Heritage Fund.

If members opposite wanted to be fair and reasonable, they would stand up and say yes, yes, Mr. Minister, I realize that every province across this country in days like these, in the economic times such as these, has a deficit. Every single province across this country, Mr. Chairman, has a deficit.

And Heaven knows, Mr. Chairman, we don't want to have a deficit. Heaven knows, Mr. Chairman, if there was one political party that has taken more courageous stances with respect to deficits, it has been without question the Progressive Conservative government, not only in Ottawa but Progressive Conservative governments across this entire country — every one of them, Mr. Chairman, taking strong stances with respect to deficit reductions.

And I say that, Mr. Chairman, in the perspective of socialistic type parties and socialistic thinking type people, all the time asking for more, more, more. And members opposite have stood in this legislature and said, spend more money on health care, more money on roads, more money on education, more money on social services more money on everything and anything that they could possibly think or dream up, more money, and at the same time sit there and try and complain about deficits. Well, Mr. Chairman, the people of this province will soon figure out, figure out the utter, utter nonsense put out by members opposite.

The members opposite say, well where has all this money gone? Where did you spend the money? Well, Mr. Chairman, frankly, Mr. Chairman, I'm glad they have asked that question. I am very glad they have asked where the moneys have been spent because, Mr. Chairman, I believe that members of the NDP need a little bit of memory refreshing as to where moneys have been spent.

And I will firstly start, Mr. Speaker, in an area of spending that the NDP refused the people of Saskatchewan and that was with respect to the high interest rates of the early 1980s — 22 and 23 per cent interest rates. And what did

members opposite do? They turned their back completely on the people of the province of Saskatchewan. And I submit to you, Mr. Chairman, the people of Saskatchewan shall not and will not forget the lack of compassion, the utter lack of compassion that members opposite had in the days of 1981-82 — friends of mine, people that I went to school with, people that I worked with, having their homes on the verge of being foreclosed on and taken back by the banks because members opposite had no compassion for high interest rates.

Well, Mr. Chairman, it has been under this administration that a great deal of compassion and, Mr. Chairman, a great deal of money was spent on reducing and protecting people from high interest rates.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Members ask also, well where else has the money gone? Well quite frankly, Mr. Chairman, we have taken a natural resource that abounds in the province of Saskatchewan called natural gas, something that we are rich with. As a matter of fact, Mr. Chairman, one could argue we are wealthy, we are wealthy with natural gas. But members opposite were not wealthy with compassion, were not wealthy with a vision, were not wealthy with any common sense when it comes to taking care and use of that natural gas and spreading it all throughout rural Saskatchewan. And I would say, Mr. Chairman, that that natural gas distribution system that has been put in place by a Progressive Conservative government, indeed, Mr. Chairman, was an investment in the future, and indeed there were literally hundreds of million dollars placed in that distribution system.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Members opposite will say, well where else did that money go? Well I will also talk, Mr. Chairman, about a place where that money has gone. That is an investment in the future of Saskatchewan, is an investment, Mr. Chairman, that is well worthy of, and that is taking care of our senior citizens. And, Mr. Chairman, notwithstanding a moratorium, an NDP moratorium or freeze for five years on the construction of nursing homes, not a single bed, not a single new bed put in place by members opposite who speak out of one side of their mouth about being compassionate, but they didn't build a single bed . . . And the pent-up demand in this province of Saskatchewan for senior citizens housing was beyond belief, Mr. Chairman, and that is where a good portion of the money went, Mr. Chairman, a good portion of the money.

Some Hon. Members: Hear, hear!

(2030)

Hon. Mr. Hodgins: — Mr. Chairman, members opposite will say, well where else did the money go? Well the money went into another place, another place that members opposite refused, and that was, Mr. Chairman, to provide rural people with the same standard of living as people within the city get. And, Mr. Chairman, most people in Saskatchewan, city or country, would not disagree with that; most people, city or country, would

agree that people in rural Saskatchewan should not be second-class citizens; people in rural Saskatchewan should be able to pick up a telephone and have a private line. Is that something so terrible, Mr. Chairman? I say it's terrible to be denied that. And, Mr. Chairman, that, as well, is a place where the money has gone.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Chairman, I could go on at length, but I believe that that should be a sufficient number of examples of where some of the expenditures have gone, and why they have been an investment — an investment in the future of Saskatchewan. These types of things, Mr. Chairman, are capital investments that will pay back big dividends over time.

Some Hon. Members: Hear, hear!

Mr. Koskie: — We're almost convinced by not quite, not quite. And I want to pursue how well off the people are and so I'd ask you another simple question. How much annually are we paying to service the debt under your administration this current year? How many millions?

Hon. Mr. Hodgins: — Page no. 27 of the budget address provided by the Minister of Finance in March 1989 on page no. 27, I believe you would find it on about the fifth or sixth line and you would find it to be in 1989 329,500,000.

Mr. Koskie: — That's '89. I'd like '90.

Hon. Mr. Hodgins: — That figure for 1990, it is an estimated figure of 380.847 million.

Mr. Koskie: — Well this is great news for the people of Saskatchewan. Do you realize that the debt, the interest that we pay, 380-some-million dollars estimated, is the third highest expenditure in the budget every year? That doesn't pay a cent off principal, Mr. Minister.

Do you realize that that costs the people of Saskatchewan over \$1 million a day, and you still don't even pay off the interest on the debt that you have left? Now that's a tremendous legacy that you have left. Young people that are building a future in this province should really be up and thankful for your administration, that they're burdened with \$11 billion debt, 7.7 billion since you took office, \$390 million annually just to pay the interest. And what else have you done?

As my colleague indicated, you sold off asset after asset and debt has gone up — 248 million, you told the people of Saskatchewan. You sold off the pulp mill, didn't get a cent; never will, but you said you sold it off — 248 million. You sold off Saskoil. You pocketed another over \$100 million. You sold off Sask Minerals, \$15 million. You auction off the highway equipment, and God knows what you got for that because you're the auctioneer and I don't suppose we got a fair price. You understand that, do you? And you've sold and you've sold and you've sold.

And what is happening for the future generations? They're burdened with debt — debt — \$390 million annually just to pay interest, Mr. Minister. What a legacy you leave

behind. You should be proud. I think you should go back to Highways. You can't handle that, but I mean you've demonstrated that you don't need a promotion. That's one thing you've guaranteed us. You should stay in the B team.

And I want to ask, Mr. Minister, what is the net worth when you took . . . of the province — that is the assets, less the liabilities — when you took office, and what is the net worth of the province today? That is, if you sold off all the assets less the liabilities, where do we sit today?

Hon. Mr. Hodgins: — I do not have the figures from years ago. I would provide to the hon. member just a few comments. And if you were to take the member's viewpoint with respect to some of the programs and initiatives over the past seven years, you would find that in fact what the member is doing is denying senior citizens such things as the \$2,000 or thereabouts nursing home beds that were built under this Progressive Conservative administration.

You would find that the member opposite would deny the literal thousands of farmers in Saskatchewan the use of that great natural resource that we are wealthy with, called natural gas. You would find that the member opposite would in fact be denying our rural people individual line service, that is private telephones. You would find that the members opposite would be denying our young people an investment in their future, and I used the example of a \$100 million agricultural building in the city of Saskatoon for the use of all agricultural students through this province. You would find that members opposite are denying people through Saskatchewan protection from high interest rates of 23 and 24 per cent.

And I say, Mr. Chairman, that the moneys that we have expended, I believe, have been spent really on projects and programs that impact directly on people in the province of Saskatchewan. I would make the argument to you, Mr. Chairman, that the people of Saskatchewan will not likely forget a government who has assisted them through these very difficult years by providing programs that I think show, indeed, the true compassion of this administration — programs that provide nursing home beds, that provide protection from high interest rates, that provide services to rural Saskatchewan, that make them not second-class citizens as some members opposite may want.

I say, Mr. Chairman, once again, these moneys have been expended, I believe judiciously, have been a very good investment in the future of this province of Saskatchewan. The member opposite asks about the total assets less liabilities. It is shown on page 25 of the *Budget Address* of March 1989, given by the Minister of Finance, and you would see, Mr. Speaker, that the estimated 1990 figure, net debt, end-of-year, \$3,069,389,000.

Mr. Koskie: — Net debt, province's equity, \$3 billion — \$3 billion in the hole. If you sell every single thing the province owns, less its liabilities, and we're \$3 billion. And when you took over, Mr. Minister . . . Since you don't know, I'll read it from one of your reports. The province's net debt equity at the end of 1982 was just over \$1 billion — \$1.1 billion — and today it's \$3 billion in the

hole. Boy, you're managers, tremendous.

And you talk about what you do for the people. What about the people that come behind? What about the young people with the \$390 million annual payment? What about the young people who have to pay off the \$7 billion of debt? What about the people that follow, the young people of this province who have no assets left because you've sold them off and have squandered them? What about their future, Mr. Minister? And you continue to sell, and sell, and sell, and the net result is that the province goes further and further into debt.

Mr. Minister, you talk about keeping promises, and I take a look at one of your election campaign ads, and one of the first things you indicated was that you provide a 10 per cent reduction in provincial income tax. And you know what we have today? We have the highest per capita; we have the highest personal income tax of any province in Canada at \$35,000 income. We have the highest personal income tax in all of Canada. And at 40,000 annual salary, we are second only to Quebec. Now that's a great situation for the people of -Saskatchewan.

If you take a look at what has happened to the credit rating of the province, there is nothing but . . . Ever since you took office, the credit rating of this province has continued to deteriorate. Moody's has lowered the Saskatchewan rating as follows, since 1982: July 1985, from an AA plus to an AA; January '86 from A to AA-3; August '86, AA-3 to A-1. Standard and Poor's has lowered the Saskatchewan rating as follows: August '86, from AA plus to AA. Canadian Bond Rating agency has lowered Saskatchewan's rating as follows: January '86, from an AA plus to an AA; January '87, from an AA to an AA minus.

