

June 21, 1990

The Assembly met at 2 p.m.

Prayers

### ROUTINE PROCEEDINGS

#### PRESENTING REPORTS BY STANDING, SELECT AND SPECIAL COMMITTEES

##### Special Committee on Regulations

**Clerk:** — Mr. Hopfner, from the Special Committee on Regulations, presents the second report of the committee which is hereby tabled as sessional paper no. 128.

**Mr. Hopfner:** — Thank you, Mr. Speaker. Mr. Speaker, I'd like to move, seconded by the member from Yorkton:

That the second report of the Special Committee on Regulations now be concurred in.

Motion agreed to.

#### INTRODUCTION OF GUESTS

**Hon. Mrs. Smith:** — Thank you, Mr. Speaker. Today I am honoured to present to this Assembly — and would ask him to stand; he is seated in the Speaker's gallery — and his name is Mike Doherty from Rose Valley, Saskatchewan. Mike is the president of the Saskatchewan Special Olympics and is in town today to oversee the olympics and the provincial summer games being hosted by the city of Regina.

For the benefit of members, the opening ceremonies are Friday night at Douglas Park and the actual games run all Saturday. And athletes from all across the province, Mr. Speaker, will be in town to compete. I would ask all members to join me in wishing the athletes well and a special welcome tonight.

**Hon. Members:** Hear, hear!

**Hon. Mr. Schmidt:** — Thank you, Mr. Speaker. I want to introduce you and through you to this Assembly, some students seated in the west gallery to your left. They are 17 students from grade 8 and 9 in Goodeve, Saskatchewan. They are here visiting the legislature and other spots in Regina today. They are accompanied by their principal, Dave Petlak, and their bus driver Cyril Denesiuk. They are here touring the legislature and I will meet with them at 3 p.m. once they have completed their tour.

Some of the students come from the Goodeve district and also from Fire Hills Indian Reserve south of Goodeve and in particular, most of the students I believe are from Little Black Bear Indian Reserve south of Goodeve. So that we have rural and village students, and I want you and all the members to welcome these students to the Assembly. They come here every year and they find it very fruitful to be here.

**Hon. Members:** Hear, hear!

**Mr. Tchorzewski:** — Thank you, Mr. Speaker. It's my pleasure to introduce you to you and through you to the

House a group of 21 grade 4 students from Henry Braun Elementary School here in Regina. They're seated in the east gallery. They have been hiking around the park. They started this morning at the science centre and I know they've got a long ways to go yet.

I had the opportunity to meet with them as they came in because they are not staying for the whole question period. And I was very pleased to have that opportunity. I want to extend to them and their chaperon, Mrs. Langham, on behalf of all the members, our greetings and wish them a very enjoyable visit to the legislature and a safe trip home, and ask the members to join me in extending greetings to these students from Henry Braun.

**Hon. Members:** Hear, hear!

**Mr. Pringle:** — Thank you very much, Mr. Speaker. Mr. Speaker, I'm honoured today to introduce, seated in your gallery, to you and to members of the Assembly, two special guests, Father Bob Ogle, who is a constituent of mine, and a special person, Marylou Ogle, who is with him.

Father Bob, as he's known, is a former member of parliament, as you know, and has made a great contribution to Canadian politics and distinguished himself internationally. He's a distinguished Canadian, a recent recipient of the Order of Canada. And as you know, Mr. Speaker, next week Father Bob will be recognized by the province of Saskatchewan for that special recognition.

Father Bob is a profound humanitarian. He's devoted his life to serving people and to social justice, particularly in third-world development, and a special concern there.

And Father Bob has written a number of books; I have one here. It's *Father Bob Ogle A Man of Letters*. And he just happens to have some with him today and he's promoting his book. But Father Bob's books are very special books, required reading for young people and people concerned about social justice and politicians and ... required reading. And a very distinguished Canadian, very well respected. And I would ask all members to give a warm welcome to Father Bob and Marylou.

**Hon. Members:** Hear, hear!

**Hon. Mr. Wolfe:** — Thank you, Mr. Speaker. I'd just like to welcome Father Bob Ogle here on behalf of the government. Father Bob Ogle is a friend to us all and a special friend to me and some of my family. I'm not sure if Father Bob remembers but when I went to university, I attended his parish. Father Bob Ogle and Father Dennis Shirley are true friends. And at any rate, I'd like to welcome him to the legislature and congratulate him on the awards and the true honour he deserves.

**Hon. Members:** Hear, hear!

**Mr. Hagel:** — Thank you very much, Mr. Speaker. It is my

pleasure to be recognized by you. It is also my pleasure to make two introductions today, Mr. Speaker. First of all I'd like to introduce, Mr. Speaker, to you and through you to all members of the Assembly, 38 Grade 5 students from King George School in Moose Jaw. This is the second visit from King George to the Legislative Assembly during this session, Mr. Speaker.

These grade 5 students are accompanied by their instructors Marlene Hart and Cheryl Jones. They've already been on a tour of the building earlier, Mr. Speaker, and immediately following question period I'll be joining them for pictures on the steps. I understand that they are going to have to leave right away for busing arrangements and that we won't have time for a visit today, but we will have time for a visit when I take the pictures to the school in the fall, and we'll do that.

And so having said that, Mr. Speaker, I would ask all members of the Assembly to extend a very warm welcome to the students from King George and their instructors and also to wish them a very pleasant summer holiday.

**Hon. Members:** Hear, hear!

**Mr. Hagel:** — I Thank you again, Mr. Speaker, for the recognition. I would like to introduce to you, Mr. Speaker, and to all members of the Assembly, some 10 employees at the Imperial 400 Motel here in Regina who would like to be working. They're members of the Retail, Wholesale and Department Store Union, Mr. Speaker, and are currently involved in an industrial dispute at that location.

It was my pleasure to meet with these people earlier this afternoon, Mr. Speaker, and I would ask if the RWSDU (Retail, Wholesale and Department Store Union) folks would please stand and if all members would show them welcome to this, their Legislative Assembly, and Thank you for joining us here today.

**Hon. Members:** Hear, hear!

**Mr. Koskie:** — Thank you, Mr. Speaker. We sometime keep the best for the last. I want to take this opportunity, Mr. Speaker, to introduce to you and through you to the other members of the House, some 18 grade 7 and 8 students from Drake School. They're accompanied by their teacher, Louanne Burlingham and MaryAnne Patzer. I want to extend a warm welcome to the students. I'll meet with them shortly after question period.

And I want at the same time, Mr. Speaker, to also introduce a former colleague and a friend of mine who is seated in the east gallery as are the students, and a former MLA and cabinet minister, Mr. Don Cody is present. So I ask all members to join me — and I want also, if I may in this extended welcome, to also extend a welcome to Father Bob Ogle, who I consider a great spiritual leader and also a great friend. He attended my nominating convention in Englefeld back in 1978 and I've followed his career and his writings throughout the years. So in that, Mr. Speaker, will all members join in welcoming all of my guests.

**Hon. Members:** Hear, hear!

**Mr. Gleim:** — Thank you, Mr. Speaker. It gives me great pleasure today to introduce to you and to the Assembly 19 grade 4 and 5 students from the town of Kincaid.

I would also like to welcome their teacher, Louise Walker. I don't know who the bus driver is, it hasn't got it on here, but I will be meeting with these students and the teacher at 3:00 p.m. to take pictures and to have drinks and to have a discussion. Until then, I'd like for everybody in the Assembly here to help me welcome these students to Regina.

**Hon. Members:** Hear, hear!

**Mr. Lautermilch:** — Thank you, Mr. Speaker. I too would like to extend a warm welcome to the students from Kincaid and a special welcome to a friend, Louise Walker. I had the opportunity of visiting with them a couple of weeks ago when I was in Kincaid. They were studying the electoral process that we go through to get to this Chamber, and I might say that one of the most informed groups in terms of students that I've ever met with. So I'd like to welcome them as well. Thank you.

**Hon. Members:** Hear, hear!

**Mr. Lingenfelter:** — Mr. Speaker, it's my pleasure to introduce a friend and constituent of the Elphinstone constituency. He also happens to be probably the most popular councillor in Regina, Mr. Joe McKeown. Mr. McKeown is here with us today to observe question period and I'm sure all members will want to join with me in welcoming Joe to the Assembly today.

**Hon. Members:** Hear, hear!

**Mr. Romanow:** — Thank you very much, Mr. Speaker. It's a rarity when one gets a compliment from my colleague and desk mate, the member from Quill Lakes. As the members in the opposition will know, I share their feelings because it's a rarity inside our caucus. But I do agree with him when he says that it's the best for the last. And I want to thank him for those words of encouragement; I need them.

Mr. Speaker, I have a ...

**An Hon. Member:** — People would be worried by the source, Roy.

**Mr. Romanow:** — That's about it. That's just about it. Mr. Speaker, I have a great deal of pleasure at introducing to you ... Well first of all, a word of support and welcome to Father Bob who as we know has been struggling bravely and courageously against a very, very serious illness and illnesses, and it's good to see him here today in pretty good health.

I'd like to however introduce a person who has been recently nominated as a candidate for the New Democratic Party, who is seated in the Speaker's gallery, for the constituency of Kindersley. We've gotten into this habit lately and I think it's a good procedure to fall into.

Mr. Lorne Johnston is the reeve of the RM of Snipe Lake who farms in the Eston district. He is a director of the Local UGG (United Grain Growers Limited) and a member of the Saskatchewan pool. He's a national director of the Canadian Seed Grower's Association, national director of Ducks Unlimited. Very well known in athletic activities being a scout for the Regina Pats at hockey level and other areas. So he's got an impressive record of community service. Married — his wife Louvain could not be with him today. He has two in the family: daughter Lisa, 17; and son Ned, 15.

And it really is encouraging to see people of this calibre enter into public life. And of course on a partisan note, I'm extremely pleased to see Mr. Johnston as the nominated candidate, and we all look forward to the hopefully early occasion when there'll be a by-election in Kindersley constituency, or a general election. Thank you, Mr. Speaker.

**Hon. Members:** Hear, hear!

## ORAL QUESTIONS

### Distribution of Agriculture Payments

**Mr. Upshall:** — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Associate Minister of Agriculture. Mr. Minister, you will know that a couple of days ago Manitoba announced that they would have their federal farm aid program in the hands of their farmers by the end of June or about nine days from now. You will also know that your swift measures will put the application forms to our Saskatchewan farmers out in about two weeks after that and you say that the payments will be in hand by about the end of July, and I say it will probably be more like the end of August. Mr. Minister, how can you justify this lack of competence on your part and your inefficiency in compared to the Manitoba government?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Martens:** — Mr. Chairman, the Manitoba government reached an agreement with the federal government about their cost-sharing relationship earlier than we did; and I think if you probably take that into consideration. The second thing you need to take into consideration is that we got considerably more than they did, about four times as much. And I think that that's basically due to the Premier's involvement in agriculture and the Premier's constant volume of energy that he puts into agriculture.

I would also state that they are going to get theirs because of the impact of the Premier's involvement in agriculture in western Canada. And I think that's ... they have consistently said that our Premier should lead the way in dealing with their agricultural policies as well as ours. So they're complimenting him in relation to their agenda.

**Some Hon. Members:** Hear, hear!

**Mr. Upshall:** — Well, Mr. Minister, maybe if the Premier of this province spent a little more time looking after Saskatchewan farmers and a little less time looking after Brian Mulroney, we'd have a lot more accomplished

here.

**Some Hon. Members:** Hear, hear!

**Mr. Upshall:** — Right from the beginning this program has been mismanaged and you've had all kinds of excuses. But, Mr. Minister, you failed to deliver \$500 million. You failed to deliver it before spring seeding. Now we get half the amount and we're going to get it in, you said July, and probably by the end of August. In the light of all the problems Saskatchewan farmers are facing, Mr. Minister, how in the world do you justify this incompetence?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Martens:** — Mr. Chairman, when we started negotiating with the federal government, we had nothing in our pockets in western Canada. We had nothing in our pockets as farmers in Saskatchewan, Alberta, British Columbia, or Manitoba. And it's the work of the Premier in involving himself with agriculture in relation to that that has given us an opportunity to have \$5.50 go into the pockets of farmers per cultivated acre.

**Some Hon. Members:** Hear, hear!

**Mr. Upshall:** — Well, Mr. Minister ...

**The Speaker:** — Order, order. I know the hon. member is very anxious to put his question, but I'd just like to remind him once more that his remarks should be put through the Speaker.

**Mr. Upshall:** — My apologies, Mr. Speaker. A new question, Mr. Speaker, to the same minister. Mr. Minister, you will know that the total amount of money going to be delivered to farmers, the difference between that and what was on the table three months ago, is the amount of money that the 80 cents an acre that you so generously put in. So the blame lies squarely on your shoulders for this long delay in delivering money to Saskatchewan farmers.

Mr. Minister, would you just explain to the farm families of Saskatchewan why you have intentionally delayed the payment until, you said, July, and like I say, probably more like the end of August. Can you explain to the farm families why you've done that?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Martens:** — Mr. Chairman, the agreement reached with the federal government was signed off just recently, and they have to put their money in order to ... in place to put it out so that we can put it out to the farmers. We will be delivering it as soon as we possibly can. And we have scheduled July 12 to be the date when applications will be in the elevators. And that, Mr. Speaker, is exactly when they'll be there.

**Some Hon. Members:** Hear, hear!

## School Divisions Accounting Procedures

**Ms. Atkinson:** — Mr. Speaker, my question is to the Minister of Education. Mr. Minister, recently our government brought in a new set of regulations for school boards to provide publicly the details of their spending. We obviously don't argue with greater accountability of how taxpayers' money is spent, but I want to know why it is that you are forcing school boards and, as I understand it, municipal governments to follow public accounting procedures which your government refuses to follow.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, the policy of this government of consultation with groups that are going to be affected by actions that are taken is certainly the case that the member has just raised. It's my understanding that before any of this was moved forward with that there was consultation with all of the groups involved particularly the SSTA (Saskatchewan School Trustees Association), the teachers' federation, and also the LEADS (League of Educational Administrators, Directors and Superintendents) group, the directors of education.

