

EVENING SITTING

COMMITTEE OF FINANCE

Motions for Interim Supply (continued)

Mr. Van Mulligen: — Thank you, Mr. Chairman. The Minister of Finance was saying just before we commenced proceedings that the interim supply Bill before us should be passed because Her Majesty needs the money, and we certainly agree with the minister. And if there's one thing that would facilitate the passage of the interim supply Bill before us is a co-operative minister and a minister who's prepared to answer the questions, sir. That would help immeasurably.

Before the break I commended the minister for coming to the realization that a balanced budget is desirable in Saskatchewan, and commended him for putting forward a plan to in fact accomplish what the government had never accomplished before, and that was a three-year plan to balance the budget. He's proposing that this year's deficit will be 265 million. He's proposing that next year the deficit will be 150 million. And he's saying that in the fiscal year 1993-1994, we will in fact have a balanced budget, that is to say there will not be any deficit.

Now in support of these figures for the current year, for the year '91-92, the minister has provided the Assembly and the people of Saskatchewan with a great detail, or great amount of detail in terms of the projected revenues for the year, that is to say the money that he anticipates will come into the provincial coffers from a variety of sources. He's provided us with a detailed forecast as to how he proposes . . . a detailed plan as to how he proposes to spend the money during the course of this fiscal year.

The one thing that we weren't provided, Mr. Chairman . . . or the two things we weren't provided was, one, we weren't provided with any of that detail for the next two fiscal years on which his deficit projections are based and on which he bases his claim to a balanced budget in three years time.

So we're asking the minister for the details of all these projections that he has. For example, the minister has provided us for this year with a summary of the revenues in taxes such as corporation capital, corporation income, fuel tax, individual income, insurance, mineral rights, sales, tobacco, and other. And he shows us what his estimated revenues are from all those sources including receipts from government enterprises such as the Heritage Fund, the Liquor Board; from other owned-source revenues such as fines and forfeits and penalties, interest premiums, discounts, privileges, licences and permits for lands, forest, game and fur and fisheries, motor vehicle licences, sales, services, and service fees. He shows us the receipts from the Canada Assistance Plan, equalization payments, established programs financing, statutory subsidy, and other federal and provincial programs.

So what the minister is doing, for the current fiscal year, he's given us a detailed estimate of where the money is

going to come from. On the other hand, he's given us a detailed plan as to where he plans to spend the money — whether it's in Agriculture, whether it's in Community Services, Economic Diversification, Education, Environment and Public Safety, Executive Council, Family Foundation, Finance, servicing the public debt, Health, Highways, Transportation, Social Services, Rural Development, Municipal Board — you name. The minister has given us a great amount of detail as to how he proposes to spend the money.

So for this year we have some figures from the minister about how he plans to spend the money, and he has given us figures as to where the money is going to come from. And deducting one from the other we come to a realization — or the minister has — that the deficit this year will be \$265 million.

Now we may have, you know, some questions about some of the estimates in here and take some exception to those, but in the very least the minister has provided us with detailed summaries or details of how he plans to spend the money and where the money's going to come from.

The thing that we're asking the minister for — and so far he hasn't indicated whether he would provide that — but what we're asking the minister for is for the same projections of revenues and expenditures, not just for this year because we have those, but for the next fiscal year — for the year '92-93, and then for the year after that, the year '93-94.

Now the reason we ask for that, Mr. Chairman, is that the minister says that in the next fiscal year he's going to have a deficit of 150 million. He's projecting a deficit of 150 million. And the year after that that there isn't going to be any deficit, that the books are going to be balanced.

Now in this Assembly we tend to take ministers at their word, and if he says that he's going to balance the budget then we're inclined to agree with him. But I've had a couple of questions from constituents who've said, well, how is he going to do this?

And I tell you, Mr. Chairman, I truthfully can't answer that. I don't know how the minister's going to do this. And I must admit to a certain scepticism on the part of the public and other members of this Assembly. A certain scepticism because this government did this before in 1986, just before the last provincial election. Just before the last provincial election the finance minister at that time said, well, we're going to balance the budget in five years, and there's not going to be any deficit in five year's time.

Well, this is five years later and we're still some years removed from a balanced budget. So my question to the minister is — make believers out of all of us — why don't you provide us with the detailed fiscal plan that you have for the ensuing fiscal year so that we can look at those and say, you know, we agree with you. You're right. You are going to be able to do that. We would like to have that.

The other thing that we're asking for is that . . . there's

some confusion about what the economic forecasts are for the province for the next three years. We have a copy of an economic forecast that was provided to the cabinet that the minister says is not operative, but he's still inviting us to refer to it.

Now if the minister . . . And the minister says that he has a number of amendments to that economic forecast, then too we have the information to be able to judge whether or not his fiscal forecast, his projected revenues for ensuing years, will in fact be accurate ones. Because it's kind of hard for us to project what the income might be from a variety of sources if we don't have some handle as to what the economy might do in those particular years. So we've asked the minister for both those and we would very much like to get that from the minister. And so with all respect, Mr. Minister, where is your financial plan?

Hon. Mr. Hepworth: — Mr. Chairman, I think we've been through this but I can go through it again for the hon. member. In the forecast document, albeit it's not updated for GRIP (gross revenue insurance plan), NISA (net income stabilization account), third line, and the fiscal measures — obviously it's a baseline document — but having said that, I did provide him earlier all of the key economic indicators for '91-92. He knows what the operating grants are, the wage guide-lines are. That accounts for a very large, in fact the majority, of our spending right there.

I've told him what our revenue guestimates are for the . . . under full harmonization that's \$180 million a year. In fact I would argue, Mr. Chairman, that we have laid out, and as well we have laid out, the other underlying assumptions relative to interest rates and commodity prices in my remarks to him earlier this afternoon. And I mean, I think that is quite . . . I mean he's got a maximum amount of information, if you like. The point is in all of that is that it represents, and the measures that we've put in this budget represent, a plan to balance the budget in three years, to get that annual deficit under control. Then we can start working away at the accumulated debt. It's a sound, real, achievable, credible, reasonable plan. And we look forward to moving forward with it, Mr. Chairman.

Mr. Van Mulligen: — With all respect, Mr. Chairman and Mr. Minister, to say that there is going to be some alteration in the revenue estimates for ensuing years begs the question that there's going to be some alteration in some estimates of revenues as they relate to the provincial sales tax . . . might give us then some estimate of what the revenues will be from that particular source.

But the government also expect to obtain revenues from a number of other sources. You haven't given us any summary of the revenues for all those sources — income corporation capital, fuel, individual income, mineral rights, tobacco, receipts from government enterprises, other owned-source revenues, receipts from other government. You haven't provided that information for the year '92-93 or '93-94.

For you to say that operating grants are going to be fixed at

a certain level, that we're going to see certain wage guide-lines, and therefore that should tell you then what our expenditures are going to be for the ensuing years begs the question, Mr. Minister, of a number of other expenditures that aren't necessarily covered by that — you know, grants to the Agricultural Credit Corporation for allowance, for loans, losses on loans pursuant to The Agricultural Credit Corporation of Saskatchewan Act.

Now that's something that you've got to forecast for this year. And I just picked this as an example. I don't know if that's going to be covered by your operating grants guide-lines and your wage guide-lines, so we don't know what you plan to spend on items such as that. We don't know what you plan to spend on payments pursuant to the Saskatchewan agricultural return stabilization fund. We don't know what your expenditures are going to be for any number of items in payments to the Property Management Corporation. We don't know what you're projected expenditures are for a host of items for those two fiscal years.

So again, with all respect Mr. Minister, could you provide us with that financial plan?

Hon. Mr. Hepworth: — Mr. Chairman, I think I have reiterated the details on more than one occasion during this examination — or not rather examination — but during the committee examination of our interim spending appropriation.

Obviously not every "i" and "t" is going to be crossed. We've indicated, as part of that plan, down-sizing of the civil service. That's another element that's in it. There's another 250 or 300 positions there at least that have to be identified. And that's part of the ongoing exercise that will occur through this year, or probably more properly in through next year.

And so there are those kinds of management exercises that will continue to go on as we continue to streamline government and cut our spending and reach those targets that I have outlined in the budget.

Mr. Van Mulligen: — Well now, Mr. Chairman, Mr. Minister, that is indeed a most interesting admission that you haven't crossed every "i" and "t". And I assume by that you meant that you haven't dotted every "i" and crossed every "t" — then again, maybe not. And I shouldn't jump to conclusions, my colleagues say. And with this government I think my colleagues are more apt to be right in this regard.

The minister is saying that he doesn't have the details of a plan on which his forecast of a balanced budget is based. Now this is beginning to sound suspiciously like you really don't have any plan, that what you have is that you've picked some figures out of the air and said, let's put these figures forward because they sound good and they might sound believable. Let's make up some numbers. Even if we don't have all the details, we'll tell the people that, because that will be a little bit more detailed than what we provided prior to the last provincial election, when we said we'll balance the budget. Now are you telling me, Mr. Minister, that you have a detailed plan, a detailed fiscal plan with details of

all the revenues and expenditures — not just for this year but for the two ensuing fiscal years — on which your projection of a balanced budget is based, or do you not have that?

(1915)

Hon. Mr. Hepworth: — Yes, Mr. Chairman, I outlined what those elements are, and this kind of, you know, rhetoric is quite interesting coming from the opposite member. What we have said, for example . . . Let's look at one of the very big spending areas of government: wages — 2.1, \$2.2 billion. Something in that magnitude between what we spend internally as well as what we spend in conjunction with our partners: \$2.2 billion, total spending. And I recognize obviously some of this is third party, but total spending in this year's budget, 4.8. Now if you deal with the wages component which is 2.2 billion — and I talked about the size of the entire budget — 2.2 billion and we clearly say, and we clearly say, these are the wage guide-lines we put in place. That's a pretty specific component.

We have yet to hear from the NDP (New Democratic Party). We have yet to hear . . . you know, I want more of this and more of that in 1992 and '93, you know, '94. I don't know what years. I've given him . . . He has the forecasts. He doesn't like them. He doesn't like what he's had, Mr. Chairman. Looks too good, I'd say. Wages is a big part. We spelled out precisely in detail three years what we're going to do in those areas.

Tell us. Will the opposition tell us what is their plan. What is their plan on wages for the public sector? We have clearly said, in that area, \$2.2 billion, in detail, precisely, is what we will do. Are you for it or against it? That's the question.