I'll tell you this. This province is in a shambles financially under your administration, Mr. Minister. And how do you justify burdening the future generations just for your election promises? How can you stand here with a straight face, that in the election year that your Minister of Finance and you were a member of the cabinet, allowed the expenditures of over \$800 million over and above the amount that was budgeted? That is crass politics, Mr. Minister. And the people of Saskatchewan are on to you birds, and they're not prepared to accept that type of crass politics any longer.

And exactly the same thing is happening in respect to the potash corporation. You come into this legislature, and we ask you what you're going to do with it, are you going to lower this debt. And what's the answer? The Premier says one thing outside the House, the Minister of Finance says, we don't know yet, we don't know. You sell off the potash corporation for the sole reason that you're going to diversify. And we ask the man that's putting through the privatization what his plans are, but he says, we don't have any plans yet. This is the type of administration that the people of Saskatchewan are sick and tired of.

And I want to ask you: having sold off all of these assets, can you account for the \$248 million from the sell-off of PAPCO (Prince Albert Pulp Company)? Can you account for the hundred million that you got — or more — from

the sale of Saskoil? Can you account for the hundred million-plus that you got for the Manalta Coal, for the coalfields at Coronach? Can you account for the sale of the . . . the money that you got from the sell-off of dental equipment, highway equipment, Sask Minerals, SaskCOMP?

You have sold, sold, and sold, and the legacy that you leave behind is continuing debt for the people of this province, but we're still higher and higher taxes, and every individual service has been increased astronomical. Ask the farmers in respect to licensing their trucks how dramatically they have increased. Ask the individual that has to license a trailer, where it went up from 27 to \$48 in one year. Ask those that want to go and use some recreational facilities in this province to go fishing, from \$5 or less — \$5 when we were in and \$15 today. Ask those that want to go to use a park, what it costs for parking their trailer. Ask those in small business who want to reincorporate a partnership or incorporate a company, the level of fees that have increased.

And we have documented all these. And how can you stand here so brazenly and try to indicate that the people of Saskatchewan are better off with this type of management? All that really you have left behind is a destruction and a sell-off of assets.

(2045)

And imagine a business man or a farmer, Mr. Minister, in the end of the operation he sells off his farm or sells off his business. And besides he has debts. And how can you stand in here and say that the people of Saskatchewan are improving their position under your administration? This is the most ludicrous, incompetent, mismanaged province in all of Canada. And the statistics indicate it.

And the people of Saskatchewan, I can guarantee you, Mr. Minister, when given an opportunity, will react. And I hope that you have the courage before you scorch the earth of this here province any further with your administration, that you'll have the nerve to call an election, because the people of Saskatchewan are looking forward to it.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Chairman, I would like to respond to a number of the points raised by the member opposite. I can't help but think where this province might be today financially compared to where we are today, had the members opposite indeed been the prudent financial managers that they make out to be here this evening.

And, Mr. Chairman, I once again stress to you that when this government took office, when this government opened up the books, when the people of Saskatchewan expected there to be a Heritage Fund, such as the Heritage Fund they had in Alberta of 10 or \$12 billion — when this government took office, Mr. Chairman, there was nothing there. There has been no reserve to draw on in these difficult times. There has been no savings account to draw on like the average Saskatchewan family would have. There was no money put away in a tin box in

the back of the cupboard like many people in Saskatchewan have had over the years. There was no member of the family of Crown corporations that one could count on that might help out in difficult times like there would be in most Saskatchewan families. There was nothing there, Mr. Chairman.

The people of Saskatchewan and this government have been through these past seven or eight years hand in hand through very difficult times, undeniably difficult, Mr. Chairman, and this administration has provided, I believe, some pretty fair programs and policies to the people of Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Chairman, members opposite wouldn't have even had to have put away money for a rainy day. All they really would have had to do was to have kept — kept — their socialist mitts out of business; all they would have had to have done was kept from nationalizing potash mines that were already there, that were already functioning; all they would have had to have done was not nationalize part of the meat-packing industry, for instance, and these other things that they just had to get their hands on because they thought someone might be making a little bit of money, and that profit is a bad word, and if there's going to be profit, let us have it in the state's hands.

And had they done that, Mr. Chairman, with just the potash corporation, had they not nationalized it, had they put those moneys in the bank, had they put those moneys in the bank rather than borrowing moneys from American banks, Mr. Chairman, the equity of the money they put down on those potash mines over the last 13 years probably would have doubled twice at interest rates of which we have seen. And, Mr. Chairman, that alone would have helped out significantly.

But what did members opposite do? They had to, they just had to get their hands on these corporations that were already there. They had to buy these things — not build them, but buy them — and there is that fundamental difference. And so, Mr. Chairman, I say, the problem started there.

And then we had a difficult economy for seven years. And then we've had a government and a Premier who has chosen, who has consciously chosen to provide programs and policies that have compassion for the people of this province, and I could list all of them again for you, Mr. Chairman.

And then, Mr. Chairman, the member opposite will say, oh, we've got it so tough today; it's so difficult in Saskatchewan; the sky is falling in, and it's just so hard on everybody. Well, Mr. Chairman, indeed I respect the realities of today's economy, but I also, Mr. Chairman, must make the following case of the policies of this administration that prove beyond the question of a doubt, Mr. Chairman, that this administration puts people first and makes government the servant and not the master.

And I talk about the terrible system that we have as viewed by members opposite: a system that does not

charge for health care; a system, Mr. Speaker, that does not charge people a sales tax on their clothes under \$300; a system, Mr. Chairman, that has no tax on major utilities; a system, Mr. Chairman, that provides nine and three quarters per cent interest rate protection for homes. Probably the biggest investment that most people make is their family home, something they take pride in the ownership of. Well, Mr. Chairman, this terrible system, this terrible government, provides nine and three-quarters per cent interest protection, something that was denied by the NDP over their years in government.

I say, Mr. Chairman, this terrible system and this terrible government provides interest rate protection to farmers on two different programs at 6 per cent and nine and three-quarters per cent respectively. This terrible system, Mr. Chairman, provides a pension plan — the first of its kind in Canada — for Saskatchewan home-makers and Saskatchewan small-business employees. This terrible system, Mr. Chairman, provides a new Saskatchewan heritage program grant for our senior citizens.

And, Mr. Chairman, when you add up all of these protective type policies and all of the tax credits, or non-taxed items such as clothing purchases under \$300, or such as gas purchases with rebates, you will find, Mr. Chairman, for a Saskatchewan family with a \$20,000 per year income, that those people, adding up all of these taxes under this terrible system, places Saskatchewan taxpayers with a \$20,000 per year income, compared with British Columbia, Alberta, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, P.E.I., or Newfoundland, you would find, Mr. Chairman, that we are the second lowest, the second lowest taxed province in the country.

And, Mr. Chairman, I don't believe that that's too bad a record. And I believe that families in and around that \$20,000 per annum income would say, fairly, Mr. Chairman, if provided this information in a fair and open way, those people would say, hey, this isn't too bad a system. In fact, Mr. Chairman, if you take taxpayers with a \$40,000 per year income, you would find that Saskatchewan probably places somewhere in the neighbourhood of third in the entire country.

I say, Mr. Chairman, that a province of Saskatchewan administered by this Progressive Conservative government under this leader has provided many policies and many programs that really count for people, all within the context of a Heritage Fund that was dry, all within the context of nothing there for a rainy day because of past practices by the NDP administration.

All of that, Mr. Chairman, I believe, supports the case that, given what we were left, given the economic times, and given the conscious choice to put people first, that this government has provided a pretty strong and convincing record of good administration on behalf of the people of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Hagel: — Thank you, Mr. Chairman. I find the words of the junior Minister of Finance curiouser and curiouser as he proceeds. Just in wrapping up, he says that there was

nothing for a rainy day — nothing for a rainy day. And somehow in 1982, when he and his colleagues walked into this Assembly for the first time, many of them into this building for the first time, sat down and opened up their desks and opened up their lids and found that they weren't full of money and somehow assumed that the cupboard was bare.

There was a Heritage Fund. And, Mr. Minister, we saw the end of that Heritage Fund this morning at 10 o'clock. Part of that Heritage Fund, just part of that Heritage Fund, was the assets in the Potash Corporation of Saskatchewan, which you moved this morning — in spite of the fact that the people of Saskatchewan objected to the sale-off and the give-away of their Heritage Fund in the form of the Potash Corporation of Saskatchewan — invoked closure this morning at 10 o'clock. You chose to get rid of the last of the Heritage Fund that you inherited in 1982. That's the reality, that's the reality.

Perhaps you couldn't understand that because it wasn't stuffed away in your desk drawers in one-dollar bills but that was the reality. And I ask you, I ask you, Mr. Minister, was it doom and gloom? Did these best business minds of the PC Party walk in here in 1982 and discover that the New Democratic Party had just run the province amok, instantly realized it because of your best business minds and because the cupboards were bare, you say?

Well, Mr. Minister, let me quote to you what your Premier, what your Premier said in New York, in January 19, 1983. In New York in January, 1983, some nine or 10 months after having assumed the Premier's office of the province of Saskatchewan, what did he say? Having had 10 months to review the books from the Government of Saskatchewan, having had 10 months — by that time every one of you had found the washroom, every one of you had had a chance to go through your desks and discover that they weren't full of one-dollar bills — and what did the Premier of Saskatchewan have to say to the New York bond lenders in 1983?

What did he say? He said this. And let me remind you, Mr. Finance Minister, this was the assessment of your Premier nearly a year after having come to office in the top office in the province of Saskatchewan. He said, and I quote: "Saskatchewan has so much going for it, you can afford to mismanage it and still break even, he said. So much going for it, you can afford to mismanage it and still break even — still break even, he said.

Now you've told us earlier, just earlier this evening, that in 77 years of the history of the province of Saskatchewan, we had a total net debt in 77 years of \$3.5 billion. After seven years of PC government, after seven years when your Premier was saying this province has got so much going for it, you can afford to mismanage it and still break even, have you broken even? After seven years, you've managed to take a \$3.5 billion debt over 77 years, and in seven years you've managed to increase it by another \$7.7 billion from a Premier and a government that said Saskatchewan has got so much going for it, you can afford to mismanage it and still break even.

Mismanagement was the promise and mismanagement is what you have delivered. That's what you've delivered.