So all of the different parties that are involved in education were involved in this, Mr. Speaker, and had agreed to the fact that we should be moving forward with some type of public accounting within our school divisions.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — New question to the minister. Mr. Minister, I want to give you an example of what I'm talking about. You are now calling on school boards to provide aggregate totals for payments to individuals and firms where the aggregate exceeds \$10,000. That information, Mr. Minister, used to be available to the public through the supplementary information to the *Public Accounts*, but your government has neglected to include that information since 1985. Mr. Minister, why won't you live by the same rules that you are forcing on the school boards? If it's good for the goose, Mr. Minister, it should be good for the gander.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, we see another example of the member opposite trying to exaggerate and indicate that things are happening that shouldn't be happening — that there's no consultation. That is not the case at all, Mr. Speaker. The fact of the matter is that there are public accounts with regard to this legislature; there are public accounts with regard to city administrations and with many other types of administrations.

Mr. Speaker, I will say again for you and for the media and for others who are listening today that this, in fact, has been done in consultation with all of the other players in the educational field. And again, as I say, it's been done in consultation with the trustees association, the Saskatchewan Teachers' Federation, and the organization of directors of superintendents in this province.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — New question to the Minister of Education. Mr. Minister, you also require school boards to report publicly the purpose of each contract they award, as well as the names of the individuals or firms with which the contracts are made, as well as to whom the payment is made. Again, Mr. Minister, this is something your government refuses to do and it is certainly within the interest of the public.

So again I have to ask you, Mr. Minister: why don't you live within the same rules that you are forcing on other governments? Why are you allowed to keep secret information which you tell school boards they must provide?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Well, Mr. Speaker, I don't agree with what the member is saying — that we are not providing the information that people are wanting. I think that when you consider the fact that ... (inaudible interjection) ... Do we have a trained seal over here or what ...

**Some Hon. Members:** Hear, hear!

**The Speaker:** — Order, order. I'd ask all hon. members to just restrain themselves and allow the minister to answer the question. They will have an opportunity for their own remarks.

**Hon. Mr. Meiklejohn:** — Well, I thought we had another guest that hadn't been introduced, Mr. Speaker. Flipper, the seal, I thought maybe was here today.

Mr. Speaker, I would say again and I would also add that ratepayers in this province are asking for much more information than is being expected in these public accounts from school boards. We in fact have gone through this very, very carefully with all of the players that have been involved and have indicated that there are some areas which are particularly sensitive, I think particularly when it comes to salaries of teachers and others within school divisions. And there has been total agreement with all of those groups that have been involved with what is happening with the public accounting for school boards in the province.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — Mr. Speaker, a new question to the Minister. Mr. Minister, the taxpayers of Saskatchewan are demanding the same kind of accountability from your government as they are from school boards and municipalities.

**Some Hon. Members:** Hear, hear!

**Ms. Atkinson:** — Now, Mr. Minister, you have set down a clear set of guide-lines for how school boards and municipalities must account for their spending; however, you have no such guide-lines for how your government spends our money. I want to ask you, Mr. Minister: why

are you asking school boards and municipalities to come forward with this kind of accountability when your own government, the PC government of Saskatchewan, isn't prepared to be accountable to the taxpayers of this province?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Meiklejohn:** — Mr. Speaker, this government is providing information for the taxpayers of this province in the same way that any other administration in the past has provided it. And we will continue to do that.

I'm not sure if the member opposite is indicating whether she's in favour of what's taking place within the school systems of this province or not, but the ratepayers are asking for that type of information, and we will continue to operate in the same type of consultative manner as we've operated here, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

#### **Financing for Swift Current Packaging Plant**

**Mr. Lautermilch:** — Thank you, Mr. Speaker. Mr. Speaker, my question is for the minister responsible for SEDCO. Mr. Minister, you announced with your usual fanfare and lack of detail last week that SEDCO would be part of a funding package to help establish a packaging factory in Swift Current.

At that time you said there would be \$17.2 million in government funding, consisting of 10.2 million from SEDCO, approximately 5 million from the western diversification fund and 2 million to be raised through equity financing with Community Development Bonds.

I want to ask you, Mr. Minister: why did your cabinet then pass an order in council whereby SEDCO guaranteed the whole 17.2 million? Can you tell us that, Mr. Minister?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Swenson:** — Mr. Speaker, the details of the financing package which were outlined to the media last week on the Impact Packaging plant for Swift Current were very clearly laid out.

The WDO (western diversification office) portion of the loan and the community bond portion both will be bridged by SEDCO at commercial rates, which is not an unusual procedure at all with projects in the province of Saskatchewan, with the WDO office working very closely on economic diversification projects in our province and where SEDCO can provide the immediate up-front funding as their money comes into play.

And naturally, because the community bond legislation was only passed in this legislature a few days ago, Mr. Speaker, I think it would be prudent for the government to put this proviso into place so that people in the community do have time to do it properly.

**Some Hon. Members:** Hear, hear!

**Mr. Lautermilch:** — Mr. Speaker, I have another question

for the minister. Mr. Minister, some would wonder why it is that SEDCO guaranteed the \$2 million Community Development Bond because, as you have just said, they are already guaranteed through the government.

But I wonder, I wonder why you would be guaranteeing the western diversification loan, the federal government loan of \$5 million. It doesn't make any sense. I want to know why you're guaranteeing that WDO money. Can you tell us that?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Swenson:** — As I said before, Mr. Speaker, SEDCO is simply bridging the financing from WDO to Impact Packaging because of the need for cash requirements up front in order to get this plant off the ground in the next month. And it's simply a bridging arrangement until their money comes into play.

I might like to add, Mr. Speaker, that besides being probably the most environmentally friendly project in western Canada, there's very significant private capital being brought to this project. In people investing in the company, both the private investors and also some very large commercial enterprises have nearly \$8 million of money up themselves, with provisions to raise more in the private market.

And I think, Mr. Speaker, that's what economic diversification in this province is all about. It's that blend of federal, provincial, civic, and private money coming together to put together the most environmentally plant in the country.

**Some Hon. Members:** Hear, hear!

**Mr. Lautermilch:** — Mr. Speaker, I have another question for the same minister. Mr. Minister, I would suggest to you that the problem here is that your government has decided that SEDCO is a deep well that never runs out of public funds and that you'll guarantee anything, and anything can be financed. That's what the problem is. The only criteria is whether or not it helps profile your politics, your PC politics in this province.

When SEDCO backs investments like GigaText and like Supercart, that's one thing, and it's something you should be taken to task for. But, Mr. Minister, when the Government of Canada has decided that the only way it'll put risk capital into a project is when SEDCO will guarantee it, I think it's totally misusing the purpose of SEDCO, and I think you know that.

Mr. Minister, I want to ask you: if this is such a good program, you tell me why the federal government insists that the loan has to be guaranteed by SEDCO, because that's what it looks like what has happened here, Mr. Minister.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Swenson:** — Mr. Speaker, Impact Packaging, as I said, is not only one of the most environmentally friendly plants that will be in Canada, it provides direct employment to the city of Swift Current. It will be

employing people all across our province with SARCAN and Cosmopolitan Industries in Saskatoon gathering waste paper, which currently has no use except to go into our landfills, Mr. Speaker, mould it into a product that will be sold all over North America and indeed maybe around the world.

Now when those kind of opportunities come to the people of Saskatchewan, I think it's incumbent that the government be prepared to combine with private enterprise and build such a project. The member has asked, why would SEDCO provide the bridging to the WDO loan. And that is so that the plant, so that this plant can get under way so that we can start providing jobs to disadvantaged people in this province, so that we can show the way in western Canada as far as the environment goes. That's why, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

**Mr. Anguish:** — You say that this new product, Mr. Minister, will be sold all over North America and possibly the world. The American Food and Drug Administration has regulations preventing the use of recycled materials coming into contact with food. And your own vice-president at SEDCO says that the FDA (Food and Drug Administration) will not give approval to the recycled product until they can actually see the manufactured product.

Now you've put up \$17.2 million at risk and you don't even know if you can market the product into the major market of the United States of America. You're so easy, Mr. Minister, that we expect that when Premier Devine is down in Newfoundland today ...

**The Speaker:** — Order, order. Number one, the hon. member knows he should not refer to another member by name. Number two, I think it's time he put the question.

**Mr. Anguish:** — Well the question I put to the minister: is it true that your government is viewed as so easy all across Canada that you're likely to be sold the Sprung cucumber plant today from Newfoundland?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Swenson:** — Mr. Speaker, Impact Packaging, through the patented process that they have to coat the moulded paper pulp, which was available to members of the media at the news conference last week, that FDA approval has been sought in the ... reading back from the FDA is that there should not be any difficulty with the marketing of this product.

The test market has already been researched. There are over a hundred million people within range of the

Swift Current plant that can be marketed to. The product market area can use up to 11 billion of these trays per year. Now Impact Packaging only has to achieve 3 to 5 per cent of that entire market to be a very profitable operation and sustain the jobs in Swift Current and around this province for a long time to come. And I believe, Mr. Speaker, that FDA approval will be there, and approval in Canada will follow right behind.

**Some Hon. Members:** Hear, hear!

**Mr. Anguish:** — There's a company the minister will be aware of in Tisdale, Saskatchewan, Fripp Fibre Forms, which uses recycled paper to make egg cartons. And they're a little upset with you. They put their money into a good process in Saskatchewan. You attract people from outside the province of Saskatchewan, give them \$17.2 million that you put at risk, of our money.

Why would you do that? Instead of enhancing local Saskatchewan business who put their own capital at risk, you put the taxpayers' capital at risk to have someone come in and compete in an unfair market, Mr. Minister.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Swenson:** — Mr. Speaker, the member's absolutely right. The Fripp people in Tisdale are manufacturing a very good product. That particular company came from Montreal, set up business in Saskatchewan, and are manufacturing egg cartons, amongst other things. I understand they also have plants in the United States that are in the moulded plastics business.

Impact Packaging has no intention, Mr. Speaker, of getting into the egg carton business. What Impact Packaging is aiming at is the food tray business. The present styrofoam trays, which we know to be not as environmentally friendly as moulded plastic trays, they will have this special coating on.

And the applications, Mr. Speaker, in their market area are immense. They can also go in to the clam-shell type of container for fast food outlets. There are lots of areas for Impact Packaging, Mr. Speaker, to market their product without getting in the way of Mr. Fripp and his egg cartons.

**Some Hon. Members:** Hear, hear!

**Mr. Anguish:** — I have a final question to the same minister, Mr. Speaker. Mr. Speaker, the minister also mentioned about using a lot of paper from Saskatchewan, a lot of waste recycled paper. Now according to Cosmo Industries in Saskatoon, Impact out of Swift Current has offered them \$5 a tonne for recycled newspaper, while Fripp in Tisdale pays them forty-one fifty a tonne. Now according to Cosmo Industries, if Impact is only offering

\$5 a tonne for recycled newspapers, they're going to have to get that product from a municipally subsidized program in Alberta.

Now I find it strange that you'd be either promoting the shipping of Alberta's waste newspapers into Saskatchewan or are you, Mr. Minister, going to set up a subsidy program for the collection of newspapers to supply Impact Industries in Swift Current?

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Swenson:** — Mr. Speaker, it's obvious, from the questions from the members opposite, that they don't like Impact Packaging. They don't like the idea of people in this province having the opportunity to recycle waste paper into a marketable product. It's quite obvious from those questions, Mr. Speaker.

The very fact is that Impact, at their announcement in Swift Current, had the head of SARCAN at the announcement ceremony. And that gentleman seemed very pleased with what was happening in Swift Current last week. Now he sees a lot of opportunity for SARCAN in this process.

Impact Packaging have backup systems of getting waste paper. And the member is absolutely right. They've made contact with people in Calgary so that if they can't access all of the paper that they need within the province of Saskatchewan, they have that backup system to maintain full capacity in Impact Packaging. And I think, Mr. Speaker, that that is only a prudent business decision, given the amount of the investment.

**Some Hon. Members:** Hear, hear!

#### Changes to Electrical Rates

**Mr. Lyons:** — Thank you very much, Mr. Speaker. Mr. Speaker, My question today is to the minister, the acting minister responsible for Saskatchewan Power Corporation. I would ask the minister to stand here in his place and to explain to the people of Saskatchewan his latest brilliant political manoeuvre on behalf of the consumers of this province.

We've seen, Mr. Minister, that you have cut electrical rates to the 75 per cent of electrical consumers in this province — that is, the heavy industrial users, the energy hogs if you like — in Saskatchewan, and at the same time, at the same time have not, have not done anything with the rates to the home owners of this province.

My question, Mr. Minister, my question ...

**The Speaker:** — Order, order.

**Mr. Lyons:** — Mr. Speaker, my question to the minister is this. You've cut the rates to 75 per cent of the industrial users in this province who have traditionally cross-subsidized electrical rates to the 25 per cent, which are the home owners. How can you justify that to the home owners of this province, cutting electrical rates for the industrial users and making them cross-subsidize those people? Mr. Minister, will you stand in your place

and explain that to the people of this province.

**Some Hon. Members:** Hear, hear!

**Hon. Mrs. Smith:** — Mr. Speaker, I will take notice of the question in the absence of the minister responsible for Saskatchewan Power.

**Some Hon. Members:** Hear, hear!

#### MINISTERIAL STATEMENTS

##### Countering Effects of Rail Line Abandonment

**Hon. Mr. Petersen:** — Thank you very much, Mr. Speaker. I have a statement I'd like to make today to the Assembly regarding the innovative approach this government is taking to counter the effects of rail line abandonment.

Together with Southern Rails, a co-operative made up of farmers from the Avonlea and Rockglen areas, we've developed a world first road-rail vehicle which is on display at the farm progress show this week.

This unique vehicle pulls hopper cars on rail lines to interchange points with CN (Canadian National) and CP (Canadian Pacific) and then travels between these lines using the existing highway system.

Mr. Speaker, I'm pleased to advise all members of the legislature that Southern Rails has, late yesterday, reached an agreement with CP Rail to purchase the former colony subdivision between Rockglen and Killdeer which was scheduled for abandonment.

Negotiations were difficult and long, Mr. Speaker, and officials of my department spent considerable time and effort assisting Southern Rails in reaching this agreement. With the assistance of this government, Southern Rails Co-operative is hauling grain on their own rail lines. In a year of relatively poor production in the Avonlea area, Southern Rails has handled over 200 cars in the past six months and they have been able to transport their grain for about one-third of the cost which was being spent by CN to do the same job.

Mr. Speaker, it's proof that this government is committed to the development of human potential by giving people the support and opportunity they need to contribute and build. Mr. Speaker, it's proof that this government is making choices available which represents sound management of shared and sensible goals.

Thank you, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

(1445)

**The Speaker:** — I'll be quite frank with the minister. It is very questionable whether that's a ministerial statement, very questionable. And ... Order, order. It's very questionable. I have brought this to the attention of hon. members before. Ministerial statements should be a statement of clear government policy. I'll give the

opposition an opportunity to reply, if they so wish.