Mr. Van Mulligen: — Mr. Minister, I have now some very real questions about whether or not you have some detailed plan or not, and I suspect you do not.

You're saying that you've given us the elements, the elements of your financial plan for future years. But those elements leave a number of questions, Mr. Minister. They leave a number of questions, and I suspect you don't have a detailed fiscal plan for the next two fiscal years. I don't think you really do know what your deficit is going to be the year after this one or that you will, in fact, have a balanced budget in three years time. I don't think you have any real way of knowing.

I think you're just taking figures out of the air, putting them in front of the people, and expecting them, expecting the people, as they did prior to the last provincial election, to simply accept what you say at face value — to accept what you say at face value as some assurance as to the fiscal projections for this province.

Well we knew that the last time that your government did this, your projections were way out, Mr. Minister. There was a great divergence from what you projected and what happened. The truth wasn't anything close to what actually happened or to what you projected, Mr. Minister.

So, for example, you've given us some adjusted figures for the economy for the next few years. And you say, as I understand it, that the CPI — the consumer price index — is expected to increase this year by 7.5 per cent. And you say that next year it's projected to increase by 3.9 per cent as opposed to a previous forecast that you had, which did not take into account the harmonized provincial sales tax but which projected 3.8 per cent.

Before I go any further, I just want to clarify. Are those the figures that you gave us earlier?

Hon. Mr. Hepworth: — Mr. Chairman, members of the committee, real GDP (gross domestic product), '91, negative 0.5 per cent, basically flat as I said earlier; '92, 1992, where real growth was estimated, or forecasted, before the fiscal measures and the safety-net programs, to remain negative at 0.3 negative, under the . . . with GRIP and NISA and the fiscal changes factored in, we get modest growth of 2.2 per cent.

The Conference Board of Canada estimate there — as I recall it that was released I think two days ago — is a little more optimistic there at 2.9 per cent on growth, although they show our economy negative, I think it is, 1.4 on '91. So in one year they are more optimistic than we are, and in one year they're slightly more pessimistic, Mr. Chairman.

Mr. Van Mulligen: — What about the inflation figures, Mr. Minister, that I asked for?

Hon. Mr. Hepworth: — Well we went through these in committee earlier today, but I'll go through them again for you if you want. CPI (consumer price index), '91, 2.2 compares to . . . sorry . . . inflation, 5.8 compares to 5.7, and 3.8 compares to 3.9.

Mr. Van Mulligen: — Well see now there you go, Mr. Minister. You've given us some figures and based on those figures, I would have to question whether, you know, the . . . your projections for the future, because you state that inflation, by your count, was originally projected to be running at 3.8 for 1992, but because of, or notwithstanding the introduction of the harmonized provincial sales tax, the inflation rate will in fact be 3.9.

Now you're trying to tell me that, notwithstanding the fact that we're going to have this tax kicking in at January 1 of '92 on a host of services in the province . . . and that it's not going to have any impact whatsoever on the inflation rate in Saskatchewan, to me seems to be optimistic at best, Mr. Minister.

I mean it's generally conceded that the GST (goods and services tax) in its implementation had an inflationary effect throughout Canada. I don't know why you would think that implementing the provincial sales tax harmonization on a host of services beginning January 1 of '92 won't have any kind of inflationary effect. I mean it's conceded that the GST fuelled inflation. But you're saying somehow that the provincial sales tax won't fuel inflation.

Your projections for real growth based on a PST (provincial sales tax) that are going to be harmonized; I

think your theory is that if we harmonize the PST it's going to provide input tax credits for a number of businesses, significantly those involved in industrial output and those involved in manufacturing, and on those grounds you say that we're going to experience a real jump in real growth for Saskatchewan in the year 1992 when much of the provincial sales tax kicks in on January 1.

Now the only thing I can base that kind of claim on is experience, and such is the experience in Canada where we had the goods and services tax kick in on January 1 of this year. Has it led to an increase in growth in Canada, Mr. Minister? Have we seen a marked increase in real growth in Canada as a result of the implementation of the goods and services tax?

To the contrary, Mr. Minister. Your own document makes it clear that we've seen a significant decline in business investment, especially expenditures on machinery and equipment — the very thing that the GST was designed to counteract. So the GST wasn't, or isn't, quite working the way that Michael Wilson thought that it would work. It hasn't led to an increase in real economic growth in Canada.

We also see from your own document that there's going to be a decline in exports in Canada, notwithstanding the GST which the federal Minister of Finance claimed would lead to an export boom because it would make Canadian industries, Canadian manufacturing, more competitive — more competitive with businesses in other countries. Instead we see a decline in exports. Yet your projections, your projections for 1992 in Saskatchewan, notwithstanding our very own version of the GST, are for growth — contrary to the experience in Canada — are for an increase in inflation, contrary to the experience in Canada.

So, Mr. Minister, if we have some questions about what the future holds for Saskatchewan and whether your projections for a balanced budget in three years time are on the mark, well Mr. Minister, they're based on the kind of gobbledegook that you're giving us in terms of figures.

Now, Mr. Minister, I want to ask you again, do you have more than sort of these figures that you pick out of the air or do you have some detailed fiscal plan that you can provide us, and which we can look at and the people of the province can look at and say: there, there it is, there's his projections, all his projections — not just some but there's all his projections for revenues, there's all his projections for expenditures and yes, we agree with them or we don't agree with them as to his claim for a balanced budget. I ask you again sir, with all respect: can you provide us with your financial plan?

Hon. Mr. Hepworth: — Mr. Chairman, the financial plan is in the budget. I can review it again for the hon. member if he wishes. It's a six-point plan.

The first part of the plan is the deficit targets. This year we expect to be about \$100 million lower than last year at \$265 million for deficit — the year following under 150 and the next year a balanced budget, hopefully with a surplus.

The second part of the plan is to control one of the big costs in government, that is our wages. We've set guide-lines in place of 4 per cent this year, 2 per cent for next year, and 2 per cent for the year after.

One of the other very big costs of government is our spending on health and education with our partners. Those operating grants, as I said earlier if you look at the fact education and health spending overall, I think that's about 53 per cent of the budget. And the operating grants are a substantial part of those budgets to our partners and hospitals and nursing homes, schools, universities. And we will be — and I know it's going to be challenging for them . . . have set guide-lines of three and a half this year, three the next year, and three the year after.

As well on the tax side, Mr. Chairman, on the revenue side, we've put in place the harmonization, left the rate at 7 per cent. That results in incremental revenue this year of \$125 million, \$180 million in the years after.

A final part of the plan is the new fiscal federalism, the new fiscal arrangements we'll be negotiating with the federal government. We've had substantial off-loading there, about \$200 million in this budget. We're looking for a better deal on equalization, tax on taxable income, our transfer payments in post-secondary education, and health, and as well of course the treaty Indian question — off reserves for social welfare. And the agriculture areas continue to be very important as in our federal-provincial relations.

A final part, an important part of this plan, Mr. Chairman, is this . . . and then the hon. member could make the observation, although he really hasn't in this examination, about why would we expect this plan to stay on the tracks when others have come off. And that would be a legitimate question. One of the reasons . . . I've given you five reasons or six reasons already, and that's because we've laid out precisely the details in the big spending areas on both the . . . in the expenditure side, and we've made the substantive changes on the revenue side that will see us through the '90s.

(1930)

But one additional factor that as well . . . in years previous that threw plans off the track, that is an important component is the new generation of safety net programs.

You see, what happened in the past, Mr. Chairman, is along would come a drought or a trade war; all of a sudden there'd be an *ad hoc* emergency program — 100, 300, \$500 million — and the budget was all thrown out of balance with those kinds of special one-time programs, usually cost shared with the federal government. With the new generation of safety net programs you won't have to get into these one-time emergency pay-outs, and hence the budget will be kept patent, if you like. And that's a key element, a seventh point if you like, in the plan.

And I think that clearly states where this government is coming from. Those decisions have all not been easy for people affected. Cutting government spending, I guess I didn't detail that one. I could give you . . . but what we've done there on grants, salaries, government cars,

expenditures — especially in the fourth quarter — all of those areas have been addressed.

But seven . . . One could argue, I suppose, I've just outlined seven points in a six-point plan. I raise that seventh one because that, in fact, has been responsible for plans coming off the rails before. And with those new generation of safety nets, I think we won't see that happen again in the future. And that's how we're going to balance the budget in three years, Mr. Chairman.

Mr. Van Mulligen: — Well with all respect, Mr. Chairman, the minister certainly may have some elements on which he proposes to base his projection, but the minister has not provided — and I use his own words — precisely the details that the people of Saskatchewan will want in order to see for themselves whether the minister is on the mark in this one, that he in fact does have some real plan to balance the budget, or whether it's, as was the case before, so much hot air.

You know, like, this whole business is beginning to remind me of one of those Harlequin Romance novels, Mr. Chairman. It's got the same plot as the last time you forecasted a balanced budget, just prior to the last provincial election. I predict it's going to have the same ending again. It's all couched in flowery language and phrases. You leave a whole lot to the imagination, and of course it is a work of fiction, Mr. Minister.

I don't know how the people of Saskatchewan can believe you, based on the dribs and drabs of very little information that you've given about how you arrive at this projection for a balanced budget. If it's on the basis of an economic forecast that you've given us, I think there are some serious problems there.

For example, your own economic forecast states that consumer spending is expected to remain weak. As you know, consumer spending, if it's reduced, will have some significant impact on business investment and growth, will have some real implications for unemployment, and of course will have some implications for income tax revenues.

You've imposed a goods and . . . or you have imposed a harmonized provincial sales tax on goods at this point, propose to extend it to services as of January 1 next year. Before you did that you admitted that consumer spending is expected to remain weak, yet you've said nothing about what further impact these measures, these fiscal measures that you've introduced, will have on consumer spending, and what impact they will have on budgetary revenues, not just for this year but for ensuing years. We heard nothing from you on those points, Mr. Minister.

There's another question I have. What about the revenues from Crown corporations? If I might, just for example, what is your projected revenues for . . . not just for this year because we've got your revenues here and we may have some questions about those. But nevertheless we'll deal with those in the future.

You estimated for 1990-91 the year just ended, that your revenues from the Crown Investments Corporation would be \$310 million. For this year you project revenues of

\$250 million, a quarter of a billion dollars — revenues from the Crown Investments Corporation, which gets its moneys from dividends paid by SaskPower or SaskTel and a number of other Crown Corporations and other Crown activity. So you project 250 million for this year. What is your projection, sir, for the next fiscal year of '93-94?