You said you could mismanage it and still break even. You've mismanaged it and gone \$7.7 billion deeper in debt. And I ask you, sir, you've been telling us here tonight that this \$7.7 billion of additional debt that you and the Premier from Estevan have accumulated in the last seven years has somehow . . . Somehow this has all gone to the improvement of quality of life for people in the province of Saskatchewan.

And so will you answer for me, Mr. Minister, just how it is that this fiscal management of the best business minds of the PC Party has managed to set a climate in which, comparing the last five years, '76 to 1981 of a New Democrat government in the province of Saskatchewan, we averaged, according to the Bureau of Statistics, an annual investment in this province of \$3.75 billion? What is it today? Over the last five years, \$3.52 billion under the best business minds of the PC Party.

(2100)

Unemployment in Saskatchewan: you came into government, Mr. Minister, inherit a situation in which there were 28,000 unemployed; today, 38,000 unemployed. How is that a measure of the quality of your money well spent?

I ask you, Mr. Minister, in terms of youth employment, the opportunities for the young people in our province: 109,000 young people between the ages of 15 and 24 working in 1982, down today to 90,000. How is that a measure of the benefit for the people of Saskatchewan?

Let's talk about migration, people coming in and out of the province. Mr. Minister, how is it that if things are so rosy that over the last four and a half years, and we have had in this province a net loss of 47,000 — over 50 per cent, nearly 60 per cent of those, Mr. Minister, at the age of 29 years or younger, the youngest in our province? How is it that we've had that? Over 14,000 net loss in 1987; 13,000 in 1988, doubly as bad as any other province in Canada; and that exceeded by 13,000, a net loss of 14,600 in the first seven months of this year alone. Mr. Minister, how is this a measure of your performance?

And the list goes on. Minimum wage: you inherited in 1982 the highest minimum wage in Canada, increased since then by 6 per cent, while other jurisdictions of this country have increased by somewhere in the neighbourhood of up to 50 per cent. The working poor in Saskatchewan have not benefitted as a result of your best business minds of the PC Party.

Mr. Minister, business bankruptcies in Saskatchewan: 1982, 280; 1988, 450 under your government and the leadership of the best business minds of the PC Party.

Number of farms in the province of Saskatchewan: 1982, 67,000; 1986, 63,000, best business minds of the PC Party.

Housing starts in Saskatchewan: 1975 to 1981, an average of 10,000 homes started in the province of Saskatchewan from 1975 to 1981 over a period of six years; 1982 to '88, the first six years of your administration, an average of 5,500, a drop of 4,500 —

just a little over half as many in your first six years as the last six years under New Democrat administration, thanks to the best business minds of the PC Party and the Premier who says this province has got so much going for it you can afford to mismanage it and still break even. Somehow you managed to drop by \$7.7 billion, and that's mismanagement.

So there it is, Mr. deputy junior Finance minister. Those are your . . . You've been telling us here this evening how somehow you've managed to translate \$3.5 billion of accumulated debt over 77 years of history, and to take that and increase it by \$7.7 billion in just seven short PC years and that somehow, somehow all of the people have benefitted as a result of this, in spite of your Premier after a year, nearly a year of being office, saying this province has got so much going for it you can afford to mismanage it and still break even. Them's the facts, them's the facts.

And I ask you, Mr. junior Finance minister, how it is that in light of those facts, you can come before this Assembly this evening and say in your cavalier sort of way that somehow you have done a good job of managing this province. Mr. junior Finance minister, I contend this has been an unadulterated economic mess that you folks have masterminded.

This morning a 10 o'clock, you each stood in your place to get rid of the last of the Heritage Fund that you inherited in 1982. And, Mr. junior Finance minister, I say it has been a sham, and it has been a mess throughout. And it is irresponsible, irresponsible of you to stand in your place tonight and not to admit to the facts, plain and simple.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Chairman, I believe that the member opposite has shown, beyond a shadow of a doubt, his lack of understanding of what this province has been through over the past seven years.

The member opposite talks about farm families, and the impacts of agriculture and I really question whether that member, or in fact, virtually any member opposite, really understand the impact that an international crash in the price of grains throughout the world has done to this province and other provinces like it.

When, Mr. Chairman, you have a province that has probably half of the farmers in the entire country, it shows beyond a question of doubt the impact and dependence that we have on agriculture, and the impact the crash in international grain prices can have, droughts upon droughts can have, high interest rates, and all of these factors, Mr. Chairman, and how they have impacted on Saskatchewan.

And where do we go from here, Mr. Chairman? Where does a wise, prudent government go? Well, Mr. Chairman, what a government does is, firstly, provide programs, and policies, and protections for people. I have goes through that list, Mr. Chairman. What a government also does is manages, manages the resources that this province has been given.

The member opposite has referred to the Heritage Fund in

terms of some of these Crown corporations. And, indeed, Mr. Chairman, in the context of the overall economy of the province of Saskatchewan, one has to take a really keen, thorough look at the Crown corporations that this province has, Mr. Chairman, that is precisely what this government has done. Mr. Chairman, in fact it is precisely what the member opposite did back in the late 1980s. And, Mr. Chairman, this province is at a juncture. This province is at a point in its history that major decisions must take place for the benefit of all of the people of Saskatchewan, for the benefit of the financial security of the province of Saskatchewan.

I stress, Mr. Chairman, that these Crown corporations indeed play a major role in . . . will play a major role in the future of this province. And, Mr. Chairman, if these past few years haven't been a good enough lesson in the history of this province, I don't know what would be. Mr. Chairman, I believe that most people in Saskatchewan would recognize that after the effects of the past seven years of droughts, and high interest rates, and international commodity price crashes, that a wise and prudent person would say, let us look at those Crown corporations, let us manage those Crown corporations, let us manage, if you like, that Heritage Fund in the member opposite's own words.

And, Mr. Chairman, what shall we do? Well, Mr. Chairman, let us examine what we are doing today and compare it with what the NDP of 1982 chose to do. And, Mr. Chairman I would give the members opposite full credit. I'm not above, Mr. Chairman, provide credit where credit is due. And I want to provide members opposite and their advisers of the day with a fair bit of credit for their foresight in what direction that Heritage Fund or those Crown corporations should take.

I'd say, Mr. Chairman, members opposite were wise in the program that they laid out for the management of these Crown corporations. At the same time, Mr. Chairman, I must vehemently, vehemently condemn members opposite for not standing in their place and admitting: yes, we had — and even call them tentative if you like — we had tentative plans to manage those Crown corporations.

And I'd like to go through with you, Mr. Chairman, the management of those Crown corporations for the benefit and the future of all Saskatchewan people as outlined by the members of the NDP back in the early months of 1982. And I will read to you some of the members opposite, members of the NDP who were in attendance: Elwood Cowley, Allan Blakeney, Walter Smishek, Ted Bowerman, Don Cody, Eiling Kramer. I am prevented from using members opposites' names that sit there today but there were members opposite sitting in their place today, this very evening that were in attendance.

And, Mr. Chairman, their vision of Crown corporation management was not all that different than what is being implemented today. Some of the guiding principles of the management of that Heritage Fund or Crown corporations, if you like, were to provide a mechanism for all residents of Saskatchewan to invest in the province. Is that so terrible, Mr. Chairman? Or was it in fact a good guiding principle?

Principle number two by the NDP: to provide an alternate source of capital for major new investments in resource enterprises and industrial projects — another guiding principle, Mr. Chairman, — to reinforce the identification of a partnership between the government and the people of the province in the development of our economy.

The proposal, Mr. Chairman, would be initiated by issuing a prospectus outlining a list of potential investment projects that have current dramatic interest, such as aspen newsprint, aspen market pulp, heavy oil upgrader, ammonia plant, direct iron ore reduction, tertiary recovery projects, potash mines, uranium mines, natural gas exploration.

What we are talking about here, Mr. Chairman, is a plan by the NDP, tentative if you like or rejected by some of the radicals who have gained control of the NDP, but an outright plan, Mr. Chairman, to offer shares to the people of Saskatchewan to provide an alternative source of capital. Mr. Chairman, members opposite have at the time recognized the need for such a program and such a policy.

And, Mr. Chairman, there will be a time — and it may not be tonight, it may not follow from this little speech that I am providing tonight — but I will tell you, Mr. Chairman, there will be a time in the province of Saskatchewan in the not too distant future that members opposite will be found out.

Mr. Chairman, I have found in life that you that you can run from things, but you cannot hide. Members opposite can run from this document, can hide their heads in the sand and say no, that wasn't us, but Mr. Chairman, the root truth of the matter, the facts of the matter are these. The Crown Corporations today in the province of Saskatchewan are at a juncture in time when public share offerings are the right thing to do; when public share offerings are the right thing to do for the future of our young people in the province of Saskatchewan; when economic diversification, that is, the creation of jobs, the creation of wealth, the creation of opportunities, has never before been so important as it is today.

This has been proven out, Mr. Chairman, by the facts in history, in recent history of the difficult times we have been through. We cannot as a province remain so dependent on agriculture, Mr. Chairman. We must diversify; we must create jobs; we must create opportunities and wealth. And by so doing, Mr. Chairman, we will provide for a future for our young people.

And, Mr. Chairman, we will do it, not exactly, but pretty close to the plan drafted up by members of the NDP. And that plan, Mr. Chairman, included — and I have it right here before me, Mr. Chairman — to provide a mechanism for all residents of Saskatchewan to invest in the province, and that includes right here, Mr. Chairman, on about the fourth page, potash mines, natural gas exploration.

Mr. Chairman, I have stated again, Mr. Chairman, that this plan will be found out by the people of Saskatchewan. The NDP can run from this document but they cannot hide, Mr. Chairman. The people of

Saskatchewan in the very near future, I believe, will find out that members of the NDP have been hiding from the real truth, have been hiding from the people this plan to offer shares, to offer investments to further diversify the Crown corporations and our economy. And, Mr. Chairman, the people of Saskatchewan will turn their backs once again on the NDP when this is found out.

Some Hon. Members: Hear, hear!

(2115)

Mr. Shillington: — Thank you very much, Mr. Minister, one of the comments you made was that SPC was groaning under the debt which had been accumulated during the period before you took office. And you said that the power poles which were put in in 1952, the debt was still outstanding on those power poles; poles were falling down and the debt was increasing.