**Some Hon. Members:** Hear, hear!

**Mr. Brockelbank:** — Mr. Speaker, Thank you for drawing to the attention of the cabinet minister that made the announcement of urgent public concern as a ministerial statement. I've seen the statements masquerading before in this form but never, never abusing the rules so much as this, Minister.

**The Speaker:** — Order, order. I believe if the hon. member wishes to reply to the statement, he may do that. I don't believe it's the hon. member's place to get into questioning the rules or whether or not the member has broken them. Respond to the statement, and I believe that's the best course of action.

**Mr. Brockelbank:** — Mr. Speaker, I do want to comment on the minister's statement, as vague and as late as it comes. The short-line railways in Saskatchewan are a new innovation. The short-line railway is a cop-out for the major railways not hauling the grain to the market.

**Some Hon. Members:** Hear, hear!

**Mr. Brockelbank:** — The short-line railway in Saskatchewan is this government's cop-out on hauling and delivering the grain to markets.

**Some Hon. Members:** Hear, hear!

**Mr. Brockelbank:** — Now, Mr. Speaker, last year, one year ago, over one year ago in estimates this same or the previous minister of Highways was talking about the same short-line railway in Saskatchewan. This is not new. This is old news. It's obvious that the minister had to get up and fill some space in today's agenda. And that's really what it is — filling space in the agenda. There's nothing new in the announcement. Short-line railway was there over a year ago. The minister, previous minister talked about it in the estimates and at other times in his speeches in the House. It's old news. There's nothing new there, Mr. Speaker.

**Some Hon. Members:** Hear, hear!

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

#### COMMITTEE OF FINANCE

##### Consolidated Fund Budgetary Expenditure

##### Finance

##### Ordinary Expenditure — Vote 18

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

**Hon. Mr. Hepworth:** — Thank you, Mr. Chairman. To introduce my officials to the committee: to my immediate left is Art Wakabayashi, the deputy minister of Finance; to his left, Jim Marshall, director, revenue and economic policy division; to my right, Bill Jones, assistant deputy minister, treasury and

debt management division; behind Mr. Jones is Kirk McGregor, director of taxation policy, taxation and economic policy division. To Kirk's left is Keith Laxdal, associate deputy minister, treasury board division. And to Keith's left is Bill Van Sickle who is executive director, administrative division.

#### Item 1

**Mr. Shillington:** — Mr. Minister, I would like to begin with the usual question with respect to your personal staff. I would like the names, titles, and salaries of your personal staff.

**Hon. Mr. Hepworth:** — Mr. Chairman, if I could have a page I can send this over to the hon. member.

**Mr. Shillington:** — Mr. Minister, are those in dollar amounts, what they were making a year ago, or have there been any changes in their salaries?

**Hon. Mr. Hepworth:** — Mr. Chairman, the summer student just started, and July 1,'89 there was a 4 per cent cost of living increase, I think it was a year ago. The ones that aren't on the list, Mr. Chairman, are the secretaries as well.

**Mr. Shillington:** — Mr. Minister, is Kevin Doherty, Fred Petrowich, and Derrell Rodine making now, in dollar amounts, exactly what they were making a year ago?

**Hon. Mr. Hepworth:** — Four per cent more than a year ago, Mr. Chairman.

**Mr. Shillington:** — Mr. Minister, on what basis was a 4 per cent increase granted to these people, Mr. Minister?

**Hon. Mr. Hepworth:** — Mr. Chairman, this was tied to the out-of-scope personnel increase across the board in government.

**Mr. Shillington:** — Was it precisely the same as everybody else got, Mr. Minister?

**Hon. Mr. Hepworth:** — Mr. Chairman, unless there were performance bonuses for some others, which I wouldn't know about, my understanding would be yes.

**Mr. Shillington:** — Mr. Minister, what on earth does a Finance minister do with four people, their salaries, not including the summer student, totalling \$10,000? Together with the summer student, the salaries total \$12,000 a month. What on earth does a Finance minister do with four assistants? Heavens, Mr. Minister, Persian kings operated with a smaller staff than what you've got. What on earth do these people do?

**Hon. Mr. Hepworth:** — Mr. Chairman, configuration in my offices that I have, one that deals primarily with the ... one that primarily deals, Mr. Chairman, with issues related to the Finance department, whether it be on the expenditure side or the revenue side, one that helps deal with the constituency matters, and one who deals with communications relative to the minister's office.

**Mr. Shillington:** — Mr. Minister, all I can say is, I pity the



one who has to deal with the constituency matters. I assume that it is his responsibility to get you re-elected, an almost impossible chore, the one I really pity.

Mr. Minister, I'm going to leave this subject but I think this is part and parcel of the fiscal problems in this government, is that there's no leadership shown at the top. You're spending, Mr. Minister, \$12,000 a month on a staff and you just simply don't need it. You just do not need that, Mr. Minister.

You might be able to justify one executive assistant which has heretofore been the time-honoured system, but not four. That, Mr. Minister, is just a disgrace. It is simply just a disgrace.

Mr. Minister, I want to know whether or not these people took any out-of-province trips in the last year, and if so, where and what were the amounts?

**Hon. Mr. Hepworth:** — Mr. Chairman, members of the committee, one of the members of my staff accompanied me to the following four meetings that were out-of-province ... three meetings, sorry. One was a ministers of Finance meeting in Montreal, October 16; one was a meeting with the investment banking community, November 20, Toronto; and December 6, another Finance ministers' meeting in Ottawa, Mr. Chairman.

**Mr. Shillington:** — What earthly purpose, Mr. Minister, did a ministerial assistant serve on such a trip? Surely you've got enough strength left at this point in time to carry your own grip.

**Hon. Mr. Hepworth:** — Mr. Chairman, they're there to provide me with advice, number one. Number two, to provide a link back to the office while one is in the meetings. And number three, to undertake any tasks that I may need while at the meetings, Mr. Chairman.

**Mr. Shillington:** — Let's be a little more honest, Mr. Minister, it's somebody to carouse with after hours. That's what they're there for, and I cannot see that they would serve any other purpose. If you need advice, surely you get that from your officials, not from your ministerial assistants, Mr. Minister.

Mr. Minister, I would like to know what was spent on travelling. You can give me this in writing. If your officials have it, you can send it in writing. I'd like to know what was spent on travelling by you and by the ministerial assistant who accompanied you.

**Hon. Mr. Hepworth:** — The three trips that I mentioned, plus the first ministers' meeting where there were no officials from my office but the deputy minister attended, which was the first ministers' meeting November 8 in Ottawa, break down like this: the October 16 meeting, 3,552; the November 8 first ministers' meeting, 2,590; the November 20 Toronto meeting with the investment community ... or the investment dealers rather, 3,263; and the December 6 Finance ministers' meeting, 3,386, Mr. Chairman.

**Mr. Shillington:** — I don't know how on earth do you

spent \$3,500 going to Toronto? My goodness gracious. Your entertainment expenses really must be impressive. Mr. Minister, are you prepared to give me a breakdown of those figures?

(1500)

**Hon. Mr. Hepworth:** — Mr. Chairman, those number represent the air fare, number one; the hotel bills; and I suspect any other miscellaneous expenditures, Mr. Speaker, associated with the trip.

**Mr. Shillington:** — Mr. Minister, either you ate an enormous amount of food or your entertainment expenses were awful high.

Mr. Minister, that leads me I think to what is a more substantive subject, and that is the disgraceful leadership which you and your predecessors have provided to this province in terms of the fiscal management of this province's affairs.

Mr. Minister, the figures are well-known from one end of this province to the other by everybody, whatever their interest in public affairs, and I will therefore not go into ... and I think play a major reason why the Conservative Party is not down in the polls but disappearing entirely off the polls.

Mr. Minister, this is your ninth straight deficit. Not only have you been unable to balance the books, you have, with a couple of exceptions, you and your predecessors have been unable to estimate the amount correctly. Last year you missed by 73 per cent, by no means your worst effort. You missed by 300 per cent on another occasion. You've missed more than once by over a hundred per cent in trying to estimate it.

The cumulative deficit is \$4.3 billion. That's from zero when you took office. Mr. Minister, the interest is now \$493 million. That's the third largest expenditure, by far and away the fastest growing expenditure in the budget. Mr. Minister, I would like to know: what is your game plan for dealing with this deficit?

Mr. Minister, I want to quote you some of the comments that have been made in the past. In 1982, Bob Andrew, in his first budget speech said — talk about famous last words — "This is a minimized and manageable deficit." He said next year, "We anticipate a manageable increase in our combined deficit."

I will skip some of the intervening years. In 1986 a new minister, the member from Lumsden, took place. He said, with ringing confidence, "This government is confident that a balanced budget can be achieved within the next five years."

Mr. Minister, you're not going to make it. You're not even going to come close. In fact the situation's getting worse. What is your recovery plan, Mr. Minister?

**Hon. Mr. Hepworth:** — First of all, Mr. Chairman, to correct a wrong perception the hon. member might have left relative to travel costs, as I said earlier, for the most part the expenditure of, say, \$3,552 to Montreal which ...

**An Hon. Member:** — But you're not going to give me a breakdown, are you?

**Hon. Mr. Hepworth:** — I'll give you a very substantial breakdown if you'd just listen. The \$3,552 cost of the Montreal trip was for three individuals. The air fare alone, Mr. Chairman, was over \$3,000. So that leaves about \$550 for the hotel and food and those kinds of things that one might ... and the lodging, Mr. Speaker, that one would undertake on that trip.

So I would suggest that certainly when a major part of that is air fare — and of course that's one of the costs of business when you're out West here, having to deal with central Canada — I think it shows you that certainly there's not a whole pile of money being spent recklessly relative to my travel and that of my officials.

The larger and perhaps more important question is really the question of the deficit and as well the accumulated debt of the province. Certainly, I'm not happy that we continue to run a deficit after eight years, it almost seems like we're stubbornly stuck in that deficit range of 3 to \$400 million. I think there's been five out of the last eight years where the deficit has come in in that range, and it seems to be hard to get beyond that despite the fact that this year in the budget we did some substantial cut-backs, chose not to raise taxes, and as well focused any room that we made by cutting back in other areas, on those important areas of health, education, agriculture.

Through the pre-budget meetings that we held, one of the messages that came out consistently and clearly was that many people have views on different things that could be looked at and tried and perhaps used relative to the deficit and budgeting in general. We've had everything recommended from a people's board, dedicated taxes, that is to say, to laying E&H (education and health tax) revenues, for example, to a specific expenditure — education or something of that nature would be an example.

I think at virtually every meeting I was at the notion of legislation that would require a balanced budget, with the exception, I suppose, of extraordinary events. I think the speakers at these meetings would acknowledge that there are times when provinces, faced with extraordinary circumstances — disasters, hurricanes, tornadoes, even I suppose droughts — when governments do have to step in and respond.

I think all of these notions have merit and are worthy of further examination. That is what we are doing. As well, part of Consensus 100's mandate is to examine the whole area of financial management. We expect a report, an early report, back from them this fall, and perhaps they'll have some recommendations there as well that we can act upon as part of the financial plan of the province.

But the recipe that has worked for us well in the past, we'll continue to use in the future, and that is very much that the public have to be involved in this decision making, because all of the decisions are complex and challenging and difficult, Mr. Chairman.

**Mr. Shillington:** — Well, Mr. Minister, the public are desperately hoping you don't use the methods you've used in the past because they've taken this province from a sound financial position when you took office, to the brink of ruin right now.

Mr. Minister, the problem is that there is no attempt to exercise any economy in this province and the problem begins with the cabinet. It begins with you and your colleagues, Mr. Minister.

Just let's take today's example. Today's example is the Premier running off to Newfoundland for an absolute fool's errand. A fool's errand because the problem with Meech Lake is not in Newfoundland at all, but in Winnipeg — a city he could have driven to. He's off to Newfoundland on a fool's errand. It cost \$11,000.

Not only, Mr. Minister, is it a fool's errand; in addition, his position is opposed by a number of people in Saskatchewan. That I'll forgive him for. What I will not forgive him for, Mr. Minister, is wasting the taxpayers' money and going off to Newfoundland when the problem is within driving distance, Mr. Minister.

**Some Hon. Members:** Hear, hear!

**Mr. Shillington:** — The problem, Mr. Minister, is in Winnipeg, within driving distance. If he thinks he can sort it out in Winnipeg, he'd probably be welcome to try. But, Mr. Minister, he didn't. At the cost of \$11,000, he's gone to Newfoundland on a chartered jet; that's a disgrace, Mr. Minister.

**An Hon. Member:** — What if he didn't want to charter, Ned. Does that make your whole thesis is wrong?

**Mr. Shillington:** — No, it does not, Mr. Minister. You'll get a chance to respond in a minute, Mr. Minister, you said that you had some public hearings, and there was some consensus. Mr. Minister, I have some expenditures on which I think there's universal consensus. I don't think the public wanted \$9 million spent on the Future Corporation. I think there's a consensus that that \$9 million should have spent somewhere else.

I think, Mr. Minister, there's a consensus that we didn't need some tens of millions of dollars for four additional cabinet ministers. I think, Mr. Minister, there's a consensus which you probably heard a good deal of last fall that we don't need \$1.3 million spent by SaskTel, a monopoly on advertising.

I think, Mr. Minister, you probably found out that there's a consensus that we don't need to spend \$750,000 on one person's salary. Chuck Childers; I think there's a consensus on that, Mr. Minister. I there's a consensus, Mr. Minister, that we don't need an additional salary of \$100,000 paid to a defeated minister, Paul Schoenhals. Whatever his qualifications — and by and large he spent it in the sports world — whatever his qualifications, he was just not simply qualified to run the Potash Corporation of Saskatchewan. Kicking the ball back and forth across a field is not very good training, Mr. Minister, to run one of the world's large mining

companies. I think there's a consensus on that.

I think, Mr. Minister, there's a consensus that \$97,000 spent yearly for Bob Andrew's retirement fund in Minneapolis is not money well spent. I think you could find a consensus on that, if you tried.

I think there's a consensus, Mr. Minister, that \$97,000 on Graham Taylor's salary, and heaven only knows how much on his office space, is money that should be saved.

There are things, Mr. Minister, on which there is a clear consensus. And, Mr. Minister, if you're looking for the reason why you are in as much political trouble as you are right now, it's because you have, year after year after year, ignored the public's demand that you clean up your act. Is there no hope, Mr. Minister, that you're going to clean up your act; or do the public simply have to wait for an election to sweep this government out of office?

