

The Assembly met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

ORAL QUESTIONS

Protest Against GST

Mr. Romanow: — Thank you very much, Mr. Speaker. My question, Mr. Speaker, through you this morning, is to the Premier. Mr. Speaker, and Mr. Premier, for the next two days, Canadians from all walks of life, Saskatchewanians from all walks of life — farmers, working people, small-business people — are going to be uniting in a single purpose, and that is another attempt to try to convince the Progressive Conservatives to do away with the GST (goods and services tax) and their scheme for implementation of it in 1991. They're going to be filling out ballots — and I've got a couple in my hand here, not for demonstration purposes, but just simply to identify what they're going to be doing — asking the government in Ottawa to in effect express their opposition to the GST. In fact, I filled out one myself.

Mr. Premier, I'm going to send a copy of this ballot, in fact an actual ballot, over across to you and ask you whether or not this morning you will join the vast majority of the Saskatchewan people who are signing it by filling it out and by registering your opposition to the GST, and at the same time ask your caucus to do the same as well.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, our government has, not unlike the opposition and not unlike virtually every major group, virtually every individual in Saskatchewan who has some sense of the GST have been for the most part, as far as I can tell, the meetings that I've been across Saskatchewan, united in our opposition to the GST. We view the GST as unacceptable, although I haven't seen the ballot and I can't pretend to speak for other members of caucus.

Certainly I'd give consideration to adding my voice or my signature in this way, in this additional way, in recording our opposition to the GST and its unacceptability.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question. I would still like to direct it to the Premier. If he chooses fit to refer it to the Minister of Finance, I guess that's his option.

While certainly I think any signature by any Canadian clearly is very important, the Minister of Finance's signature doesn't have the same import as the Premier's, and I really would like to put the Premier on the spot. I've sent him a copy of the ballot. I think it's quite neutral as to whether or not he'll sign it.

But my new question to the Minister of Finance or to the Premier really relates to the answer that the Minister of Finance has given us, because he says that the

government is opposed to the GST, and yet, Mr. Speaker, I think it's fair to say that most Saskatchewan people quite don't trust the government on that position.

I have in front of me here, sir, as a preface to this question, a newspaper report in the Saskatoon *Star-Phoenix* under date of February 10, 1990. The headline simply says, Mr. Speaker: "Manufacturers' group lauds Devine's stance on tax." And the relevant quotation which I wish to read as the preface to my question says this, referring to the chairman of The Canadian Manufacturers' Association in a meeting with the Premier, as follows. The chairman's name is Vice.

Vice says the CMA (the Canadian Manufacturers' Association) has found an ally in Devine for its drive to replace the 70-year-old manufacturers' sales tax with the new goods and services tax.

Thus you will see, Mr. Speaker, why I want the Premier to sign the ballot.

My question to the Premier, Mr. Speaker, in the light of this quotation is very simple. Why are you telling the manufacturers that you support the GST if you're truly opposed to it, as your Minister of Finance says, if that's the case?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, when the Government of Canada was getting into this part of tax reform, our government was quite prepared to entertain tax reform. And the reason we were prepared to, is the same reason The Canadian Manufacturers' Association is prepared to, is that the existing hidden federal sales tax, or manufacturers sales tax the hon. member referred to, is regressive to the manufacturers of the country, it's regressive to our own economy, and we were prepared to look at other options.

The problem of course, Mr. Speaker, is that the GST that has come up as the other option is unacceptable. The cure is worse than the disease, and that's why we cannot support the GST, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Well, Mr. Speaker, a new question, again to the Premier or to the Minister of Finance, but I really would invite the Premier to respond to this because you'll see the reason for the ballot. Not only is it important to have the Premier of the province of Saskatchewan say no to the GST by signing this ballot, but it would clarify once and for all the uncertainty which exists in my mind and in the minds of the public of Saskatchewan.

My question to the Premier is very simple. This newspaper story quotes the president of The Canadian Manufacturers' Association as saying that they have any ally in you, sir, in supporting the GST. Those are the words of Mr. Vice, not my words.

Now there are two stories, it seems like. One, there's a public story that your Minister of Finance states and you

state. And two, there is a private story that Mr. Vice is apparently getting.

My question to you, sir, is, who are you fooling? Are you fooling the manufacturers or are you fooling the taxpayers of the province of Saskatchewan? — and if you, with the taxpayers of the province of Saskatchewan, sign this form, please.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — I would only restate our view, Mr. Speaker, and our view is that the impact of the GST . . . rather the impact of the existing hidden federal sales tax is unacceptable to us, but if the GST was meant to be the cure, the cure is worse than the disease, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Thank you. Mr. Premier, it's remarkable, Mr. Premier, how these things seem to occur every couple of thousand years. First it was St. Paul on the road to Damascus, and now it's you who've apparently seen a blinding light.

But, Mr. Premier, I want to tell you that there is some doubt about whether or not the blinding light you saw was the truth or simply the white hot anger of the Saskatchewan public. There's some doubt, Mr. Premier, about your sincerity.

And there are some things which you could do to convince people that in fact you are sincere in opposing. Mr. Premier, my question concerns the fact that there are only 15 MPs needed. If 15 Conservative MPs change their vote, this tax will not go through. Have you, Mr. Premier, discussed the matter with the four Saskatchewan Conservative members of parliament to see if they might consider being absent or changing their vote on this all important tax?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I think the Saskatchewan . . .

The Speaker: — Order, order.

Hon. Mr. Hepworth: — I have no doubt, Mr. Speaker, that the Saskatchewan MPs are well aware of the government's position. Certainly I know some of them were at meetings as recently as this last week in towns and cities and areas like Weyburn, Saskatchewan, where obviously people there had lots of questions about the GST and the point of its unacceptability was made.

I can't obviously speak for how any individual MPs are going to vote, but certainly I think the federal government, the MPs, Mr. Wilson, are well aware of the dissatisfaction and the unacceptability of this tax, as far as I can judge, right across the country. I can say that the meetings of the ministers of Finance that I've been at, they have been unanimous in their conclusion that the GST is unacceptable, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Shillington: — I take it from that answer, Mr. Minister, that you oppose it, but not so strongly that you'd communicate it to any of your colleagues, because I judge you haven't contacted them.

Mr. Minister, do you oppose it so strongly that you have communicated that to the Minister of Finance? Have you been in contact with him and told him in an official capacity that ending the debate on this all-important issue is undemocratic and unacceptable to the people of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Several times, Mr. Speaker.

Mr. Shillington: — Mr. Minister, one final attempt to induce some visible show of opposition as distinct from empty words. Mr. Minister, will you give the opposition your undertaking that if we introduce a motion, drafted in a non-partisan fashion, which opposes the goods and services tax, will you give us your undertaking that you will in fact give leave to have the motion proceed to a debate? Will you give us your undertaking that that will be done today?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I would certainly entertain the motion. I'm not about today to supersede the House Leader's role here in terms of whether we'll give leave without seeing the motion, but I suspect that our House Leader would be quite happy to meet with your House Leader to look at that, because as I've said before, we find the GST unacceptable. If this is supposed to be the cure for the existing hidden federal sales tax, then the cure is worse than the disease, Mr. Speaker.

Some Hon. Members: Hear, hear!

Funding Crisis and University of Saskatchewan

Ms. Atkinson: — Mr. Speaker, my question is directed towards the Minister of Education. Mr. Minister, you will know that your budget cuts have given the University of Saskatchewan a crisis management team. University president Dr. George Ivany stated yesterday that your budget cut-backs have put the university in a crisis situation, and he has struck a committee to examine the options of tuition fee increases and program cuts. How is it that your government speaks so loudly about its commitment to education and puts the University of Saskatchewan in a crisis management situation?

Some Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — Well, Mr. Speaker, I would begin by commending Dr. Ivany for setting up his committee because I think that in the same way, that all other organizations and agencies today, and governments, have to be re-examining their expenditures in view of the present economic situation. So I commend them for doing that.

I don't think, Mr. Speaker, that this government has to

take a back seat to anyone when we take a look at the expenditures that we have put into our universities over the time that this government has been in office. In fact, since 1982 the expenditures that this government has made to the universities in this province have exceeded all other universities in western Canada. So I'm very proud of that fact.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Mr. Speaker, new question to the minister. Mr. Minister, the president of the University of Saskatchewan had requested an 8.5 per cent increase to the University's operating grant. Your government gave them a 2.9 per cent increase or a \$2.5 million deficit. As you know, the University of Saskatchewan legally cannot operate with a deficit.

Mr. Minister, it is your duty as the Education minister to protect our educational institutions. Will you perform your duty and guarantee that the University of Saskatchewan receive adequate funding to meet its historic mandate to educate Saskatchewan's young people and to advanced research and development in the province of Saskatchewan?

Some Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — Mr. Speaker, the University of Saskatchewan in the new budget year is getting something in the neighbourhood of \$111 million for its operating grant, which is an increase of 3 per cent. They are also getting an increase in the university enhancement fund. And there's also some \$52 million, I believe, that's going into capital expenditures this year, most of which is going to the new College of Agriculture building on the University of Saskatchewan campus.

So, Mr. Speaker, the president has concerns, I know, about the expenditures, the amount of money that's going to the University. He is, as he indicated, and as I read in the paper this morning, going to have to look at tuition increases. Over the last number of years the students at the University of Saskatchewan have been fortunate, I suppose, in that the tuition fees have not been all that great — 6 per cent, 8 per cent in some cases.

But, Mr. Speaker, when we consider today what it's costing for a student for tuition at the University of Saskatchewan and at the University of Regina, that it is still, I think, a very, very good bargain. The tuition fees are very much in line with the other universities across western Canada, and in fact in some cases they're lower than the others.

So I think that this is one of the areas that they're going to have to look at, but they're also going to have to look at the internal expenditures on the campus.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Mr. Speaker, new question for the minister. Mr. Minister, as the chief educator in this province, I am absolutely shocked by your answer. You have just rationalized tuition fee increases and enrolment quotas. Well, Mr. Minister, it's not acceptable on behalf

of the young people of this province.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Dr. Ivany is talking about the possibility of tuition fee increases of double digit. You have money to send Bob Andrew and Graham Taylor on \$100,000-a-year jobs to Minneapolis and Hong Kong. You have \$100,000 for the Minister of Justice to globe-trot the world. You have absolutely millions of dollars to spend on needless government advertising.

Mr. Minister, I ask you: where are your priorities?

Some Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — Mr. Speaker, we're obviously more into educational politics again this morning instead of educational policy.

Some Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — I've spent enough years in education in this province that I don't need to be one bit embarrassed by what's happening, and the expenditures that this government is putting into education.

Let's just take a look at the record that this government has with regard to expenditures in education over the last eight years. We have increased the expenditures in education every single year that this government has been in power. We brought in a University Development and Renewal Fund for the university campus, some \$125 million. That government, when they were in power, procrastinated for years over the construction of a new College of Agriculture building. Mr. Speaker, this government delivered.

Some Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — Let's also take a look at the options that are available for young people across this province today with regard to what's available through regional colleges. We're increasing the amount of money that is going to regional colleges . . .

The Speaker: — Order, order. I believe we're getting into debate.

Some Hon. Members: Hear, hear!

Legality of STC Inquiry

Mr. Mitchell: — Mr. Speaker, I have a question for the Minister of Justice and it concerns yesterday's ruling by the Supreme Court of Canada, striking down the Ontario judicial inquiry into the alleged wrongdoings of Patricia Starr and Tridel Corporation.

Mr. Minister, we are deeply concerned, as must you be, about the future of the STC (Saskatchewan Transportation Company) inquiry, based on the decision of the Supreme Court. A quick reading of that judgement indicates that the Starr case may well be applicable to the STC inquiry. If anything, Minister, I think you'd agree that the terms of reference of your inquiry are even more specific than in

the Starr case, clearly identifying who the individuals are who are said to have violated specific laws, which is, as I read it, what the Supreme Court ruled a judicial inquiry cannot inquire into.

So my question, Minister, is: will you advise the Assembly of how, in your view, the STC inquiry is or may be affected by this Supreme Court decision.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — The terms of reference, Mr. Speaker, for the STC inquiry were drafted knowing the arguments that counsel were presenting to the Supreme Court in the Starr appeal. Having said that, the terms of reference for the STC make no reference to the Criminal Code, which was a major factor in the Supreme Court decision.

Secondly, our terms of reference deal more with the operation and the process of STC which is, in our view, the way that inquiries will have to be focused in the future if they have any success of not being considered a parallel criminal inquiry. So we're very confident that the way we drafted the terms of reference of the STC took into account the arguments and that they would be upheld with the courts.

The hon. member also asked me, what effect. I have little doubt that all inquiries in the future will be challenged from time to time by those affected because of the Supreme Court decision, with a view to take that option available to them. So I expect that will be routine, but I also suspect that if properly drafted, as ours is, they will be unsuccessful.

Some Hon. Members: Hear, hear!

Mr. Mitchell: — I appreciate the answer, Mr. Speaker. I appreciate the answer, Mr. Minister, but I know you'll agree that this is not a simple matter. It's clear from a reading of the Starr case that it's a very, very complex question. And I am certain that before giving the Assembly the opinion that you've just given, you've had the benefit of a legal opinion from your advisers, and I wonder if you'd be good enough to share that legal opinion with the opposition, Mr. Minister.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — I believe we do have . . . had a long-standing policy of not supplying those legal opinions. I'm certainly prepared to discuss it with the individual member to the best of my ability, but I believe that's a long-standing practice of the House.

I have given the assurance to the hon. member that the advice I have from my officials are that they are very confident that the terms of reference as drafted for the STC inquiry, as proposed to the STC inquiry, are valid and they took into account the arguments made by counsel in the Starr appeal.

Some Hon. Members: Hear, hear!

RCMP Inquiry into STC Financial Affairs

Mr. Mitchell: — A further question, Mr. Speaker, to the same minister, concerning the same general subject matter. I'm interested in the RCMP investigation which apparently has been ongoing for some considerable time, Minister. Will you tell us at what stage that investigation is presently at, when you expect it will be completed, and will you undertake, when the matter is reported to you by the department, that you will table with this House a copy of the report that is made by the department to you?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — There has been a long-standing practice, I believe it the correct one, that we do not comment on the police investigations that are going on. The inquiry is going on; that is all that I can properly say, Mr. Speaker. It's going on unfettered, as is the usual case.