Hon. Mr. Hepworth: — Mr. Chairman, as relates to CIC (Crown Investments Corporation of Saskatchewan) and dividends coming, flowing from there: over the last three years at least, those dividends have been running in that 200 to \$300 million range. That's based on the profits of the Crowns. I would expect that something in and around those numbers would be the expectation in the future.

One thing we do know is under harmonization all the resource Crowns and the utilities Crowns as well, are some of the big winners under harmonization as outlined in the documents that I've sent over. I think on the primary sector Crowns, that would be that 2.8 per cent, on the utilities I think it's 1.7 or 2.8 per cent as well, real GDP growth. So they will do . . . that will give them an additional competitive advantage and that should, all other things being equal, improve their performance as well, Mr. Chairman.

Mr. Van Mulligen: — There you go again. We've asked for some detail and we're not getting any what I would call good assurances, Mr. Chairman, about what the future holds for us. We know that the government has pretty much stripped, stripped the Crown corporations whether it's SaskTel or SaskPower for dividends to the government and the government uses that as revenues. We know that the government has pretty much stripped those Crown corporations, yet the minister says, and I quote him: we expect — he says — that the last couple of years has been 250 to \$300 million. He says we can expect something in and around those figures for the coming years.

Now what is the minister saying? Does he have some specific forecast, some specific figures to give to us, or is he saying it's something in and around those figures?

Because if you're saying it's something in and around those figures, we could just as easily say your forecast of a balanced budget or your forecast for a deficit of the next fiscal year for 150 million might not get there. It might be somewhere or something in and around those figures.

So what's it going to be, Mr. Minister? Is it something specific? Do you have a specific forecast? Do you have a specific plan? Or is it just something in and around those figures?

Hon. Mr. Hepworth: — Mr. Chairman, I think what we can expect in the future is, as I described, not all that different from what we've had in the past. And I used the last three years. I suppose I could have gone back further but as those three are in my . . . I know those numbers. And it has been in and around that 200, I think. That year it came in at 275. I think the high has been 310. We've got 250 plugged in this year. So if future performance is any indication based on past performance, then that would be

the expectation.

I would want to correct the hon. member and I know he would want to be correct himself. He used the word stripped. I mean this is sheer nonsense. First of all if we've been stripping the Crowns, to use his words, how is it then — I would ask you, Mr. Chairman, and the members of the committee — how is it that SPC (Saskatchewan Power Corporation) for example, of all the electrical utilities in the country, has the best debt-to-equity ratio? That doesn't sound like we've been stripping it and robbing it and all those kinds of things.

Why is it if we're stripping the Crowns — to use his word — why is it that we took no dividend from SaskEnergy? That certainly doesn't fall in line with his description of what we're doing there. The reality is, Mr. Chairman, the hon. member really doesn't know of what he speaks.

The policy has varied from Crown to Crown — anywheres from zero to 50 per cent to in excess of 50 per cent. And even with that, the cash flow has been more than adequate to cover the dividends and further to that we have a utility, a major Crown like SaskPower, that has the best debt/equity ratio of any electrical utility in the country. And that's quite a different legacy and story than when the NDP were running these Crowns, when profits didn't exist in the lexicon, Mr. Chairman.

Mr. Van Mulligen: — Well pardon me, Mr. Minister, the last I read was George Hill agreeing with the member for Regina Rosemont that the government was taking too much money out of SaskPower. And so I guess I'm just . . . I knew there was something wrong the day that I saw a headline in the paper that said that George Hill, the president of SaskPower, would be in agreement with the member for Rosemont. I knew there had to be something wrong. So I guess Mr. Hill and the headlines must have been wrong, that he in fact does not believe that you took too much money out of SaskPower; you didn't leave him enough to go on.

It's interesting that you would point out now though that SaskPower's debt/equity ratio is one of the best — if not the best — in the country for a power utility.

Now here you go, just a year ago, Mr. Minister, you were saying the debt/equity ratio is so bad we've got to simply sell off SaskEnergy; we've got to sell off the profitable part of SaskPower here, in order to get out from under this debt. So there you go. I mean one day it's one story; the next day it's another story.

So if we evince a certain scepticism, a certain scepticism about what the future holds for Saskatchewan, what figures it is that you're working with, what the books really say, it's based on these spurious claims of yours one day as to the situation in Saskatchewan and something entirely different the next day. You did that yourself with the goods and services tax. Last year you couldn't say enough bad words about the goods and services tax and the evils of that kind of tax regime for the country. This year you say that that kind of tax is the only way to go for all of Saskatchewan.

So, you know, we have some concerns because one day

you say one thing; the next day you do another, Mr. Minister. So we have some very grave concerns about these forecasts of yours. And this is why we keep coming back to the question: where's the detailed financial plan? With all respect, sir, where is your detailed financial plan for the two ensuing fiscal years?

Hon. Mr. Hepworth: — Mr. Chairman, the several points . . . the six points of the detailed financial plan I've been through several times tonight. I talked about as well the effect of GRIP and NISA and the third line of defence and how that will as well ensure that — at least to the degree that one can — that everything will stay on track. I think I'd be repetitive if I went through it in detail, and certainly I could refer the hon. member to the budget documents relative to that.

Mr. Van Mulligen: — Well now, Mr. Minister, you say that because we have GRIP and NISA that we are not likely to see any significant fluctuations on the demand of the provincial treasury in dealing with extraordinary situations, in this case agriculture, which might come along and throw off our fiscal planning as you intimate it may have done in the past. That's how I interpret your remarks.

That begs the question of a number of other expenditures which don't seem to be accounted for anywhere, you haven't said anything about. For example, the auditor for a number of years now has been saying that he does not agree with your method of bookkeeping. He says because of the peculiar way in which you make loans to your own corporation, Saskatchewan Property Management Corporation, yet count that as some sort of asset, that that's wrong and that it's contrary to accounting principles of the Canadian Institute of Chartered Accountants and their Public Sector Accounting and Auditing Committee and contrary to accounting practices practised by most governments in Canada.

Yet you have this peculiar accounting practice which means that you should be writing off \$555 million, more than half a billion dollars. If you write off half a billion dollars, it will have some significant impact on the revenue or on the expenditure projection because if you write it off, you're going to have to borrow more, Mr. Minister. You're going to have to pay that off.

(1945)

He's saying you have to increase your deficit by that amount. I don't see any notation in here that you're in fact proposing to do that. But any sensible government will in fact have to do that. So I don't know how you can say, without taking that into account, that somehow you're going to reduce the deficit or you're not going to have a deficit exceeding \$150 million next year and balance the budget the year after that and somehow completely ignore, completely ignore what the auditor has to say about this \$555 million figure. You know, the auditor very clearly says that it's inappropriate to record these disbursements as assets, and these disbursements should have been recorded as expenditures. And you haven't done that. And it's going to have an effect on the deficit, and you're not taking that into account. So how do you account for something like this? How will this affect your

plan for a balanced budget in three years time?

Hon. Mr. Hepworth: — Mr. Chairman, relative to the . . . what I and others have called an honest disagreement with the auditor, and we do have different accountants, different auditors taking a different approach on this issue. Obviously if it was clear cut one way or the other, we would have moved on it. But already, already — this is why you ask about the impact on bottom line — one should bear in line that already that is accounted for in the gross debt of the province. So you ask about the plan, I would say to you, don't forget that that number already is accounted for in the gross debt of the province.

Mr. Van Mulligen: — Let's turn to another large ticket item, Mr. Minister. Earlier one of the members asked you some question about the NewGrade Co-op upgrader here in Regina. By our estimates this particular facility has seen \$900 million in investment, equity and loans by primarily the provincial government; \$200 million or so by the federal government.

In the last two years you have had to inject in the neighbourhood of a \$100 million in cash — cash — to keep the upgrader afloat. I think there's something in your agreement which stipulates that if it looked as if the upgrader is not going to be making a profit on the year, or is in danger of becoming insolvent, the government is obligated to provide the cash.

You state that the province's liability are 339 million and the equity is 116 million. It begs the question of where this \$100 million is that you put in before. But you have, by your own admission, liabilities of 339 million. We have statements from the chairman of the Crown Investments Corporation — one Bill Gibson, a year or so ago — to the effect that, if the Co-op upgrader was ever to stand on its own, if the Co-op upgrader, the NewGrade Energy upgrader was ever to show a profit, to have a healthy bottom line for the future, that there was going to have to be significant equity investment into that upgrader. I haven't seen a raft of people with large pockets and pools of capital rushing to Saskatchewan to invest money in the Co-op upgrader. It's very likely that the provincial government, the province of Saskatchewan is going to have to come to grips with this issue and that the province of Saskatchewan, the taxpayers of Saskatchewan are going to have to come up with some significant amount of money. Whether it's \$250 million or half a billion dollars, somewhere in that range, the taxpayers are going to have to come up with that money if that upgrader is to make any financial sense at all.

Otherwise you can continue to infuse cash as we have been doing the last two years to the extent of \$100 million. The choice is entirely up to the government. But the government is going to have to act one way or another because it isn't working the way it is right now.

My question to you, Mr. Minister is, in this financial plan that you have, what projections do you have for further cash infusions to the Co-op upgrader?

Hon. Mr. Hepworth: — Relative the Co-op upgrader, our hope is — and there is no question they've had some difficulties with some unfortunate fires and things like that

— but our hope there, and I'm sure the Co-op's plan, as well as ours, is to have no more unfortunate incidents, number one. And number two that it would produce the roughly 50,000 barrels a day that it's designed to produce. And we know it can do it, Mr. Chairman. We've seen that. I think there were some several months there where it ran at about 48,000 barrels a day as it's designed to do. And that's what we want to see. I think, given the differentials, it certainly — and I don't have any of them in front of me or the numbers, but I knew there has . . . when it operates at 48,000 with the differentials the way they were, it was doing very well thank you very much.

Mr. Van Mulligen: — Mr. Chairman, I'm not sure I'm beginning to believe all this — this financial plan that the minister has to balance the budget in three year's time. He says that this year the deficit is going to be 265 million. Next year the deficit will be 150 million. And three years from now the budget is going to be balanced; there won't be any deficit. That's what he says.

But he also says that we haven't dotted every "i" and crossed every "t". We do have a disagreement with the auditor as to how to treat \$555 million. And here he says, now with respect to the upgrader, which is a not insignificant liability for the provincial government — notwithstanding the corporate ownership of this facility, it is a not insignificant liability for the provincial government — he says, and I use . . . He says, we hope, we hope, we hope, we hope that the upgrader will do as it was projected to do, which is to produce so many barrels of oil every year, etc. etc., and that somehow that no further infusion of cash is going to be required from the province — and that there won't be any more accidents, we hope.