**Some Hon. Members:** Hear, hear!

**Mr. Chairman:** — Order, please. I wonder if we could give the minister a little more peace and quiet to arrive at the answer to the hon. member's question.

**Hon. Mr. Hepworth:** — Mr. Chairman, Thank you. The hon. member has raised some spending areas where he thinks a consensus exists that they should be cut out, and if we cut these areas out we wouldn't have a problem facing us in Saskatchewan today.

Let's run through the list and see how much depth of thinking there is in the opposition Finance critic's ... in his thinking here. First of all, Future Corporation. As part of this budget process, we put in place an early termination of the Future Corporation ... (inaudible interjection) ... Yes, he's right. We won't save 9 million as he had suggested, if we hadn't. But we are going to make some savings here.

But let's suppose that in all of his arguments, I acknowledge all the expenditures; let's suppose I acknowledge all of them, Mr. Chairman. He identified 9 million at Future Corp; 1.3 million in advertising at SaskTel; 750,000 for ... 950,000 for some salaries that he thinks are politically tied. I think in total he identified \$11.3 million in savings, Mr. Speaker, \$11.3 million.

Now what does that represent in a four and a half billion dollar budget, Mr. Speaker? Is that merely political window dressing that makes good fodder for politicians like himself to stand up and say, if you hadn't done these, Mr. Chairman, Mr. Speaker, Mr. Minister, the world would be all right? Or is he prepared to get into a serious discussion, the kind of serious discussion that it's going to take to get the world square and to balance the books.

(1515)

Mr. Chairman, to put these numbers in perspective for the average taxpayer out there — this list that he somehow suggests that all would be right if we merely hadn't made these expenditures — what this does is run the health system, his total shopping list runs the health care system for about 60 hours. That's what it does, Mr. Chairman.

Now I'm not suggesting that for a moment that \$11.3 millions isn't a large number, because it is. But when you put in into perspective, it would run the health system for about 60 hours.

If you're really going to get at a \$363 million deficit or a \$12 billion or \$4 billion accumulated debt on the government side, Mr. Chairman, it's going to require a lot more thought than that hon. member has put into it. I appreciate any recommendations that he brings forth, but really this is nothing more than political window dressing what he's bringing forward here. Some of the recommendations are significant enough; and where they are, we have acted on them. But we must go beyond this, Mr. Chairman, if we're going to get really serious.

And you see, Mr. Chairman, there's another element to his hypocrisy. While he comes forward and says cut back here, here, and here — and in some of those areas we have — his colleagues stand up one after another and they say, spend more, spend more, spend more, spend more, spend more. And, Mr. Chairman, you know that because you've heard it virtually every day that this session of the legislature has been on.

What hypocrisy from the hon. member. They don't want cut-backs, Mr. Chairman, they're the party of big spenders. They're the party of big spenders and tax increases. Mr. Chairman, they really are hypocrites when it comes to financial management, Mr. Chairman.

**Some Hon. Members:** Hear, hear!

**Mr. Shillington:** — I'm amazed that one person clapped, after such a disgraceful response.

Mr. Minister, I want to give you some figures. And I know, Mr. Minister, that the former member from Thunder Creek, Mr. Thatcher, wrote the book on how a Tory cabinet minister responds to estimates — deny, deny, deny. And since I know you would deny the time of day if you thought you were in a place without a clock, I have some figures for you, Mr. Minister. I take them from documents which your government published.

Mr. Minister, I note from the *Estimates* in 1983, Mr. Andrew issued in 1991 that your revenues, Mr. Minister, over the period — and I'm using actual figures — your actual revenue from the year ending March 31, 1982 to March 31, 1989, your revenue, Mr. Minister, went up by 52 per cent at a time when the cost of living went up, Mr. Minister, by only 38 per cent.

My point is, Mr. Minister, that your revenues increased significantly faster than the rate of inflation. Every time someone asks you how you could have got yourself into such a monumental mess, you say: it didn't rain. As if to suggest, when it doesn't rain in a climatic sense it does not rain in a fiscal sense for this government.

Mr. Minister, that's not accurate. Inflation has gone up by 38 per cent, a simple calculation of the actual revenue for the year ended March 31, 1982, taken from your books; and the actual revenue for the year ended March 31, 1989, suggests your revenue went up 52 per cent at a time when inflation was only 38 per cent.

Mr. Minister, the reason why you've got this enormous deficit is because expenditures didn't go up by 38 per cent, the rate of inflation; they didn't go up by 52 percent, the rate of which your revenues increased; your expenditures went up by 72 per cent. At a time when inflation went up by 38 per cent, your expenditures went up by 72 per cent.

Mr. Minister, everywhere I go, the public ask me, what on earth has happened to the money? What on earth has happened to the money? They know they're paying more taxes. They also know that the roads are deteriorating. Health services are deteriorating, waiting-lists have increased ... (inaudible interjection) ... The member from Lloydminster is so determined to be of assistance; he might try dealing with the facts.

Mr. Minister, the public say the taxes have gone up; where on earth has the money gone? My question to you, Mr. Minister, is, at a time when your revenue went up by 52 per cent, when your inflation went up by 38 per cent, Mr. Minister, where has all the money gone, and why do you have these enormous deficits?

**Mr. McLaren:** — Mr. Chairman, I would ask for leave to introduce some students, please.

Leave granted.

## INTRODUCTION OF GUESTS

**Mr. McLaren:** — Thank you, Mr. Chairman. It's my pleasure once again to introduce some students and their teachers and chaperons that have come from outside our borders. They're from the town of Russell in Manitoba. It's the Major Pratt School, and they are accompanied today by their teachers, Wayne Dunham and Jan Shauer; and chaperons, Diane Lovas and Joan Mills. And their bus driver is Mr. Sloan.

I've had the opportunity over the last three or four springs to introduce these students from Russell, Manitoba, and I want to congratulate Wayne Dunham and their teacher for doing just that. We hope you enjoy your stay in the Assembly today and your trip to Regina. I wish you all the best of luck in your exams that are upcoming, and have a good summer holiday.

I would ask all members to please introduce these students and teachers and chaperons from Russell, Manitoba.

**Hon. Members:** Hear, hear!

## COMMITTEE OF FINANCE

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

#### Item 1 (continued)

**Hon. Mr. Hepworth:** — Mr. Chairman, Thank you, and I too would extend a welcome to our guests.

The hon. member's question is essentially this: revenues have gone up X amount and expenditures have outstripped inflation, is what he's saying. And he's right. He's absolutely right.

If you look back over the last nine or ten years, for example, health expenditures over the last ... I'm using numbers because I don't have a chart that is up-to-date for the last 10 years. If I go '81 through '90, health care expenditures are not up by 35 or 45 or 50 per cent — whatever the inflation rate would be for that time; they're up by a hundred per cent.

The story on education — and I'm taking these numbers from last year's budget — the story on education is much the same, Mr. Chairman, nearly double. I remember there was one five or six-year period in education where inflation ran at about thirty-four and a half per cent and yet government spending had gone up by about 61 per cent.

And yet hon. members, the colleague sitting beside the Finance critic has raised in this House: why do we not spend more, yet more in education? And the need for more money. I have acknowledged time and time again that you can always use and spend more money in areas like health and education. Do you see what I'm saying, Mr. Member, is you can't have it both ways.

You see, our spending has been way above inflation in those areas. And it has been because they're important. What did we give in regional colleges this year? —32 per cent increase. Health, something in the order of 10 per cent, well above inflation, double the inflation rate Education, well over the inflation rate.

Now, I'm not saying that they shouldn't have had those dollars. Obviously we felt they should or we wouldn't have put it in the budget. But you see your point is, your logic track is just simply, is ... you're not consistent in your logic track. You can't have it both ways. On the one hand you can't argue for more spending; on the other hand, you can't criticize us for spending well above the inflation rate in these various areas.

**Mr. McLaren:** — Mr. Chairman, I'd once again like to ask for leave to introduce some more students, please.

Leave granted.

## INTRODUCTION OF GUESTS

**Mr. McLaren:** — Thank you very much, Mr. Chairman. It's my pleasure to introduce to you and through you, to all members of the Assembly, 38 grade 4 students from Simpson School in Yorkton. And it's my pleasure to welcome them here this afternoon. I will meet with you a little later on for some refreshments and pictures and the opportunity to answer any questions that you might have from your observation of the Assembly here.

They're accompanied today by two of their teachers, Elgin Strocen and Marlene Trebish and I would hope that you will enjoy the proceedings here this afternoon. And as I said to the students from Russell, Manitoba, I wish you all the luck in your exams and enjoy yourselves, have a

good summer holiday and I would ask all members to please welcome these students from Simpson School in Yorkton.

**Hon. Members:** Hear, hear!

## COMMITTEE OF FINANCE

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

#### Item 1 (continued)

**Mr. Shillington:** — Mr. Minister, you and I could bandy figures around. Suffice it to say that the public are the best judge of what has happened to those services. The public know that the education system is not anywhere near as good now as it was eight years ago. The public know that the health services aren't as good. You talk about health services increasing. Of course they did. You transferred money ... you transferred expenditures from Social Services just to inflate the figures, Mr. Minister. That's what you did.

Mr. Minister, the public are the best judge and the public know that the services have deteriorated, and done so very markedly. Mr. Minister, in most governments it is the Finance minister who is responsible for exercising control and discipline over spending, but that is not apparently true in this case. In the case of this government it seems that the Finance minister is responsible for the excuses.

I don't know how, Mr. Minister, you expect to waste money in the profligate fashion you do by giving ex-cabinet ministers retirement packages in Minneapolis and Hong Kong and expect ordinary public servants, Mr. Minister, to exercise economy and efficiency with the tax dollar. Economy and efficiency, Mr. Minister, begins at the top. And when the cabinet spends like drunken sailors on themselves, Mr. Minister, you can hardly expect the government to operate in an efficient manner. You have to begin, Mr. Minister, by setting an example. Your example, Mr. Minister, is an outrage and it is known to be an outrage from one end of this province to the other.

Mr. Minister, it's the size of the cabinet, it's these obscene retirement packages that they get. Mr. Minister, it's the number of executive assistants. It's the whole gamut of expenditures, Mr. Minister.

Mr. Minister, the reason why your expenditures are running at about twice the rate of inflation is not because you have a commitment to better public services. The opposite is patently true and known to be true throughout the province. The reason, Mr. Minister, why expenditures have so outrun revenues is that you're not exercising any control, just utterly lacking in this government.

Mr. Minister, I want to deal for a moment with taxes, and I want to repeat the plaintive cry of the public with respect to their taxes. There is no question but what taxes have gone up very markedly. The same two books, Mr. Minister — and again I say, deference to Mr. Thatcher: deny, deny, deny — I am using the estimates bearing the signature of your former Finance minister for the years

December 31, 1983 and the current year's estimates.

Mr. Minister, personal income taxes have gone up by 66 per cent, a great deal higher than the rate of inflation. That is largely, Mr. Minister, the flat tax. Sales tax have gone up by 57 per cent, roughly 50 per cent greater than the rate of inflation. That's because the sales tax is roughly 50 per cent higher.

Mr. Minister, the public in this province are complaining and complaining as loudly as they can about their tax bill. Do I take it, Mr. Minister, that with respect to this complaint you're stone deaf, and you don't intend to do a thing about it except to grimly wait till the next election till they get a chance to return the favour?

(1530)

**Hon. Mr. Hepworth:** — Well, Mr. Chairman, there's no question that, as we heard at the pre-budget meetings, the public certainly are not of the view that they can tolerate any additional tax increases. That is why this budget had no tax increases, Mr. Chairman.

But I want to — and I'll return to that in a moment — but I want to pick up on some of the hon. member's earlier observations, where he talked about government and cabinet and this caucus setting an example relative to our own salaries and those kinds of things.

Mr. Chairman, that's exactly what this caucus and this government and this party did three or four months ago once again when I announced, as part of the internal government restraint measures, that the severance packages for government MLAs would be modified, that ministers' salaries would be rolled back. And I challenge that hon. member to tell me and this House and the public of Saskatchewan if he rolled back his salary. I know I signed a form saying roll back my salary.

But has he shown any leadership? Did he become part of the solution, Mr. Chairman? I challenge him to stand here today and tell this House whether he or his leader, who receives a special stipend for being the Leader of the Opposition, whether the whip sitting beside him rolled back his salary. I challenge each and every one of them to say whether they rolled back their salaries, Mr. Speaker, because I know I did and it's this caucus and this party and this Premier and this government that's shown leadership in this area.

I'm also the first to recognize that while those measures are important, in terms of real dollars, they don't bring in a lot of money. But certainly it's good political fodder, and if it's important for us to set an example, we have done and we will continue to do so in the future. And I challenge that member there to set forth the NDP view on this, because the silence has been deafening, Mr. Chairman.

Additionally, Mr. Speaker, when he says we are out of control, I say to you, Mr. Chairman, precisely the opposite is true. Because we recognize that if we were to spend more on health and education and agriculture and because we didn't want to raise taxes, that's why we cut back or held at zero or even in some cases eight or nine

departments, we cut their budgets by 10 per cent; 22 departments in all had their budgets either held at zero or substantially decreased so that we could find money for health and education and agriculture. Grants and rebates were eliminated where we could, Mr. Chairman, so we'll have 300 millions of dollars in savings to the taxpayers over the next two years.

But you see, Mr. Chairman, this member here has fallen into the typical trap — the dilemma that exists out there. While we've been in this estimates today he has argued, no tax increases, decried the spending on health and education and said there should be more spent there, and at the same time has argued for a lower deficit. You see there is the dilemma. You can't have a lower deficit, more spending, and no tax increases, Mr. Chairman. They simply are not compatible.

It's very good to pick one of them by themselves at each point in time and make the case, but when you put them together you can't have it all ways. You can't say more spending in education over and above the six and a half per cent that was in this year's budget — 30 per cent for the regional colleges, distance education; 6 or 7 per cent to universities and the technical institutes. You can't say more spending there.

And then we've heard the chorus of cries from virtually every one of the opposition members about the cut-backs that occurred in these various areas. Spend more here, don't cut back there, don't raise my taxes, and don't run a deficit. You see, there's no solution in that. That's the dilemma we face.

And I ask the hon. member to join with this minister, with this Premier, with this party, with this government in coming up and meeting the challenges, Mr. Chairman, that faces, and meeting them in a very real way.

You can flip out their favourite menu: Future Corporation, Mr. Taylor's salary, whatever you want. But when you really examine them in detail, as I said earlier, they wouldn't pay the health care bill for 10 hours, Mr. Chairman. That's the reality, Mr. Chairman.