Mr. Mitchell: — Further question. A new question, Mr. Speaker, to the same minister. Can you deal with the part of my question which was this, Minister — when the matter is reported by the department to you after the report of the RCMP has been completed, will you undertake to file or to table a copy of that report with the House?

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Mr. Speaker, if there is a police investigation, the prosecutors would make whatever judgement based on the facts and the situation as they see it, and they'll take independent judgement they would simply . . . (inaudible interjection) . . . I suggest the hon. member stand up in this House, and in his seat say that there is interference in the police investigation. I challenge you to say that before this House. Stand up and put your seat on the line and say that. You don't have the courage to do that.

Some Hon. Members: Hear, hear!

The Speaker: — Order, order!

Mr. Goulet: — I think that, Mr. Speaker . . . a question to the Minister.

The Speaker: — Order, order! I'd like to call the attention of all members, all members on both sides of the House, on both sides of the House, to the fact that . . . the member for Regina North East and any members on the other side of the House, I would like to call all your attention to the fact that we wish to listen to the member for Cumberland.

Some Hon. Members: Hear, hear!

Negotiations for Northlands Career College

Mr. Goulet: — Mr. Speaker, my question is to the Minister of Education, but I certainly hope that this minister doesn't blow his top like the previous minister.

Some Hon. Members: Hear, hear!

Mr. Goulet: — Mr. Minister, this question may explain the reason why the negotiations aren't going properly up in the Northlands Career College dispute in northern

Saskatchewan.

The last time I asked you about the labour situation there, you said that the negotiations were the duty of the board and did not concern your government. In a letter to me dated March 27, Neil Clarke, the president of Northlands college, states, and I quote: "As you will be aware, negotiations are controlled by the government rather than the board of Northlands College."

Mr. Minister, it's little wonder the staff can't get a settlement. Who is responsible? And why are the people so confused about this issue?

Some Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — Well, Mr. Speaker, yes I will try and remain calm.

Mr. Speaker, I am sure that the settlement in Northlands Career College will come about fairly quickly, once the SIAST (Saskatchewan Institute of Applied Science and Technology) dispute can be dealt with, and that's going to conciliation.

There are two sides involved in the negotiations with Northlands college, and I would hope that the two of them can get back to the table fairly soon and get the dispute resolved, because there's no doubt the students are being affected by that at this time.

There is a negotiating team, certainly, that is selected by the Northlands college and they've been carrying on these negotiations. In so far as any government involvement, that's simply not the case as far as I'm concerned. It's a team that is appointed by Northlands college, as opposed to SGEU (Saskatchewan Government Employees' Union) looking after the other side.

Some Hon. Members: Hear, hear!

INTRODUCTION OF BILLS

Bill No. 10 — An Act respecting the Manufacture, Sale, Use, Consumption, Collection, Storage, Recycling and Disposal of Ozone-depleting Substances and Products

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. Mr. Speaker, I move first reading of a Bill respecting the Manufacture, Sale, Use, Consumption, Collection, Storage, Recycling and Disposal of Ozone-depleting Substances and Products.

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

MOTION UNDER RULE 39

Condemnation of the Federal Goods and Services Tax

Mr. Shillington: — Before orders of the day, I rise pursuant to rule 39 to move a motion. I shall read the motion, which I shall actually move at the end of my comments. The motion which I would ask for leave to move reads:

That this Assembly condemns the Government of Canada for its proposed Goods and Services Tax, which is regressive, unsound, unfair, and which will impose unjustifiable financial hardship on Saskatchewan people.

I rise pursuant to rule 39 to ask for leave. The reasons for moving pursuant to rule 39, Mr. Speaker, the reasons why this is urgent and pressing, is that the Parliament of Canada today, or within the very near future, will be subject to closure. The Bill will be moved and the opportunity to have any influence on the decision will pass.

This is not a matter we can deal with next week or next month. If we are going to have any influence on the decision of the Government of Canada, we must do so immediately. That, Mr. Speaker, is the reason why it's pressing and urgent and that is the reason why I ask government members opposite to give leave to move what I think is a non-partisan motion.

Some Hon. Members: Hear, hear!

Leave not granted.

The Speaker: — Order, order. Member for Moose Jaw North, Regina Elphinstone. Order, order. Hon. members, hon. members just contain themselves so the business of the House may proceed, and that includes the member for Moose Jaw North. Let us proceed with the business of the House. Undue interference is not acceptable.

Before Committee of Finance, before I leave the House, I would ask leave of hon. members to introduce some guests. Thank you.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Tusa: — We have in the Speaker's gallery this afternoon a group of grade 5 and 6 children from William Derby Elementary School in Strasbourg. They are here to have a tour of the building, and I will have the opportunity to meet with them later on for photos, and have a discussion of the events they have seen here this morning.

Would you please welcome the students, their teacher, Patricia Karpa, and the chaperon, Rose Erhardt, along with their bus driver, Darren Bender. Please welcome them to the Assembly.

COMMITTEE OF FINANCE

Motions for Interim Supply

Hon. Mr. Hepworth: — Thank you, Mr. Chairman. To my immediate left is Art Wakabayashi, deputy minister of Finance; to my immediate right is Bill Jones, assistant deputy minister of Finance; behind me is John Wright, associate deputy minister of Finance; and beside him, Keith Laxdal, associate deputy minister of Finance.

Mr. Chairman, I would move that it be:

Resolved that a sum not exceeding \$334,961,200 be granted to Her Majesty on account for the 12 months ending March 31, 1991.

Mr. Kowalsky: — Mr. Chairman, it was with great interest that I watched the weaseling and the waffling of the Minister of Finance this afternoon . . . early this morning in question period, and how he on the one hand tried to make an appearance that the GST is something that he was really opposed to, and he keeps talking, saying the same thing, and he keeps saying that's it's very complex and it's difficult for people of Saskatchewan to accept.

And yet when it comes right down to some action, when we read the motion before, proposed the motion, actually proposed the motion in words where he could actually sign and have his government members sign the motion, so we could send a definite, united message down to Ottawa this morning, the member has turned right around.

And the motion would read this, Mr. Chairman:

That the Assembly condemns the Government of Canada for its proposed . . .

Mr. Chairman: — Order, order. The question before the committee is interim supply and certainly not the motion that the member was attempting to read into the record, so I'd ask the member to keep his questions on the interim supply motion that's before the committee.

Mr. Kowalsky: — Thank you, Mr. Chairman. I will rephrase my remarks so it's more directly related to the interim supply Bill at hand. This interim supply Bill, Mr. Chairman, has to do with the taxation, with the spending of money for the, I would assume, the one-twelfth — although with that it does not seem so clear yet in this particular motion — one-twelfth of the supply that's necessary for the Government of Saskatchewan. The one-twelfth of course, is supplied by taxes, by taxes alone.

The part of our tax financing comes as a result of the taxing that is being done at the federal level. We get our taxes indirectly by the federal level. We also . . . this particular tax, when imposed on the people of Saskatchewan, will have a definite effect on the money being pulled out of Saskatchewan, and available for financing in the field of sales tax, which has only been available to provincial governments thus far. So it has a tremendous impact on the revenue that the provincial government will have access to.

We now use the sales tax as a basis to fund a lot of our programs, namely education and health, namely education and health. Now we have the federal government coming in with another sales tax, which is going to impinge on that in a manner which is completely unacceptable to the people.

Anybody that I've talked to, whether you go to business people or you go to farmers or you go to people that are in the service area, in the health, the culture field, it doesn't matter

what constituency you go to, it doesn't matter what age level you go to, people across this province, geographically in every area of the province, are of unanimous decision.

And this unanimous decision is backed up by the polling. Polling tells us that over 70 per cent of the people are against federal infringement on this particular tax, on this particular source of tax revenue. It's a tremendous problem to us, Mr. Chairman, a tremendous problem to us.

So I think it is incumbent for us to clear the air with this minister, to clear the air so that we know exactly where he stands on the issue of sales tax and revenue to the province. It simply is not clear. I would say it is more than unclear. He has waffled backwards and forwards on this. When he speaks to groups around Saskatchewan, yes, he says he's opposed to the federal imposition on the sales tax, something that has by tradition been a provincial source of revenue. Then we see the whole thing turned right around. Whenever he's given a chance to express on behalf of this Assembly a formal method, his recommendation to this caucus is no.

Now I think that deserves a lot of clarification because it's very confusing, not only for us sitting here in the legislature. If it's confusing for us it must certainly be confusing to the members opposite, but worst of all there's a signal it sends to the people of Saskatchewan. What is the signal that you're trying to send to the people of Saskatchewan?

And my question to the minister is, clarify that. What is the position that you're trying to send to the people of Saskatchewan by refusing to sign this motion? What is the position? Come clean on it.

Are you going to go all around Saskatchewan to every town, every small town and say, yes, I'm opposed to the federal goods and service tax? I'm opposed, but no, I won't say anything. That I'm opposed; I won't tell anybody that I'm opposed. After all you are elected as a representative, as a spokesman of the people of Saskatchewan. It is up to you if you believe that and if your government really believes that, is to stand up and say that, pass a motion, send it to Ottawa.

Now what are you going to say about that? Why can you waffle?

Hon. Mr. Hepworth: — Mr. Chairman, as it relates to tax policy in this budget and as it relates to this resolution, I reiterate what I said in the budget address on budget night. And that is our policy here was because of what the people were saying and because of things like GST and lottery tax, people have . . . enough is enough on taxes, and so there were no tax increases in this budget.

As it relates to GST, what we have been saying, Mr. Speaker, and what we continue to say is that it's unacceptable.

Mr. Kowalsky: — You say it's unacceptable, Mr. Minister. Let's follow up on that. It's unacceptable. What action are you prepared to take that's concrete? What action are you prepared to take to follow up on that statement?

Hon. Mr. Hepworth: — Mr. Speaker, my predecessor before me was involved in numerous meetings with the federal officials, the federal minister, other ministers of Finance across the country. I myself have been involved in a number of meetings with other provincial ministers of Finance, joint meetings with provincial ministers of Finance, including the federal minister, private meetings with the Minister of Finance for Canada, to try and make our case as effectively as we can for why we view the GST as unacceptable.

Mr. Kowalsky: — I would like to know exactly what case it was that you tried to make, Mr. Minister, when you went there.

Hon. Mr. Hepworth: — Well, Mr. Speaker . . . Mr. Chairman, rather. From the outset, our Premier and this government recognized that it was in our best interest, as a province and on behalf of the taxpayers and the business men and women of this province and workers of this province, to get rid of the existing federal sales tax, the existing hidden federal sales tax. We saw merit in getting rid of that.

At the end of the day, however, what the federal government came up with was a proposal that we find as unacceptable.

Mr. Kowalsky: — Mr. Minister, did you point out to the government that they were rather hypocritical in raising that federal sales tax from that 7 to 9 per cent level to the thirteen and a half per cent level so that people would be more apt to reject the federal sales tax by raising it? Did you suggest to them at any time that perhaps what they should have done is left it at the 9 per cent level so that it wouldn't be used as a lever?

Hon. Mr. Hepworth: — Mr. Chairman, perhaps the hon. member could restate his question; I'm not sure I follow his logic track there.

(1045)

Mr. Kowalsky: — The minister will be aware that the federal government has been charging the federal sales tax, the hidden sales tax, for some time. The hidden sales tax has not been at the thirteen and a half per cent level that it is now, for a long period of time. It has only be moved to that thirteen and a half per cent level when the federal government made its decision to impose its goods and services tax. So what they did is they raised the manufacturers tax to such a level that it became a burden to the manufacturers. That way, by doing that, they were able to rationalize a reasoning for the GST.

And my question to you is: did you bring this to their attention, that the people of Saskatchewan felt that it was unfair for them to use this kind of a tactic to first of all raise that federal sales tax from the 9 per cent level to the unacceptable thirteen and a half per cent level and then say, now we want to get rid of it?

Of course, first you raise the tax to a level which makes it unbearable and makes it unmanageable for manufacturers, and then you say we're going to get rid of

it. Well the tactics that they used here were completely unfair, completely transparent to the people of Saskatchewan, transparent to other manufacturers actually. If it's used as an argument, it's something that we just feel is unacceptable. And I'm asking you whether you brought that to their attention.

Hon. Mr. Hepworth: — Well I can't speak for what motives, if there were additional hidden motives, other than straight fiscal or economic ones for the Government of Canada raising the federal sales tax from what I think was in 1984 — my officials can correct me if I'm wrong — which I think in 1984 was 9 per cent, then it went to 11 and then in the '88 budget, I think it was, it went to thirteen and a half, or the '89 budget, I just can't recall which one.

I guess what intrigues me about that history — and I may not have the dates exactly right, but the numbers are roughly correct, it's been an increase from 9 to thirteen and a half per cent of the hidden federal sales tax — what intrigues me when I look back on that is how little outcry there was from the public and/or indeed members like yourself in opposition to that.

It quite frankly intrigues me. And perhaps it ought not surprise us because it is a hidden tax and people don't see it. Maybe that's why you never raised it in this House last year or the year before or the year before or the year before. It's a hidden tax; the public don't see it. Maybe that's the good thing about visible taxes is that they end up being very, very accountable in their own certain way, or providing the public with a certain accountability they don't have with a hidden sales tax — you know, out of sight, out of mind.

So I'm intrigued that the public . . . there was not more backlash from the public when those increases were made. Now certainly for the kind of economy we have, that hidden existing federal sales tax is retrogressive to us. We want to see it removed. We just don't think that the GST is the acceptable alternative, Mr. Chairman.

Mr. Kowalsky: — Mr. Chairman, it's clear to me then that the minister did not raise that point with the Minister of Finance, the federal Minister of Finance. He did not raise the point that their tactic of slowly raising that hidden federal tax from a 9 per cent level in '84 up to a thirteen and a half per cent, I believe it is now, in 1990 — did not raise it. I tell the minister that if you're serious about his stand against the GST, that is an argument that should have been raised.

Mr. Minister, you have experienced here in your own government, a mini tax revolt on two areas: the area of automobile taxation and the area of lottery taxation. And in both cases the message was quite clear from the people of Saskatchewan.