Now this is wonderful, Mr. Chairman, that we have a projection for a balanced budget in three years time which is based on a plan that quite hasn't got all the i's dotted or the t's crossed; based on a significant disagreement with the auditor as to how to treat \$555 million in loans; and a hope, a hope that unlike the past, we're not going to continue to have to infuse significant amounts of taxpayers' dollars into the heavy oil upgrader, the NewGrade Energy upgrader here in Regina.

I guess I'm feeling more confident by the minute, Mr. Minister, as I listen to you about your projected plan to balance the budget in three year's time. You hope, you hope that somehow we're not going to be required to put any more money into the upgrader — contrary to what Mr. Gibson of the Crown Investments Corporation was reported to have said a couple of years ago, where Mr. Gibson dwelt on more than hope. He made it very clear that if the upgrader was to work, if the upgrader was not to require further infusions of cash by the taxpayers of this province, that it was going to have to see some significant equity investment, Mr. Chairman.

The minister says, I hope, I hope it's going to work out. I think the minister's got his fingers crossed, this whole projection that he has for a balanced budget in three year's time. I think he kind of wrote that in his budget address, Mr. Chairman, he wrote that in his budget address while crossing his fingers. I think that he's hoping on a wish and a prayer that he's going to be able to do

that. I'm not all that confident now about the projection that he has of a balanced budget in three year's time.

I think the events of the last hour or so show very clearly that the people of Saskatchewan has a right to remain sceptical, sceptical about this government's plans to in fact balance the budget. And I have to remind you, sir, that this is not the first time. This is not the first time that the government has said some things about deficits that haven't proven to be the case. In 1982, in the very first budget that the government brought down, the minister of Finance at that time said that this would be a manageable deficit when he brought in the first deficit after some 20 years of not having a deficit. He said that this was a manageable deficit. Well we know now that that wasn't the case.

The next year in March of '83, again the minister of Finance at the time, one Bob Andrew, said we anticipate a manageable increase in our combined deficit — manageable, manageable. We know that it's proven to be anything but manageable. The year after that Mr. Andrew says that we also took the decision — and he's reporting on the previous year — to allow the deficit to rise for a second year in succession. This was a necessary short-term measure to counteract the effects of a recession. But two years of increasing deficits are enough.

I just want to emphasize that. Mr. Andrew said, but two years of increasing deficits are enough. And he goes on to say that, I am pleased to announce therefore that the deficit for this year will, in fact, be only \$267 million. Well in fact, it turned out to be \$380 million, a slight miscalculation.

So now we've had three budgets, three stories by one of the Finance ministers of this PC (Progressive Conservative) government administration saying that well this deficit is going to be manageable, and then saying enough is enough, we've got to turn it around and we're going to decrease the amount of money that we're going to deficit finance. But in fact, it went the other way. He said the deficit has been turned around. Well it wasn't.

In '85 the minister said, the Finance minister said, looking ahead — as this minister is doing with his budget address and his claim of a balanced budget — this minister too, said looking ahead, this government remains committed to achieving a balanced budget. Well we didn't know that he was talking about 10 years down the road, but he remained committed.

And then in 1986, 1986 and if . . . You know there has been some talk about this budget in Ontario, and I think that the Premier used the words to refer to the Ontario budget as having the mother of all deficits, even though the deficit as a percentage of the overall budget was 18 per cent. Saskatchewan people should remember what the situation was in 1986.

(2000)

In 1986 the Finance minister at the time said: this government is confident that a balanced budget can be achieved within the next five years. The reduced deficit for 1986 is the first step towards this goal. Let me just say

that again: this government is confident that a balanced budget can be achieved within the next five years. The reduced deficit for 1986 is the first step towards this goal. This is in 1986.

Here were are five years later. We don't have a balanced budget, and he said the reduced deficit for '86 is the first step towards his goal. But he didn't reduce the deficit. He projected a deficit of \$389 million. In fact the actual deficit that year was \$1.232 billion — \$1.2 billion. And as a percentage of the overall budget that year was in the order of 30 per cent, significantly more than this mother of all budgets that we saw in Ontario in relative terms.

And if the budget from Ontario was, in the words of the Premier, the mother of all budgets, well what was the budget of '86-87, Mr. Chairman? Was that the grandmother of all budgets? Or was that the biggest fairy tale of all time, Mr. Chairman? I suspect it was the latter.

Now that was one budget, that was one budget which should have received a prize — the Governor General's prize for best work of fiction in a year in Canada, Mr. Chairman. That's what that budget should have received. But this minister says, I have a plan, notwithstanding what's happened in the past year, notwithstanding our claims that these deficits are manageable, notwithstanding our claims that we've turned it around and we didn't, notwithstanding our claims that we're going to balance the budget in five years and was hopelessly out of touch with reality, and wasn't able to do it.

But again I would point out it was something that was said prior to the election. Just prior to the election they said they were going to balance the budget. And we've got to remember, Mr. Chairman, that this is of course an election year, or at least we assume that it's an election year. The government's sort of giving every indication of somehow trying to avoid an election. But this is an election year, and election year.

So the last time we had an election, just prior to the election the government said, we're going to balance the budget. And now we have another minister just prior to an election saying, I'm going to balance the budget, notwithstanding the fact that you weren't able to balance the budget before.

We have a minister who stands here before the public dripping in sincerity but yet playing the same game of political chicanery, Mr. Chairman. This same game of political chicanery, not able to answer the questions, doesn't have all the i's dotted, all the t's crossed, has some significant disagreement about very large sums of money, has a hope. He hopes that we're not going to have to infuse cash into a money-losing operation the way we have been in the past, and even though other provincial government officials are saying, there ain't no doubt about it that somebody's going to have to do that.

But this minister hopes . . . and I think that that's what this balanced budget projection is all about, Mr. Chairman. That's what this balanced budget projection of the minister is all about — it's a hope. It's not based on any plan, it's not based on any plan. The minister says, I've got

a six-point plan. My plan is to set targets — even though the targets are unrealistic. My plan is that we're not going to have any increase in operating costs — even though there are large costs which are unaccounted for and the minister can't properly address, and he doesn't answer.

This plan is based also on effective provincial cost-sharing agreements — notwithstanding indications that we get from Ottawa that the federal government wants to continue to off-load its responsibilities on to the provincial governments; notwithstanding that fact that this country is in the throes of a major, major constitutional debate, a debate which centres around whether the country should remain as a centralized entity or whether the country should take on the form of a more decentralized federal state. And if it's the latter, what implications will that have for future budgets? What implications will that have, for example, for established program funding?

The minister doesn't address that. He says, well we hope that the situation will be stabilized, without giving any indication as to how it might impact future budgets. So when the minister says, I have a plan, but refuses to put before us, refuses to put before us a detailed fiscal plan for the years following this one, which give the details of where he proposes to spend money and the details as to where the money is going to come from, then I say, Mr. Chairman, this minister has no plan at all. This minister has no plan at all.

And when I asked him, with respect, Mr. Minister, where is your financial plan, his answer is, we have no plan; there is no real plan. We hope that we can achieve this, and we certainly hope that, given the fact that it's an election year — and this of course is not stated, but one has to assume from what he's saying and assume from this government's record — we hope that somehow the people of Saskatchewan can be fooled again, fooled again into believing that we are going to balance the budget. You know, we tried this last time, and people are a little bit sceptical about this claim, but we're going to throw out a few details here, a few figures, about what the deficits will be. We hope that that will be believable, that people will believe that, and therefore support us, because we're proposing to balance the budget.

But this is not a detailed financial plan for balancing the budget. This is a wing and a prayer. And I would submit to you, sir, that this, like the budget of 1986 prior to the last election, is also a work of fiction and doesn't deserve the serious consideration of the people of Saskatchewan.

One last word if I might, Mr. Chairman. We in the opposition, we in the opposition have an obligation to the people of Saskatchewan. In fact, all members of the Legislative Assembly have an obligation to the people of Saskatchewan to ask questions about the government's plan to spend money. After all, it's not the government's money; it's the taxpayers' money. And it's the legislature that must approve any funds for the government. And that's why we spend a great deal of time asking questions about how the government proposes to spend taxpayers' money, and which is why we also ask a lot of questions — not only here in the Assembly but in other committees — about how the government spent money in the past.

That's our responsibility, that's our obligation, that's our duty to the taxpayers of Saskatchewan.

And it's the government's job — the government's job — to provide answers to the question we put to them, contrary to the wish of some of the government members who really don't have answers any more and would prefer to be asking us questions. I think they secretly prefer to be in opposition as opposed to continuing to be a government, Mr. Chairman.

But as opposed to what the government members are sort of doing, it's in fact their obligation as a government to provide answers to the questions we put to them. I'm not satisfied, with the answers that I received tonight, that I can tell my constituents that the government has an effective plan to balance the budget in three years time, and I'm not surprised.

We only have to go to the auditor's report to see where the auditor says — the auditor says and I quote him:

One of our major priorities is improving the usefulness of the main financial statements now provided to the Legislative Assembly and the public. Those statements (called the Combined Funds statements) are confusing, incomplete and often issued late.

As a result, legislators and the public are not provided the information required to understand and assess the tough questions faced by our government.

And the tough questions that the people of Saskatchewan have, the minister has not provided the significant amount of detail that we require to be able to report to our constituents that yes, their plan of a balanced budget is in fact a realistic one and is a credible one. Because the answers that the ministers have given today suggest anything but that, Mr. Chairman. The minister again is moving on a hope and a wing and a prayer that he can somehow — somehow — fool the public again into believing that this government is fiscally responsible, that this government knows what the words fiscal management mean. But they've given no real indication of that.

Mr. Chairman, I have no further questions at this point, but I do want to express my very deep and sincere regret that like the previous pre-election budget of this government, like that pre-election budget where the minister of Finance, the PC minister of Finance at that time, said that he would balance the budget and we saw anything but that, that again we're looking at a work of fiction here; that we may be seeing not the full accounting of what's going to be happening in this province with the finances, but again a sorry story that will somehow emerge later. Thank you very much, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Kowalsky: — I have a couple of questions I want to ask the minister about the effect that their moving of the . . . or abdicating responsibility with the arts, sports, recreation, and cultural funding, and abdicating of that

and giving the responsibility totally to Sask Trust to do, what effect it'll have and whether they've done any studies on it. So, Mr. Chairman, I would ask the minister, first of all, have you been given any indication of exactly how much was lost last year, how much was . . . what the decrease was to Sask Trust — and that is the three umbrella organizations under it — as a result of the lottery tax and the resulting drop in sales and how much the recovery was and what the projected trends seem to be for that?