Mr. Minister, I wonder if you'd like to give us the debts of SPC, since you used those figures. I wonder if you'd like to give us SPC's debt today and SPC's debt in 1982 when you took office.

Hon. Mr. Hodgins: — All this information is available in the *Budget Address* of March 1989. I do remind you, Mr. Speaker, that is some four months ago or thereabouts. The information you requested is on page 31; the figure is, in round figures, \$2.5 billion, and I would be happy to find a document, a copy of this document, and provide it to the member opposite.

I do want to remind you, Mr. Chairman, that this information is public. It is some four or five months old, and tonight we are dealing with interim supply, which is a mini-budget, if you like, in itself, but people certainly are waiting to be paid. There are hospitals who need to be funded. There are educational institutes that are awaiting the supplies from this Appropriation Bill, and I would ask members opposite to bear that in mind when they are asking their questions, that many of the questions of which they are asking are certainly public information and have been provided to them some four months ago.

Mr. Shillington: — What about the 1982 figure? I asked you for that as well.

Hon. Mr. Hodgins: — I do not have that with me, but I would direct the officials present to provide that for you.

Mr. Shillington: — Mr. Minister, you used the figures. Let me give you the . . . I've taken the liberty during the period of time that you have been trying to put the Assembly to sleep with your comments — successful with your own members, some of them.

Mr. Minister, in 1981, at the end of 1981, a scant two months before you took office, three months before you took office, the debt of SPC was 1.1 billion. I want to remind you, Mr. Minister, that that had paid for everything from Thomas Edison forward. That had paid for all of those power poles of which you complain. That had paid for all of the offices. It had paid for a number of dams, a number of coal generating stations, Mr. Minister, it had paid for all of those things.

Mr. Minister, today that debt has increased by almost 150 per cent. It's now 2.5 billion, Mr. Minister, and your increase in debt paid for very little. Apart for one-half of Nipawin — and you don't think you paid for half of Nipawin, but let's be generous and concede that you might have paid for half of that — and some rural transmission services, that's all we got for 150 per cent increase in the debt.

Mr. Minister, I think you people are having difficulty being honest with yourselves, much less the Saskatchewan public. It is high time, Mr. Minister, you acknowledged and admitted that the problems which you have financially have very little to do with bad luck and very little to do with lack of rain and a whole lot to do with bad management. The 150 per cent increase in debt at SPC did not occur because it didn't rain, and it didn't occur because of bad luck. And it wasn't anything that was done to you by the Trudeau socialists or the Blakeney socialists or whoever else you blame for all the world's evils, or the nationalist socialists, or anything else.

Mr. Premier, the debt of SPC, like the debt of this province, increased by 150 per cent because you people are abominable managers — abominable managers. That's the story with respect to SPC, and that's the story with respect to this province's finances.

I'd like to tell you just one other thing, Mr. Minister. Your bad management of this government is catching up to it. And I predict that very shortly you're going to have the opportunity to stand on this side of the Assembly and ask questions. Mr. Minister, the public are simply not prepared to tolerate this degree of bad management.

Hon. Mr. Hodgins: — In just a very short response to your questions regarding the Saskatchewan Power Corporation and its debt, and indeed there is significant debt in the power corporation, I do want to remind the member opposite that within those debt figures are a long-range program or a program that is and should well be capitalized over a long period of time. And you would find that to be a program that goes directly to rural people, and that is the natural gas program. And you may find it interesting to note that that natural gas or rural gas program has cost somewhere in the neighbourhood of probably 5 or \$600 million; indeed, significant dollars and a significant long-term investment on behalf of the people in rural Saskatchewan.

Mr. Shillington: — Mr. Minister, if it's proper accounting and management to amortize long-term debt, and I don't deny that, how is it then that you're using that debt as a pretext for selling off a portion of SPC?

Hon. Mr. Hodgins: — I believe that if the members opposite would have allowed a full-scale debate in this Legislative Assembly on the proposal to privatize the Sask Energy Corporation, the members opposite would find that certainly debt reduction was one of the benefits that would accrue from privatization of the Saskatchewan Energy Corporation.

But there are many other benefits that would as well accrue, and I would include among those benefits,

diversification. And that is the expansion of the energy corporation, the diversification of the energy corporation that would allow for the creation of jobs and the creation of wealth within that corporation for the people of Saskatchewan — not dissimilar, not dissimilar in many ways to the Nova Corporation in Alberta that has expanded very quickly over the past number of years; that in fact today, I would bet, would be employing many of the class-mates that graduated in the same year that I did back in 1973. And I remember clearly, amongst my graduating class, many of them travelling to Alberta working in the oil fields and working for such corporations as the Nova Corporation.

So I say to the hon. member that that is a very detailed subject that at some point in time I do hope and trust that we can debate at length in this legislature. But tonight I do remind the member opposite that we are dealing with the interim supply; that is the appropriation of moneys that people in the province of Saskatchewan are waiting for, and I would remind the member opposite of that fact.

Mr. Kowalsky: — One of the things that your government has been remarkably consistent in, Mr. Minister, has been in finding new and innovative ways of raising taxes and gouging the Saskatchewan people. And we can go right back to a raising in the fuel tax, an innovation of the flat tax, then going up to that infamous used car tax. We saw an increase in our income tax; we saw an increase in the sales tax.

There's one tax that has been slated to be increased, but you have not yet implemented, and will not be implemented — is not slated to be implemented till September 1. And I ask you that, in view of our experience with the used car tax — you had a lot of public opposition to that and you finally conceded and came around to it, and you dropped the used car tax — and in view of the results and the decreases in sales that you've had in the bingos and in the lotteries, you have a chance to make good, you have here an opportunity to make good, by listening to the people of Saskatchewan and pulling something before it causes additional harm. And I refer to the casino tax which is slated to come into effect on September 1. I think the agricultural societies in the province and all the agricultural support groups or the groups that they support would be more than pleased to hear an announcement from you, Mr. Minister, tonight in saying that, yes I'm prepared to drop that tax in casinos. Will you do that now, Mr. Minister?

Hon. Mr. Lane: — I wonder why the hon. member would feel that people who gamble in casinos should not have to pay a tax towards health care.

Mr. Kowalsky: — The minister would do well to listen to the advice that some people are giving him, including people who are running our exhibitions, who need funding to run the exhibitions. If the exhibitions were cut short of some funding, they may well not be able to provide the rest of the cities in Saskatoon and Regina and the other bigger cities in the province with their revenue that comes to the cities with exhibitions, one of the things that really keeps them going.

Now you're telling me you're not prepared to drop it with

that answer. Would you at least consider, Mr. Minister, to postpone the date from September 1 — it's only two weeks away — postpone it for at least a month before you implement it. You got the advice from "Lottery Life," and I'll quote to you one paragraph, part of one paragraph. Lottery Life, people who given an MLA report on lotteries, and they indicate what's happened to the sales of tickets and they say:

For this reason we believe there should be a period without any further change or any new lottery programs introduced.

They don't want to see any new lottery programs introduced for fear of what's happened. So would you at least consider postponing it?

Hon. Mr. Lane: — We did postpone it for two months. Just to put it in perspective to indicate that the government isn't supporting the exhibitions, I think we can take a look at many new facilities in the exhibitions that have been supported by the provincial government. They have never made the argument to me that the government has not been supportive.

With regard to the casinos, the two exhibition associations in Saskatoon and Regina indicated to me some time ago that they would have proposals to raise the equivalent amount of revenues through an alternative suggestion. I have not . . . They have not forwarded those to me. If they do have them, I had indicated to them well last spring when the proposal to get more of the gambling moneys to health care was first raised, that we would be certainly open to consultation. That offer stands. Some have indicated that they would want it in the form of an admission charge, rather than some other form. I'm certainly open to suggestions.

But we did give them an additional two months at their request. They wanted some time, given the summer season. But I certainly at this stage . . . unless some very good reasons would be brought forward, but they've had the two months. They've had time. They have certainly the offer from me, and it still stands to discuss alternatives if they wish.

Mr. Kowalsky: — Perhaps the lack of an alternate proposal comes as a signal that what they're really asking for is that the tax just not be implemented in view of what's happened to the other lotteries when the tax was implemented. What is the method that you plan to use to raise the tax money? Could you tell me, are you still definite on having a head tax when people come in?

(2130)

Hon. Mr. Lane: — Well there was a . . . The proposal that is out to the casino operators, whoever they may be, is the \$5 per person tax plus an increase in the licensing fee. There was an argument presented that perhaps it should be on the casino chips, but there were some difficulties with that. And so at least at this stage . . . And they have not come back to us with a counterproposal, as I have indicated. I did have some indications a couple of months back that there would be one. There was none forthcoming. So I have to assume from that that they don't

have another one. But I stand by the offer that I made — that we would certainly be prepared to consider alternative proposals that generate the same amount of revenue.

Mr. Kowalsky: — Are you proposing that a head tax be charged on the gamblers and, in addition to it, anybody that may walk in with them? Sometimes you'll get a spouse, friend may come in with somebody that wants to gamble. Are they to pay the \$5 as well?

Hon. Mr. Lane: — We couldn't differentiate between the two and they couldn't be identified. It would be basically an admission charge.

Mr. Kowalsky: — And then in addition, you're talking about a tax on the . . . I guess it's what they call the hold. Is it the hold, what they call the hold, or it is what they call the drop? Is it 10 per cent on the hold that you're proposing, that's the amount that's left at the end of the day?

Hon. Mr. Lane: — It's currently 7 and it will go to 10.

Mr. Kowalsky: — Okay. It's 7 now, it'll go to 10, and we're talking about taxing the amount of money that's left at the end of the day. They take in so much money and then they pay out a certain amount of prizes. Is that the amount we're talking about?

Hon. Mr. Lane: — Yes, that's correct.

Mr. Kowalsky: — And that would not include, then, any subtraction for wages; it would simply be the amount taken in minus the prizes.

Hon. Mr. Lane: — That's correct.