What they're saying is, we think that it's important that we're prepared to pay tax dollars for the areas of health and education. What we are not prepared is to entertain new taxes when it appears to us, and it's very clear to us that a lot of the tax money that you are spending is being wasted, particularly on things like jaunts, particularly on things like GigaText, particularly on government

advertising.

I think the very same thing applies to the case of the GST. And the people that I talk to in Saskatchewan, and I'm sure that you talk to, Mr. Minister, quite often will use the statement: well if they need more taxes or if they think they need more taxes, the first thing that they've got to do is show us that they can spend at a proper level and spend efficiently the tremendous amount of taxes that they now get. In other words, before you put on any new taxes, clean up your house, clean up your house in Ottawa first. Because the people see this as another cash cow, another way of the government accessing more and more money, and again getting . . . without paying any attention to any restraint policies or being careful of how it's spending money.

To top it off the . . . well anybody that looks at government spending can see that the rate of government spending has always superseded the rate that any other industry has been spending. It's also superseded the CPI (consumer price index) figures, the cost of living figures. People are saying that the government itself as a business should be keeping its tax expenditure at a rate of CPI, unless of course you're going into massive new programming. And we don't hear people talking about massive new programming. People are asking you to spend reasonably and efficiently and clean up the home front first, clean up the government spending first.

So the question relating to that, following up my first question, Mr. Minister, is: did you in your consultation make any representation to the government about the wishes of the population of Saskatchewan, and that is that the federal government before imposing any new taxes, particularly a sales tax which impinges on provincial sales tax-gathering ability, whether they would cut their internal expenses first, show some sacrifice, show that they are looking at their own home first, because that's some place where they can impose change? They can impose it on themselves a lot easier than it would be accepted by the people of Saskatchewan and I'm sure by the people of Canada. Did you make that kind of a representation, Mr. Minister?

Hon. Mr. Hepworth: — Well as it relates to what we've been particularly saying to the federal government, perhaps the broadest and best overview I could give the hon. member, Mr. Chairman, would be to just cover quickly, remarks I made to the Minister of Finance from Canada at a meeting of all ministers of Finance from across Canada with the federal minister. And that was just reiterating our stand on the GST and its unacceptability, raising with him the devastating nature of the federal government's high interest rate policy.

We understand their intention is to fight back inflation, but we made the case with the federal minister that inflation, it's not Saskatchewan that's fuelling the inflationary spiral, it's what's happening in downtown Toronto.

There are other tools that they can use to combat inflation instead of this sort of very blunt instrument — high interest rate, fiscal policy, if you like. Regional spending could be used as a tool to deal with inflation. In fact we

made some recommendations relative to regional spending initiatives that they might want to pursue because of the hurt in our farm sector, which was the other point that we raised very vociferously with them in I think it was an early December meeting relayed to the federal minister about the numbers which suggested somewhere between zero and minus-200 realized net farm income. And those are probably a pretty reasonable overview of the representations that we've made to the federal government in our meetings with the Minister of Finance, either privately or with other ministers.

Mr. Kowalsky: — The minister refers to high interest policies, regional spending and farm spending, all of which have received considerable publicity, all of which we concur with in terms of desirable . . . a message to take the federal government.

What the minister has not done is he has not replied to my question which I've asked, whether or not he has done anything on an official basis, asking that the federal government look at internal measures for cutting their spending before they raise the . . . before they input the GST.

Mr. Minister, so what I want to do then is refer also back, knowing that and knowing also that you have not taken any kind of a public stand on them having raised the existing federal sales tax from 9 per cent to the — is it thirteen and a half or twelve and a half? — thirteen and a half per cent level.

I think at this stage, Mr. Minister, what we would like to do is to show, on behalf of the people of Saskatchewan, that we're prepared to take a tough public stand on that issue as well. So I repeat then, we know that you've taken a tough public stand and we have backed you on the stand on high interest policies. We initiate and work towards the policy of asking the federal government to put in some regional money into this area, particularly into the agricultural sector.

Now what we need to do with respect to the GST is to have a strong public stand on behalf of the people of Saskatchewan by way of motion, by way of debate here in this legislature or outside of this legislature, so that we don't have the imposition of that; so that a message to the federal government is quite clear and not waffled; so that we can't have the Premier going down and saying one thing when he talks to Mr. Wilson down at the federal level and having the Minister of Finance going around the province and in this legislature saying another thing.

And the way to clarify that, once and for all, would be to take a public stand, unequivocal public stand by motion of this legislature against the federal GST. Would you do that, Mr. Minister?

Hon. Mr. Hepworth: — I guess I, Mr. Chairman, have to question the motive of the hon. member. If the GST is such a pressing issue, why did we have to sit in this House for three weeks before I had one question on it? Is it because these people here want to grandstand, Mr. Speaker, this day because of other events external to this legislature? I ask them to look into their souls and ask themselves, why today? We've been here for three weeks,

not one question, as I recall — sorry, one question a couple of days ago to the Premier — three weeks. I have to question. We can debate — there's private members day, there's lots of days we can have resolution and we're certainly prepared to get into and as I said consider that.

The issue has been one of, are we united in our stand against the GST in terms of its unacceptability. I think the answer there is yes. I've been on platforms with the opposition critic for Finance, where we've both argued the case for the unacceptability. I've been on those platforms with chamber of commerces, I've been there with wheat grower presidents, I've been there with Liberals, I've been there with working people, I've been there with virtually everyone. And I said it was unacceptable and I continue to say it was unacceptable. I argue, Mr. Chairman, we ought to get on with the business of the committee. Certainly we've had many opportunities in the past, and will have many opportunities in the future, to debate the resolution that the hon. members have raised before orders of the day, but I would suggest we ought to get back to the business before the committee.

(1100)

Mr. Tchorzewski: — Thank you, Mr. Chairman. Mr. Minister, I indeed want to stay on the business of the committee, and one of the things about your Bill which you are proposing here today is the revenue that you will be getting from various sources.

I'm really quite amazed. The performance by the minister, Mr. Chairman, and the Minister of Justice earlier today, and the Premier some time ago, a few days ago, when every time they get put into a corner and have to answer the difficult questions, they blow up and explode. That really tells you something about the state of this government, Mr. Chairman, and I would sort of suggest to the minister opposite that he will achieve a great deal more here today, and probably dispose of this Appropriation Bill in a much more expeditious manner, if he would just settle down, get control of himself, and answer the questions so that the opposition and the public can be satisfied that the minister knows what he is talking about as the Minister of Finance.

Now, Mr. Minister, you keep talking about how your government now opposes the goods and services tax. I want to say to you that the people of Saskatchewan have a very difficult time believing you when you say that, because all of the other evidence points otherwise. In the House today under question period, you stood up and you tried to suggest that you were opposed to the goods and services tax.

When the opposition offered you the opportunity, on two occasions, to show that in a tangible way, you refused. When the opposition offered to the Premier to join us in signing the "No to the GST" ballot, which is being distributed around Saskatchewan this weekend, your government refused. When the opposition proposed a perfectly non-partisan motion under rule 39 under orders of the day, in which we could all join in a non-partisan way and send a clear message . . .

Mr. Chairman: — Order, order. The motion that was proposed today is not for debate. The question before the committee is interim supply, and I would ask the member to stay on the interim supply motion that's before the committee.

Mr. Tchorzewski: — Mr. Chairman . . .

Mr. Chairman: — Order. And I'd ask the member from Humboldt to quit challenging the Chair. Order. The member from Humboldt is interrupting the Chair and I would ask him to refrain from interrupting the Chair, and the member for Regina Elphinstone.

Mr. Tchorzewski: — Thank you, Mr. Chairman. I think it's important that we calmly discuss this matter, and so I am giving the preamble to the question which I'm going to ask, and I want to tell you about a question I want to ask, but I need to explain it, Mr. Chairman.

The question I want to ask is about the revenue of this government from the goods and services tax, which are going to provide the funding in order for this minister to be able to make the expenditures under his appropriation Bill here today. And what I'm saying is that from the goods and services tax which is being proposed by the federal government, this government expects to get a considerable amount of windfall.

And that's why, Mr. Chairman, it's important for the people to know what is the exact and true position of this government. Because I submit to you, sir, that there is a major conflict of interest here by the Premier and the Government of Saskatchewan, and that is why this government refused to join with all of the members of this House today in the rule 39 motion, which would send the message to Ottawa that all of the people of Saskatchewan, and this legislature, are totally opposed to this goods and services tax, which is such an unfair grab in the people's pocket-book — people who are busy trying to make a living out there and finding it very hard to do so.

That's why I want to make that point, Mr. Chairman, because I think it's important for the public to know, and for the minister to explain clearly what the true position of the government is.

The Premier has said, when it comes to this windfall revenue that I'm going to ask about. The Premier has said that he supports — as late as February 10 of this year, in the *Star-Phoenix* — that he supports the position of the Canadian Manufacturers' Association, when they say that the goods and services tax should replace the manufacturers' sales tax. It's got nothing to do with whether the manufacturers' sales tax is bad or good. It's bad. Nobody will disagree on that.

But what is equally as bad is the goods and services tax. And you don't replace an unfair tax with an equally unfair or even worse tax. And you can't expect the people to find the Minister of Finance to be credible when his own Premier contradicts him, as late as a month and a half ago.

Now, Mr. Minister, you are here asking for some funds, as it normally is done, in order to provide some of the

funding to municipalities and school boards and so on — the interim supply Bill.

Now, Mr. Minister, I want to ask you this question. In coming forward in presenting this Bill, surely you will know what the sources of revenues are. And so I want to ask you, how much revenue have you estimated? I'll wait for the . . . he's busy and I don't want him to miss the question, Mr. Chairman.

I don't want to have to repeat myself, Mr. Minister, so let me ask you my question. In the estimating of your revenues, Mr. Minister, how much revenue do you anticipate for the provincial treasury in this fiscal year from the goods and services tax, which comes as a result of the double taxation where the provincial sales tax will be charged on the federal goods and services tax when it's implemented, Mr. Minister?

Hon. Mr. Hepworth: — I'm just not sure exactly what questions the hon. member was coming to, Mr. Chairman. But if I could track it through this way, will there be a GST, 7 per cent GST in effect January 1, 1991 that could impact on this fiscal year. I suppose increasingly, one might make the observation, the way the Bill is proceeding through parliament, that it's increasingly looking like it's going to become a reality. I must say I was surprised at how little opposition there was, including from the NDP Party in Ottawa, to the passage of that Bill through parliament and through committees.

Now what does that mean when it gets to the Senate, Mr. Chairman? I know there's been some speculation. But if it does, and if we have to deal with it, present tax law in Saskatchewan provides for the provincial tax to be the last tax on, just like today our sales tax is on top of the existing federal sales tax. The present law would dictate that provincial tax, if we deal with this scenario, existing provincial tax would go on top of the — just as it does today — the new federal tax, Mr. Chairman.

Mr. Shillington: — Thank you, Mr. Chairman, Mr. Minister. Mr. Minister, I want to deal with your abysmal record in financial management. The Leader of the Opposition spoke quite eloquently last night when he referred to your deficit estimates. You missed by 30 per cent; you missed by 200 per cent. This year, you missed by 73 per cent. Your estimates of your deficit, Mr. Minister, don't seem to bear any relation to what the government's actually doing. No relation at all.

Mr. Minister, I would like you to address yourself for the moment to the deficits which you continually underestimate, which you continually underestimate, Mr. Minister. Mr. Minister, how on earth can you expect to be able to come to terms with a deficit, which I might add is growing by leaps and bounds — how on earth can you expect to come to terms with a deficit when you cannot stick to budgetary estimate?

It's one thing to miss by 5 per cent. It's one thing to miss by 10 per cent. There's no excuse for missing an estimate by 73 per cent, like you did last year. And that's one of your nearer hits.

You've missed by as much as 200 per cent. Mr. Minister, the time when you missed by 200 per cent just coincidentally happened to be an election year. And there's some people in this province, Mr. Minister, who are cynical enough to believe that this might be another year in which you missed by a little more than 73 per cent, by three times that.

Mr. Minister, is there anything you can say which would assure this House, and the public of Saskatchewan, that you have the deficit under control, in the sense that your deficit is at least going to bear some distant relation to your estimate of it?

Hon. Mr. Hepworth: — In terms of putting our best estimates forward and our best spending plans before this legislature, this is as best as we can determine, given that there's a number of outside factors impact on it. We are hopeful that we can come in at this target, Mr. Chairman. In fact I guess if we had our druthers, we'd just as soon that we could come in below.

Certainly the size of the deficit is a concern to each and every one of us. I think some of the problems that have accounted for some error in the past are things largely beyond ministers of Finance's control. I'm not trying to make excuses, but certainly I don't think any of us can predict from year to year the forest fire situation which was a big factor last year, for example.

Every economist last year was predicting a year ago that interest rates would fall. What have they done? They've gone up, and they've gone up dramatically. They're at the highest they've been now for some several years, Mr. Chairman.

The ag problems we talk about, at least this side of the House talks about a fair amount, in terms of the trade wars, the repeated and lingering droughts — all those things impact on our budget numbers. And we're looking to hold to our deficit, Mr. Chairman, and we'll be making every effort to do so.

Mr. Shillington: — Mr. Chairman, Mr. Minister, that's unmitigated nonsense. There's not an accurate word in what you said. Mr. Minister, your problems stem not from revenue which collapses, your problem is the fact that you simply have no control over expenditures.

Let me, Mr. Minister, recite a couple of facts for you. Inflation since you've taken office has gone up by 44 per cent — challenge me if I'm wrong. Your revenues have gone up by 58 per cent — challenge me if you're wrong. The reason why your deficits are out of control is that your spending has gone up by 72 per cent. Your revenues have increased more than the inflationary rate; it's your expenditures which are out of control.

Mr. Minister, I want to know, what are you doing now that you haven't done in the past to bring those expenditures into line with your revenues?

Hon. Mr. Hepworth: — Mr. Chairman, I find this line of reasoning unusual, when for the last five days in this legislature virtually every member from the opposition stood in their places and said: spend more here, don't cut

there, we want more there. This morning in question period we heard: spend more, spend more, spend more.

And now he has the gall to come and say our spending has gone up too much. Which way is it? You can't have it both ways, hon. member. Which way is it going to be? Which way? Enough of this airy-fairy economics. Let's have some real substance from the opposition.