So I say, join with us as we continue to put together what will be a realistic and real financial plan for the 1990s and beyond, Mr. Chairman.

**Mr. Van Mulligen:** — Thank you, Mr. Chairman. Mr. Minister, I would like to join with you and I think colleagues on this side of the House would like to join with you. You're discussing the complicated process of reducing the deficit over the years. Indeed this is a problem.

The solution to any problem I think begins with an understanding of the problem, and one way that the public of Saskatchewan might better understand the problem before us is to have a more accurate and complete accounting of the government's financial statements.

You will know, Mr. Minister, that over the years the Provincial Auditor has indicated that the government carries out its mandate through a number of legal and

accounting entities including Crown corporations, boards, agencies, commissions, and funds; that most of these entities provide separate financial statements; and that while these separate statements for these separate entities aid in understanding of the individual entity, they do not aid in providing what he says is an understandable overview of the entire activities of government.

And he states that to fully understand the financial position and economic activities of the Government of Saskatchewan, a financial statement showing a complete picture of what is owned, what is owed, the source of revenues and the nature of expenditures, is required. He refers to these as summary financial statements. He's been making that recommendation for a number of years, a recommendation that he feels is fully in accordance with the recommendations of the Canadian Institute of Chartered Accountants.

My question to you, Mr. Minister, since you've been studying this matter since 1984, my question to you is: when might we expect summary financial statements for the public so that they might better understand the financial problems and situation in the province of Saskatchewan?

**Hon. Mr. Hepworth:** — Mr. Chairman, I or my officials continue to actively monitor the research and the recommendations of the Canadian Institute of Chartered Accountants and to provide our input, but I think it's safe to say that there's still a lot of discussion that must go on as to what information should be reported in such statements. And that kind of discussion will continue to go on, Mr. Chairman.

**Mr. Van Mulligen:** — Mr. Chairman, Mr. Minister, if you're waiting for some definitive guide-lines for reporting, I think that you and your officials will be disappointed. These guide-lines and standards will evolve and change over the years, as knowledge about reporting becomes clear and concise for groups such as the chartered accountants.

My question wasn't to ask you what problems you've had in achieving the implementation of this; my question was: when might we expect an implementation of summary financial statements? For you to say that we're continuing to study the matter and trying to understand all the complexities and difficulties, again I hearken back to a previous comment made by my colleague, the member for Regina Centre, in a different context where it seems that the whole army is out of step except you.

The B.C. government very clearly publishes a summary financial statements. The Alberta government provides summary financial statements. The Manitoba government, I understand, has made ... undertaken initiatives to provide summary financial statements. In fact, all provinces in Canada say they provide summary financial statements.

Now it's recognized that some provinces such as Ontario, although they say they provide summary financial statements do not in fact provide statements that are much clearer than those now provided by the Government of Saskatchewan. But the fact remains that

many provinces are aspiring to that objective and some have made substantial moves in that direction; certainly B.C. and Alberta have and Manitoba's also doing the same.

So I guess my question is that if you really want to provide a complete picture for the people of the province of Saskatchewan of the financial situation in Saskatchewan, why don't you provide them with the summary financial statements that are now being provided in many other provinces?

**Hon. Mr. Hepworth:** — Well, Mr. Chairman, it is true, at least to some degree, that some other provinces do do their accounting differently. My understanding is — unlike the hon. member's — B.C., Alberta and P.E.I. would be those provinces. And as to when we might change our format, obviously as I said before, we are of the view that we need yet further discussion and more questions yet answered, more information that has to be shared, so I don't know as I want to be handcuffed by a time because I don't know how long those discussions will take, Mr. Chairman.

**Mr. Van Mulligen:** — Well, Mr. Chairman, Mr. Minister, I don't know of any government in Canada, I don't know of any government in Canada that I think needs to move with greater speed and urgency in publishing summary financial statements than the Government of Saskatchewan. This is a government, that in the course of eight years, has run up a deficit that simply staggers the imagination. To borrow a phrase from the '60s, it blows the mind, Mr. Minister. It blows the mind: 4.4 billion dollar accumulated deficit and growing. We have seen credit ratings for the Saskatchewan government plummet, plummet in recent years. If there was ever any greater imperative or any greater urgency to provide these summary financial statements, it's now.

Mr. Minister, for you to get up and provide excuses and to say that we continue to study the problems is a sure sign of the problems that we're in, and that is that you refuse to essentially deal with the problem. And again, to deal with the problem requires a complete accounting in the first instance; you're not doing it.

And again can I ask you to just be a little bit more specific than you have been. You say you're continuing to study. Might we expect summary financial statements next year? Might we expect them the year after that? What is your timetable? What is your plan, Mr. Minister?

**Hon. Mr. Hepworth:** — As I said earlier, I can't give you a precise time. We'll be looking to have further discussions as I mentioned earlier.

**Mr. Van Mulligen:** — Well I'm sure that the taxpayers of Saskatchewan will be resting a lot easier tonight, Mr. Minister, knowing that, notwithstanding a \$4.4 billion accumulated deficit, knowing that credit ratings for the province are plummeting, that you're studying the question of whether or not there should be a more complete accounting of the problem for the people here at home. I'm sure that they'll be sleeping better.

Mr. Minister, I just want to turn to another concern that

the auditor has raised now for a number of years since, I believe, 1976 ... or no, since 1985. And this is the question of supplementary information.

You will know that the *Public Accounts* of the province provide a complete listing of all payments made by departments where — these are wages and salaries over \$20,000 and payments to suppliers over \$10,000 and travel, I believe, over \$2,000 — that that information is provided for every department of the government.

(1545)

Now in 1975 the Standing Committee on Public Accounts recommended to the Legislative Assembly, and the Legislative Assembly agreed, that the government, in addition to providing this information on a departmental basis, should also publish a supplementary volume to give an analysis of payments on a government-wide basis.

That is to say that if a supplier received \$5,000 from one department, that wouldn't be reported. If he received \$5,000 from another department, that wouldn't be reported. If he received a further 5,000 by a third department, that wouldn't be reported. But this recommendation, which was adopted by the Assembly, suggested, no, there should then be further accounting to show that a certain supplier had received in excess of \$10,000.

Now this information was provided to the Legislative Assembly and to the people of Saskatchewan from 1976 through to 1984. And this volume now has not been tabled since 1984.

My question to you, Mr. Minister: why hasn't it been provided since 1984?

**Hon. Mr. Hepworth:** — Mr. Chairman, members of the committee, expenditures by payee by department are provided in volume 3 of the *Public Accounts*. Volume 3 information is similar to that which was provided in the supplementary volume, except that totals are at a departmental level rather than at a total government level. And as was within their mandate, treasury board approved the three volume format for public accounts.

**Mr. Van Mulligen:** — Mr. Minister, I think you and your government are in contempt of the Legislative Assembly. I think you hold the public of Saskatchewan in contempt.

It's very clear that the Legislative Assembly adopted a motion that said that aggregate information in addition to departmental information should be provided, should be made public. And this was done from 1976 through 1984. And you've stopped doing that. Why have you stopped doing that?

**Hon. Mr. Hepworth:** — I can only respond with the same answer. The format is different; the information is there, as was within treasury board's mandate to provide that information in that format.

**Mr. Van Mulligen:** — Well, Mr. Minister, any one watching at home must be asking themselves: is it live or

is it Memorex? Because they've heard all these excuses and non-answers from your predecessors — from Bob Andrew, from the member for Qu'Appelle Lumsden — as to why it wasn't in the public interest to provide a full accounting.

And you stand up again with non-answers, non-answers to simply say yes, this is the way we're doing things, but refuse to answer the question why; on an important point of policy, refuse to tell the public why this information can't be forthcoming.

I want to give you a further opportunity, Mr. Minister, to make it clear to the people of Saskatchewan. In light of an accumulated \$4.4 billion deficit — which by anyone's reckoning is a major problem for the public of Saskatchewan — in light of this deficit, in light of plummeting credit ratings, why are you suppressing, why are you hiding essential information about your spending? Why are you doing that?

**Hon. Mr. Hepworth:** — Mr. Chairman, we are not withholding information. We are providing what is required. Obviously the hon. member disagrees with the format.

I disagree with the use of his adjective, plummeting, when he talks about our credit ratings. Obviously we are disappointed that our credit rating was lowered, but I think plummeting is hardly the right adjective when those ratings are still very, very respectable by many, many measures — A's and AA-'s, Mr. Chairman, I think still ... and based on the market, the real test. You can assign letters to your credit rating but the real test is the market-place. And we've been into the market in a very substantial way since our credit rating was lowered and our bond offerings were very well accepted by the buying public, the institutional buyers, Mr. Chairman.

And I think that speaks well for Saskatchewan's reputation and those who handle our finance and debt management in that area, Mr. Chairman.

**Mr. Van Mulligen:** — Well whatever adjective you want to apply, Mr. Minister, and if you want to refer to it as the water-torture test, drop after drop after drop, the fact of the matter is that Saskatchewan's fiscal situation is far from being acceptable to the people of Saskatchewan. It's not even acceptable to you. You've finally recognized we have a problem and we're going to turn it over to some people to look at. Whatever limitations there might be in that approach, at least you recognize there is a problem.

Now I want to just turn your attention again to this question of supplementary information. What is that you're trying to hide? Why are you hiding information? Why can't you provide the information as it was being provided up to 1984?

And if you take the position that you will not provide this information, can I ask you when you might change the motion that is still on the books, that's still before the House, to change that so as to make it clear that that information will not be forthcoming again, ever.

**Hon. Mr. Hepworth:** — Mr. Chairman, we're not hiding

information. As I said earlier, expenditures by payee, by department, are provided in volume 3 of the *Public Accounts*. Volume 3 information is similar to that which was provided in the supplementary volume, except that the totals are at a departmental level rather than a total government level.

It seems to me one could argue that that is even greater accountability, instead of providing global numbers. And I think the conclusion one could honestly and fairly draw is that certainly we are not hiding information.

**Mr. Van Mulligen:** — How disappointed the taxpayers of Saskatchewan will be, Mr. Minister, in reviewing the transcript of this exchange because you've acted no differently than your predecessors, attempting to hide and deny information, attempting to keep secret information which had been provided in the past, giving the same old sorry excuses and non-answers to justify your unaccountability.

I think it's a sad day for Saskatchewan taxpayers, Mr. Minister, that notwithstanding the great hopes that they had last fall when you were appointed that there might be a difference now, that it signalled some difference in this government's attitude towards taxpayers' dollars. You've confirmed today that the attitude is still the same. Secretiveness, unaccountability and hide information from the public — that's what it's all about.

**Mr. Shillington:** — Mr. Minister, I just want to say with respect to the very pertinent questions of my colleague for Regina Victoria answered, when you disregard a resolution of this legislature to provide those statements, as you are, you are being contemptuous, not just of the opposition, you are being contemptuous of the legislature. Mr. Minister, when you arrogantly stand in this House and avoid fair questions as to why the taxpayer isn't entitled to this information, you're being contemptuous of the public. And you seemed unconcerned, Mr. Minister, by the fact that with respect to the public, at least, that feeling is now mutual.

Mr. Minister, I want to ask you a question which I am asked from one end of this province to the other. People point out to me, Mr. Minister, that when you took office the total accumulated debt of this province was \$3.3 billion. It is now in excess of \$13 billion. During that period of time, you have been selling off assets. Where, Mr. Minister, has the money gone? I am asked that question from one end of this province to the other. How can you go from a \$3 billion deficit to a \$10 billion deficit, sell off assets? Mr. Minister, where has the money gone?

**Hon. Mr. Hepworth:** — Mr. Chairman, the hon. member asks, where has the money gone? If one looks at ... really what he's asking is what are the priorities of the government in terms of spending? And certainly if one looks at the budget that was delivered in this legislature three months ago or so and you look at a particular chart there that talks about the change in government program spending, it clearly shows where the money went, where the additional spending was, where the large spending was, where the new spending was. And those areas are Education, Agriculture, Health, and other. All those show a bar graph with the numbers ranging up as high as nearly



\$150 million in the case of Health, and the rest of government, if you like, showing a decline. And that is a conscious decision by this government.

We are of the view that Health, Education, Agriculture are and were and continue to be the priorities of the people. And that's where we're spending the money: 1 out of every \$5 is spent on education; roughly one out of every three of the taxpayers' dollars is spent on health — substantive sums.

And I also ask the question in the budget, whether it relates to Health and Education, Health or Education, those large spending departments, the issue that we are going to have to face, the question that taxpayers are going to have to face is: can we afford double digit increases in these large spending areas?

The taxpayer is of — as the hon. member has stated — are increasingly of the view that they have no more to give, and yet their expectations of service certainly do not come down. It raises the whole question of value for their dollar.

These are complex and difficult areas, and I'm firmly of the view that the only way we're really going to tackle government spending overall, any meaningful way, is to engage the public in the largest possible way in making what are going to be some very difficult decisions, Mr. Chairman.

**Mr. Shillington:** — Mr. Minister, I only wish there were some element of truth in what you just said. I dearly wish there were some element of truth. I wish, Mr. Minister, health services were better, but they're not. They are patently worse. And everybody knows it. Everybody in this province knows that health services have deteriorated.

My colleague from Regina Lakeview has given you endless number of examples, endless number of examples, Mr. Minister.

Mr. Minister, everybody in Saskatchewan knows the highways, not just health, but the highways have deteriorated. They are worse. Mr. Minister, everybody knows that the quality of education in this province has deteriorated to a degree which is scandalous. My children are not getting as good an education as I did when I was their age. The quality of education has deteriorated.

Mr. Minister ... (inaudible interjection) ... Yes, indeed, it certainly is. Mr. Minister, we have gone from having a total debt of \$3 billion, much of it accumulated to provide power to this province, much of it in SPC (Saskatchewan Power Corporation); we've gone from having a \$3 billion total deficit to \$13 billion deficit.

Mr. Minister, during that period of time you have sold off assets; quality of services have deteriorated throughout the public sector. The question remains, Mr. Minister, what on earth have you done with all the money? And if you cannot come up with some excuse which is a little less crippled than the one you just gave us, Mr. Minister, then you're not worthy of being Finance minister.

I ask you again, Mr. Minister, what have you done with the money when the debt has tripled, you've sold off assets, and the quality of public services in this province have deteriorated very markedly? What have you done, Mr. Minister?