Mr. Kowalsky: — Has this information been sent out in detail to all of the . . . to the kiosks? Because if it isn't, I think we're looking at a two-week time line here. I certainly wouldn't want to have to happen to them what happened to some of the kiosk operators where they found they were collecting tax and then they were getting information subsequent to it.

Hon. Mr. Lane: — I'm assuming rather than kiosk you mean, in the case of . . . has the information been sent out to the casino operators. I'm advised that it has been. If you have a circumstance that . . . Where it hasn't, I would appreciate being advised so that we can communicate with them. But I have been assured by my officials that the information was sent out some time ago.

Mr. Kowalsky: — Now I want to ask a couple of questions with respect to the collection of bingo taxes. Could you advise this House, Mr. Minister, about last year's record in collecting taxes from the licensees? How many licensees were there that you were unable to get a hold of after the event and unable to collect the tax from?

Hon. Mr. Lane: — We have to go back and collate the numbers in a different form. And here's the information that I have, but we're not sure it reflects the answer, that the licences . . . Let me just get this straight. The licences required, 3,157; and the reports back received, 1,421;

pending, 1,736. Now this would be from April 1, '88 to March 31, '89.

Now I caution the member, I don't think that is . . . we don't think that that answers the question that you've raised, but we have it down by licences and not by operators. So we have to go back and try and find that information for you, if you understand what I'm saying. There could be a series of licences to the same organization, same operator, and it's broken down by licences and not by the operator. So I can't give you that information tonight; we would have to try and pull that information.

Mr. Kowalsky: — If I could ask you to, say, within a couple of weeks, to supply that kind of information as to the number of licences that have been issued. And I ask that question with this in mind, Mr. Minister. There's a 2 per cent tax which had been levied over the past year on bingo licences. Of those bingo licensees you've got right now, if I heard you correctly, was 1,736 who have not yet paid their . . . instances, instances of times that they went and played bingo or . . .

Hon. Mr. Lane: — Yes. That's not licensees; that's the licences. You know, there could be many licences at the same licensee. That's where I have some difficulty responding to you and I . . . If you could tell me what information you're looking for, then given what I tried to supply you with tonight, we would have to go back and try and pull the other information.

Mr. Kowalsky: — I think the 1,736 would be quite accurate, because what it would reflect would be the number of times somebody took a licence to sponsor bingo at a bingo hall, and it would represent the number of times that they did but did not yet remit the tax. So the government has levied the tax, but has been unable to collect it, from what I can see, 1,736 times — for 1,736 separate different nights at different places.

Hon. Mr. Lane: — No, no. Don't attribute, if I may, Mr. Chairman, that they haven't paid the tax. They have to file the reports and these things come in . . . I forget what the deadlines are in the legislation, but again, I'm just saying to treat that with caution. And again, I simply ask if you could specifically indicate, we will try and get that information and pull it for you.

Mr. Kowalsky: — What I want is those people that are in arrears. How many situations are in arrears? All right? And then we can follow up and then the . . . Perhaps once I get those, we will be able to follow through and we'll have opportunity to do so, I'm sure, in Finance estimates, if you'd do that for me. Thank you.

Motion agree to.

Hon. Mr. Lane: —

Be it resolved that a sum not exceeding \$336,074,000 be granted to Her Majesty on account for the 12 months ending March 31, 1990.

Motion agreed to.

Hon. Mr. Lane: —

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1990, the sum of \$53,675,000 be granted out of the Saskatchewan Heritage Fund.

Motion agreed to.

Hon. Mr. Lane: —

Resolved that a sum not exceeding \$53,675,000 be granted to Her Majesty on account for the 12 months ending March 31, 1990.

Motion agreed to.

The committee reported progress.

(2145)

FIRST AND SECOND READINGS OF RESOLUTIONS

Hon. Mr. Lane: — I move that the resolutions be read the first and second time, Mr. Speaker.

Motion agreed to, and the resolutions read a first and second time.

APPROPRIATION BILL

Hon. Mr. Lane: — By leave of the Assembly, I move:

That Bill No. 93, An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year ending on March 31, 1990, be now introduced and read the first time.

Motion agreed to and the Bill read a first time.

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

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

SECOND READINGS

Bill No. 85 — An Act to amend The Mineral Taxation Act

Hon. Mrs. Smith: — Thank you, Mr. Speaker. I rise tonight on second reading of Bill No. 85, An Act to amend The Mineral Taxation Act. The Mineral Taxation Act, 1983, in fact, provides the authority for the collection of production taxes on minerals produced in Saskatchewan.

The amendments contained in this Bill basically have four major points to them: the implementation for a new tax system for potash; number two, to implement a new sodium chloride production tax; three, to provide for reciprocal agreements with other governments for the exchange of information needed to administer the Act; and fourth, to remove the requirements for tax return forms,

to be prescribed.

Mr. Speaker, on the potash taxation, the major amendment contained in this Bill will create the legislative authority to implement a new tax system for potash. We are ending the practice of taxing the potash companies through agreements, more commonly known as the Potash Resource Payment Agreements, or referred to hereafter as the PRPAs.

Mr. Speaker, the PRPAs were executed first in 1979 for a period of five years and have been extended and modified a number of times since that time. The tax system prescribed in legislation and regulations will move the potash industry to the same basis of taxation as applies to all other non-renewable resource sectors.

Advantages of the new potash tax system. Mr. Speaker, the potash industry is a very large and important sector of the Saskatchewan economy, as we have heard over the last four months in this Assembly. The industry consists of seven companies that operate 10 mines and employ 3,200 workers. The new tax system is designed to strike a balance between the need to maintain a healthy industry, which will in fact be competitive in world markets, and the revenue requirements of the government.

Mr. Speaker, this new tax system will not increase the level of taxation for the potash industry. The competitiveness of existing mines will be maintained and employment will be protected. At the same time there will be no erosion in government revenues.

Mr. Speaker, the system is designed to encourage new investment as required. Firstly, through depreciation treatment, new capacity will be encouraged when it is needed. Also companies will be given an incentive to invest in projects to deal with environmental protection. It will also continue to support market development in joint research and development projects to address mining, production, and environmental problems. These activities are fundamental to securing a share of growing offshore markets and maintaining the long-term competitiveness of our industry here in this province.

The system is also designed to be simpler and more equitable. The new tax system is less complicated than the PRPAs where companies pay taxes when the potash is produced and again on the profits earned when that potash is sold. This new system, Mr. Speaker, also provides a more reasonable treatment for recovering capital costs before taxes on profits are payable.

Briefly, Mr. Speaker, the new tax system will feature a single as payment of \$11 per K₂O tonnes sold. That is replacing the old two-tier system of \$6.60 and \$8.27 per K₂O tonne. It also has a graduated profit tax calculated on profits per tonne sold, with tax rates ranging from 15 per cent to 50 per cent, depending on the profitability of each mine. Under the old system, profit tax rates varied from zero to 50 per cent when measured against the capital investment made to establish it.

Mr. Speaker, the base payment will be recognized as a credit towards profit taxes. The base payment (to establish profit tax rates) will be indexed to adjust for the effects of

inflation, and the base payment will not be higher than 35 per cent of profits.

Depreciation will be calculated on a declining balance basis for new investment, and these rates, Mr. Speaker, will be: 20 per cent for capital to maintain and improve the efficiency of existing mines; 35 per cent for capacity expansions which have received prior approval from the minister and 50 per cent for eligible capital expenditures for environmental protection. The companies will be able to claim full depreciation deductions each year. Any operating losses can be carried forward for a period of five years.

Tax credits totalling up to \$5 million per year for the industry will be continued to support market development and joint research. Mr. Speaker, the revenue impact for Saskatchewan: over the long term the new tax system is expected to collect the same share of industry profits as the old system. In 1990, under the new system, we expect to collect \$148 million in potash tax revenue. That, Mr. Speaker, is an increase of 7 per cent over what would have been collected with the existing system, and that simply is due to the increase on the base payment from the 6 and the \$8 to the \$11.

The new tax system, Mr. Speaker, will be effective January 1, 1990. In order to allow time for regulations to be prepared, the PRPA agreements have been extended a further six months to December 31, 1989.

The second component of this legislation, Mr. Speaker, deals with sodium chloride. Sodium chloride tax will allow the department to collect a new tax on the production of salt from both Crown and freehold lands. The rate, Mr. Speaker, will be 72 cents per tonne of salts produced and sold in the province after July 1, 1988. This is equivalent to about 6 per cent of the value of salt, and the new tax is in addition to a small royalty paid to the Crown on production from Crown-owned minerals equal to 3 per cent of selling price or 33 cents per tonne, whichever is greater.

Mr. Speaker, this is the first tax increase for the salt industry in the past 20 years. Salt producers will now face a similar tax system as other mineral producers in the province such as coal, potash, and oil. Salt revenues for the fiscal year are estimated to be approximately \$390,000.

The third change in this legislation, Mr. Speaker, has to do with the exchange of information. The third amendment is an administrative nature, and this amendment authorizes the Government of Saskatchewan to enter into agreements with the Government of Canada or the government of any province or territory for purposes of exchanging information needed for tax enforcement.

Mr. Speaker, much of the information reported by individuals involved in mineral exploration, development, or production is very confidential. However, there is a growing recognition by taxing jurisdictions that information exchange makes a significant contribution in improving the enforcement of taxing legislation. The taxpayer also benefit from a more equitable application of the taxing provisions,

particularly where operations are carried on in more than one jurisdiction.

Mr. Speaker, the information that is exchanged between jurisdictions is used only for audit or investigation purposes. Each party to the agreement will be required to respect the confidentiality of the information and documents received.

And lastly, Mr. Speaker, is housekeeping items. The fourth amendment can be considered in fact a housekeeping item. The change will allow the department to accept forms approved by the Department of Energy and Mines rather than prescribed forms. And Mr. Speaker, this change will assist the industry in filing returns in the future.

With those few comments, Mr. Speaker, I move second reading of Bill No. 85, An Act to amend The Mineral Taxation Act.

Mr. Solomon: — Thank you, Mr. Speaker. Madam Minister, I've had an opportunity to just briefly look over the Bill that was tabled in this House, and I was waiting for your comments with respect to that Bill, and I'd like to take some time to review your comments in *Hansard*.