Our thrust in this budget is this. Cut back spending, \$300 million worth over two years. No new array of programs and new initiatives and new spending. Thirdly, no tax increases. And use the room that we made by decreasing our expenditures to provide for spending in agriculture and health and education. And if our spending in agriculture and health and education is above the rate of inflation, and too profligate, I'll take that mission to the people any time of the week, Mr. Chairman.

Mr. Shillington: — Mr. Chairman, Mr. Minister, the question period this morning dealt with your sincerity and your sincerity of purpose. That's what the question period was all about and that's what we're talking about now. We're talking about whether or not you have any intention of meeting the deficit you've projected.

Mr. Minister, to blame your deficits on world wheat prices or East Germany or the greenhouse effect or whatever it is that provides the latest excuse is just short of bizarre.

Your problem, Mr. Minister, is that you've got \$750,000 for hungry children and 400 million bucks for Cargill. That's why your deficit is out of control. That's why your deficit is out of control, because you're not discharging the responsibilities which are yours, and you are in every other conceivable field.

The reason, Mr. Minister, why your deficit is out of control is that you have legations in every corner of the globe; you've got them in Hong Kong, you've got them Vienna, you've got them in Europe, you've got them in England, you've got them in Minneapolis, you've got them in Geneva. What have you got in Saskatchewan? What you got is a delegation of hungry children knocking at your door and you can't hear them, Mr. Minister.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Minister, if you would look after your responsibilities at home, and leave under the federal government things abroad, you'd be a lot further towards controlling your deficit. Mr. Minister, you haven't answered my question. What are you doing this year that you haven't done in past years to control spending?

(1115)

Hon. Mr. Hepworth: — Well in terms of controlling spending, we are doing some of the things that your members have criticized us for doing, controlling internal government spending, getting rid of grants and rebates, and those kinds of things. And relative to Cargill, let's examine that one. Let's examine it, because I want to know . . . I want to count the times during this session of the legislature that the NDP opposition are going to spend

that money.

Now he's just said something in the order of \$300 million that we shouldn't be investing or spending in Cargill; we should have it for these other areas. Well let's take the scenario, Mr. Chairman, so all the public of Saskatchewan can understand this voodoo economics that the hon. member espouses.

Let's suppose we hadn't gone into that deal. How much money would we have in our pocket for this year's budget? How much money? Well what we would have, Mr. Speaker, is the opportunity costs, the opportunity dollars if we hadn't made the \$64 million equity investment, take our money at, say, 10 per centish — that's six and a half million dollars, okay? So that's what the opportunity cost of that money represents is six and a half million dollars. Now how many times are you going to spend that money? If you want to talk about that in reasonable, sensible, factual terms, let's talk about we shouldn't have spent six and a half million dollars there; we should have spent it somewhere else. That's not a bad debate to get into, and I'm prepared to engage in it.

But this business of throwing out these large numbers are irrelevant. They're nonsensical when it comes to dealing with . . . (inaudible interjection) . . . I'll say to the hon. member that if we hadn't got into the deal we would have six to six and a half million dollars for our pocket, and we can debate that, Mr. Chairman.

Mr. Shillington: — Mr. Chairman, Mr. Minister, you say that these expenditures are irrelevant. That is why this government is becoming increasingly irrelevant to the public of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Shillington: — If you think a few hundred million dollars put at risk for Cargill is irrelevant; if you think, Mr. Minister, giving Weyerhaeuser a much more attractive loan than you give the farmers of Saskatchewan, if you think that's irrelevant, then call an election and let's see if any of these irrelevancies, Mr. Minister, play any part in the election.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Mr. Minister, I want to get, if I might, to a different issue. Mr. Minister, I want to deal with the question of the money from the sale of the Potash Corporation of Saskatchewan — I understand about 200 million. You said, Mr. Minister, that the 200 million will be used to pay down the deficit. Mr. Minister, I'd like you to show me in the *Estimates* where that figure appears. I want to see where the money appears in the documents which we have received.

Hon. Mr. Hepworth: — Mr. Chairman, relative to the member's first observation about providing loans to Cargill at a lower rate than we're prepared to pay . . .

An Hon. Member: — Weyerhaeuser!

Hon. Mr. Hepworth: — Okay, relative to our loan practices for farmers, it's going to be at ten and

three-quarter per cent, which is much lower than what they might borrow from other places. Relative to Cargill, we're not providing them with a loan, Mr. Chairman; it's a guarantee and we're getting paid for that guarantee.

And secondly, the hon. member's observations on potash, and where that money is going is to pay down debt, as opposed to this year's deficit, Mr. Chairman.

Mr. Shillington: — Mr. Minister, you made that bland statement in your budget speech. I want to see where it appears in the documents you gave us, Mr. Minister.

Hon. Mr. Hepworth: — At this moment, Mr. Chairman, I'm advised that's still held by old PCS, and that transaction has yet to be made.

Mr. Shillington: — Mr. Minister, these are your estimates. This is what's going to happen during the next year. Are you telling us that the old PCS is going to hold on to the \$200 million until March 31, 1991?

Hon. Mr. Hepworth: — No, Mr. Chairman, it will be taken to, as I said budget night, to reduce the debt.

Mr. Shillington: — If it's not going to appear before March 31, 1991, you ought to be able to show me in here, Mr. Minister, where it appears. To put it mildly, Mr. Minister, there's a great deal of scepticism about whether or not that \$200 million is going to go to pay down the deficit. There is a large body of opinion that says that's hot air. Mr. Minister, I want to see where it appears.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — The transaction, as I said, hasn't taken place yet, but we intend to do that over the course of this year.

Mr. Shillington: — Mr. Minister, not even you are that thick-skulled that you can't understand the question. I say, Mr. Minister, that this is your estimates which deal with your revenue projections up until March 31, 1991. If the transaction has not taken place, surely you'll admit it's going to take place before March 31, 1991. *Ipsa facto*, it ought to be in here. Where is it? Mr. Minister, I say if you can't tell me in here where it is in here, then it isn't. You're misleading the public, and it's a great big election slush fund, which is what everybody thinks.

Hon. Mr. Hepworth: — Mr. Chairman, there is no single line in these *Estimates* that I can point to that shows the \$200 million relative to, over the course of this next year, going from old PCS to CIC (Crown investments corporation of Saskatchewan). But one could, I think, make the observation that the — on page 98, I think it is — the 263,114,000 CIC corp repayment, that would be part of that global pool, Mr. Chairman.

Mr. Shillington: — Would the minister give me that page again.

Hon. Mr. Hepworth: — Page 98, Mr. Chairman.

Mr. Shillington: — Mr. Minister, this proves my point. Mr. Minister, this suggests that you are taking into the revenue

of the government the 200-odd million bucks to fritter away on whatever you want. This doesn't suggest any debts being paid down. This, Mr. Minister, confirms my suspicion that the \$200 million is not being used to pay down the debt.

I want you to show me, Mr. Minister, I want you to show me the paper trail of how the \$200 million is being used to pay down the debt. I say, Mr. Chairman, that's boloney. That's absolute, utter nonsense. It's not being used to pay down the debt and that was . . . it would be unparliamentary of me to say that's an intentional falsehood, so I won't say it. And I didn't say it. But I say, Mr. Minister, that that's what . . . well I won't say it because it's unparliamentary.

Hon. Mr. Hepworth: — No, the hon. member is incorrect, Mr. Chairman, because at the top of that page if he looks he'll see the words "Non-Budgetary".

Mr. Shillington: — But, Mr. Minister, this doesn't suggest any debts being paid down. This suggests that revenue is being . . . that you're taking this into the revenue. This in fact this does not suggest . . . (inaudible interjection) . . . The minister says, "Oh non-budgetary, oh non-budgetary." That's nothing to do with the question. That's nothing to do with the question, Mr. Minister. Why don't we have a discussion about the price of tea in China? It would be every bit as relevant.

I want you to show me, Mr. Minister, where the \$200 million goes to pay down the debt because I am saying, Mr. Chairman, that that isn't happening. I'm saying that's just hot air, and if I weren't in the Legislative Assembly of Saskatchewan, I'd describe it more accurately and more vividly than saying it's hot air.

Hon. Mr. Hepworth: — If you review page 98 again, Consolidated Fund, summary of loan, investment and deposit activity (non-budgetary). And to put it in as simple a terms as I can, old PCS will repay CIC, will repay the Consolidated Fund, and the Consolidated Fund will pay down \$818 million worth of debt, roughly, as shown on page 8. And that's the train, if you like.

Mr. Shillington: — Mr. Minister, I want to refer you to your own budget address. I want to refer you to page 56, province of Saskatchewan combined funds statement of total debt. I want to remind you, Mr. Minister, this is your document. There is a picture . . . oh my goodness, it's enough to make a person ill at this time of the morning.

Mr. Minister, if you look at this page you will find that all of the various sources of debt are either static or have increased. Not a single one has been decreased by so much as a single sou.

Mr. Minister, apart from — oh my God — apart from the revolting picture on the front, Mr. Minister, I say there's something else even more revolting and that is that your comments are inaccurate. I say again, Mr. Chairman, it's a great shame that I can't accurately describe it.

Mr. Minister, none of these things have gone down. The debt hasn't been paid; the debt's gone up. Thus, Mr. Minister, will you admit that you misled the House.

Hon. Mr. Hepworth: — Mr. Chairman, members of the committee, on page 54 of the address you'll see the same number there as I referred to you on page 98 — the 263.114 million. The numbers on both documents are the same, is the point I'm trying to make to the you, Mr. Chairman, and the members of the committee.

And on page 49 of the budget address, you'll find that same 817 million-plus number that's on page 8 of the *Estimates*. And yes, the debt is going up, but it would have gone up by 200 million-plus more if we hadn't done what we have done, Mr. Chairman.

Mr. Shillington: — Thank you, Mr. Minister. I take that to be an admission that the debt was not paid down. In fact the money went into general revenues and your debt would have been higher if you hadn't done so. That's what you just finished saying. What you just finished saying, Mr. Minister, is: my debt . . . my government's debt would have been higher had I not taken this into effect. What you just finished saying, Mr. Minister, is that this went into general revenues and did not pay down any debt. That's, Mr. Minister, what you just finished saying.

(1130)

An Hon. Member: — He's paying down what he's spending next year.

Mr. Shillington: — That's it exactly. My colleague from Prince Albert-Duck Lake points out that you are putting this in general revenue and you are spending it on next year's operations. And if you hadn't have, your debt would have gone up all the more. That's what you just finished saying, Mr. Minister.

Do I take it, Mr. Minister, that if you hadn't included this \$200-odd million, your deficit would have been . . . I see the minister shaking his head. Before something flies apart over there, I wonder if the minister would tell me what your debt would have been if you had not taken in this 200 million in your revenue. It would have been 200 million higher.

Therefore you took the 200 million into revenue and it goes to pay operations and it didn't pay down any debt.

Mr. Minister, I ask you to pay some attention. Now this is not a very authoritative document; it really is not. It's subject to the greatest cynicism and suspicion. It is in fact your budget address. Now we don't believe it, but we thought you might.

You said in here, Mr. Minister, that none of the debt goes down. Therefore if none of the debt goes down, none was paid down. That seems to follow, doesn't it? Rather logically.

I say, Mr. Minister, you've misled the House. It was just hot air when you said that the \$200 million paid down the government debt. It didn't; it was taken into revenue. If you hadn't have taken it into revenue, your debt would have been 200 million higher. You just finished saying that.

Hon. Mr. Hepworth: — Well I think, Mr. Chairman, the hon. member incorrectly uses interchangeably the words "deficit" and "debt." We have a deficit of \$363 million; we have a very large, unfortunately, accumulated debt. I've already said that if we hadn't taken that measure the debt would have even been higher, and it has nothing to do with our in-year deficit this year, Mr. Speaker, in terms of the \$363 million number.

Mr. Shillington: — Is it not true, Mr. Minister, that if you had not included the \$200 million, your deficit would have been \$200 million higher? Is that not accurate?

Hon. Mr. Hepworth: — No, that's not correct, Mr. Chairman.

Mr. Shillington: — Then what became of it? It's suspended in mid-air, hovering over the province, is it?

Hon. Mr. Hepworth: — Mr. Chairman, perhaps this will help. If we hadn't followed the measures that we have, I think the observation could be safely made, depending on what interest rates do, that we'd have had to pay interest costs on another \$200 million. Okay. Mr. Chairman, we did not.

So I suppose one could argue, or we will not have to, so one could argue that our interest charges will be, if interest rates are around 10 per cent or so, \$20 million less, Mr. Chairman, than we would normally pay. This brings down the debt; it doesn't affect the deficit in here to the tune of \$200 million, as the hon. member might try to suggest, Mr. Chairman.

Mr. Shillington: — Mr. Minister, will you not admit that your actual deficit is a little over \$600 million. If you hadn't have taken the \$200 million in, that would have had to have been borrowed.

Mr. Minister, what you're saying is, I owe \$4 billion; I need to borrow another \$400 million for this year's operations. This is what you're saying. You're saying, I took 200 million from the sale of the north 40, to put it in Saskatchewan terms, and I paid off part of the 4 billion. That's what you're saying. Then I had to borrow back all that money for this year.

Just try that on any banker. You want to pay down . . . you want to pay something on the capital; you want to borrow it back for operating. He's going to tell you not to bother because it all amounts to the same thing.

The fact is, Mr. Minister, that's what you're doing. You're walking up to your banker and you're saying, I want to pay something on capital, but I'm going to have to borrow for operating. His response would be, but you're going to meet yourself coming around the corner on that one; it doesn't make any sense.

Arithmetic doesn't work that way, Mr. Minister. Mr. Minister, your actual deficit this year would have been over \$600 million if you hadn't taken that money into account. That's what it would have been. Mr. Minister, you've just . . . (inaudible) . . . I have a question with respect to interest rates.

An Hon. Member: — You don't want me to answer that one.

Mr. Shillington: — Yes, please do. Please do. But I think, Mr. Minister, you have effectively answered it. And I am going to tell you that your admission that your actual deficit is over \$600 million if you hadn't taken into effect, that is going to be communicated to those who are concerned about the financial health of this province.