**Hon. Mr. Hepworth:** — Well as I said earlier, Mr. Chairman, the money is being spent in priority areas: 1 to \$5 in education, 1 to \$3 in health; social services and justice are other large areas, Mr. Chairman. And that is as people would expect ... (inaudible interjection) ... And the hon. member for Cumberland raises the question of interest rates — sorry, Athabasca, sorry about that — raises the question of interest rates. Certainly that's been another very troublesome area.

The hon. member also talked about the quality of education. I think the word he used is "scandalous". I think he's overstating by a fair degree there, Mr. Chairman. I don't think 12,000 teachers across Saskatchewan agree with him. I don't think several thousand trustees would agree with him. I don't think university professors would agree with him, Mr. Chairman.

But even so, there is an example that we can talk about where the spending has far outstripped inflation. A minute earlier today he was decrying this government for spending far above the rate of inflation. One of the areas where the spending has been probably double the rate of inflation is education, and he somehow is of the view that the quality has gone backward.

And so then I ask the hon. member, Mr. Chairman, if we're spending \$888 million in education today in Saskatchewan, how much should the spending go up? Should it be 1.2 billion, 1.3 billion, and if so, where will the money come from? Does the taxpayer want to pay more? Can we cut back in other areas of the budget? Three or \$400 million or even 100 or even \$20 million is very difficult to find in cutting back in other areas, Mr. Chairman.

In the kindergarten to grade 12 area, Mr. Chairman, spending over this last decade has virtually doubled and there are less children in our schools today than there were a decade ago.

(1600)

**An Hon. Member:** — Fewer.

**Hon. Mr. Hepworth:** — Fewer.

**An Hon. Member:** — What's wrong with your English?

**Hon. Mr. Hepworth:** — The hon. member for Lakeview asked me: what is wrong with my English? I guess maybe the education system 25 years ago wasn't as good as it is today, Mr. Chairman.

But I use the member's own example to show that an area like education — spending has far outstripped inflation. And yet the hon. member says, spend even more, but don't let the deficit go up and don't raise taxes. You see,

that's no answer, Mr. Chairman. We need to have a serious investigation. I mean he threw up a few examples earlier of Future Corp and some salaries and those kinds of things, but as I pointed out to him then, that would maybe run the health care system for 10 or 20 or 30 hours. These really aren't serious suggestions. They make good political fodder, Mr. Chairman, but they really don't get at the heart of the issue.

Stand in his place and tell us — if \$888 million isn't good enough in education, tell us what you want spent and where you'll get it. And then I'll look at that proposal.

**Mr. Shillington:** — Mr. Minister, you are hapless enough with dealing with your own department; I do not intend to ask you to deal with somebody else's department. You're doing a bad enough job dealing with Finance; I won't get you into Education.

My colleagues from Saskatoon dealt with Education, advanced and ordinary, and did so very competently. If you had been in the House, Mr. Minister — I do not know if you were or not — you might have known where spending priorities in education are. That's not my point. My point is, Mr. Minister, the debt has gone from \$3.3 billion. You have been selling off assets and public services have been deteriorating. Thus it is a fair question, Mr. Minister: what happened to the money?

I'll tell you what's happened to the money. It has been squandered — squandered in one idiotic direction after another. Mr. Minister, among the worst examples of your spending are your ludicrous industrial development projects.

Mr. Minister, we were outraged a few years ago when you decided to give \$20 million to Peter Pocklington, a man whose financial problems were that very month a feature article in the *Maclean's* magazine; talked about the Royal Bank having difficulties with Mr. Pocklington. At that time you give him \$20 million. We were outraged by it, as well we should have, Mr. Minister. And you have not to this day given us any details about that. Far be it from you to lower yourself to give us any facts.

Mr. Minister, that turned out to be peanuts besides what you've done since then. Weyerhaeuser, Mr. Minister. Cargill. Cargill is an outrage. My colleague, the member from Moose Jaw North, tells me that he has asked business men in Moose Jaw: if I give you \$3 million, can you create a job? Most of them think they could, with \$3 million.

The point is, Mr. Minister, as an industrial development project, those jobs are obscenely expensive. For close to \$400 million, we're getting a hundred-and-some jobs. We just simply cannot, Mr. Minister, create jobs at that expense.

One of the places, Mr. Minister ... one of the answers to the question, where has the money gone — the money has gone in one fool's project after another. Peter Pocklington. Guy Montpetit and your famous computer project. Weyerhaeuser. Supercart. Joytec.

Mr. Minister, the list goes on and on and on of one

hare-brained scheme after another for industrial development, almost all of which have got into financial difficulty. There have been some examples, but almost all of your industrial development projects have turned out to be insane, and should have been seen to be insane when you were getting into them.

Mr. Minister, that is a big part of where the money has gone. The money has also gone, Mr. Minister, because patronage was a corner-stone of this government from its very inception. Mr. Minister, patronage is normally a sign of old age in a government. When a government has been in office too long, patronage begins to creep in. From the very day you took office, Mr. Minister, patronage was a central feature of this government.

I have no idea how you thought governments operate. But you seem to see government, Mr. Minister, as one long trough at which the Tories now had an opportunity to fill their faces and fill and fill and fill. That's what you seem to see government as.

Colin Thatcher complained about the unnecessary number of ministerial assistants, and this is a direct quote, "at obscene salaries." Even your own ministers complained about it, Mr. Minister.

You have opened up trade offices for no purpose other than to give cushy retirement jobs to ministers. Your ministerial assistants, Mr. Minister, are some of the best paid in Canada. It's an incontrovertible fact. Your offices are more expensive, Mr. Minister. Your travel is lavish. I could go through all of the areas of government but I will not, Mr. Minister.

Suffice it to say, where has the money gone? The money has gone in deficits, deficits which were unnecessary, deficits which came into being the day you took office because of an irresponsible election campaign in 1982 and have gone straight upward ever since.

Where has all the money gone? Well the money's gone to one hare-brained industrial development project after another. If it isn't Guy Montpetit selling you computers that were outdated years ago, it is somebody else selling you people on a packaging factory in Swift Current which is a product which has not yet been accepted in the market that it needs to be — the U.S. — before it can be successful.

Mr. Minister, the money has gone to Cargill; the money has gone to Weyerhaeuser, Mr. Minister, to Peter Pocklington. Mr. Minister, that's where the money has gone. The money has gone to patronage because you run the most patronage-ridden government in Canada. There's been no question of that, Mr. Minister. That is one area where you are truly world class.

Mr. Minister, it's gone to hare-brained industrial development projects. And the government that succeeds you is going to be a long time cleaning up some of those messes. And it's gone to deficits which were unnecessary and were a direct result of bad management. That, Mr. Minister, is where the money went.

**Hon. Mr. Hepworth:** — Well, Mr. Chairman, and

members of the committee, the hon. member obviously doesn't like our economic development and diversification strategy. I don't suppose I expect him to say that he likes it. He was part of that group that in the '70s nationalized everything that moved. Not many jobs were created when we bought out the potash mines that were already in existence in this province, Mr. Chairman.

And he may not like the strategy that we've embarked upon in the '80s and will continue on through the '90s, Mr. Chairman. He may not like that. His party may not like that, who have the blinkers on and who are still hooked to the past and who cannot and will not change even though the entire world around them is changing ... (inaudible interjection) ... I know the hon. member from Lakeview cannot accept that there must be changes in health care, and the Murray commission will form the blueprint for those changes. I know that she cannot stand to make those changes.

But, Mr. Chairman, I say to you and members of this committee, we will drag the socialists into the 21st century dragging ... we'll drag them screaming and yelling if we have to, but the 21st century is coming and they might as well accept that. Change is a reality. There's no sense going on thinking that you can just nationalize everything and that that will be your entire economic development and diversification strategy.

Mr. Chairman, the reality is the NDP do not have an economic diversification strategy. In the 65 days or so that we have been sitting in this legislature, and in the time before we sat in this legislature, I asked all members of this legislature, have you heard one member of the NDP stand up and articulate what their economic development and diversification strategy is? Have we heard the Leader of the Opposition? No. Have we heard the Finance critic, Mr. Chairman? No. Have we heard the critic for Economic Diversification? No.

What have we heard, Mr. Chairman? We've heard them say, yes, that community bonds idea for economic development at the community level in diversification is a good idea, so good in fact, Mr. Chairman, that that Bill went through here in a matter of nanoseconds.

And the reason it did is because the opposition knew that that is an excellent tool to help diversify this economy. And there wasn't one objection raised to it, Mr. Chairman, because that's another part of our diversification strategy that is right on the money. If it was so bad, Mr. Chairman, and Mr. Critic, why not one question? Why did it go through in a matter of nanoseconds? Why is that the case?

Mr. Chairman, they may not like our economic diversification strategy, but at least we have one. They may not like our strategy, Mr. Chairman, but at least we have one. And where community bonds is the answer, that is what will be used. Where it's joint ventures — whether it be with the Indian bands, with the co-op, with the Federated Co-ops at the upgrader, with Husky and an upgrader, or the wheat pool at the malt plant — we will join hands in joint ventures, even when it has to be a Crown corporation to get the job. We are not blinded by any ideology. We set up the Saskatchewan Water

Corporation, a Crown corporation to manage water resource in this province. And where it makes sense to privatize, like the potash corporation, and put it back with the people, including the employees, we have done so.

So what I'm saying to you, Mr. Chairman, and the members of the committee, we are not blinded. We picked the tool that's appropriate to the job: community bonds, joint ventures, partnerships, letting the market-place work where and when, as always will be the case, Mr. Chairman.

And this member opposite, he may not like it. He may not like our strategy, but the one problem that the NDP must wrestle to the ground if they ever hope to gain power is: you must come to face, you must face the reality that your party has never been able to come to grips with wealth creation. You are very good at wealth distribution, but you have never come to grip with the other part of the equation — wealth creation.

That's why I say, Mr. Chairman, has anybody over there articulated one line of economic diversification strategy? Have you ever heard an NDP talk about wealth creation? Have you ever heard the NDP talk about wealth creation? Not one word. In fact I think wealth creation is a four-letter word in the mind of the socialists.

What we hear from them is what they're against, and they're awful selective in what they pick to be against, Mr. Chairman. They always raise Cargill and Weyerhaeuser, the old saws.

You see, Mr. Chairman, they're really ... the members from Moose Jaw aren't really against Cargill. We've seen that in the local media. They're not really against them. But you see, the members, the socialist cabal opposite are so tied up in their ideology, so hung up in the past that they can't shed those socialist tenet that says, I must be against anything that's U.S., I must be against anything that's multinational and vertically integrated. And so if it's U.S., vertically integrated and multinational, right away I'm against it.

(1615)

You see, they can't cast off their old notions, Mr. Chairman. We will go into joint ventures where necessary with multinationals, with Indian bands, with Husky, with the Co-op, with the wheat pool, and we will facilitate community bonds across this province because we believe in the people, we believe in the communities, we believe in economic diversification.

You may not have a plan, you may not like ours, but I tell you, Mr. Chairman, we have a plan; it is working; our economy is being more diversified.

Obviously we've had some projects that didn't go as well as we would like, Mr. Chairman, but I challenge the opposition critic to use this opportunity to articulate the New Democratic Party economic diversification plan, because we haven't heard anything to date, Mr. Chairman, and that's a fact.

**Some Hon. Members:** Hear, hear!

**Mr. Shillington:** — Mr. Minister, I'm going to let the facts speak for themselves. When the CCF (Co-operative Commonwealth Federation) government of Tommy Douglas took over in 1944, this province, this government was bankrupt. They left, Mr. Minister, with Saskatchewan people in 1964 and joined the highest income in Canada.

The government of Allan Blakeney took over, Mr. Minister, in similar circumstances after a government which promised to be open for business, took over in a very difficult circumstances, and left what was often described as the best managed province in North America. I'll let the facts speak for themselves, Mr. Minister.

**Some Hon. Members:** Hear, hear!

**Mr. Shillington:** — Mr. Minister, in the brief period of time remaining I want you to address yourself ... Mr. Minister, when we had interim supply in May, I suggested to you that the amount of money you were taking from the Crown investments corporation was irresponsible. I said \$310 million is not something that can be sustained. I recall accusing you of taking in the proceeds of the sale of the potash corporation.

I was wrong. You didn't make money selling the potash corporation; you lost it. It appears I was wrong. I admit. You sold the potash corporation at a huge loss. I didn't anticipate you doing that. I didn't anticipate one of the world's best mining companies to be sold at a loss. What it appears you did, Mr. Minister, was take the proceeds from the sale of SaskEnergy. As a result, SaskPower, Mr. Chairman, got a qualified financial statement. I bet it's the only Crown corporation in Canada that got a qualified financial statement.

Mr. Minister, my concern about whether or not the \$300 million was unrealistically high was in fact repeated by the Dominion Bond Rating Service. In giving the reasons why your rating was lower, my colleague used the word plummet — perfectly proper word. I defy you to point to another example in the last half century in Canada where a Canadian government's credit rating has been lowered as quickly or as often as this one has. I defy you to point to another example where that would have happened in the last half century.

Mr. Minister, the Dominion Bond Rating Service in lowering the credit rating had this to say about the \$310 million dividend:

Revenue includes a \$310 million expected dividend from Crown Corporations, versus 200 million last year. This amount is not sustainable in the long run, since it exceeds our estimated earnings of (the) Crown Corporations.

How, Mr. Minister, can you pretend it is responsible to take a \$310 million dividend from the Crown corporations when they aren't making that much?

Mr. Minister, you said in developing the province of Saskatchewan that you're not blinded by ideology. Well,

Mr. Minister, I'll tell you, no one has ever accused you people of being blinded by fiscal responsibility either.

**Some Hon. Members:** Hear, hear!

**Mr. Shillington:** — And there is no better example, Mr. Minister, of your lack of fiscal responsibility than a \$310 million dividend from companies which aren't making that much. You are clearly dipping into the retained earnings, something that is just basic irresponsibility.

Mr. Minister, will you admit that the Dominion Bond Rating Service are accurate, the \$300 million is not sustainable, and that your actual deficit ... that your actual fiscal position is a good deal worse than it is stated to be?

**Hon. Mr. Hepworth:** — Mr. Chairman, as I've said in this House before, we are obviously concerned about having our credit rating downgraded. It did not come particularly as a surprise. We were naturally disappointed as ... and I said earlier, concerned. But given what's been happening in our economy, particularly the agriculture sector which I think all of the rating agencies acknowledge, and what we've had to do, what that's done to our economy and what we've had to do to back up farming, which we don't apologize for, whether it's production loans or spring seeding loans, that too has added to our debt.