But I wanted to take some time, Madam Minister, because what we've seen in this legislature in this province in the last couple of months is an effort on the part of your government to give resource companies in this province the breaks in every circumstance. We've seen you, Madam Minister, and your colleague, the member from Qu'Appelle-Lumsden, invoke closure in this House to sell off the Potash Corporation of Saskatchewan. You invoked this unprecedented action to muzzle the opposition and curtail debate on an issue, which we feel is tantamount to the future of the province of Saskatchewan.

And when we see this Bill No. 85, which is a restructuring of the potash taxes and the taxes that the potash producers will be paying, it makes me and members of the opposition highly suspicious or what your intentions are. You stand in this House and you talk about the Bill being revenue-neutral. Well we've seen the benefits you've given to the resource companies in the past, and we, a few moments earlier, discussed this matter with the acting junior deputy Finance minister, the member from Melfort, and he couldn't give any answers on this matter either.

What we witnessed in this House, Madam Minister, was an example of your government undertaking a policy with regard to the oil companies in this province that has cost the taxpayers \$2.469 billion in the years 1982 to the end of 1988. And we have seen as a result of this wonderful initiative of your government to subsidize the Exxons and Texacos and Shells of this world with Saskatchewan taxpayers' dollars result in the situation that we're in now with regard to oil drilling activity in Saskatchewan that is at its worst level in 10 years. And this is a statement made by oil company after oil company. So, Madam Minister, I would like to take some time to review your comments and come back to this House and give our position with regard to this Bill. And at this point, Mr. Speaker, I would beg leave to adjourn the debate.

Debate adjourned.

(2200)

Bill No. 90 — An Act to amend The Legal Aid Act

Hon. Mr. Schmidt: — Thank you, Mr. Speaker. I rise to speak today on the amendment of The Legal Aid Act. Briefly legal aid had a long history in the province of Saskatchewan. It was originally provided by the private bar as part of their responsibilities to society, and then later the Government of Canada and the Government of Saskatchewan got involved in legal aid and started to provide a more comprehensive service, so that last year the Legal Aid Commission opened 18,434 cases, which was up 4.2 per cent from the prior year.

The commission operates with approximately 55 lawyers, 20 paralegals, and 50 administrative and support staff throughout 14 area offices in Saskatchewan. I might say, Mr. Speaker, that in the two and a half to two and three-quarter years that I am the minister responsible for legal aid, we have made small improvements year after year while legal aid has wrestled with their budget and has managed it very adequately.

Legal aid now, Mr. Speaker, is operating very efficiently, and I am satisfied that they have attained a professional level which puts them on a par with the private bar in Saskatchewan, both as far as competence, delivery of service, and the respect level of the fellow members of their profession.

I can say, Mr. Speaker, that the legal aid system is now a very professional system. It's a very professionally run system, and it's come along way from the period when it was perceived to be a small "p" political organization involved in advocacy and not nearly as involved in the delivery of legal services, as it is now. I would say now they are 100 per cent involved in delivery of legal services.

These amendments, Mr. Speaker, are not very complicated nor are they very lengthy. They deal with three main areas. The first area has been somewhat contentious in the province of Saskatchewan, is the contribution of applicants and potential clients towards their legal services where this is possible, where they can afford it.

What has happened is that in 1987 the Legal Aid Commission commenced a contribution policy or a partial payment of fee for those clients of legal aid that had incomes that were at the upper range of the allowable limit before you are cut off and not qualified for legal aid.

The effect of that program was to feather in people who were at the cut-off line for no longer qualifying for legal aid and allowing some of those people who would have faced some hardship to qualify for legal aid if they make some contribution towards their fees. I might also say, Mr. Speaker, that legal aid deals primarily with criminal cases; the bulk of those cases are criminal. They also deal with civil cases and matrimonial matters, and in areas where the client has a case that is not revenue-producing.

With respect to this amendment on contribution, as I indicated earlier, it was somewhat controversial. It was commenced by legal aid in 1987, and I might say from what we gathered from the Legal Aid Commission, it worked better than they expected in that initially there was some resistance by their staff. There was certainly resistance from the opposition to the contribution policy; however, once it was implemented, it worked reasonably well, and my advice is that the Legal Aid Commission is now looking forward to being able to reinstate this kind of a policy. It instills more responsibility on those members of the public who are qualified for legal aid but do have incomes close to the cut-off level.

The policy of contribution is not inconsistent with the policy of the government, that where people can afford to pay something towards their services, they should be required to make some payment, as the bulk of citizens who do not qualify for legal aid pay 100 per cent of their legal costs. The argument has been made that this places a burden on citizens, however, the workings of the commission in the period of time that they have the contribution showed quite otherwise.

In addition, Mr. Speaker, all the legal aid plans in Canada, except two, all except the province of Prince Edward Island and the Northwest Territories, have contribution schemes. For example, the province of Manitoba collected 3 per cent of the commission revenue last year from contributions from clients; the province of Alberta had a contribution of 6 per cent from their clients.

In their year of operation under this method of collection, the commission collected only 1.5 per cent of their revenue from contributions. So what is being done in this amendment is not unusual in the ordinary workings of legal aid commissions throughout Canada.

I might also say, Mr. Speaker, that the contribution as originally developed at the insistence . . . or it was the idea of the Legal Aid Commission, and the government acquiesced to see how their experiment would work. And we are satisfied that their experiment worked reasonably well, and they should be given the legal authority to continue with this experiment. As it turned out, on a technical point, the Court of Appeal of Saskatchewan ruled that they did not have the jurisdiction to collect the fees, and this amendment will bring into place what we felt was always the intention of the legislature. And if it wasn't the intention at the time, it certainly should have been, Mr. Speaker.

The second item is the role of the private bar. Section 28 of the existing Act limited the private bar, to members of the private bar, to situations where it was impossible or improper for employees of the commission to act for a client. The repeal of this section will allow for more participation by the private bar. You might say it is, yes, a contracting out, but it will allow legal aid to contract out in some cases. We have already tried this on a pilot project basis, and we find that it gives the client more choice.

The uptake is not as great as we had anticipated; however, we will leave that to the choice of the client. And it

has instilled a little bit of competition in the legal aid clinics in that they now have to, to some extent, compete with the private bar to provide adequate services to the clientele, who has some choice in not taking or accepting a legal aid lawyer if they could local a lawyer in a private bar.

As I indicated earlier, Mr. Speaker, the uptake on this has not been great. We do not press this matter as a matter of ideology, but we only do it as matter of allowing the clientele an opportunity for some choice.

The third element or the third major part of this amendment is the establishment of an appeal committee, Mr. Speaker, at Social Services, through which legal aid is funded under the Canada assistance plan. The requirement under that Act is that you have a method of appeal so that if you're turned down in applying for benefits at Social Services, you can appeal to a local appeals committee and then to the provincial appeals board. This has not existed under the current legal aid plan since it was started in 1974. And technically we may be in breach over the last 15 years of the Canada Assistance Plan Act for not having an appeal committee.

While we are amending the Act, we are prepared in this Act to establish appeal committees so that any clientele who are turned down for legal aid or are given a contribution assessment that they feel is unfair, they may appeal to the Social Services appeal board and there will be a process similar to when you're turned down for assistance under the welfare plan.

For that reason we think this is a lot fairer method. It was probably only an oversight on the former government when they invoked the plan, and we've noticed that this was an injustice and we intend to correct it in this amendment.

The other elements in the amendments, Mr. Speaker, are more of a housekeeping nature and can probably best be further described in the committee. So with that brief introduction of the amendments, Mr. Speaker, I move second reading of this Bill.

Mr. Prebble: — Thank you very much, Mr. Speaker. Mr. Speaker, I am pleased to enter into this debate. I want to leave no doubt in the minister's mind and in the minds of the members of the Assembly where the opposition stands on this Bill. We are against Bill 90, and we are against it primarily because this Bill, first of all, reinstitutes user fees for legal aid services targeted at collecting money from poor people in this province who can't afford it.

And secondly, we oppose this Bill, Mr. Speaker, because we believe that the minister's proposed amendment that will allow contracting out of legal aid services is the first step towards privatization of the legal aid system in the province of Saskatchewan. And for those two reasons, Mr. Speaker, we are against this Bill.

Now the minister gave a little history about the legal aid system in the province, Mr. Speaker, so I think I'd like to make a few historical comments as well to put the current legislation in context. The minister will recall, Mr. Speaker, that when the PC government inherited the legal

aid system in this province from the New Democratic Party in 1972, we had a legal aid system that provided legal services to poor people in the province of Saskatchewan for all legal services, Mr. Speaker, except legal services that would generate revenue for the clients involved. In other words, Mr. Speaker, we had a comprehensive legal aid plan in the province that basically covered virtually all aspects of civil law as well as criminal law.

And, Mr. Speaker, what we saw with the election of the PC government was that the following year, in the 1983-84 budget, there was a major reduction in all areas of civil law services provided under the Legal Aid Commission. There was a major reduction, and basically all areas of legal aid that were to cover civil law, with the exception of family law, were cancelled by the PC government. So that in effect, Mr. Speaker, what we saw was a very significant cut in legal aid services at the expense of lower income people in this province.

So, Mr. Speaker, that was the first major cut that we saw. And then, of course, because this government have never really been supporters of the principle and the philosophies of legal aid, Mr. Speaker, we saw in major budget cuts to the legal aid system under this Minister of Social Services, we saw, Mr. Speaker . . . For instance, just as one example in the 1986-87 fiscal year, the budget for legal aid in this province was 6,264,000. By 1988-89, two years later, Mr. Speaker, that budget had been cut from 6.26 million down to \$5,832,000, Mr. Speaker. Inflation during that period, well in excess of 10 per cent, Mr. Minister, and yet a budget cut, Mr. Speaker, in excess of \$400,000 not taking into account inflation. So that's the second thing this government has done, it's cut back the funding available for legal aid, Mr. Speaker.