Mr. Minister, I want to ask you what you assume the interest rate is going to be . . . what did you assume the average interest rate was going to be for 1990-91 when you projected interest costs of \$493 million?

Hon. Mr. Hepworth: — Mr. Chairman, first of all, I have to go on the record clearly as saying the member is in error when he suggests that if we hadn't done what we had done, that the deficit would have been, he says, \$600 million. That's clearly not correct, Mr. Speaker — Mr. Chairman, rather.

I think one can make the observation that interest of 12 per cent on \$200 million is \$24 million. One could make the observation that the deficit, if we had not pursued this measure, would have been 387 million. I will buy that logic. But to suggest that it would have been 600 million, as he suggested, is not in the best interests of this province, if he's going to spread that kind of misinformation, Mr. Chairman.

The province will not be well-served by that kind of erroneous information. And what number are we plugging in for interest, Mr. Chairman, is, the answer there is 12 per cent.

Mr. Shillington: — Well, Mr. Minister, what's your deficit going to be if it turns out the interest rate's 15 per cent?

Hon. Mr. Hepworth: — Mr. Chairman, about \$20 million . . . For every one per cent it adds about \$20 million to our costs, Mr. Chairman.

Mr. Shillington: — So if the interest rates happened, by some strange mischance, to be hovering around 15 per cent and seemed to be stuck there, you have grossly underestimated your deficit a second time. Is that right, Mr. Minister?

Mr. Minister, I don't know anyone, I don't know any economist, any forecaster, who believes interest rates in 1990-91 are going to average 12 per cent. I don't know anyone who shares that except — what's his name? He's somebody in Ottawa. Wilson I think is the last name. Apart from another Conservative finance minister who agrees — at least he agrees enough's enough — but he has an equally dismal record in dealing with the deficit at the federal level. Apart from you two losers, Mr. Minister, I don't know anyone who believes that interest rates are going to average 12 per cent. What on earth did you base that on? Why not pick a realistic figure?

Everything that I read, Mr. Minister, suggests that interest rates are not going to drop very soon, and I've never had anyone suggest they're going to drop below 12 per cent.

They'd have to if they're going to average that. Where on earth did you get such a figure from, Mr. Minister?

Hon. Mr. Hepworth: — The question as to the validity, ultimately, of our . . . the 12 per cent number for our interest rates, our interest costs . . . a fair amount of thought, as you can well imagine, goes into this. We look at what some others are doing, our own in-house estimates, what some of the investment chief economists from various firms are predicting.

I think it's fair to say that our estimate is more fiscally conservative than the federal government's. I think they were predicting . . . where we're saying 12, they're saying 11, 11.1.

I think some firms like Wood Gundy, for example, in their last monthly bulletin, March 1, 1990 — whether you look at 91-day treasury bills, long Government of Canada — their numbers that they have plugged in for June, September, and December of this year are 11.50, 11, and 10.50 on the treasury bills; 9, 9, and 9 on the long government.

Quite frankly, I hope they are right and that we are wrong. But certainly if we've erred on any side, I . . . compared to the federal government, we've erred on the side of higher than lower. I could give you Richardson . . . I could give you numbers from Pemberton, Dominion Securities, other firms if you wish. But this is what we've pegged, and I hope that is lower, not higher.

Mr. Shillington: — Mr. Minister, will you admit that on short-term borrowings you're now paying about 13 per cent and change? Is that accurate?

Hon. Mr. Hepworth: — Mr. Chairman, 13.4.

Mr. Shillington: — Mr. Minister, I take it then . . . Let's just add this up before we conclude and I let some of my colleagues on.

You understated effectively . . . you understated your real deficit by 200-odd million dollars that you got from potash. You admitted that. Although you go through some strange gyrations to try to deny it, you in fact admitted that, that your deficit would have been that much higher if you hadn't had that money. Mr. Minister, you've now admitted that unless some miracle occurs with respect to interest rates, it's going to be another 20 . . . \$40 million higher.

Mr. Minister, we're looking at a deficit, to be revealed after the election, assuming that you meet all of your budgetary projections, that you don't overspend, and you've never done that. But, Mr. Minister, assuming that you meet all of your budgetary estimates, we're looking at a deficit of \$650 million. That's what you've told us this morning.

I say, Mr. Minister, this has confirmed the worst fears of the Saskatchewan public and that is that you people: (a) aren't honest with respect to your budgets — your budgets are fiction; and (b) they're sloppy. You've warned us, Mr. Minister. We take this as fair warning that your actual deficit might well be between 6 and \$700

million.

Hon. Mr. Hepworth: — Well, Mr. Chairman, I think the hon. member is not doing the members of the committee a service when he leaves that erroneous impression.

I can only repeat, I think he's unclear on the difference between deficit and debt. I think he's unclear on the difference between revenues and paying off a loan. And all I can say is, we used that money to pay off a loan. If you pay off a loan, then you have less . . . or to decrease the size of a loan. If you decrease the size of a loan, then you decrease the size of your interest costs on that loan, and certainly we will be looking to try and stay on target at the \$363 million deficit number. And I guess my hope would be, even as a Minister of Finance, that not only can we stay on target, but that we can come in below that target, Mr. Chairman.

Mr. Brockelbank: — Mr. Chairman, the minister has had some difficult questions to deal with up to this point, and I have some rather easy ones, which he can probably answer for me and give him time to regroup before the Finance critic gets back at him.

I want to make reference to page 26 of the *Estimates*, Culture, Multiculturalism, and Recreation. Under item 13 we have grants to the Saskatchewan Centre of the Arts in Regina — \$700,000. Is it fair to say, Mr. Minister, that the people of Saskatoon, all 185,000 of them, contribute towards that grant of \$700,000 to the Saskatchewan Centre of the Arts in Regina?

Hon. Mr. Hepworth: — Mr. Chairman, could the hon. member repeat his question for us. We're not quite clear on where he's coming . . .

Mr. Brockelbank: — The amount that is granted to the Saskatchewan Centre of the Arts in Regina is \$700,000. Is it fair to say that all of the people contribute towards that grant to the centre? In other words, it comes out of their tax money, including the 185,000 people in Saskatoon.

(1145)

Hon. Mr. Hepworth: — In the largest sense, in that money is voted on, or voted on behalf of all the taxpayers of Saskatchewan, including those in Saskatoon, all make a contribution of 70 cents per capita, I suppose. In Saskatchewan it would be slightly more if you looked at it on per taxpayer basis.

Mr. Brockelbank: — Thank you for confirming that, Mr. Minister. Just a little further down the same sheet on your *Estimates*, item number . . . comes under item 15 . . . well there's no item number because the grant has been deleted. But the item that was there is a grant to the city of Saskatoon with respect to the deficit incurred in the operation of the Saskatoon Centennial Auditorium, pursuant to the centennial projects assistance Act, 1965. Last year they received \$300,000 and this year they received nil.

I wonder, Mr. Minister, can you explain to me why the citizens of Saskatoon have to continue to pay towards the Saskatchewan Centre of the Arts in Regina, while their

grant for \$300,000 for a mirror image auditorium in Saskatoon, which the people of Saskatoon paid for, is cut from \$300,000 to nothing. Can you explain the rationale behind that?

Hon. Mr. Hepworth: — The difference in why over the years there's been grants in the amounts that there have been to Centennial Auditorium and the Centre of the Arts here is that one is owned, as I understand, owned and operated by the province; the other one is by the city of Saskatoon. This goes back some long time in history, and I think was the debate relative to fairness that goes back some many years.

Having said that, the decision to cut the grant to the Saskatoon auditorium, I'm not suggesting that it's easy or difficult or that it isn't painful, because it is, but just as some of your colleagues have apparently suggested this morning that we ought to look at cutting back in our spending, we heard that from the public too, we ought to cut back our spending. I'm not trying to suggest that that's going to be easy for the city of Saskatoon to deal with; I'm confident they can deal with it. But it was all part of our cutting down on government spending in this province, and I'm not suggesting for a moment that it's easy.

I might add as well, that just as it was relevant 20 years ago, or whenever, 25 years ago now when that auditorium was built, for the government to play some role in offsetting operating costs, I think it's fair to say that this very day the city of Saskatoon, I think you can probably confirm this, also enjoys a fair economic benefit and spin-off from the province's commitment, I think which this year will be 2 million-ish to Sask Place.

I think we're . . . in all fairness I think that maybe even the economic spin-off there far offsets the loss of that grant, although I wouldn't want to say that categorically. But I think people recognize the importance that that has . . . the major role that that new facility is playing in Saskatoon and that that contribution today to Sask Place is probably of the same magnitude as what's gone on in the last 25 years with the Centennial Auditorium.

Mr. Brockelbank: — Well, Mr. Chairman, Mr. Minister, I'll leave you to stick handle that one by the city of Saskatoon. I wish you good luck in doing it.

The minister very conveniently reaches back, Mr. Chairman. The minister conveniently reaches back into history and he says there's historic justification for a \$700,000 year grant to the Saskatchewan Centre of the Arts in Regina. But he fails to say that there is also an historic reason for its \$300,000 grant to the Saskatoon Centennial Auditorium.

What the minister is suggesting, that the Saskatoon Centennial Auditorium — I wonder if the Minister of Health, or the Minister of Health wants to get into this because I'd be glad to let him get into the debate if he wants to get in. Any time, Mr. Minister, because I'm sure it'd be pleasant relief for the Minister of Finance if you were to get in.

Now what the minister is suggesting, that the Saskatoon centre of the . . . the Centennial Auditorium in Saskatoon

should undergo a \$300,000 retrenchment program on the auditorium, but there's no such restrictions on the centre for the arts in Regina.

I want to ask the minister if he considered that if he was reducing the Saskatoon grant by \$300,000, he shouldn't have at the same time considered reducing the Sask Centre of the Arts in Regina by a proportionate amount. Did the minister consider that?

Hon. Mr. Hepworth: — Mr. Chairman, the answer there is that because we own and operate that, and there's operating commitments to be made. I think if . . . and maybe you'll get into this, I think the city of Regina might not ask that question because obviously their grant was maintained. They might ask us, why did we withdraw the funding for the Regina rail relocation project. And as I said before, from this government's standpoint, that's under review. But the difference is that it's owned, as I said, owned and operated by the province.

Mr. Brockelbank: — Well, Mr. Chairman, the minister very conveniently skipped from page 26, which is Culture, Multiculturalism and Recreation, over to Urban Affairs which is on page 94, and suggests that the cut to the city of Regina for relocation assistance for the railway of \$375,000 is an offset because of the cut of \$300,000 in the auditorium in Saskatoon.

Now the minister asks us to believe that there is no difference between apples and bananas. This is really what the minister is saying to us — that these things are really the same. If in fact the rail relocation grant to the city of Regina of \$375,000 was cut, is the same, it should have been under Culture, Multiculturalism and Recreation. The minister has failed to establish a connection with the two.

I'm sure that the city of Regina is not going to complain one whit about the cut of the grant . . . or the continuation or the cut of the grant of \$700,000 to the Centre of the Arts in Regina. And the minister has failed to substantiate his reasoning for cutting the grant of \$300,000. He says to the city of Saskatoon, you have got to retrench your Centennial Auditorium program by \$300,000, and he says to himself, but I don't have to cut back at all on the south Saskatchewan Centre of the Arts. That's exactly what the Minister is saying.

I am concerned, going to the Urban Affairs section of the *Estimates*, Mr. Minister, on page 94, a cut in the grants to the municipalities under the municipal transit assistance program, of \$1.8 million dollars, of which over \$710,000 is a cut to the city of Saskatoon.

In view of some of the alarming circumstances about environmental concerns and the use of the automobile, in view of the severe economic conditions that this province finds itself in, partly due to the direct administration of this government, the minister is saying that we should cut down grants to municipal assistance program which are environmentally more friendly than the automobile. These grants would be going to modes of transportation that would be environmentally more friendly than the automobile, and the minister is cutting them.

I wonder if the minister has cleared that with the Minister of the Environment, that he should cut those grants to the urban municipalities for transit programs. Has he cleared that with the Minister of the Environment?

Hon. Mr. Hepworth: — Well, Mr. Chairman, his observations would only be logical if we were to conclude that there'll be no municipal transit operating in the major cities, and I think that's probably a bit of a fatuous observation on his part.

Number two is, as it relates to the transit assistance grants, yes, a substantial cut in spending. Not an easy decision, but as I said before, the thrust in this budget was to cut back on spending.

I can't understand where the opposition is coming from. On the one hand, we are criticized for spending too much. On the other hand, they criticize us for cutting back on our spending. You can't have it both ways.

I'm not trying to pretend, Mr. Chairman, that these decisions or that these cuts are easy ones. They are not. But, Mr. Chairman, if we want to cut back and provide the taxpayers of Saskatchewan with some savings, then difficult decisions have to be made and that's what we've done here.

I would point out, however, although \$300,000 grants or \$700,000 grants, or \$1.2 million in transit assistance, although those numbers are substantial and significant, and I would never want to suggest that they are not, I think the big number that both urban and rural municipalities look to on budget night is the revenue-sharing grants, Mr. Chairman. And as the members of this House will know, I think that's in the order of \$65 million. As members in this House will know, that that was neither raised nor decreased but it was kept the same, and I think that pot of money is the important one to most municipalities in terms of the substantive thrust of the budget, Mr. Chairman.

Mr. Brockelbank: — The minister says it was not raised nor decreased. If it's kept the same, that's a decrease, quite frankly, Mr. Chairman, and the minister would have to admit that.

Really what is of concern in some of these cuts that go on is this government's priorities — this government. They'll cut transit grants on the backs of the low and middle income people in Saskatoon and Regina, all over this province. Their priorities are to cut on the backs of the low income people.

The minister sits there surrounded by a bloated cabinet of 20 ministers, 10 legislative secretaries — I think everybody is on the extra payroll over there — and suggests to us that he's making savings. He puts it right in his budget speech — I've cut four departments — but he kept all the ministers in place. This runs into hundreds of thousands of dollars.

This minister has misplaced priorities and they're hurting the poor people of this province, and they're unfair. And that's the point I wanted to make, Mr. Chairman.