But having said all of that, Mr. Chairman, I think it's important to keep it in perspective. The market-place is ultimately the determinant as to what these downgrades mean. Rating agencies, as is their job — and I think they're generally respected for doing it and provide useful information to institutional accounts and others — can assign numbers and letters, but at the end of day it's the market that really gives the true report card.

And even since our downgrade, we've been to the market just ... I think a week ago now if memory serves me correctly, about a week ago. In fact, we went into the market for 10-year money, \$200 million worth of bonds. We were able to place it at around eleven and a quarter per cent. In fact, the market was very receptive to that offering and we ultimately put out 250 millions of dollars worth of bonds with an eleven and a quarter per cent coupon. Mr. Chairman, I think that says that not only is our paper still highly regarded, but that the market-place was aggressively seeking it out, Mr. Chairman.

So naturally we're disappointed, we're concerned, not overly surprised. And certainly there are good reasons in so far as why the economy has been hard hit when you look at what's been particularly happening in that agriculture sector in the last two or three years, Mr. Chairman.

**Mr. Shillington:** — Mr. Minister, I want to give you yet another example of this government's atrocious waste and mismanagement.

Right now, Mr. Minister, as I was speaking, I got three annual reports. The 1986-87 annual report for the Public Service Superannuation Plan, the '87-88, the '89-89. How on earth, Mr. Minister, do you expect ... with information coming three years late, how on earth do you expect your

government to do a proper job of management, and how on earth do you expect us to do a proper job of calling you to account.

What earthly excuse, Mr. Minister, can there be for delivering annual reports three years late?

**Hon. Mr. Hepworth:** — Mr. Chairman, I think the hon. member makes a good point. I think we rightly deserve some criticism here. This is something that the departmental officials are aware of, and hopefully we won't have to see this situation repeated again, Mr. Chairman.

**Mr. Shillington:** — Mr. Minister, I have one more short question after you benefit from the advice being given to you. Mr. Minister, I've one more short question. Mr. Minister, with respect to increases ...

**An Hon. Member:** — Can we have the minister's attention, please.

**Mr. Shillington:** — I don't know whether the minister is capable of listening to these estimates or whether he'd rather engage in the tomfoolery, Mr. Chairman, he's engaged in now. I'd suggest, given the sums involved, Mr. Minister, it might not be a bad idea for you to pay some attention to your own estimates and stop all the tomfoolery.

Mr. Minister, my final question, Mr. Minister, has to do with the public service superannuation. I recall them getting an increase, but it is less than the rate of inflation. Mr. Minister, I wonder how you justify giving a 4 per cent increase to your own executive assistants who are very well paid, and giving far less than that, Mr. Minister, to the retired public servants.

**An Hon. Member:** — Who's speaking for them?

**Mr. Shillington:** — Who is speaking for them, Mr. Minister, as my colleague says. You gave your own executive assistants 4 per cent but you've got a lot less than that for the retired public servants. Why, Mr. Minister, do they not get, as your own cronies seem to, a figure which is at least equal to if not better than the rate of inflation?

**Hon. Mr. Hepworth:** — Relative to superannuates for '89-90, as has been the practice as I am advised in years past, 60 per cent of CPI (consumer price index) has been maybe not the rule, but the practice. And this year the average increase overall was 60 per cent of CPI. But how we distributed that 1.856 millions of dollars was based on their income, which I think was quite a reasonable approach.

And so what that meant, if the income of the superannuate was 35,000 per annum or greater, the increase they received was 1 per cent, whereas if somebody's income was less than \$5,000, they received 4.4 per cent. And it was scaled down in about \$5,000 increments I think from there — between 35,000 and 5,000 — with the idea to give more to those at the lower end of the income scale and less to those who were making \$35,000 and above. And I think even you, in true

socialist fashion, would agree that that's probably a pretty reasonable approach to take, Mr. Chairman.

**Mr. Shillington:** — Mr. Chairman, those are my questions as far as I'm ... and I have no questions on any subvotes. As far as I'm concerned, the matter can be dealt with in a summary fashion as we've been doing.

Item 1 agreed to.

Items 2 to 8 inclusive agreed to.

Item 9 — Statutory.

Items 10 to 13 inclusive agreed to.

Item 14 — Statutory.

Items 15 to 30 inclusive agreed to.

Items 31 to 34 inclusive — Statutory.

Item 35 agreed to.

Vote 18 agreed to.

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

Items 1 and 2 — Statutory.

**Consolidated Fund Debt Redemption,  
Sinking Fund and Interest Payments  
Finance  
Vote 175**

Item 1 — Statutory.

**Vote 176**

Item 1 — Statutory.

**Vote 177**

Item 1 — Statutory.

(1630)

**Supplementary Estimates 1990  
Consolidated Fund Budgetary Expenditure  
Finance  
Ordinary Expenditure — Vote 18**

Item 1 agreed to.

Vote 18 agreed to.

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

Item 1 agreed to.

Vote 12 agreed to.

**Supplementary Estimates 1990**

**Saskatchewan Heritage Fund Loans,  
Advances and Investments  
Resources Division  
Finance  
Vote 64**

Item 1 agreed to.

Vote 64 agreed to.

**Consolidated Fund Loans, Advances and Investments  
Municipal Financing Corporation of Saskatchewan  
Vote 151**

Item 1 — Statutory.

**Mr. Chairman:** — I'd like to thank the minister and his officials.

**Mr. Shillington:** — I'd like to join you, Mr. Chairman, in thanking the officials for having attended today and assisted us in these deliberations.

**Hon. Mr. Hepworth:** — Mr. Chairman, I too would like to thank my officials for their help today and in the months that I've held the portfolio, and I look forward to working with them through the rest of this decade and maybe into the next decade. Thanks too to the critic and his colleagues for their part in the examination of the estimates of the Department of Finance on behalf of the public and taxpayers of Saskatchewan, Mr. Chairman.

**Some Hon. Members:** Hear, hear!

The committee reported progress.

**COMMITTEE OF THE WHOLE**

**Bill No. 27 — An Act to amend The Labour-sponsored  
Venture Capital Corporations Act**

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

**Hon. Mr. Hepworth:** — Thank you, Mr. Chairman, members of the committee. Behind me is Nancy Wright, a tax analyst with the Department of Finance; and to her left, Kirk McGregor, director of tax policy; and to my left, Art Wakabayashi, deputy minister of Finance.

Clauses 1 to 6 inclusive agreed to.

The committee agreed to report the Bill.

**Bill No. 38 — An Act to amend The Municipal Employees'  
Superannuation Act**

Clauses 1 to 16 inclusive agreed to.

The committee agreed to report the Bill.

**Bill No. 35 — An Act to amend The Income Tax Act**

**Clause 1**

**Mr. Kowalsky:** — A question to the minister regarding

some possible changes to this Act, to The Income Tax Act.

Mr. Minister, with respect to the long-standing agreement between Germany and Canada about the income tax that is not to be charged by those pensioners who are receiving pensions from Germany, this year because of the way you implemented the 2 per cent flat tax, they were forced to pay a flat tax on pensions earned and being received from Germany and which were paid to in Germany.

I'm wondering whether you're making any provision for these people in Saskatchewan to receive the money ... is there any way that they can receive it back? Is there any way that they can apply to your department so that they don't have to pay this tax? Is there a provision in this Act or are you making other provisions for that to be taken care of?

**Hon. Mr. Hepworth:** — I'm advised that all tax treaties, whether it's — the one you mentioned is I think between West Germany and Canada — are going to be reassessed relative to this issue. Revenue Canada has agreed, and it will apply to 1989 and subsequent years. There will be no need to apply. It'll automatically be picked up by Revenue Canada.

**Mr. Kowalsky:** — Just for clarification then, Mr. Minister. Does that mean that those people who had to pay the tax should just wait and it'll automatically be returned to them; or will they have to apply to you or to the federal government?

**Hon. Mr. Hepworth:** — I'm advised that there would be an automatic reassessment, but I mean I suspect that if somebody felt they were entitled and hadn't received something, what, six months down the road or after a suitable time, that they may want to have it raised and see where it's at. But I'm advised that it's to occur automatically.

**Mr. Chairman:** — Order. There's an amendment to clause 6. Would the members allow leave to go from clause 1 to 6 and deal with the amendment.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

**Clause 6**

**Mr. Chairman:** — House amendment moved by the Minister of Finance:

Strike out section 6 of the printed Bill and substitute the following:

6 subclause 7.1(1)(c)(i) is repealed and the following substituted:

(i) was incorporated after March 26, 1986 and before April 1, 1992; and

Amendment agreed to.

Clause 6 as amended agreed to.

Clauses 7 to 36 inclusive agreed to.

The committee agreed to report the Bill as amended.

**Mr. Chairman:** — I'd like to thank the minister and his officials.

(1645)

**Bill No. 34 — An Act to amend The Child and Family Services Act**

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

**Hon. Mr. Neudorf:** — Thank you, Mr. Chairman. The officials that I will have with me for dealing with item 2, Bill 34, and item 3, Bill 4 are to my left here: Dr. Allan Hansen, who is the associate deputy minister; and directly behind me is Richard Hazel, the executive director of family services; and Linda Ens, on my right here, Mr. Chairman, the legislative officer.

**Clause 1**

**Mr. Prebble:** — Thank you very much, Mr. Chairman. Mr. Minister, I have one general question for you before we go clause by clause through the Bill, and that is with respect to the need for your department to be taking more action and providing more financial resources to grandparents to care for the children of parents under 18 years of age as an alternative to those children becoming wards of you, as Minister of Social Services.

Mr. Minister, I particularly hear this from Indian and Métis people who often do not have the financial resources as grandparents to care for their grandchildren in the event that their daughter — it's usually their daughter — if she's under the age of 18 years, has a child. And what those Indian and Métis organizations and individuals have told me is that they do not understand why it is that your department couldn't make financial resources available to them in the same way that they're made available to foster-parents to care for these children, rather than them going into foster homes.

And I wonder if you could indicate today whether you would be prepared to in effect provide financial resources to those grandparents at the same level as a foster-parent would be provided for, so that these children could be cared by their grandparents instead of having to go into foster homes.

**Hon. Mr. Neudorf:** — Mr. Chairman, the way we're developing this Child and Family Services Act and the intention of it is that the grandparents of such an infant — and I can understand where the hon. member is coming from — but the grandparents of such an infant are in a position now to make application for adoption or a custody order and are subsequently responsible for the maintenance upon adoption or upon receiving such custody.

And at the same time, if the need then exists and it is becoming apparent that they have to have some kind of

support, well these parents then are ... the grandparents then who have the custody order or have made the adoption, are eligible for any of the social assistance that normal parents would get, such as the social assistance plan or, for that matter, the family income plan.

And so because of the profile given in our new Act to the extended family, where children in need of protection require some kind of placement outside their normal home away from their birth parents, we are developing a program where some form of temporary maintenance until the child can be safely returned, if indeed it can be safely returned into its natural home.

**Mr. Prebble:** — Well, Mr. Minister, this just doesn't resolve the problem though because, you know, first of all, your social assistance rates are very inadequate, but let's not get into that debate today. We've discussed that on other occasions.

The reality is that there are a lot of families, and this is particularly the case in the Indian and Métis community, but it applies outside that community as well, where grandparents really cannot afford to take on the responsibility of raising a grandchild without some financial assistance. And their incomes may not be so low, Mr. Minister, after your eight years, virtually an eight-year freeze on social assistance rates that they qualify for social assistance.

But what in practice is happening, Mr. Minister, is that these children then, because their grandparents can't afford to care for them, are being placed in foster homes, and foster-parents are receiving that money. And I don't for a moment deny foster-parents the money that they receive. If anything, they're underpaid as well, Mr. Minister. But it's just not in the best interests, in many cases, for these children to be cared for by a foster-parent when they could be cared for by a grandparent instead.

And I want your department to address that issue, Mr. Minister, and to date you've not done so adequately.

**Hon. Mr. Neudorf:** — Mr. Chairman, it's a known fact that assistance on reserves is available through the federal ... through the federal government, pardon me. And certainly, I think our programs off reserves are adequate for this need, in terms of the description that I made previously through eligibility for SAP (Saskatchewan assistance plan) and for the FIP (family income plan) programs that exist.

**Mr. Prebble:** — Well I guess we're just going to have to leave it, Mr. Minister, at the fact that we have a major disagreement here. You know a foster-parent obviously gets assistance, financial assistance for raising a child whether or not that foster-parent is eligible for social assistance. I mean that's just common sense. That's as it should be. They deserve to be paid for their work. If anything, as I've indicated, they are underpaid, Mr. Minister.

But what you've set up, you see, is a system in which a grandparent who can't afford to raise a child without some financial help but would like to is deemed ineligible or being able to do that — is denied the opportunity to do

that by your department. They're expected to adopt the child and in effect maintain them on their own, unless their incomes happen to be so low that they are eligible for social assistance from your department. And their incomes indeed have to be exceedingly low before they're eligible for any help, and then, Mr. Minister, and only then do they receive any assistance from your department.

I just don't think it makes any sense to be asking foster-parents — and you're already desperately short of foster-parents in this province — to be asking foster-parents to raise these children when you've got ... as long as there's no danger to the child, for the child to be in the care of the grandparents, as long as the grandparents will care for the child well, the child is a lot better off being looked after by the grandparents, Mr. Minister.

And time and again, particularly in the Indian and Métis community, you're denying grandparents the opportunity to do that because you don't have financial assistance in place for them. And I tell you, Mr. Minister, for a government that professes to support the family — and of course we've long argued that you really don't — this policy just doesn't make any sense.

Mr. Minister, I'm ready to go on to clause by clause. I've made my point. I have an amendment with respect to the second clause of your Bill, and I'm ready to move to that right now.

Clause 1 agreed to.

## Clause 2

**Mr. Chairman:** — House amendment to clause 2 of the printed Bill, moved by the member for Saskatoon University, section 2 of the printed Bill:

Amend section 2 of the printed Bill by adding immediately after the words "as if the parent was 18 years of age" the following words:

if that parent has first been offered independent legal advice and independent counselling before signing the voluntary committal form.

**Mr. Prebble:** — Thank you, Mr. Chairman. Mr. Minister, my hope is that you will see fit to adopt this amendment.

What your Bill is proposing to do, sir, is to make provision for a parent under the age of 18 years of age — these will be obviously primarily young women — to voluntarily commit their child to being a ward of you, sir, as Minister of Social Services, and to do so without any provision for legal counselling or independent legal advice, and without any provision, Mr. Minister, for other forms of counselling that may be required over and above legal counselling. I mean, this is a major decision for the young woman.