And now, Mr. Speaker, what we have is a government that says that it wants to collect revenue from low income people to finance, Mr. Speaker, legal aid services, in effect, Mr. Speaker, constitution another cut in the legal aid budget in real terms, Mr. Speaker. That's what we've got here now, a government that says that because it can't afford to finance the currently greatly reduced legal aid services in the province of Saskatchewan through simply public moneys, that it wants to collect an additional \$150,000, Mr. Speaker, from low income people in this province to finance those services. And we say, shame on the government, Mr. Speaker. Shame on the government.

(2215)

This is the same government, Mr. Speaker, I would remind members who two years ago decided that the native court worker program in the province wasn't required any more, Mr. Speaker. And the services that were available to native people to help them through the court system, to help them understand the court system and what their legal rights were, Mr. Speaker, to provide them with advice on how they should plea before the court system, Mr. Speaker, this government took those kind of services away as well.

We should have no doubt about what the motivation of this government is, Mr. Speaker. Time and time again this government attacks low income people in the province of

Saskatchewan, and this is just another example, Mr. Speaker, just another example.

Now, Mr. Speaker, what we have before us now then is a Bill that among other things attempts to reinstitute user fees in the legal aid system. And we saw a government, Mr. Speaker, that initially implemented this collection of user fees in violation of the law. And, of course, the Elizabeth Fry Society, Mr. Speaker, happily on behalf of lower income people in this province, took the government to court, took the Legal Aid Commission to court, Mr. Speaker, and argued before the Saskatchewan Court of Appeal that the Legal Aid Commission had no authority to charge user fees. And happily, Mr. Speaker, the Saskatchewan Court of Appeal ruled in favour of the Elizabeth Fry Society and struck down the ability of the commission to collect user fees, Mr. Speaker, from low income people in the province of Saskatchewan. Mr. Speaker, that was a decision that members on this side of the House applauded.

Mr. Speaker, now this government is trying to reverse that decision, Mr. Speaker, and do what it was initially afraid to do. It was afraid to come before the Assembly, Mr. Speaker, back in 1987 and get approval for the collection of user fees. Now it's been forced to do that by virtue of losing the case before the Saskatchewan Court of Appeal.

But, Mr. Speaker, we on this side of the House believe that forcing poor people to pay a fee for the right to access legal services is contrary to the whole purpose of legal aid, which is intended to ensure that low income people in Saskatchewan have access to good legal representation in the same way that all other citizens in the province of Saskatchewan do, Mr. Speaker. That is what we believe.

I want to point out to the Minister of Social Services and to all members of the Assembly that in our view, Mr. Speaker, the principle that is involved here is the same kind of principle that is involved in the provision of medicare services in the province.

We believe, Mr. Speaker, that all people in this province have the right to legal services. That is a basic democratic right, Mr. Speaker. It's a basic democratic right because we are a society that is governed by laws, and it is an essential democratic right of every person in this province, Mr. Speaker, to have proper access to legal counsel, Mr. Speaker. And when they cannot afford to hire that legal counsel, they have the right, Mr. Speaker, to benefit from legal aid services in the province, and they should have that right without having to pay user fees for the service.

Now I want to deal with the argument that the Minister of Social Services puts forward, Mr. Speaker, that somehow people at the upper income level of the range of lower income people in this province who are eligible for legal aid, that people at the upper income . . . at the upper range of the eligible group, Mr. Speaker, somehow should be able to afford to pay these user fees. That's his argument, Mr. Speaker.

But what his argument ignores, Mr. Speaker, is the fact that this government for many years now has not changed

the income levels at which people are eligible for legal aid. In this province, Mr. Speaker, eligibility for legal aid roughly runs along the same lines as the income guide-lines for the family income plan in the province of Saskatchewan.

And I just want to give one example, Mr. Speaker, of the problems that a family has been eligible for legal aid. For instance, let's take a family of five, Mr. Speaker: two parents and three children, with an income of . . . say in the range of \$17,000 a year. Now that family right now, Mr. Speaker, that family of five — say they're in my home city of Saskatoon — they are living more than \$10,000 a year below the poverty line, Mr. Speaker. The Statistics Canada poverty line for that family is in excess of \$27,000; their income, Mr. Speaker, is \$17,000. Mr. Speaker, do you know that that family is not eligible for the family income plan and therefore not eligible for legal aid? And yet they're living \$10,000 below the poverty line, Mr. Speaker.

Now the Minister of Social Services, Mr. Speaker, is conveniently ignoring the fact that last year, in 1988, in the summer of 1988, a joint study, a joint evaluation study of the legal aid system in this province was prepared by officials from his department and by officials from the federal Department of Justice — a joint evaluation study. And that joint evaluation study, Mr. Speaker, recommended, it recommended that the government should follow in terms of eligibility for legal aid in this province, that all those residents in this province who were living below the poverty line should be eligible for legal aid services. That was the recommendation of that study. The minister says he contracted it out. He would do well to accept some of the recommendations in that joint evaluation, Mr. Speaker, but he's chosen not to.

So, Mr. Speaker, he is suggesting, the Minister of Social Services is suggesting that this family of five, if they don't qualify for social assistance, in other words if their income is 14 or 15 or \$16,000 a year, that they ought to pay a user fee for the legal aid system. And he ignores the fact, Mr. Speaker, that this family is living more than \$10,000 below the poverty line.

Now, Mr. Speaker, if the legal aid system in this province and eligibility for legal aid was available to all those below the poverty line, and we were talking about this family and they were in the income range of 24 or \$25,000 a year, just below the poverty line, perhaps there would be a little bit of merit to his argument, Mr. Speaker.

But what he is proposing, Mr. Speaker, what the Minister of Social Services is proposing in this bill is that people whose incomes are 50 to 65 per cent, Mr. Speaker, of the poverty line, well, well below the poverty lie in this province, should have to pay user fees to use the legal aid system in the province of Saskatchewan. And members on this side of the House cannot support such a proposition, Mr. Speaker.

Now, Mr. Speaker, I want to comment for a moment on what this fee structure has been, Mr. Speaker. First of all, Mr. Speaker, I want to remind all members of the House that it was the policy of the Minister of Social services when this fee was last introduced to deny people access

to legal aid, Mr. Speaker, if they couldn't come up with at least a \$20 down payment to the legal aid system. In other words, Mr. Speaker, it was the policy of his government by way of the regulations that the commission adopted, that the right to access legal service in this province could be denied, Mr. Speaker, to a citizen who was eligible for legal aid but who did not have the \$20 down payment to make, Mr. Speaker. And you will recall, Mr. Speaker, that this government insisted on levying a minimum charge of \$60 to access legal aid services in the province of Saskatchewan. And, Mr. Speaker, we found that to be very disappointing.

But the reason I raise this minimum \$20 levy, Mr. Speaker, that a client who wanted to use the legal aid system had to place up front before being able to access any legal aid services at all, the reason I mention that, Mr. Speaker, is twofold. First of all, Mr. Speaker, I raise it because the Minister of Social Services would do well to look at the figures in this joint evaluation study done last year that I mention with respect to the number of people in this province who are going before the courts unrepresented by a lawyer, Mr. Speaker — unrepresented by a lawyer.

And do you know what the joint Department of Social Services, federal Department of Justice study found in surveying the court system in this province? It found, Mr. Speaker, that 49 per cent of the defendants and litigates in the court system are going unrepresented by a lawyer in the province of Saskatchewan.

Now, Mr. Speaker, they also found that for most major legal cases of a very serious matter, that the large majority of people did have legal representation. But the fact remains, Mr. Speaker, that when you have a situation where 49 per cent of the people in this province are going before the courts unrepresented, albeit in many cases on relatively small matter, Mr. Speaker, I think it's fair to presume that there are some people who ought to be getting assistance from legal aid who are not.

And I think, Mr. Speaker, that it is also fair to assume that if you have a user fee in place, that people must pay before they're eligible to receive legal aid services, that that will reduce the number of people, the number of low income people who can access legal aid, and it will increase the number of low income people who can access legal aid, and it will increase the number of low income people, Mr. Speaker, that will go before the courts unrepresented by a lawyer, and that is indeed very, very unfortunate.

Now second, Mr. Speaker, the second point I want to make is that the Minister of Social Services would do well to ask himself the question, Mr. Speaker, whether or not this legislation will be in violation of the Canadian Charter of Rights and Freedoms in this country.

Mr. Speaker, the members opposite, the Minister of Health, the member for Meadow Lake is making light of this debate, Mr. Speaker. If he didn't want to have a one-hour debate on this, he shouldn't have brought in the Bill, Mr. Speaker; he shouldn't have brought in the Bill.

Some Hon. Members: Hear, hear!

Mr. Prebble: — Mr. Speaker, one of the things that's very

important about this legislation, Mr. Speaker, one of the things that's very important about this legislation is that it may well be in violation of the Canadian Charter of Rights and Freedoms. And I would refer the Minister of Social Services to the judgement that was brought down by the Saskatchewan Court of Appeal, Mr. Speaker, when the question of charging user fees for the legal aid system was examined by the Saskatchewan Court of Appeal last year. And I refer the minister to page 4 of the judgement, Mr. Speaker, where the Saskatchewan Court of Appeal says the following, and I quote:

As a threshold matter it is useful to set forth what is not at issue in this litigation. We are not required to consider the right of an accused person to counsel under section 10 of the Canadian Charter of Rights and freedoms, or the common law. However, we do not want to be taken as in any way overlooking or minimizing the heavy responsibility of the trial judge to ensure that an accused person receives a fair trial.

And then they cite, Mr. Speaker, one of the prominent cases that the Ontario Court of Appeal recently dealt with, and they sum up that case as follows:

To sum up, where the trial judge finds that representation of an accused by counsel is essential to a fair trial the accused, as previously indicated, has a constitutional right to be provided with counsel at the expense of the state if he or she lacks the means to employ one, citing *R. v. Rowbotham*.

Now, Mr. Speaker, what this . . . I think that this is a very, very interesting citation from the Saskatchewan Court of Appeal judgement that came down last year. It is in effect, Mr. Speaker, a warning to the Minister of Social Services that if he reinstituted this user fee, Mr. Speaker, he may well be in violation of the Charter of Rights and Freedoms. That's basically what the Saskatchewan Court of Appeal, Mr. Speaker, has done.