Ms. Smart: — Mr. Minister, I want to question you about the sudden cancellation of the home improvement program. We on this side of the House have heard a lot of complaints across the province with your decision to cut this program. You've hurt a great number of people who have saved up their money to take advantage of this program. And you suddenly whipped it out from under them just a month ago. Mr. Minister, your government promised the people of Saskatchewan that this program would be in effect for five years from 1986 to 1991.

Mr. Chairman, I'm not sure that the minister is listening to me, so I'm going to wait until I can have his attention.

Mr. Minister . . .

Mr. Chairman: — Order. The format we'll use in this committee will be that one person will take turns asking questions, and the minister will answer the questions.

Ms. Smart: — Thank you, Mr. Chairman. Mr. Minister, stand up in this House and tell the people of Saskatchewan why you broke your promise to them that the home improvement program would be in effect for five years till 1991. And tell them why you want to hurt the people on lower incomes who've been taking some time to save up money so that they could take advantage of this program.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Chairman, members of the committee, since the hon. member has asked me why did we terminate and suddenly, or whatever her terminology was, the home program — as I went about the province of Saskatchewan at the pre-budget public meetings, as well as what you would hear in private meetings, whether it be with business groups, farmers, working people, taxpayers in general, Mr. Chairman, was that, get rid of these grants and rebates. Get rid of these gimmicky programs. Get rid of these election kinds of gimmicks. Get rid of these paper shuffle programs — paper shuffling, paper pushing kind of programs. And I'm using for the most part exact quotes at various times, Mr. Chairman. Yes, we recognize once again that these are not easy decisions, they're not going to be . . . 92 per cent of the public are not going to stand up and cheer and say, hurrah, they took away my \$1,500 grant or my low interest programs.

But given the economic times that we face, Mr. Chairman, we thought it was necessary and the public were supportive of us. In fact, it was the public that recommended at every meeting; they came up, and we moved on what the public were saying, Mr. Chairman.

(1200)

Ms. Smart: — Mr. Minister, this home improvement program was one of your show-case attempts to create jobs in this province. You're the government that was going around saying for years that it was an excellent program. You promised the people that it would go on for five years. You broke your promise to the people of Saskatchewan that they would have access to this program for five years.

You fail to understand what it means when people have to save the money to take advantage of a matching grant program. Obviously you don't understand, as I've said in the House many times, what it's like to live on a lower income and to take time to catch up to these. And you also terminated the program so quickly that people were left half-way through their applications for the money.

My question to you, Mr. Minister, is: are you going to take any care about the people who were left stranded when you cancelled the home improvement program so suddenly, and will you give them some term of grace, a short term of grace so that the grant applications that were already in to your government can be processed so that people can have a fair opportunity to use this program in the way that they're trying to do.

Hon. Mr. Hepworth: — Mr. Chairman, the minister in charge, the Deputy Premier, can perhaps give you more detail than I can in this committee under review of her estimates. But my understanding is that all grant applications that were in prior to the announcement that night, of the Premier's, will be honoured. There were no new grant applications allowed and I don't know whether it's after 5 o'clock that day or midnight that night. I'm just not sure. But I think that will be seen as a fair and reasonable way to handle the grant situation, so that it is as fair as one can make it.

Ms. Smart: — Mr. Chairman, I want to remind the minister that it was his travelling road show that apparently gave him the reason to cut this program out from under the people who were already hoping to take advantage of it. Because your government promised that it would be here for five years.

I take under advisement what he said about the fact that those who've submitted applications will be able to process them and have their money. And we'll look at that, because we have a lot of requests in to see if that's going to happen.

And I also have one more example of a situation that needs to be addressed in terms of the sudden demise of this grant program. People, seniors, who bought into life-lease programs at places like McClure Place, Luther Heights, were told originally that the home improvement program didn't apply to them because they were on life-lease arrangements.

Then they were told in mid-February of 1990 that the home improvement program did apply to them. And in the very beginning of March the program was cancelled. They actually had notice from the people running their homes that this would be available to them.

And some of the seniors were away from the end of February and they got back after the announcement that the program was cancelled. Some of them had tried to get into that program earlier and been told it wasn't available. Mr. Minister, there are a lot of complications and wrinkles to straighten out when you cancel a grant program like this so quickly that people only had four days, if that, to deal with it.

Mr. Minister, will you assure this House, and the people

of Saskatchewan, that you will give a grace period around the home improvement program, to deal with both the applications that are in and with the problems of misunderstanding around whether it applied in life-lease arrangements.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well the example that you raise, and I'm not particularly familiar with it, relative to life-lease programs, is, I suspect, one of those difficult circumstances that can arise in situations like this.

What I can assure you is that when the decision was made to terminate, we looked at all the options. Extending, you know, grace periods --three months, two months, that immediate moment. And we chose obviously to cut off applications the night of the announcement. It was almost viewed as like a tax announcement.

But I can tell you, I can assure you that a fair amount of thought has gone into how we can do this in the fairest and reasonable way, being fair to both the individuals out there as well as the taxpayers of Saskatchewan. And the decision was made ultimately to pursue the course that I described to you earlier.

Ms. Smart: — My final question, Mr. Minister: I want it clarified, are the grant applications that were submitted but not finalized, are they still going to be approved?

Hon. Mr. Hepworth: — I don't have the . . . whether it's 5 o'clock or midnight that was the cut-off, but I can tell you that grants that were in, or the applications that were in before that deadline, whether it's 5 o'clock or midnight the night of the Premier's announcement, will be honoured, Mr. Chairman.

Mr. Van Mulligen: — Thank you, Mr. Chairman. I just want to do a quick follow-up on the line of questions with respect to the home improvement program. Mr. Minister, your concerns about saving money I'm informed by one constituent who had some work to do, that he applied before the deadline, was told that yes, your application stands, but you have to complete your work before April 30 of this year.

The nature of the work is such that requires foundation work and he's informed by most contractors that it would not be advisable to do any such work until in the month of May.

Now I ask you, Mr. Minister, just what moneys will be saved to the taxpayers of Saskatchewan in this particular fiscal year? Given the fact that April 30 or May 30 are both in this fiscal year, what moneys will be saved by setting an unrealistic deadline for this particular individual?

Hon. Mr. Hepworth: — The grants commitments and loans authorized on or before March 5 continue to be eligible for the program. Approved grant applications must be returned to Sask Housing Corporation by April 30. Loan recipients have until six months from the date of the loan to complete the work. And that would be the details as I would understand it, although further details might be better available from the minister in charge.

Mr. Van Mulligen: — Well, Mr. Minister, this individual checked with Sask Housing; we checked with the minister's office. They're saying that, no, the work's got to be done and everything's got to be done by April 30 and your bills have to be in by that time. Now you're telling me something different. What's the real story here?

Hon. Mr. Hepworth: — No I think, Mr. Chairman, the hon. member is not distinguishing between whether it's a loan or a grant. Loan recipients have until six months from the date of the loan to complete the work. Approved grant applications must be returned to Sask Housing Corporation by April 30.

Mr. Van Mulligen: — Well, Mr. Minister, in this case it's a grant and the person can't do any work until in May, or is advised not to by contractors, to do it until May.

Sask Housing is advising this person, well maybe you could use the money to do something else. This person doesn't want to do anything else. So they're advising them, well you should spend the money; but he's saying, well I can't spend the money until May. They're saying, well then that's too bad.

So my question to you again is, what difference does it make in terms of your fiscal plans whether or not you can extend this person's deadline, or others caught in a similar situation, until the end of May or for that matter into June?

Hon. Mr. Hepworth: — Well these kinds of questions — cut-off dates, when the work should be done — as I said, were all given a fair amount of thought. We recognize that there are difficult circumstances and we try to combine fairness and reasonableness in coming up with those decisions. I'm not trying to suggest that there are perfect answers when you're dealing with widely varied and different circumstances, in many cases perhaps, but we've tried to come up with a set of rules, if you like, that's reasonable and fair. Yes, it probably will not ever be perfect, but I go back again to why did we make this difficult decision? We made this difficult decision because taxpayers across the province were saying loudly and clearly, get rid of grants and rebates and paper-pushing programs. We have done that, Mr. Chairman.

Mr. Romanow: — Thank you very much, Mr. Chairman. I have a question for the Minister of Finance. But I want to preface it, Mr. Chairman, with a few comments with respect to the statements on the public debt generally, and the sale of the Potash Corporation of Saskatchewan, which took place this last year, in the context of the public debt.

The proposition that I wish to make, subject to the minister's explanation in an intelligible and clear-headed way, if that's possible, the submission that I wish to make, is that the province of Saskatchewan finds itself in essentially the worst of both worlds, or perhaps the worst of all worlds, in the light of the policy which has taken place by this government over eight long years.

As best as we can tell, the proceeds from the Potash

Corporation of Saskatchewan privatization amount to something in excess of \$200 million. I don't know the exact numbers. The Minister of Finance can correct me on them, but I think those are fairly close for the purposes of the point that I wish to make. On page 14 of the budget address, the Minister of Finance on March 29, 1990, said the following, and I read exactly verbatim, Mr. Chair:

With this in mind, Mr. Speaker, I am pleased to announce that the proceeds from the sale of the shares of the Potash Corporation of Saskatchewan Inc. will be used to reduce the provincial debt.

Now those are very clever words because they permit the minister this morning to place a slightly different interpretation on the meaning of the words "provincial debt." I would submit to you, sir, however, that anybody who reads this, the plain meaning of the ordinary words of the English language used, and in the context and the tense in which they are used, indicates reduction of the provincial debt.

We see on page 56 of the budget address, as well, a statement of the debt situation in the province of Saskatchewan up to the end of March 31, 1990.

And as I receive and read these numbers, again subject to the minister's correction, there has been no reduction of debt. In fact, the debt has gone up. So measuring the Minister of Finance's statement that this will be used to reduce the provincial debt, with respect to the statement of total debt effective March 31, there is no reduction of the debt. Absolutely none.

And again, if I'm in error, I'd appreciate it if the Minister of Finance would point out for me, with specifics, where it is on page 56 or any other part of the document, that in fact the debt — I'm talking to March 31, 1990 — has been reduced.

There is another option which I think is a bit incredible but nevertheless open to the minister, to explain the meaning of the words, "will be used to reduce the provincial debt." That option is the projected future debt, 1990-1991, a debt which he projects to be approximately \$360 million — from 1990 to 1991.

I will not repeat at length the remarks I made last night in the wrap-up debate on the budget, but if the projections of this Minister of Finance hold true to the estimated projections of previous ministers of Finance, they can range to be off the mark anywhere from 45 per cent to about 217 per cent.

But in any event, it is possible that the proceeds of the sale of the shares of the Potash Corporation of Saskatchewan Inc., using these words, not "will be used to reduce the provincial debt," "are being used to reduce the provincial debt for the year projected," one year only, 1991, to 360 million, after the application of the proceeds of the potash corporation shares.

Now that to me looks like where the numbers are at. It doesn't look as though there's been any reduction of the total of the numbers. The debt in this province, cumulatively, now has gone up to \$4.4 billion —

cumulatively.

The potash corporation is being sold and the debt still next year is going to be \$360 million.

(1215)

And this is the tragedy and the ludicrousness of this government's commitments to privatization. We now do not have the Potash Corporation of Saskatchewan which last year recorded a profit of 108 million. Is there a profit for this year yet? — 98 million, in that neighbourhood?

An Hon. Member: — About that, yes.

Mr. Romanow: — A profit this year of about 98 million, together a profit of \$200 million, which about is equal to, and will surpass, the proceeds of the sale of the shares of the Potash Corporation of Saskatchewan. So we now have no longer a Potash Corporation of Saskatchewan to generate these revenues for debt reduction or dividend payment for debt reduction, and we still have a debt. We have a debt of \$360 million.

Now, Mr. Chairman, what we have here by this kind of a scenario really, are two points which I wish to make. One is a serious, substantive point about policy — the folly, the disaster of the PC privatization plan, the sell-off of asset-generating, revenue-generating, profit-generating corporations to the people of the province of Saskatchewan, in the public interest, perhaps even for debt reduction. They're gone and the debt continues to mount and to rise to astronomical proportionate levels. The worst of both worlds, Mr. Speaker, neither having the Crown corporations nor having the debt brought under control.

That is the first point I wish to make. That is a condemnation, if there ever was, about the tragedy of this Thatcherite, Reaganite, huge multinational corporation approach to which this Minister of Finance and this Premier and this band of PCs are so committed to — so committed to that they're involved in the conference in May of 1990, in a few short weeks, to promote even more ideas of.

On a second level, there's a second peripheral issue and that is the credibility of the Minister of Finance in making this statement, the credibility of the Minister of Finance in making this statement that the sale of the shares, the Potash Corporation of Saskatchewan Inc., "will be used to reduce the provincial debt."

In the light of my analysis, which I admit I do not have the benefit of the many officials which surround the Minister of Finance, and he does have, I might be in error. In the light of that, I'd like to know whether or not we are capable of interpreting those words as having been words which have — how shall I put it charitably? — at least accidentally misled the members of the legislature and the public, at least accidentally, at the very charitable side of it. And perhaps if one wanted to be less charitable, simply, in essence, amounted to a downright misrepresentation of the gravity of the fiscal crisis and a downright misrepresentation as to debt reduction.

Now I think I've put the proposition simply and clearly, at least my proposition simply and clearly. I would invite the Minister of Finance to as simply and clearly explain, or at least rebut, the proposition that I advance.

Where was the proceeds of the sale of the shares of the Potash Corporation of Saskatchewan applied? To the debt as of March 31, 1990 or to the prospective debt of 1990-91, which still leaves us, even after application of these shares, a debt of almost \$360 million? Which of those two is it, Mr. Minister?

Hon. Mr. Hepworth: — It wasn't applied to the book, so to speak, before March 31, 1990. The situation here is that the debt would have been higher. We have a very large debt. I think there's no denying that. These numbers are very large and you're getting into those billions of dollars of numbers.

All I can say to you, as simply as I can put it, is that the debt would have been or will have been or would have been even higher. By enabling us to take these proceeds and pay off some loans, some debt, this decreases our debt. Overall if we have less debt, we pay less interest costs. And that's as straightforward as I can put it, Mr. Chairman.

Mr. Romanow: — Again I want to not belabour this because my colleague, the critic of the Finance department, I think has struck on a major point and he's covered it very well, and I think time is running out. But I must ask the Minister of Finance a very specific question which in effect is a repetition of the question I just asked.