Hon. Mr. Hepworth: — No, I don't have that, Mr. Chairman. And I just want to make one other point here — is that I don't mind getting into details about the interim supply Bill before us. But he's asking for details relative to last year's budget, Mr. Chairman. I thought the issue we were addressing here was interim supply for the budget year '91-92 so we could pay the bills for the school boards and hospitals and those kinds of things.

This is just nothing but abusing the time and the privilege of this legislature with this kind of questioning, Mr. Chairman. I say let's get on with the Bill, the motion before the legislature. It has nothing to do with last year's lottery numbers. If I had them, I would give them. I've tried to be very forthcoming. I don't have them. It isn't relevant.

Mr. Kowalsky: — I'm sorry to hear that you're very upset, Mr. Minister. I thought that that was the purpose of this legislature, was for the opposition to ask a few questions and you to be reasonable in answering. And I'll go ahead and ask them. If you prefer to reply in that manner then I guess it's upon your head.

Now the relevance is quite straightforward, Mr. Chairman, because what has happened is that, with this budget, the government has completely abdicated its role when it comes to . . . Mr. Chairman, I wonder if you would mind bringing him to order. I find it a little distracting.

(2015)

Mr. Chairman: — Order. The member from Moose Jaw North, it's difficult to hear. Order, order.

Mr. Kowalsky: — Thank you, Mr. Chairman. Now I say, Mr. Chairman, that the question that I raise here . . . I want to lead into what is happening in this year's budget as put into the estimates. And the relevance here has to do with this year's expenditures, the interim supply which we're dealing with at this stage.

Now, Mr. Minister, in this budget document of 1991-92, for part of which we are hoping to vote off before too long . . . And when I look at the Family Foundation, which is the only department that might even have any sort of reference whatsoever to culture or recreation or sport, in that Family Foundation, and I look under some of the money that used to be supplied to the Arts Board and used to be supplied to multiculturalism and heritage and museum, sport, and recreation — this is on page 48 — to the Western Development Museum, I see that all of those draw a very big blank.

What has happened is your government has decided to

pull out of the sport, culture, and recreation field. You have done this, certainly not with the consultation of the people involved in the field, certainly not with the consultation of people in the three umbrella organizations — sport, recreation, and culture organizations.

And now they find themselves in the process of trying to do \$35 million worth of good work with an estimated income of . . . And that's the problem; we don't know exactly what the amount of money is. And this is what I want to do, is find out from you what the amount of money that you are projecting to do that \$35 million worth of work.

And I thought that you would have had . . . that you must have gone through this in your department. You had to have gone through it with your department to find out how much money is going into that field. So could you comment on that, Mr. Minister.

Could you comment on that, Mr. Minister, and give us your projections based on what happened in the lotteries from the years past, where the lottery fundings went, how much you would have expected to pay for that \$35 million worth of work.

Hon. Mr. Hepworth: — Mr. Chairman, relative to the details of lottery funding in the past, I simply don't have that I have tried to answer any questions that relate to the Bill, the motion before us, Mr. Chairman.

I don't think the purpose of this committee, with this motion before it, is to get into detail like he's asking, even if it was relevant to the Bill. But it isn't. He's even asking for it relative to other years. I don't have it, Mr. Chairman. I can't provide it for him. I don't even think past years funding ratios are relevant, particularly to the motion in front of us tonight. I'm certain that when the estimates come up for Family Foundation, that can be gone into in great detail, as one might expect. But I think he's asking a bit much of the committee to get into that kind of detail, Mr. Chairman.

Mr. Kowalsky: — The minister refuses to answer the question; I'll ask him another question. Mr. Minister, the people that are working in that field, that are working with the lottery money, that have been working with it very diligently in co-operation with the government, were rather upset — to say the least — when you implemented the lottery tax in an attempt to extract some of that money because of the jealousies of people in cabinet, other than the minister that was in charge.

Now, Mr. Minister, people in the lottery field just about lost all of the lottery money in November 1990, when you folks inside cabinet were trying to wrestle it from them, and trying to wrestle the entire lottery funding away from Sask Trust organization. It took considerable effort on their part, and lobbying, not to have that funding disappear altogether . . .

An Hon. Member: — Mr. Chairman, on a point of order.

Mr. Chairman: — What is the member's point of order?

Hon. Mr. Hepworth: — Mr. Chairman, I think as always we try to be fairly small “I” liberal in terms of what questions we allow. In examination under these motions in committee, the hon. member is referring to previous years. I don’t believe it’s germane to this committee’s examination. I have no difficulty in dealing as best I can with issues as it relates to the motion before us. Even then detailed questions are to be put to individual ministers. This is meant to be interim funding until the examination of all estimates can be done, can be made. That’s point number one.

Point number two: it certainly isn’t meant to examine previous years estimates. I don’t mind . . . And I think we’ve wandered today at great latitude, and I don’t mind trying to provide information on things that quite frankly aren’t specifically germane, but it’s been the practice to allow a fair amount of latitude. But I think this is taking it a bit far, Mr. Chairman, and I would ask you to rule on that.

Mr. Kowalsky: — On the point of order, Mr. Chairman, I’m referring to a 30 to \$35 million worth of budget. The minister think that that’s getting a little too specific for him. I would wonder what the purpose of this is. And I feel very strongly, Mr. Minister, that the questions asked in interim supply should really be at the jurisdiction of the member asking the question, rather than at the jurisdiction of the member who may want to answer the question, Mr. Chairman.

The case that I am building, Mr. Chairman, I have to set a little bit of history and get back into ’90 to develop it into this current budget, which I have referred to in my remarks within the last two or three minutes.

Mr. Chairman: — Order, order. Order. It has been brought to my attention that over a period of time . . . and the time I’ve been able to spend in this House there have been times when debate has become wide-ranging and certainly a little more has been allowed in debate than is normal at times. But at this time I believe that we’re into detail. We’re getting into detailed questioning on an overall budget. It’s an interim supply Bill, and I would ask the member . . . I find the minister’s point of order well taken, and I would ask the member to become more specific with his questions regarding interim supply.

Mr. Kowalsky: — Thank you, Mr. Minister, I would like to then get to the question that I want to ask on this issue. That question: because we already know, and the people in the arts and cultural and recreational field already know the designs of the government in your previous attempts to get at the lottery money, they now want a specific answer about your intentions with respect to setting up another lottery in competition with Sask Sport.

And specifically, Mr. Minister, I am asking you whether you will be prepared to stand in your place this day and say unequivocally that the government is not going to set up a lottery in competition with Sask Sport.

Hon. Mr. Hepworth: — Relative to our approach and this budget and how it would be relevant to interim supply, I would make these comments, Mr. Deputy Chairman.

At the pre-budget meetings that I attended across the

province, at virtually, I suppose, every meeting, the issue of funding for culture, sports, recreation, those kinds of groups, came up. As well, I can say that even a member of your caucus forwarded — which I appreciated — a survey that had been done in that MLA’s (Member of the Legislative Assembly) constituency.

And why I raised these in terms of this budget is because I think for the most part this budget reflects the wishes of the people, not only as I heard them at the pre-budget meetings but as well as one MLA, at least one MLA in your caucus, found them too, where a sizeable number of people — some surveys might even have suggested a majority of people — were of the view that in these difficult times, if you are refocusing and reprioritizing how you use taxpayers’ dollars, that maybe that’s an area that ought to be looked at.

That doesn’t mean to say that they don’t consider culture and recreation and multicultural and heritage and museums and all that stuff important, because they do. But what I think they were saying is that in these times, these economic times we live in, maybe we as individuals have to do more.

So following on that, the minister in charge met with all of the groups, and yes, we have given them a particular challenge. We have said there will be, for the most part, no taxpayers’ dollars; however, we will earmark all the lottery proceeds, in fact provide them with more money from the lotteries than they were getting previously. But as well, they must take all of the programs that they were funding in the past plus several new areas that were previously administered by the department. And the funding for the programs, no question, will exceed the funding available to them, at least potentially, depending on how the lottery revenue goes. But I suspect it will be more than they have available to them in this very year. More programs — maybe not enough dollars to totally go around, and so that they too have to, you know, meet the challenges of working within that budget.

It gives them all the autonomy, and I think that was something they’ve been looking for. And I’m led to believe that the discussions that the minister had with them went well. They recognize that it’s going to be challenging but they’ve rolled up their sleeves, got the job done. And I think, quite frankly, maybe in the end everybody wins — the taxpayer as well as all of those organizations, Mr. Chairman.

And that’s why you see in the budget where last year there may well have been an appropriation, this year there is no appropriation. The interim supply would reflect that, in that there wouldn’t have to be interim supply for some of those areas that last year would have had interim supply. And that’s the level of detail I can provide you in that area, Mr. Deputy Chairman.

Mr. Kowalsky: — Thank you. Mr. Chairman, the people who were involved in the negotiations, as the minister has indicated, have now accepted that they are going to have to do approximately \$35 million work with \$30 million. They did so reluctantly because there was a threat that they might lose the entire package of lottery money because the government was trying to take the entire

package.

The question that I am asking the minister — and I want his assurances — is now that you have given them full authority and the responsibility for taking care of all the culture, sports, and rec, and you've pulled staffing from all parts of the province as well, by down-sizing staff who did the zone work and the co-ordination and the development, will you give us your assurance that the government, your government, will not be setting up a competing lottery — will not be setting up a competing lottery in the near future and which would only further undermine the efforts and the work that needs to be done with the existing lottery?

Mr. Minister, you must understand that if you get into any kind of a competing lottery, if the government gets into any kind of a competing lottery, then the work that people in sport, culture, and rec are faced with trying to do — \$30 million worth of work, \$35 million worth of work with less money, taken a 10 or 15 per cent cut already — will be further undermined. What I'm asking is for your assurance on that matter.

(2030)

Hon. Mr. Hepworth: — Mr. Deputy Chairman, in so far as what precisely the future holds, I can't give you any more detail than I have already. I would recommend you put more questions in estimates to the appropriate minister. I've given you the basis relative to the appropriations. I think you made mention of some of the ones that don't have an appropriation this year, that had last year, and that's the basis for that part of the budget, Mr. Chairman.