In a polite way, but in a rather unusual way for the courts, they've issued the minister a warning about the fact that this user fee may well be in violation of the charter. And, Mr. Speaker, clearly the Minister of Social Services has chosen not to heed that warning, Mr. Speaker. He's a minister that doesn't have — despite the fact that he's a lawyer — he doesn't have much respect for the law, Mr. Speaker, I've found.

(2230)

I found him to be a minister, Mr. Speaker, who doesn't hesitate to violate the laws of this province, Mr. Speaker, whether it be violating various sections of the Canada assistance plan, or whether it's been violating his own legislation governing the Department of Social Services, or whether in this case, Mr. Speaker, it appears to be a perspective violation of the Canadian Charter of Rights and Freedoms.

And so, Mr. Speaker, I say that the Minister of Social Services — and we'll be asking him some questions about this when the bill gets into committee — would do well,

Mr. Speaker, to ask himself whether he is not, by way of this legislation in Bill 90, violating the rights of low income people in this province to be guaranteed access to counsel, Mr. Speaker, despite their ability to pay. And I say, Mr. Speaker, that her borders on violating that right.

And this Bill, Mr. Speaker, may very well face the same fate as his previous attempt to have the Legal Aid Commission levy user fees, and that is, Mr. Speaker, that he may well find that this legislation will end up before the courts in a challenge as well, Mr. Speaker. In fact, I hope it does.

Now, Mr. Speaker, I want to point out to the minister that many organizations in this province and outside of this province have gone on record as opposing the levying of user fees. And I point out to the minister that among other organizations that have done that is the Saskatchewan branch of the Canadian Bar Association, Mr. Speaker.

Mr. Speaker, the minister knows full well that there is very substantial body of legal opinion in this province, Mr. Speaker, not just among legal aid lawyers, but among all practising lawyers in this province, Mr. Speaker, among many of the lawyers in the private bar who fundamentally believe that the institution of user fees for poor people in this province which may well deny them access to the legal system in this province, Mr. Speaker, which may well deny them access to a fair trial in this province, Mr. Speaker, goes contrary to basic fairness, Mr. Speaker, in the province of Saskatchewan.

Mr. Speaker, I don't believe that the Minister of Social Services has support from either the public or the legal community with respect to the levying of user fees in this province. He knows, Mr. Speaker, that he faces that opposition and he chooses to proceed despite it, Mr. Speaker, and I say, shame on the minister.

Now, Mr. Speaker, I've dealt with the question of the inappropriateness of this levy, Mr. Speaker. We on this side of the Assembly believe that it is unnecessary for user fees to be implemented, Mr. Speaker, and that it's also inappropriate.

And, Mr. Speaker, one of the things that I find rather unusual about this piece of legislation is that on the one hand, Mr. Speaker, the minister is claiming that he is going to raise another \$150,000 to operate the legal aid system in the province of Saskatchewan, and argues, Mr. Speaker, that he needs that source of revenue to finance legal aid in this province. And on the other hand, Mr. Speaker, the Minister of Social Services is proposing a course of privatization with respect to legal aid that will clearly cost taxpayers a great deal more in the province of Saskatchewan.

And, Mr. Speaker, I want to comment at more length on that next day when I continue my remarks, but I want to say now to the Minister of Social Services and to members of the Assembly before I adjourn the debate on this Bill, that one of the things, Mr. Speaker, that is truly ironic is that the minister is proposing to contract out more legal aid work in the province of Saskatchewan, Mr. Speaker. He's proposing to contract out more legal aid work.

In effect, Mr. Speaker, what we are seeing is a proposal here to begin to privatize the legal aid system in the province of Saskatchewan. And at the same time, Mr. Speaker, he has an evaluation study which I made reference to earlier, published last year, Mr. Speaker, by the federal Department of Justice and his own Department of Social Services which tells him, Mr. Speaker, that if he chooses to go this route of privatization, the cost of offering legal aid services in the province of Saskatchewan is going to increase.

And in fact, Mr. Speaker, we have seen, Mr. Speaker, as a follow-up to this joint evaluation rather detailed cost estimates, Mr. Speaker, that were leaked to the New Democratic Party in December of 1988, which showed, Mr. Speaker, that if the Minister of Social Services chooses to take this privatization course and implement it fully, Mr. Speaker . . .

Mr. Speaker: — Order, order. It certainly seems to be another debate that's developed on its own. Let's allow the member for Saskatoon University to continue.

Mr. Prebble: — Mr. Speaker, what that joint evaluation study shows is that if privatization of the legal aid system is implemented with any degree of significance, that the cost of offering legal aid in the province of Saskatchewan, the cost to taxpayers could go up by as much as 60 per cent, Mr. Speaker.

So here we have a minister, Mr. Speaker, who on one hand says that he needs this legislation to save himself \$150,000 a year, and in the very same piece of legislation, Mr. Speaker, he proposes a course to increase contracting out and privatization of the legal aid system, which his own joint evaluation study of last year tells him, Mr. Speaker, will increase costs for legal aid in this province by as much as 60 per cent, Mr. Speaker. What a contradiction, Mr. Speaker, what a contradiction.

I want to say, Mr. Speaker, to the Minister of Social Services, in wrapping up my initial comments on this Bill, that he would do well, Mr. Speaker, he would do well instead of worrying about user fees for legal aid, or instead of worrying about privatizing the legal aid system in this province when he has a joint evaluation study that says that the current system is being delivered well by the people who are working full time for the legal aid system, he would do well, Mr. Speaker, to concentrate on addressing some of the real needs of the legal aid system in this province.

He would do well, Mr. Speaker, for instance, to reinstate some of the civil services, Mr. Speaker, that were being provided through legal aid under the New Democratic Party government. Mr. Speaker, he would do well to reinstate some of those services, providing legal aid services for things like landlord-tenant disputes, Mr. Speaker, or for wills, Mr. Speaker, or for many other areas of civil law that are currently not being addressed by the system, Mr. Speaker.

He would do well, Mr. Speaker, to do something about the heavy case loads that legal aid staff in this province face, Mr. Speaker, exceedingly heavy case loads that regularly run to more than 300 client cases per year, Mr.

Speaker, per legal aid worker in this province. He would do well to address that, Mr. Speaker. Those are the kinds of issues, Mr. Speaker, that he would do well to address.

The Speaker: — Order, order. My, my, will those two members please allow this member to continue; that's the second time.

Mr. Prebble: — Mr. Speaker, he would do well to address the question of eligibility for legal aid services in this province and set up a legal aid system that ensures that anybody who's living under the poverty line in the province of Saskatchewan is entitled to legal aid services, Mr. Speaker.

He would do well, Mr. Speaker, to pull this bill, drop his plans for user fees, drop his plans for privatization, and concentrate instead, Mr. Speaker, on rebuilding the legal aid system, a system, Mr. Speaker, that under the New Democratic party genuinely met the needs of lower income people in this province, and a system, Mr. Speaker, that he has steadily eroded since becoming Minister of Social Services. I beg leave to adjourn the debate.

Debate adjourned.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Andrew that **Bill No. 80 — An Act to amend The Department of Justice Act** be now read a second time.

Mr. Mitchell: — I simply want to say, Mr. Speaker, I simply want to say that we'll be supporting this Bill.

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

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

Mr. Rolfes: — Thank you, Mr. Speaker. Mr. Speaker, it's unfortunate that I only have 20 minutes left to speak on this Bill. I had a number of things that I wanted to say this evening but in 20 minutes I won't be able to cover them all, but I'm sure that we can do that on another day.

Mr. Speaker, before I begin tonight I want to begin tonight with my few comments on this particular issue. On July 6, Mr. Speaker, the minister gave second reading of Bill No. 70 and he indicated that there were a number of amendments that he was making to the Bill — some of them were technical or housekeeping, some referred to the minutes of the boards — and we have certainly no objection to those.

He referred to *in camera* meetings that there will be times when boards will need to have *in camera* meetings and we certainly have no objection to that; and the establishment of committees, and the powers of

committees will have the effect as though they were a complete board. There's no particular differences that we have with that.

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

He also, Mr. Speaker, is bringing in some changes to suspension and expulsion of pupils, and I, here again, Mr. Speaker, I will have to agree with the minister; I think we needed to have an overhaul of those. Having been a practising educator myself, I know there were some difficulties and we needed to have some changes in that regard.

The Assembly adjourned at 10:46 p.m.

But, Mr. Speaker, tonight I want to address my remarks to an area where I do have some concern, and that is the concern of private schools. The minister did not make it very clear and did not give this House the assurances that I think we need in regards to private schools. And the minister's record, by the way, of private schools is not very good. When he regulates private schools, then it concerns me, particular if he wants to do it by regulation. We have seen what he has done with Bridge City College; we have seen what he's done to a number of other private schools, and we've received absolutely no assurances from this minister in that regard.

So it bothers me when he says that a lot of the things that he wants to do in regards to what he now calls independent schools is going to be done by regulation. So what if, Mr. Speaker, what the minister has in mind is the proliferation of private schools in this province. And I will be questioning, or we will be questioning him in committee on this, then yes, we have serious concerns.

If what he is referring to in the registration of independent schools is the present nine private schools that exist who are abiding by the provincial curriculum, who have certified teachers, and who are doing an excellent job, then we don't have any concerns. But if what the minister is attempting to do is to implement many of the recommendations of the Dirks report where he is going to exempt private religious schools from property taxes. And if he's going to say to those private religious schools that they can now or they will be accepted in Saskatchewan — they don't have to abide by a provincial curriculum, they don't have to have certified teachers — then we have some concerns, some very serious concerns.

And I want to say to the minister that in committee we want answers to those areas that pertain to the independent schools. What exactly do you mean by a registered independent school and a non-registered independent school? Are you opening the door for, as I indicated, a proliferation of private schools that don't have to adhere to a provincial curriculum, that don't have to have certified teachers, and that really breed intolerance in this province?

(2245)

And so those are some of the question that we will be asking you in Committee of the Whole. And if we get satisfactory answers, then we will be prepared possibly to support this Bill. But I will keep that decision in abeyance until we get some answers from the minister, and, Mr. Speaker, with those words, I will be prepared to let the Bill go.