And under the Act as you're proposing it, Mr. Minister, this young woman will enter into an arrangement with respect to voluntary committal of her child without any requirement at all for you or anyone else to offer her either

legal advice or independent counselling advice. And that is just not acceptable, Mr. Minister, and therefore I urge you to adopt and accept our amendment.

**Hon. Mr. Neudorf:** — Mr. Chairman, we currently in the legislation as it stands now ... in section 39 of The Adoption Act provision is made in that section for the minister to provide or enter into agreements for provision of counselling or any other services that would be related to adoption. There's also provision for pregnancy counselling for birth parents, which is provided by Social Services to any birth parent who would request service of this type.

And private adoption agencies will be required to provide pregnancy counselling in order to be licensed if they are going to be accessing any of our funding. An existing agreement with the Christian Counselling Services in Saskatoon contains this provision as well.

And included in departmental and private agency counselling is the involvement of parents in teams in counselling for any adoption planning. So we feel there is a fairly substantial commitment already in the legislation to address the concerns that the hon. member is expressing.

**Mr. Prebble:** — Mr. Minister, that is just not good enough, and you must surely know that by now, sir. I mean, this is really an inadequate answer.

First of all, not all of the children who will be voluntarily committed by their parents will be adopted. They may be foster children. In effect, Mr. Minister, many of them will be foster children first before being adopted. So, Mr. Minister, just because The Adoption Act makes some provision for independent legal advice doesn't satisfy my concerns and the concerns of members on this side of the House at all, Mr. Minister. And secondly, in The Adoption Act, you know full well there is no provisions for independent counselling to be paid for by the Department of Social Services or any other agency. If in fact, there is any independent advice provided, it's only requirement for independent legal advice.

So, Mr. Minister, I want an explanation now about why you're refusing to accept this amendment. If you are not willing to accept it, we will be opposing this Bill.

(1700)

**Hon. Mr. Neudorf:** — Mr. Chairman, just further to what I was indicating already, that we feel that there is sufficient recourse in our legislation for accessing these kinds of services that the hon. member is bringing forth. I would like to indicate that in ward adoptions, independent legal counsel is not mandatory because the birth mother or the birth father will have extensive contact with a departmental worker who's fully knowledgeable about the voluntary committal and revocation process involved in the adoption first of all.

Then also in addition to that, the birth mother or the birth father may seek independent legal counsel with respect to consenting to adoption if this birth mother or birth father chooses to do so.



Furthermore, in the case of a Crown ward or agency adoptions, if required, the cost of independent advice or independent legal advice to the birth parent will be covered by the department or by that particular agency.

Amendment negated on division.

Clause 2 agreed to on division.

Clause 3 agreed to on division.

The committee agreed to report the bill.

**Bill No. 4 — An Act respecting the Consequential Amendments to Certain Acts resulting from the enactment of The Child and Family Services Act**

Clauses 1 and 2 agreed to.

**Clause 3**

**Mr. Chairman:** — There's amendment to clause 3 of the printed Bill moved by the Minister of Social Services. Will the members take the amendment as read?

Amendment agreed to.

Clause 3 as amended agreed to.

Clauses 4 to 12 inclusive agreed to.

The committee agreed to report the Bill as amended.

**Bill No. 33 — An Act respecting the Administration of Young Offenders' Services**

**Clause 1**

**Mr. Prebble:** — Thank you very much. Mr. Minister, I want to say that we support this Bill in principle as I indicated in second reading.

I have several questions about the Bill, Mr. Minister. The first question I have, Mr. Minister, relates to the federal Young Offenders Act and the provision in that, in section 69 of the federal legislation, for provinces to establish youth justice committees, Mr. Minister, which are groups of volunteers who will work with young offenders in the rehabilitation process.

Now many other provinces, and notably our neighbouring province, Manitoba, has very successfully established these youth justice committees which I think are a way of helping to ensure that the services provided to young offenders will be more culturally sensitive. And I think that's particularly important, given the fact that such a high percentage of our young offenders are Indian and Métis people.

My question to you, sir, is: why have you not established such youth justice committees in this province; and why don't we see a provision in this Bill for these committees to be established?

**Hon. Mr. Neudorf:** — Mr. Chairman, I would like to

thank the hon. member for that question which he y indicated to me on a previous occasion, I think, that he was going to ask. And that's why I'm going to look to be fairly efficient and complete in my answer here.

So having said that as a precursor to what I'm going to be saying here, my response to the hon. member is that on section 69 of the Young Offenders Act, it allows the establishment of one or more committees of citizens to be known, as you've referred to it, the youth justice committee to assist — and I might add, to assist without remuneration — in any aspect of the administration of the federal Act or in programs or services for young offenders.

Now in Saskatchewan, community participation in programs and services for young persons in Saskatchewan is strongly encouraged by my department, and is actually already occurring across the province. And we will continue to work closely with communities.

We're committed, first of all, to the principle of community involvement and partnership. And if we find that it may be beneficial to establish youth justice committees, we would certainly not be opposed to consider setting up these committees under the jurisdiction of the federal Act. And it would not be a requirement that the provincial Act authorize this as it could be done under the federal Act as it exists. But up until now we've not found it necessary to do so. The spirit of community involvement which is the idea behind these committees, however, is one that we certainly and thoroughly support.

**Mr. Prebble:** — Well, Mr. Minister, I want to urge you to set up such committees. I think there are many communities in which they could function effectively and be a real help to the young people who are needing rehabilitative services. I think that's a shortfall of your department that you have failed to set those up.

Mr. Minister, I would like to get some information that I'd be very satisfied if you'd just provide me in writing on later. I'm just asking for your commitment right now to indicate, if you could, to us the number of young people who are going through the courts who are under 18 years of age; the number then who are in closed custody, number in open custody — in other words, the numbers who have actually been convicted in both open and closed custody. And if you could give us a breakdown of those numbers, also based on their ethnic background.

If you could just then indicate a commitment to provide that information later, I'd be quite satisfied.

**Hon. Mr. Neudorf:** — Mr. Chairman, I don't think that should be a problem. We have quite a bit of that information, not broken down exactly like you were asking, but we can certainly provide that for you with no problem.

**Mr. Prebble:** — Mr. Minister, I'd also like you to provide for us, if you can, a breakdown between the amount of money that your department is spending on the young offenders' program versus — and I'm thinking here of the dollars going into young people who are being held either in open or closed custody — versus the dollars that you

are putting into preventative programs, Mr. Minister, because it is our contention that inadequate resources are going into preventative programs, young people who are at high risk of getting in trouble with the law.

And it seems that money is rarely to be found for young people in that situation. And yet there is a lot more money to be found once young people are in trouble with the law, and we would like to see a lot more emphasis being given to preventative programming. So if you could give us a commitment to provide those numbers in writing, we would also appreciate that.

**Hon. Mr. Neudorf:** — I could do that. As a matter of fact my officials have just informed me that we have quite a sophisticated breakdown of what you're asking, and I think you'll be quite pleased with the response.

Clause 1 agreed to.

Clauses 2 to 5 inclusive agreed to.

#### Clause 6

**Mr. Prebble:** — I just want to indicate to the minister there should really be a definition of what a youth worker means in this Act, Mr. Minister. I note you failed to do that. You may want to look at a definition and an amendment at a future date that would clarify your intention here in the description of the term youth worker. I've got no further comment.

**Hon. Mr. Neudorf:** — I might indicate to the member that our definition of a youth worker is identical to the definition given in the federal Act as to what a youth worker is.

Clause 6 agreed to.

Clause 7 agreed to.

#### Clause 8

**Mr. Prebble:** — Mr. Chairman, I have a question here. Thank you, Mr. Chairman. Mr. Minister, I note that you are giving private service home operators who are under contract with your department, under this section of the Young Offenders Act, limited powers of arrest in the facilities that they operate in. And I'm wondering why you see the need for that, Mr. Minister? Why is it necessary for these people to have, in effect, police powers? Often they're not trained to act as policemen.

I can understand that some argument may be mounted for this, but really, Mr. Minister, it would be my preference to see this section deleted from the Act. I don't have any problem with the rest of the section, but when it comes to private service home operators having police powers, we really question whether that's necessary.

**Hon. Mr. Neudorf:** — I could give you a longer description of it. Perhaps the shorter version of my answer might suffice to alleviate some of your concerns. And it is that the powers that we're talking about, given to these people, are not only operators or conductors of private service homes, but you have to read part 2 of that same

section where it says — in other words there's a rider to it, it's not just everybody, but rather — “whose homes have been designated as places of open custody pursuant to the federal Act.” So there is that restriction.

Clause 8 agreed to.

Clause 9 agreed to.

(1715)

#### Clause 10

**Mr. Prebble:** — Mr. Chairman, I'd like to move an amendment here. And this has to do with the provisions for ensuring that young offenders are kept separate from persons over and above the age of 18 years, whether they're in remand or in close custody. And, Mr. Minister, it's our contention that the provision in your legislation here is not strong enough.

And I therefore want to move an amendment to section 10 of the printed Bill:

By adding immediately after the words “who is held in custody” the following words:

and wherever there is a lack of separate facilities, the minister shall make every effort to cause to be established separate facilities to allow young persons to be held separate and apart from any adult who is held in custody.

Mr. Minister, the way you've worded this right now, young people only have to be kept apart from adults wherever that is practicable. There is in effect no intent in your Bill to ensure that every effort will be made to do this in the event that separate facilities already don't exist. And therefore I want to move this amendment.

**Mr. Chairman:** — Order. I find the amendment not in order. The amendment is not in order because it would be a money amendment.

**Mr. Prebble:** — Mr. Minister, my question to you is: would you be prepared to move this amendment, sir? We want to see a provision in the Bill that will clearly indicate that from your department and from your government that every effort is going to be made to establish separate facilities for young offenders all around this province. And the way you've currently written the legislation there's no such guarantee that that effort will be made. Will you therefore support the amendment that I put forward and move it yourself?

**Hon. Mr. Neudorf:** — Well first of all, let me say that we certainly agree with the hon. member's viewpoint that youths should be kept as much as possible away from contact with adults, and certainly what this Act is doing is heading in that direction to a large extent. And I might just say that if there is a period of time that is more than 24 hours or a short period of time like this, then it is incumbent upon us to transfer that individual, if he's going to be charged, to a young offenders' facility that would be separate from any adult contact as such.

And we certainly feel that that is quite reasonable to allow those kinds of practical considerations, because to bring it to a head the other way might be going to an extreme when we consider some of our northern situations where you have small localities, small holdings, and it would be almost practically impossible to implement this kind of a thing.

But in spirit — absolutely, I agree with you. I guess what I'm doing is saying as far as practicality is concerned that is what our intent is and anything beyond that 24-hour period of time or short period of time, through charges of intoxication and things like this that may occur from time to time, then it is incumbent upon us beyond that short period of time to transfer them to a young offender's facility if charges are going to be made by the police.

**Mr. Prebble:** — Mr. Minister, I wonder if you could indicate then where in Saskatchewan as a matter of course young offenders are frequently held in remand with adult prisoners, and have you considered the consequences of that, sir?

**Hon. Mr. Neudorf:** — In direct response to your question, we are not aware of any place where this happens frequently in Saskatchewan.

**Mr. Prebble:** — Well I'd appreciate it if you could give us a written answer on this indicating if there are any places in Saskatchewan where young people are held, either in remand or in custody, with adults over the age of 18 years. I'd like a written answer on that, please.

And, Mr. Minister, for you to ... in your remarks you indicated that this was happening. You just indicated a moment ago, in fact prior to this answer, that in fact there were situations where that is happening. For you to accept that, Mr. Minister, is intolerable in my view. You've just indicated the precise need for this amendment. And I'm asking you whether you'll introduce the amendment, because clearly, Mr. Minister, separate facilities should always be in place. It's just not good enough.

**Hon. Mr. Neudorf:** — Well I'd just say to the hon. member if we lived in a perfect world, I guess we would have those facilities. But then on the other hand if the world was perfect, we wouldn't need them. So it's a matter of addressing the concern, which I share with you, in as practical a manner as possible.

But for you to demand from me a response now that is going to say that yes, under every circumstance throughout the province no matter what the conditions that there will be separate facilities provided at all times — no, I cannot make that. I do give you the commitment that we share the concern and as far as practically possible we will be doing that.

Clause 10 agreed to.

Clause 11 agreed to.

## Clause 12

**Mr. Chairman:** — There's amendment to clause 12, a

House amendment moved by the member for Saskatoon University:

Amend section 12 of the printed Bill:

- (a) by striking out the words "or supposed exercise" in the ninth line; and
- (b) by striking out the words "or supposed performing" in the tenth and eleventh lines.

**Mr. Prebble:** — I'll very briefly speak to this. Mr. Minister, the intent here is that you are, in effect, preventing your officials and yourself and anybody working in young offenders' facilities in this clause from suit in the event of inappropriate action. And we have no problem with that in so far as the persons are undertaking their responsibilities.

But you've written this clause in a very unusual way, Mr. Minister, because you're also ensuring that no legal suit can be taken against persons in the supposed exercise of their duties. So in other words, if they think they're performing their duties when in effect they're not, they're still free from a lawsuit, Mr. Minister, and they're still free from liability.

Now we think that is inappropriate, and therefore we're moving an amendment to protect those workers when they're performing their duties but not to provide them with protection when they're not performing their duties. If there's action for a suit on that basis, Mr. Minister, we think the suit ought to be allowed to proceed. And therefore we're moving this amendment.

**Hon. Mr. Neudorf:** — Mr. Chairman, the member has a concern about the liability, but I might add that also at the same time, while the minister and all employees are protected from liability in the pursuit of their responsibilities and in believing that they are carrying out their particular mandate, it must also be done in good faith. The good faith aspect of it is important, pursuant to the Act or regulations.

And I am also told by my officials that this is a standard provision. This is apparently lawyer talk. You say, no. But I would suggest to you, Mr. Member, that it's a standard provision in legislation prescribing procedures or dealing with statutory duties and powers carried out by persons.

And I can give you a list right now in Saskatchewan of 10 different Acts that have the identical wording as this does. And that goes to The Family Services Act, The Child and Family Services Act, The Summary Offences Procedure Act, The Securities Act, The Saskatchewan Gaming Commission Act, the medical ... and I could go on and on.

Amendment negated on division.

Clause 12 agreed to.

Clauses 13 to 15 inclusive agreed to.

The committee agreed to report the Bill.

The Assembly recessed until 7 p.m.