I think you answered me that the proceeds of the sale of the shares of the Potash Corporation of Saskatchewan were not applied to the March 31, 1990 list of debts on page 56. And the minister is shaking his head in approval that I understand that correctly. So there's no debt reduction on that column of the sale proceeds of the shares. If it isn't, then where has it been applied to reduce the debt? That's my question.

Hon. Mr. Hepworth: — It's for the year that we are now in, and we're estimating, as of March 31, 1991, that the gross debt of the province will be 12.224595 billion. That number would have been 12.424, roughly, 595 million, had we not taken this measure.

Hence we would have had to pay interest on that larger number. Hence by paying it down, we will pay less interest on a lower number. And that is how it works through, Mr. Chairman.

Mr. Romanow: — Mr. Chairman, I thank the minister for clarifying that because this is the point that I thought we had spotted. And the minister, I think, has answered the question very clearly. This is a write-down of an anticipated projected debt at the end of 1991, a year from now, of still \$360 million, which would have been, if it hadn't have been for the application of the \$200-million-odd dollars sales share proceeds, about \$550 million.

I'll leave this point by simply making the observation that the minister is dead right. The less debt you have, the less interest you pay, and in a sense there's some sort of

assistance to the debt management problem, if — and this is the big "if" — if the projections of the debt of this minister for the end of March 31, 1991 come more or less on target to his projections.

I predict that what will happen come March 31, 1991 is that the projections of the debt, even after the usage of the sale of the Potash Corporation of Saskatchewan assets are accounted for, will be again significantly off and significantly higher, and the net result will be — and I make this point as I leave this point — the net result will be the absolute folly of the policy of destruction that this government has embarked upon in privatization and debt.

Because we have now left the future residents and the youth of our province with this option: no more Crown corporations in the key areas where there is revenue generation and asset producing because they're privatized and in the hands of private shareholders for them to get the profits and the money, and no debt reduction — the best of both worlds. For that the Minister of Finance and the Premier must be condemned.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And I invite you, Mr. Chairman, to just let your mind roam for four, five, six, seven, eight, nine, 10 years in advance and ask yourself what happens then when we're looking for the levers of economic stimulation, where they are going to stimulate economic growth, and how we're going to be able to tackle this deficit in the light of that policy — exactly where we're headed in this operation. This is a destructive policy from a destructive government, and we see it now after eight years on this kind of a circumstance.

Now, Mr. Chairman, I have another line of questioning which I wish to direct to the Minister of Finance, and it has to do with the Mazankowski announcement with respect to the special assistance which the federal government proposes to make with respect to farming. And, Mr. Chairman, the minister will know, and I can give you the quotation if you want again — you do know it yourself, sir — that the Speech from the Throne used the word that the provincial government had a commitment from the federal government for assistance for spring seeding. That was the word that was used in the Speech from the Throne.

I'm assuming the Minister of Finance shares the Premier's view that what Mr. Mazankowski announced — I guess about a week ago exactly today — does not conform to the commitment that they thought they had in mind. If he believes that that is not the case, then at least he could at least advise this House of the differences.

But this is a very serious situation that we have before us with respect to the fiscal policy; the Minister of Finance keeps on repeating it. And we know that Mr. Mazankowski's position is that the \$250 million which he is going to pony up from Ottawa, as it were, for farm aid, is conditional upon the provincial government matching it.

As I understand it, the provincial government is hoping to match it by convincing Ottawa that there are existing

agricultural programs which qualify for the matching assistance. I'd be interested in knowing which of those programs they hope to convince the federal government are matching, but that gets into another time for some more detailed questions at a later date.

My question to the Minister of Finance is, number one, surely you will be attending those meetings with the Minister of Agriculture because of the potential impact on your deficit and budget projections, and surely, being a member of the Executive Council and a senior member, Minister of Finance, you have been advising the Minister of Agriculture and Premier on the state of financing.

My question to you, sir, is simple and straightforward. Is it your position, as the Minister of Finance, that as far as you and the Department of Finance is concerned on the Mazankowski proposal, there is no more money forthcoming from the provincial purse other than that which has been identified in this budget — there is no more fresh, additional money coming to meet the request put forward by Mazankowski?

Let's leave aside for the moment whether or not it's a federal or a provincial responsibility. I understand that argument. I want to know: is it your bottom line position that there is no more money coming from Regina to match Mazankowski on this particular federal program?

Hon. Mr. Hepworth: — Well, Mr. Chairman, relative to negotiations between ourselves and the federal government in terms of help for rural Saskatchewan and our farm community, and I guess the first question was, who attends these meetings and do I . . . or who does attend them? All I can say there is that there's been a number of meetings, and at various times various officials and various ministers have been involved. All I can tell you is that at any given meeting when you are dealing with the farm situation, you've got a Premier, who is also the Minister of Agriculture, in fact the chief spokesperson, I would argue, for all of western Canada on farm issues in Ottawa, that we do what it takes to be effective. And I'll tell you what — the Premier is very effective by himself without anybody else, officials or other ministers.

So we just take what's necessary when it comes to officials or ministers, because we're trying to save on our travel dollars where we can, but at the same time we don't want to sacrifice in terms of being effective.

Our position throughout the federal government, and there are negotiations still ongoing, number one, I suppose, we're happy to see that they've put better money on the table. The commitment was there. The number is too low, which our Premier has said. And if there's some view in Ottawa that they need to see the colour of our money, that we have to have the cash on the table, it's there. It was there on budget night and it's there in spades, Mr. Chairman.

Mr. Romanow: — So, Mr. Chairman, do I assume that the minister's position is, there is no more fresh, additional provincial money with respect to this dispute with Mazankowski?

Hon. Mr. Hepworth: — Mr. Chairman, I just repeat what

I've said in terms of . . . if Ottawa is somehow of the view that they need to see the provincial government doing its part, budget night I announced somewhere in the magnitude of \$400 million, either in expenditures on farming and in our rural Saskatchewan, as well as tax exemption on things like fuels and fertilizers and pesticides, the combination of which adds up to nearly \$400 million, and that includes of course, Mr. Speaker, the interest write-down on these low interest spring seeding loans of to the order of \$525 million.

This government, this Premier, this Progressive Conservative Party of Saskatchewan, over the last several difficult years that our farmers have faced, have stood behind our farmers. Our help has been unprecedented. We make that point to the Leader of the Opposition. We make that point to those in Ottawa. We've been there. We are there again in this budget.

And now it's up to Ottawa to quit fooling around and get the cheques out to our farmers. And we would hope that the member opposite, the ag critic, and as well the Leader of the Opposition, will join with us and rally behind our Premier in pressing that point, as other ministers of agriculture have done from Manitoba and from Alberta, Mr. Chairman.

(1230)

Mr. Romanow: — Mr. Chairman, again I want to ask the Minister of Finance one more time, and I would appreciate if he would give me a . . . it's a very straightforward question, straightforward answer.

Is the position of the Minister of Finance and the department officials that, as far as the Government of Saskatchewan is concerned, with respect to these future negotiations on the Mazankowski proposal of a week ago, that there is no more additional money coming with respect to this \$500 million that the province of Saskatchewan farmers need for not only spring seeding but past debt?

Hon. Mr. Hepworth: — We are clearly of the view, Mr. Chairman, that the province has done its part. Our cash is on the table. It's there. It's going to be going out to farmers shortly, and now it's up to the federal government to quit fooling around and get their money, albeit a small one, but we would like at least in this first phase because there's things like contingency funds and fall costs that have to be addressed. Our cash is here. It's in the budget. It's on the table. It's going to be going out to farmers, and we expect the federal government to get their cheques out shortly as well.

Mr. Romanow: — Now, Mr. Chairman, will the Minister of Finance advise, with respect to the Mazankowski proposal, whether or not I'm in error as to my understanding of the proposal.

My understanding is that the Minister of Finance, Canada, has clearly said that the \$250 million portion for Saskatchewan, if I may put it that way, is contingent — clearly contingent — on matching dollars from the provincial government.

If the federal government does not accept the provincial government's arguments that there is "matching dollars" by existing programs, is the Minister of Finance telling us that he understands that Mazankowski will be making those payments to the farmers none the less, at least the level that he has announced?

Hon. Mr. Hepworth: — Mr. Chairman, my view of the Mazankowski proposal, the \$500 million announcement, is that the number is clearly lower than we would have liked. If there's something good I can say, it's that it appears to allow for a fair amount of flexibility.

Secondly, it apparently recognizes that the hurt is particularly in the grains and oil seeds sector, that in so far as cost sharing, that kind of condition, we see that as clearly trying to leave our farmers out to dry.

The province has done our part; the federal government should now do its part. It has clearly stated that it's got money, and why the additional quibbling, we don't know. We're pressing them for . . . and negotiations are ongoing for . . . to come up with the right formula, formulae, to make that pay-out on behalf of Saskatchewan, Manitoba and Alberta farmers, and indeed farmers across the country.

Mr. Romanow: — Mr. Chairman, again I say to the Minister of Finance, a straightforward question. We can speed up the proceedings a lot. I want you to tell the House, the committee, whether or not it is the Government of Saskatchewan's understanding, and in specific your understanding as the Minister of Finance, over whom the responsibilities lie on you to a large extent with respect to these budgetary items . . . My question to you is this: is it your understanding that Mazankowski's proposal will not be paid to the farmers of the province of Saskatchewan unless there is, or putting it another way, contingent upon, some form of provincial cost sharing, either by way of additional money and/or a recognition of the existing agricultural provincial commitments to farming.

Let me just rephrase that so it's clear. Is Mazankowski, as far as you people are concerned, saying, no recognition or no ponying up, no money that I have announced gets to the farmers. Is that the position?

Hon. Mr. Hepworth: — The federal government has attached some conditions. We don't accept all their conditions. We expect the federal government to plain get the money out to Saskatchewan farmers. We have done our part; they must do their part.

Mr. Romanow: — Well again, Mr. Chairman, the minister is avoiding what I think is an important question for farmers which can be simply answered, plain and simple. I say that Mazankowski says there isn't a dime coming to the farmers of the province of Saskatchewan or the farmers of Canada — not a dime on the program he announced last week, unless and until Ottawa sees matching dollars from the provinces. That's what I say is the federal government position. Is that the way you see what Mazankowski said?

Hon. Mr. Hepworth: — Well as I said earlier, just two

seconds ago, my sense is, my view is that they have attached some conditions. We don't accept them except to say that they've obviously allowed for some flexibility. They've recognized that the most hurt is in the grains and oil seed sector. I think that is good. We have done our part; now they must do their part.

Mr. Romanow: — Now, Mr. Chairman, I think one has to interpret that our interpretation of the Mazankowski policy is the correct one, which means that the farmers of the province of Saskatchewan really don't have any commitment of any fresh, unfettered, unborrowed money, cash payment as the wheat pool has been calling for — not the Premier, but the wheat pool. The Premier too, but the wheat pool started this all off.

It looks as though Mazankowski simply isn't forking over, as of this day in any event, any additional money to the farmers in the province of Saskatchewan. That's the only conclusion that your answer leaves. And I think those are the plain words of the press releases and the statements by Mazankowski.

And the minister says, we now think it's Ottawa's move, for them to do something. Will the minister tell me . . . and by the way, I preface this remark, so please spare me all the talk about the great helmsman of Saskatchewan fighting for the farmers of Saskatchewan. I think we know what the results have been, judging by this latest fiasco. Spare me that . . . (inaudible interjection) . . . well you can get into that if you want, but spare me that.

I'm asking, as a legitimate question, about the Minister of Finance for whom the negotiations will have . . . the debt structure of the province of Saskatchewan will have great implications, depended upon what your fearless helmsman negotiates down there in Ottawa.

You, as Minister of Finance, have an interest in this. And that's why I say in this context, you or your officials surely must be there with the minister in the negotiations. If you're not, then I think you're administratively more sloppy than the public perceives you to be, with respect to federal-provincial or other negotiations.

Please don't let those words inflame you, because I do mean this as a genuine question, to say there should be some Minister of Finance monitoring what the negotiations are going to look like and what shape they're taking. And on that assumption this is my question to you. Will you tell me with precision, since your officials must know, your deputy must know, your other associates must know, what is the specific time frame for the ongoing negotiations between Saskatchewan and Ottawa in order to make Ottawa do its part? What specifically is the timetable? Where are the meetings going to take place? And by what date has the Government of Saskatchewan determined there must be an answer? Because — I even think the Minister of Finance will understand this — spring seeding is for all intents and purposes here. What's the deadline? What's the timetable?

Hon. Mr. Hepworth: — Well yesterday would be fine as far as we're concerned, Mr. Chairman, because we recognized some time ago the urgency of having some

federal dollars injected into our Saskatchewan farm economy. We've laid out several dimensions to a plan that we think would be useful, whether it's fighting the international agri-food wars or getting cash in the hands of the farmers for spring seeding. So as far as we're concerned — yesterday.

I guess in terms of the meetings that go on, I doubt that there isn't a day where their meetings go on, correspondence change hands — those kinds of things. Our position is clear. The federal government must now do their part. We're happy that they've put some cash on the table. We're not happy that they're vacillating over how it should be spent, and hopefully that can be resolved very, very shortly. Yesterday would be fine by us.

Mr. Romanow: — Well, Mr. Chairman, the minister will understand what I'm saying. The farmers of the province of Saskatchewan are watching the outcome of these negotiations. They are being told that Ottawa must pony up the money. They are being told that the Premier is going to bat for them. They're being told that we need the money yesterday, as you have just used the expression; we've been using that expression for weeks and months as well. Everybody knows that this money is urgently required.

Mr. Minister, assure the farmers of the province of Saskatchewan that there is a game plan — that there is game plan. Tell us what the timetable for meetings are with the Premier and your Finance officials, to get that federal government to get the money available, what the timetable is. And most specifically, I want to know the deadline. By what date have you drawn the line with respect to these negotiations and whether they proceed any further or not? Tell us that.

Hon. Mr. Hepworth: — Well if you're asking me if we've drawn some kind of line in the sand, I'm not aware that we have except that, as I said earlier, yesterday would have been fine. We would have all liked to have had this behind us even sooner than it is.