Mr. Kowalsky: — Thank you, Mr. Minister. I will be putting those questions in estimate. And by your answer then, what I do then is I take by your answer that you could be looking at having another lottery. I also take it by your answer that you have not ruled out going in with electronic gaming or poker machines into the hotels and the agreement that you have tried to be working out with some municipalities.

I think that should be noted, that the community involved, the sports, recreation and cultural community of the province of Saskatchewan, should be put on guard against the potential of the government going into the lottery business or further lottery businesses or gaming businesses and further undermining that community.

Mr. Lyons: — Thank you very much, Mr. Chairman. I have a few questions to the hon. member, the minister, regarding his economic forecast. I want to preface my questions with a few remarks, Mr. Chairman, if I could.

First of all I want to say how much I sympathize with the predicament that the minister finds himself in. Certainly it's not to his credit that the province finds itself with a provincial debt load that we presently have. I'm sure that it wasn't all of the minister's making, but as a minister of the Crown he certainly played a role in that. But my sympathy for his predicament is not necessarily on the area of the provincial debt; my sympathy on that matter actually lies with the people of Saskatchewan who this

minister wants to shoulder that particular burden in terms of paying it back.

But rather my sympathy lies with the whole notion of trying to develop an economic forecast within the parameters of the volatility of the world economy that we presently find ourselves today. I say that, Mr. Chairman, when I look at not any more than five or six hours ago in this House when we saw the Minister of Finance stand up and tell us that because of the Ontario budget that interest rates were going to rise and that we were going to be hit with all these horrible things because of that particular budget. And I not with some relief and also, I may say, some joy that what we've seen today is interest rates fall, and they've fallen to the lowest rate since 1988. The chartered banks have lowered their rate. The prime rate in the Bank of Canada has dropped, and perhaps the minister would like to stand up on his feet and acknowledge that maybe we need not just one or two or three but many Ontario budgets so that we see the continued fall in interest rates.

Having said that, Mr. Chairman, having said that and having some sympathy with trying to make predictions for one year, let alone over four years, I'd like to ask the minister the following question. Mr. Minister, we have seen in your economic forecast . . . I may say I'm reading from the economic forecast that has an executive summary. And that executive summary says, "Note: This forecast does not include the farm safety net programs nor recent fiscal measures."

Obviously by fiscal measures, the minister is talking about the added imposition of another tax, the largest single tax grab in Saskatchewan's history, nor does it include the effects on GRIP and NISA. But, Mr. Minister, in your economic forecast, on the same page of the executive summary that you like to quote, under 1992, which is the next fiscal year, we see the following three phrases.

First of all it says, "Recession continues." Secondly, "Grain prices continue to fall," and thirdly we see, "Investment slows." Now, Mr. Minister, I wonder, sir, given your qualification that appears at the bottom of the page that this forecast does not include the farm safety net program nor recent fiscal measures, does GRIP and NISA and the imposition of the PST, will that change your economic forecast as it relates to grain prices?

Hon. Mr. Hepworth: — Mr. Chairman, relative to the impact of the Ontario NDP horrendous deficit and deficit projection for the next three or four years, I think the point the hon. member made at the outset was if it's so horrendous and ugly, which it is and which every capital market analyst that I've read has suggested that . . . and they have too, have suggested that it would have upward pressure on interest rates.

I think the hon. member's question was, well why then did the Bank of Canada rate go down today? The answer, quite simply, is some of the events that were happening concurrently in the U.S., number one. And number two is he ought not to take a lot of solace in that because the reality is I think the day the rate went down 13 bases points, it may well have gone down 16, 18, or 20, had it

not been for that event. And you can laugh. You don't have to take my view on that. Phone up any investment banker and analyst and ask them what their view is. I think you'll find it very similar.

As it relates to the observations on the executive summary page, 1992, recession, continues. Obviously with the GRIP and NISA and third line and harmonization, the fiscal measures in, that no longer is a fact. We're estimating now, as I've said several times in the legislature, 2.2 per cent real growth; Conference Board, I think, is in at 2.9. As it relates to grain, prices continue to fall. Well guess what? With GRIP and NISA, that now we will see that guaranteed level at \$4.15.

Investment slows, of course — guess what? With harmonization, as difficult as making that change is, we'll see as well, a lift of 1.6 per cent in real GDP as a result of harmonization starting in first quarter '92. So all of those observations are distinctly changed for all the right reasons.

When cabinet looked at these forecasts as part of their planning, we knew something had to be done. We knew in our hearts already before that because of the agriculture numbers, that they were going to impact dramatically on the economy. Our Premier acted, this government has acted, to stabilize and revitalize the economy and as well control the debt and the deficit, and I think we've seen the significant results as it relates to forecasts before and now forecasts as a result of these changes, Mr. Chairman.

Mr. Lyons: — Thank you very much for the non-answer, Mr. Minister. I'd like to however explore a few of this. Obviously grain prices continue to fall. You weren't here talking about the artificial subsidy rate for grain prices, you were obviously talking about . . . and based on the whole of this document, you were talking about commodity prices on a world-wide level, including the price of grain.

So nobody in this province is going to be fooled by you trying to say that grain prices are going to be stabilized at 4.15, that's an artificially stabilized price. That's a subsidized price for grain, and that has got nothing to do with the overall situation in terms of the world commodity market. And you know and I know that that subsidy for the price of grain comes directly out of government revenues. That comes directly out of government revenues, both in terms of GRIP and in terms of NISA, out of the federal government, and in fact is a drain on the provincial treasury which you've said many times it is. In fact, I believe it was either yourself or the Premier who said, we're ready to bankrupt the treasury in order to keep the farmers on the land. And while you may have bankrupted the treasury, we certainly see an increase in the number of farmers who are leaving the land.

But leaving that aside, now can you tell us with a straight face that in this forecast of 1992, in your own document, you refer to "Grain prices continue to fall." Are you trying to now say that somehow that the commodity price, the real world price for grain, is not going to continue to fall, but in fact that somehow through the introduction of

GRIP and NISA the world price of grain is going to continue or end up at four fifteen?

Hon. Mr. Hepworth: — What we know is that we can now plug in a more accurate number for — as can the farmer — for cash receipts. And that's of course important in the econometric model. Naturally I can't predict precisely what the world price will be. But I do know under GRIP and NISA this year, it will be \$4.15, Mr. Chairman.

Mr. Lyons: — So, Mr. Chairman, Mr. Minister, obviously the . . . When I read through your document you're predicting that grain prices will continue to fall. You're not then denying that the part of the forecast of your economic document is correct, that this document says that on a world basis grain prices are going to continue to fall, and there is nothing to suppose that there's a change in that particular aspect of grain prices for the 1992.

Hon. Mr. Hepworth: — Mr. Chairman, the so-called leaked and/or secret document that the hon. member has referred to in the past . . . the detailed retrospective analysis, particularly as it relates to wheat in the agriculture sector, is outlined in fair detail on pages 14, 15, 16, and to some lesser extent 17, Mr. Chairman.

Having said that, as I said earlier, obviously I can't predict any better than he can what the world price of wheat will be.

I will give him and you and other members of the committee my insights for what they're worth. And that's all they are is mine, and I don't pretend to be an economist. But I'll put them out for the committee members if he wishes.

The two observations I would make, particularly as it relates to the grains market, would be this. For the next few months the prices will probably largely be driven by the weather, as is traditional over the . . . As we get into planting here and in the Midwest plains in the U.S., it will be largely a weather market for the next few months.

The other observation I would make is that the market is struggling. It looks to try and make gains. We'll maybe see some small gains — 3, 4, 5, 6 cents on any given day, maybe two days in a row, then have a set-back again. The market can't seem to break out of its bottom.

And the third point I would make is there are a couple of wild cards in the equation. Number one is the global, the western world's response to rebuilding and the humanitarian efforts that's going to go into the post Mid East war. That's a wild card. What will that mean in terms of food aid?

The second wild card, I think, is the events that are unfolding in central and eastern Europe. What will that mean? I see in a recent article that Russia apparently is having trouble finding enough seed for this spring's planting. What does that mean? What do all the other events — the perestroika and the glasnost that may or may not be on the trail to the degree that it once was? That could be a wild card.

What the EEP (export enhancement program), the enhancement program in the U.S. does, the level of budgeting there, whether they open up more commodities in more countries. I think there was a sale into Norway at something in the order of 73 cents a bushel — hardly a third-world country. That obviously sent a big shock wave through the market-place.

So those are some of the wild cards and observations I would make. If I really knew for sure where the price of wheat was going to go, Mr. Chairman, I'd be rich and retired and I wouldn't be enjoying, as much as I enjoy this, the company of this committee tonight.

(2045)

Mr. Lyons: — Well, Mr. Chairman, let me just say this to the minister, that I'm quite sincere when I say that the members of this side of the House probably enjoy your company more here tonight than vice versa, if that was the implication of your final statement.

However I want you to reflect on the words that you've just spoken; that if you knew exactly where the price of wheat was going to go you'd be a rich person, and etc., etc.; would not be enjoying our company tonight. But I think it's indicative of the dangers of trying to put before the people of Saskatchewan an economic forecast based on a whole number of variables. And here we're talking about one of the primary variables in the economic matrix of Saskatchewan — that is the wheat price. That for you to stand up before the House and make a prediction based upon an unknown factor is . . . just stretches the credibility a slight bit.

If you don't know where the price of wheat's going to go, and you don't know how the price of wheat's going to impact on farm income, and you don't know how that's going to impact on consumer spending which is going to impact on the amount of money that you collect even through the PST, then it seems to me that the your prediction that in three years we'll have a balanced budget seems to me a little bit far-fetched.

And I say, Mr. Minister, with all due respect I say this because of the volatility of the economic situation in the world, perhaps it would be better for you in the coming weeks — I'm not going to even stretch it out to months but at least in the coming weeks — maybe draw your horns in a bit and say, look we don't know what all the factors are, so we're not going to be able to say to the people of Saskatchewan that we're going to be able to balance the budget in three years.

First of all, I don't think anybody in this province believes that to be the case. I just don't think so. I know Mr. Bruce Johnstone, the business editor of the Regina *Leader-Post* certainly doesn't believe so. And I would commend to you reading his, I thought, very well-reasoned column, when he said that for the finance minister — after the night after the budget — for you to make the prediction that you would be able to balance the budget in three years is just not believable. And that the statement by the Leader of the Opposition in terms of an economic plan and his economic development plan, and how he's going to vote proposing to reduce the deficit over a 15-year time

given the volatility of the situation, makes much more sense. That it doesn't do you, or it doesn't do any of us here in this Assembly any good to try to make wild-eyed statements like, the budget's going to be balanced in three years. The people of this province have lived through that for the last 10 budgets. We know very well that the economic forecasts are never what they are said to be.