I think I can safely advise the House that my understanding, at least, is that this week the minister has . . . the federal minister has been out of the country; I think in Poland and perhaps other areas. My expectation is that, at the political level, on his return early next week there'll be some further meetings — official level meetings, political level meetings, correspondence exchanged — a combination likely of all of the above. And hopefully we can see a quick resolve to this issue, and the federal money out to farmers as soon as possible, Mr. Chairman.

Mr. Romanow: — Well, Mr. Chairman, I'm going to leave this subject matter because the minister is clearly not willing or able to be specific as to the details of the negotiations. And I would be less than frank, Mr. Chair, if I didn't express my disappointment at that approach by the government and the Minister of Finance.

I would have thought, as a negotiating technique if nothing else, there would have been some deadline announced. After all, in the interests of the province of Saskatchewan, some deadline announced whereby if

Ottawa comes up with the money, the farmers can make some conclusion . . . appropriate conclusion as to whether they're going to be receiving the funds or not.

But if the deadline is not met, some decision by which the government provincially would make its decision as to what to do in the face of the federal government's obstinacy. And clearly, this Minister of Finance and this government does not have such a schedule and clearly does not have such a deadline.

And the prospect therefore looms for the farmers of the province of Saskatchewan, that with respect to that unimpaired, unborrowed cash injection that the wheat pool and others have argued for, the prospect looms that this fight, federally, provincially, can continue and continue and continue and continue, and no money coming to the farmers who are so cash strapped and need it so badly.

That, I think, Mr. Chairman, is an example of the way not to negotiate and an example of the lack of a game plan or a vision, which I think is the hallmark of this government's general actions in this context.

But I have another series of questions, if I might, Mr. Chairman, of the minister, with respect to an announced program in the budget that the minister has described, and that is the spring seeding loan guarantee program. And I would like to know from the minister, if he can tell the House, who qualifies for the spring seeding program, the \$525 million one? Particularly I want to know whether or not those farmers who are in arrears with, say ACS (Agricultural Credit Corporation of Saskatchewan), in one form or another qualify for the program.

Hon. Mr. Hepworth: — In terms of who qualifies, Mr. Chairman, I think we can expect to hear an announcement on that very shortly. I think the Premier and Minister of Agriculture has been meeting with farm groups and farm leaders and farmers generally, to get some particular guidance and direction on who qualifies, how much the loan should be for, some of those kinds of administrative details. And I suspect that once he's satisfied that he's had sufficient input from farmers and farm leaders, he'll be making those announcements and making them shortly.

Mr. Romanow: — Well, Mr. Chairman, can the minister tell me this answer, answer this question? How and from where will this program be delivered? Is it going to be delivered through the lending institutions, backed by the ACS in some form of documentation, or is it coming straight from the ACS? How does the program . . . how is it going to be delivered?

Hon. Mr. Hepworth: — It will be delivered, I believe, in a very efficient and effective manner. That's precisely why the Premier is meeting with farm leaders to see . . . to get their thoughts on precisely how that could be best accomplished, because we do want it to be timely. We do want it to be effective. We do want it to be efficient. We do want to have best value for our dollar. The conduit at a minimum will be the Ag Credit Corporation of Saskatchewan, as was announced in the budget speech. But those kinds of further details will be announced

shortly, Mr. Chairman.

Mr. Romanow: — Again, Mr. Chairman, I'm asking questions which farmers are asking me. And they say, look, will you ask these people over in the government side what this means? And so, I appreciate it.

I'm going to ask you another question. What are the repayment terms going to be? When . . . let me ask you one specific question. Do you expect them to repay this by November 1, or to begin payments by November 1 of 1990? Or I think the budget refers to spring seeding . . . sorry, spring-time of 1991. What are the terms of repayment and when are you going to start asking the farmers to repay, those who take part in this program?

Hon. Mr. Hepworth: — Mr. Chairman, precisely what the repayment terms will be, will be announced shortly, along with the other details. But I can say, as was said in the budget address, that we . . . this is viewed as an operating loan, a spring seeding program, a short-term loan which implies to me, certainly, something less than a year.

(1245)

Mr. Romanow: — Well you see, Mr. Chairman, how frustrating this is, not only for the opposition. I suppose that's the nature of being in opposition, being frustrated. But if there is any farmer watching or anybody concerned or interested in the agricultural situation, one can see how frustrating it is for the farmer, because none of these questions even in the broad, seemingly are capable of answering by the Minister of Finance.

But I'm going to try one more time, ask one more question, which I keep getting asked as well, and that is this: is it the intention of the government that in the administration of this plan there will be a cap or some limits, some ceiling as to the amounts which are made available for spring seeding?

Hon. Mr. Hepworth: — I addressed that particular issue in your very first question, when you asked who qualifies and put that in the same category along with the other questions you've asked in terms of the detail. I suggest that the Premier has looked to farmers for input in these areas, and when he's satisfied that he's had sufficient input, given the timeliness of this, you can expect to see that announcement and others in very short order, Mr. Chairman.

Mr. Romanow: — Well, Mr. Chairman, this is the fourth or fifth, I think, fairly important question has been asked about the details, and the minister's answer is there are no details. We're working on the details. Somebody's working on the details.

I want to ask one other question, if I might, about this plan, and that is this. Some press reports, Mr. Minister, say that the actual costs to the provincial government with respect to this spring seeding program will amount to something in the order of about \$40 million based, as I understand it, on the difference between the actual going rate and the ten and three-quarters at which the money is going to be advanced. There may be some other

computation.

Now this question I think you should be able to answer: what will be the actual cost to the province of Saskatchewan if the farmers, if all of the farmers, take up the loan, repay the loan, as we fully expect farmers will do; what will be the anticipated expenditure cost?

Hon. Mr. Hepworth: — We've made provision for \$40.2 millions on the potential \$525 million spring seeding program. That includes a provision for interest subsidy, as you pointed out, administration and loan loss provisions.

Mr. Romanow: — Well, Mr. Chairman, I feel duty-bound to make this observation in the light of these questions and answers.

An Hon. Member: — Duty binds you?

Mr. Romanow: — Not all the time, but in this case, Mr. Minister of Health, duty does bind me, and I do feel very, very strongly about this Mr. Chairman.

Mr. Chairman, we have a situation here where the province of Saskatchewan has announced what they describe as a \$525 million spring seeding program. That's the amount of money that is available for loaning out to those farmers who would want to loan out. Clearly a large number of farmers probably won't, knowing the experience of the \$25 per acre production loan, and clearly the actual money is not \$525 million, which will be a cost to the provincial purse; it's going to be substantially less as the Minister of Finance has indicated.

But it's ballyhooed as a very big program that the Minister of Finance and the Minister of Agriculture — not sure whether it's the Associate Minister of Agriculture who happens to be the Premier, or the Associate Minister of Agriculture who sits from Morse, or the Associate Minister of Agriculture who sits from Kelsey-Tisdale. Perhaps it was even the brain-child of the Legislative Secretary on top of this parsimonious, no nonsense, no frills, all business-like approach government.

But nevertheless, there is here a program in this order, in this magnitude. And here it is, Mr. Chairman, April 6, and the government does not have the all-essential crucial details of this program settled in its mind. In fact, I would say not only not settled in its mind, it simply, I don't think has even finished asking some of the questions about the details.

What happened, Mr. Chairman, to the good old days of government that before an administration made a commitment of major sums of this nature, the very detailed questions which put the flesh on the program, these very details be first asked, debated, consulted and decided upon by the government before its announcement.

This surely, Mr. Chairman, is . . . I mean this is really doing it backwards. This is like saying, here's \$525 million loan, spring loan guaranteeing seed program, but don't tell us how you're going to get the money. We don't know. Don't ask us.

Now I just ask you, Mr. Chairman, and the members of the House . . . I'd dearly love to sit in on one of those cabinet meetings in the Progressive Conservative caucus opposite to see how they deal with business. Do they sit around and sort of say, well we're going to commit ourselves for \$525 million? Sounds like a good idea, they say. Let's vote on it. We vote on it. We'll put it in the budget speech. But let's hope that nobody asks us any of the details of that \$525 million. Heaven forbid that any farmer should want to know whether he or she qualifies!

What we'll do is we'll then embark on a series of a consultative processes which of course delay the much-needed assistance the farmers may want to have; which of course may pervert — because the details are so important — pervert the objectives which the whole plan is designed to carry out and to fulfil.

How in the world do these people operate in a cabinet? Well how in the world . . . I bet . . .

An Hon. Member: — This is quite a story . . .

Mr. Romanow: — The Minister of Health says it's quite a story. I think it is an incredible story. I think it is incredible, and I invite the taxpayers of the province of Saskatchewan, Mr. Chairman, to just consider what kind of a government they've got in power here . . . (inaudible interjection) . . .

The member describes me in terms of mythology. I wish he were to become a little more aware of his mythology, but more importantly, I think what he'd better concentrate on first is mastering the Finance portfolio a little bit before he masters mythology. That would be a welcome relief.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And the minister's arrogance, the minister's arrogance is absolutely shocking. I'm sure he'll take this in a good light, but I think the Minister of Finance is about the only minister that I've seen in a long while who struts while he sits, to use the words of one of the famous parliamentarians in the past. Not very helpful in getting these estimates through, but let's leave that as an aside.

Not very helpful to the farmers in the province of Saskatchewan. My goodness! I mean, where . . . how does the decision-making process for \$525 million get made? Is it the members of the cabinet simply getting together and saying, well the polling says we got to put some spring seeding money in there and that's it — the details don't work.

Mr. Chairman, is this the way you make your decisions in your farming operation? I don't think so. Mr. Chairman, of the business people that you know, do you think that business people sit around and say, well let's make an expenditure. We quite won't know what the details are, but let's commit ourselves to \$525 million. Sounds like a nice easy sum. What the heck, can't hurt, I guess.

Mr. Chairman, this is appalling. The farmers need all kinds of assistance but this is appalling. And this is not

January 6. If this was January 6 and we were involved in negotiations and discussions, I could . . . this is April 6. They're going to be, down in the South, in a week or 10 days time they're going to be seeding.

To me I just find this is absolutely appalling.

And what really is troublesome, Mr. Chairman, is this. This is interim finance. Now I'm talking as a parliamentarian. I am asked as a parliamentarian to vote for a program, the details of which I do not know. Not a \$5 program, not a \$5 million program, not a \$50 million program, but a \$525 million program. I am asked to vote for that program, the details of which neither I know, and the details of which he does not know, and the last person who knows about it is the Minister of Agriculture, the Associate Minister of Agriculture, who happens to be the Premier, and the very last people to know are the farmers of the province of Saskatchewan. And we are supposed to vote for this?

An Hon. Member: — Well vote against it.

Mr. Romanow: — The member says vote against it then, he says. He says, you're playing politics with agriculture. Not him, of course. That comment is not politics with agriculture. No. I ask a series of questions which every farmer is asking, every responsible person is asking.

An Hon. Member: — What about this?

Mr. Romanow: — What about what? What is it you want me to answer? Mr. Chairman, do you see the proposition that these people have asked themselves to . . . to box themselves into?

I say to the Minister of Finance, that the Minister of Finance has started off his job as Minister of Finance, I think, on a very bad, bad basis. First of all . . . I say this gratuitously and I don't mean it too personally because I think he's quite a likeable fellow in almost every other circumstance, but I tell you, you've got to shed this cocky, know-it-all approach that you adopt in the legislature and outside the legislature.

Some Hon. Members: Hear, hear!

Mr. Romanow: — And I'll just . . . That's the only personal comment I make. You act the way you want to act, but I tell you, you are doomed for disaster as a Minister of Finance, and not exactly what your political party wants in this kind of a context. So just shed that. You should be the kind of humble person, as the member from Regina South is, very responsive and receptive to the people of the province of Saskatchewan.

But I tell you, Mr. Chairman, I find that this government's request in this area is appalling. I said last night, and I repeat again, these major uncertainties are tantamount to betrayal of rural folks — bitter betrayal of rural folks. That's what it amounts to.

And the thought that the rural members of that PC caucus opposite would allow this kind of sloppiness and lack of detail to progress is also shocking. I think those people back there sing the Hallelujah Chorus in caucus. I mean,

is there not anyone at all who's got the gumption and the guts to say, well what are the details of this program? What am I voting for? It may not help my farmers. Not one PC farm MLA supposedly . . . Well maybe he or she has asked, but you certainly don't see any record of it.

Some day political scientists are going to be writing about the process of government about this mechanism. Some day there's going to be somebody saying about, is this the way a Finance department is operated and run? I just don't understand this, Mr. Chairman. I do say, Mr. Chairman, that what's very disturbing to the people of the province of Saskatchewan, and very disturbing, is the betrayal, the basic fundamental betrayal of the farmers of this province of Saskatchewan. It is political gamesmanship. It is betrayal.

The minister talks about a consensus — a consensus around what? — when they don't give us the details, they don't tell us the timetables for Mazankowski. They don't know if Mazankowski's going to pay. They don't know what the details of the spring seeding are. They blow up at the NFU (National Farmers Union). They simply are intolerant to any ideas, whether its . . . (inaudible interjection) . . . and the member from Lloydminster of course is another . . .

Anyway, Mr. Chairman, my point is made. And I think it would be comical if it wasn't so tragic; if it wasn't so fundamentally tragic to the farmers and those in rural Saskatchewan who this minister seeks to have this interim budget go through. Tragedy.

Mr. Shillington: — No, it most certainly is not, nor is there much prospect of finishing it today, I say to the Government House Leader. So I'll take my seat and yield the floor to you.

Mr. Romanow: — Thank you very much, Mr. Chairman. I don't want this to be provocative, and I don't mean it to be because I appreciate the courtesy of giving me a chance to speak here.

I would ask the Minister of Finance whether or not he would undertake for Monday's session of the committee when we come back to do with interim finance and hopefully dispose of it at that point, to come back with the details of the questions which are on the record which I have asked with respect to these various programs.

(1300)

Mr. Shillington: — In the same non-partisan vein, I would ask the Minister of Finance to return with something this side of unintelligible gibberish with respect to the 219 million from the potash corporation. We want some answers, Mr. Minister, which someone can make some sense out of, including yourself. So if you take the opportunity to inform . . .

Mr. Chairman: — Order. Being 1 o'clock the committee will rise, report progress, and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 1:04 p.m.