And I want to illustrate this by another point, Mr. Minister. In the same document you have a forecast. You have a prediction. You have a guesstimate, I guess, as to the price of oil. And we noticed that while there has been certainly ups and downs in the price of oil, in your own forecasts you're predicting crude oil prices. And I want to refer you to page 13 on this, that in the graph on page 13 we've seen an upward trend in oil and a downward trend in oil. But somehow after 1991, there seems to be, in 1992, there seems to be a fairly large take-off in the price of crude oil.

And I'm wondering, Mr. Finance Minister, whether or not you would advise people in Saskatchewan to engage in a little commodity trade in the futures market in West Texas crude? Are you telling people that, hey look, the oil price is going to go up, and I see it's gone up fairly high on your index, at least in your prediction between 1992 and 1994.

And I wonder if you'd tell the people of Saskatchewan — are you absolutely certain? Are you absolutely sure? — that the price of West Texas Intermediate is going to be going bounding up, and everybody should go out and buy some contracts in the futures market. Or is that just another guesstimate?

Hon. Mr. Hepworth: — Mr. Chairman, the budget this year is predicated on, I think, for the most part what's seen as a fairly conservative number as relates to WTI (West Texas Intermediate) U.S. — \$20.85, I think. Last year the number came in actually at something in the order of \$24. I know some other forecasts. The federal government, for example, I think plugged in about 23; I think the Alberta government about \$23.50.

But once again the hon. member's other observations about what I can forecast into the future, what officials can forecast in the future, aren't worthy of response, quite frankly, because they were so inane, those comments.

Mr. Lyons: — Thank you, Mr. Chairman. I certainly appreciate that latter comment, Mr. Minister. If we're going to talk about inanity and we're going to talk about making personal comments like that, I guess that's fair ball.

If you want me to talk about the inanity of your last few budgets, if you want to talk about the inanity of the kind of statements that one Finance minister after another Finance minister in your government have made in terms of deficit reduction and balancing the books by 1991, or balancing the books by 1986, or by having manageable deficits, you know, we can throw names back and forth all we want.

The point that I've been trying to make and I think the point that you would agree with is that when it comes to

economic forecasting, anybody that is in the economic forecasting business is finding it exceedingly difficult to bring a forecast more than a year to 18 months forward. Any reputable economist will tell you that given what is happening in the world today, that to try to forecast past 18 months is nothing more than voodoo.

You know, I know that your government has certainly got a record of wishful thinking when it comes to economic forecasting, and a series of Finance ministers and statements by a series of your government's Finance ministers have certainly pointed that out. Right? I mean, you can put the pins in the doll all you want, but the fact is, is that reality is here. Right? And all your wishing and all your hoping and all your catch-phrasing doesn't change the reality of the volatility of the situation.

Once again I ask you, once again I ask you: won't you at least stand here and admit that at least past 1992 in terms of developing a forecast for crude oil prices, that in fact it is a guesstimate. And it's a guesstimate that's based on . . . while I'll agree on a number of factors, that it's not a real projection in terms of temporality, that it is conditioned by temporality, and that past 1992 it's trying to look through a murky haze and that it may well be a sustained drop in oil prices as opposed to a rise in oil prices, and that that very well could happen.

And I want, Mr. Minister . . . You don't have to take my word for it, obviously, since you won't. Let me quote for you from *The Financial Post* of the week-end edition, April 27-29. I want to refer you to the front page, and it says, "U.S. GNP confirms recession." The U.S. gross national product shrinks. It says:

The U.S. economy shrank at a 2.8% annual rate in the first quarter, confirming that the country is officially in a recession. The rate of contraction was greater than expected and follows the 1.6% drop in the gross national product in the 1990 fourth quarter.

Now here we have all the best economists in the United States making predictions as to the performance of the American economy over four months in advance — for the four months in the future. And we find out that even within that short time frame, even within that four months, that they're not able to predict the performance of the United States economy, despite the fact that they've got econometric modelling. They've got the brain trust of probably the greatest array of economists in terms of . . . the greatest in terms of number working for corporations, for banks, for educational institutions, so on and so forth . . . that these people in fact cannot develop within the U.S. Department of Commerce, cannot even see four months into the future.

So what credibility do you have to stand here in the House and say that you, as the Minister of Finance, have a greater foresight, have a greater sense of prescience than all the economists in the United States? It's that you're infallible somehow, that these are somehow infallible predictions. I mean it just stretches any credibility, Mr. Minister, that you may have.

So I want you to stand here and tell the people of

Saskatchewan that in fact that your forecast for oil prices is nothing more than a guess somewhere far off into the hazy future and that it may be this way and it may not be this way.

Hon. Mr. Hepworth: — Well, Mr. Chairman, I hope the hon. member reads the record tomorrow and examines what he has said. He said that this forecast is just a guesstimate — won't I admit it? Well what does he think a forecast is? I mean the actuals we will have after the fact. In the meantime for purposes of planning, we — other companies and jurisdictions — we all do forecasts. If that's what guesstimating is, is forecasting then why would he try and suggest that . . . I would never try and suggest that isn't . . . that that is what forecasting is all about. But having said that, that's what these are — projections.

The other point we want to make, and I think he would agree, we all know that forecasting at the best of times is a difficult science. I mean, if anybody could forecast accurately, constantly, they would be a very rich person.

The other point I would want to make, and it is in response to his, you know, that we somehow think we're more prescient than some others — well, we do not. We do forecasts like everybody else but having said that as it relates to our revenues, one advantage we do have — we may not be prescient — but one thing we do have that the hon. member ought to know about, is we do have this thing called equalization.

And guess what, Mr. Chairman? If we find that our forecasts are wrong, and the actuals are quite different than what we forecasted, and we thought it was going to be here for revenue and oil, for example, and it goes there — guess what? Equalization kicks in and provides you that stabilizing factor. So that in a bad year you get more equalization to off-set the drop in revenue from that particular revenue source.

So we may not be prescient, but in terms of having some predictability in our revenue numbers we do have equalization — not prescience — but equalization. And that's the difference here, Mr. Chairman.

Mr. Lyons: — Well, I think, Mr. Minister, we're getting just to step four. We took one step forward in that.

Now, Mr. Minister, again I want you to examine what you said. Right? That you're not prescient, that these are just forecasts. That they're looking ahead in the future and they may or may not happen.

But I want to refer you to the past, Mr. Minister, in terms of the ability . . . in terms of your ability and your government's ability to be right on the numbers. Now it's obvious, and one of the things that I have learned as a member of this legislature, Mr. Minister, over the last little while . . .

An Hon. Member: — Some say you haven't learned one thing while you've been here.

Mr. Lyons: — Well, Mr. Minister, I say those kind of comments just, you know, just absolutely shatter me in

terms of my own personal sense of well-being and that. I tell you I've learned one thing — I've learned one thing — and that one thing I've learned is that when it comes to developing an economic forecast, that you people aren't able to do it and that even though you have regular monthly tallies of revenue and regular monthly tallies of expenditure, it totally boggles the mind of how you've been so far out and so far wrong year after year after year after year after year after year after year.

You see this problem, Mr. Minister, as I see it. This is the problem as I see it. Right? You come out prior to an election and you say, we're making these budgetary predictions. Right? We're making these budgetary predictions that three years in advance we're going to be able to do such and such based on revenue that we're not quite sure of, and based on expenditures that we're not quite sure of. And it just boggles the mind — it just boggles the mind — how you can stand before the people of Saskatchewan and make the statement that we're going to budget the books in three years.

See, I don't believe that, Mr. Minister. And the people of the province don't believe that you're going to be able to do that. It may well be, Mr. Minister; on the other hand it may well be that you're able to do that. It may very well be that you will be able to balance the books. But I suggest, Mr. Minister, it's going to take a few things, a few factors in order to be able to do that.

First of all I predict that for you to balance the book there will have to be an expansion in the gross domestic product of this province of this province above six and a half per cent per year; and that a significant portion of that growth in the gross domestic product will have to occur in the employment variables.

(2100)

And that in order for the employment variables to increase you're going to have to have in-migration, and you're going to have to have a massive amount of investment in the economy which the last 10 years would suggest is not going to occur. And again, Mr. Minister, I want to use your own facts in supporting my argument on this. Here in your document — and now we're not talking about forecasts we're talking about actualities — here in your forecast you talk about a real growth rate of 4.4 per cent for 1990 and prior to that, if I'm correct, a growth rate of 6.4 per cent the year prior to that. So we have years, the last two years, as your own document says, of unprecedented growth with an expansion of the GDP of over 10 per cent over the last two years.

And even with that expansion at that rate, what do we find? Do we find a decrease? Do we find a decrease in the deficit of the province? Do we find an improvement in the fiscal capability of the government to begin to reduce the debt load?

Mr. Minister, we're talking fairly high numbers when it comes to GDP. Right? Excuse . . . Let me just retract. It's not 6.4 per cent; it's 6.2 per cent. It says, following growth in real domestic product of 6.2 per cent in 1989, the total volume of all provincial economic activities expected to have expanded by 4.4 per cent in 1990 due to a near

record crop and major capital investments. Right?

Now this is growth of a magnitude much larger than the revised numbers that you've given us. The revised numbers for growth, I guess, is for 1992 is not a minus point — I'd better make sure I have all the points in the right place here — a minus 0.3 . . . (inaudible interjection) . . . I cleaned them thank you, Mr. Minister, I've just cleaned them — minus 0.3 per cent. You're forecasting a growth rate of 2.2 per cent.

Let's suppose, Mr. Minister, that you're absolutely dead on. Let's suppose that you're . . . (inaudible interjection) . . . well I know the competency of the officials in the department. I know that they're well trained. I know that they have got lots of ability. So I'm going to take this revised forecast at its face value — 2.2 per cent.

Now in 1989 we had a growth rate of 6.2 per cent — gross domestic product growth of 6.2 per cent. In 1990 we had one of 4.4 per cent. In each of those two years, Mr. Minister, in each of those two years we saw an increase — an increase — in the deficit of this province. We saw a reduction, in other words, of the fiscal ability of the province to meet its commitments — 6.2 per cent, 4.4 per cent, and now in 1991, and I notice that you haven't revised the growth rate of 1991, minus 0.5 per cent — that we have a negative growth rate. Now something like 400 times . . . No that's not correct; I'm not even going to try that one. We have a . . . I don't want to use the minister's mathematics on this one. We have a major decrease in the growth rate, a major decrease in the growth rate in 1991.

I'll say here I'll accept your revised forecast for the sake of argument — 2.2 per cent in 1992, 2.2 per cent in 1993, and so on. We have here . . . I'll accept your revised forecast. How is it, how is it, Mr. Minister, that when you have a growth rate of 6.2 per cent in '89 and you had a deficit, and a growth rate of 4.4 per cent in 1990 and you had a deficit, that it is when you have the growth rate half of that in 1992, a forecast growth rate half of that of '92 from 4.4 in 1990, that you're going to be able, all of a sudden, to turn the fiscal situation in this province around with a growth rate which is less than the last two years? Now will you please explain that kind of jiggery-pokery to me, because it doesn't make any sense.

Hon. Mr. Hepworth: — Well the simple answer as to why we had a deficit in those other years is the expenditures were higher than the revenues. That's the simple answer, an unfortunate answer, Mr. Chairman.

But the honourable Milton Friedman or Lester Thurlow or . . . I guess it's not Adam Smith. The young Milton Friedman himself over here who seems to be enamoured with himself and his economic analysis, I think the relevant point here that he might be interested in is that the revenue growth will come largely from the non-ag sector as opposed to the ag sector. And that's because of the revenue and tax status, if you like, of the agriculture sector. That's the answer I think he's looking for.

Mr. Lyons: — Well, Mr. Minister, that's not the answer

I'm looking for because it certainly wasn't the question that I asked. And let me just say, as to Milton Friedman, you may have insulted me in the past but I want to let you know right now that that was the most unkind cut of all. Okay? That's the most unkind cut of all, right. Because I've seen what the kind of economic policies that Milton Friedman advocates . . . I've seen them first hand in Latin America where they have been applied and precisely the kind of economic devastation.

It was not for nothing that Milton Friedman's disciples from the Chicago school of economics were literally flown out of the country of Chile after they brought, in 1983, that country's economy to the point of collapse, much the same way, Mr. Minister, much the same way that the continuation of your policies here in Saskatchewan will bring this economy into collapse should the people of Saskatchewan, through some blind twist of fate, return a Progressive Conservative government. Because your monetary policies, your supply-side economics have been a failure in this province.

And again, Mr. Minister, again I ask you: how can you stand before the people of this province and say, that with a growth rate in 1992 half of that what it was this year, is somehow going to reduce the deficit and put us into the financial position that in three years you'll be able to reduce the deficit?

It does not make any economic sense. Maybe it's Milton Friedman's economics but we've seen the absolute collapse of Milton Friedman-style economics and the devastation that that's wrought on a world level. We've seen it in Britain, we've seen it in the United States, we've seen it here in Saskatchewan, we've seen what supply-side does around the world and the kind of hardship.

And, Mr. Minister, you can make a joke, you can make a joke about Milton Friedman. You can make a joke about his economic policies, but you had better . . . I would suggest, Mr. Minister, that you take yourself . . . it would behoove yourself to go to Latin America to those countries where those economic policies — those voodoo economics were tried. Yes, and you go tell the kids, you go and tell the kids who are starving to death, you go and tell the kids who are literally starving to death, right? — who are starving to death because of that kind of supply-side economics . . . So we'll leave the young Milton alone. Okay? We'll leave the young Milton alone.

Mr. Minister, now I want to ask you a question because I listened to my colleague, the hon. member from Regina Victoria, ask you a similar question and I heard the answer. And I must say it was with some disbelief — absolute disbelief — in the answer. And I want to find out if you can provide me, perhaps provide the people of Saskatchewan with the following information.

Now you have a projection here of the inflation rate; 1990 a projected inflation rate of 4.3; 1991 an inflation rate, and I don't know whether you revised that inflation rate upwards, but the numbers here in the document were 5.8, and perhaps you have a revision for those numbers. But then we see that formerly you projected an inflation

rate in Saskatchewan of 3.8 per cent, and now you're predicting an inflation rate of 3.9 per cent. That is an increase in the inflation rate in your projection of .1 per cent — one tenth of one per cent.

Now, Mr. Minister, I want to take you back, when your buddy Michael Wilson — when your colleague and buddy and economic co-thinker Michael Wilson — was talking about the introduction of the goods and services tax in Canada. Mr. Wilson banded forth the number that, oh, inflation will only increase by 1 per cent — it'll just go up by 1 per cent after we introduce the GST. And that anybody who talks about inflation rate or higher is just scaremongering or is trying inflation scare or trying GST, has got GST-it is or something. Anyway, he tried to convince the Canadian people that the GST would produce an inflation rate of 1 per cent.

You're trying to, now, sell the people of Saskatchewan on the idea that while Michael Wilson's inflation rate wasn't 1 per cent — in fact went up 2 per cent and in some cases 3 per cent, distributed on a provincial basis, that the inflation rate per province because of the introduction of the GST bounced the inflation rate between 2 and 3 per cent — that somehow the imposition of a 7 per cent GST, a provincial GST, your PST, is only going to have a one-tenth of 1 per cent impact on the economy.

Now, I wonder, Mr. Minister, that may very well be true. I don't happen to believe it and I know there's not very many other people in the province of Saskatchewan that happen to believe it. But would you provide us with the economic documents that . . . because obviously this has an incredible impact. This has a very major impact on the reduction of effective demand, the reduction in disposable income, the reduction in the ability of consumers to go out and spend, and hence a reduction in your ability to tax, even through the PST.

I wonder, Mr. Minister, would you provide us with the economic documents which justifies your inflation, your forecast inflation rate of an increase of only one-tenth of 1 per cent through the imposition of the provincial GST?

Hon. Mr. Hepworth: — The primary reasons why you see no big bounce in the CPI there would be probably three reasons.

Number one is the harmonization occurs in a two-stage process: April 1 and January 1 '92. Secondly the impact of the 2 per cent wage guide-lines will be as well a factor there. And thirdly interest rates are projected lower than previously, Mr. Chairman.

(2115)

Mr. Lyons: — Well, Mr. Minister, we had the three part answer. Let me deal with, I think, some fallacies that are contained within that proposal.

First of all, if you are . . . and as it particularly relates to your forecasting again in terms of revenues to balance the budget. You're saying that we're going to put a wage cap of 2.2 per cent on the public service. Well I believe one of the leaders of the public sector unions probably had the best reply to that, is that you won't be around to impose

any wage cap on anybody because your government's going to be gone. So I don't think that we'll have to worry about that in terms of an inflationary pressure.

But what interests me more is that, where is the analysis that says if we put a 2 per cent cap on salaries in the civil service, what's that going to do to effective demand? What's that going to do to consumer spending? Now you cut people's pay cheques. In real terms you're forecasting an inflation rate of 3.9 per cent, and you're saying that salaries are going to be limited to 2 per cent. Doesn't take a genius to figure out that you're cutting their income by 1.9 per cent. In other words, there's a decrease of disposable income. What effect does that decrease of disposable income going to have on, first of all, the amount of revenue that you collect through consumer spending, i.e., through the PST.

And secondly, what effect is that going to have overall in terms of the provincial economy? Isn't it going to cut sales in the retail sector because anybody knows that when you shrink pay cheques you're also shrinking the ability of people to pay, to go out and buy. It also means then you have a slow-down in the retail sector. It means that you have lost jobs. You have a greater increase in business bankruptcies. It means that you have got a out-migration of people who are going to look for opportunities elsewhere, all of which impact negatively on growth.

Would you please provide us with the documents that say that the 2 per cent cap on salaries is going to benefit the province in terms of increasing revenue for the provincial treasury.

Hon. Mr. Hepworth: — The observation the member took a number of minutes to make, I think, essentially boils down to this: if there's wage guide-lines in place, lower settlements, people have less money to spend, people earn less, hence sales tax revenue, for example, and income tax revenue, could be down. His observations may well be right, but what he forgets of course is the thing that the . . . the other tool that we have to even out ups and downs in our revenue is equalization. That once again becomes the factor, Mr. Chairman.

Mr. Lyons: — Well, Mr. Minister, given what's been happening on the federal level, I wouldn't count on equalization being there for ever. We've seen what the feds have done in terms of established program funding for education and health. We've seen the off-loading . . . and you yourself complained not very bitterly or not very loudly, but you've made mutterings anyway about the federal government off-loading its deficit — supposed deficit problems — onto the backs of the provinces. And, Mr. Minister, I would suspect that you better watch out for equalization and you better watch out for another number of factors that you haven't mentioned in terms of being able to do that kind of forecasting.

And I want . . . but I'm glad, Mr. Minister, that you will at least agree that a wage cap on the civil servants will mean decreased spending by consumers in Saskatchewan. And decreased spendings by consumers in Saskatchewan means more loss of jobs. It means more business bankruptcies. And it means more people leaving this province — greater out-migration.

I'm glad you agree with that, Mr. Minister, because that's precisely the point that we're making in opposing this provincial PST. Because that's exactly the same effect, that's exactly the same . . . that's exactly the same effect that the provincial PST is going to have on the people of this province.

It is going to mean a drop in effective demand, which, if you don't understand it, that means that there's going to be fewer dollars to spend, which means that people are not going to go out and buy things from the retailers, from the restaurants, from the tertiary sector, from that service sector that plays such an important part in Saskatchewan's economy. And when they don't spend that money that means there's fewer people working.

And fewer people working means fewer tax dollars going into the coffers of the Government of Saskatchewan. And it also means, it also means fewer businesses because when retailers are going bankrupt, at the rate that they're going bankrupt in this province, pretty soon you're going to see an incredible decrease in the level of activity in the tertiary sector, in that service sector that provides such an important measure of growth in the economy of Saskatchewan. That's what your PST is doing.

I'm glad you admitted that the wage cap on the civil service would have the result in fewer jobs, fewer businesses, more business bankruptcies, and less income coming into the government treasury taxes. Why won't you stand here now before the people of Saskatchewan and say that is precisely the impact that the PST will have on our economy? Why can't you get it through your thick head, sir, that that is precisely what the PST will do to Saskatchewan and Saskatchewan people?

Don't you understand, Mr. Minister? Don't you understand that this is absolutely the worst remedy for the recession that we're going through here in Saskatchewan? Don't you understand that when you take money out of people's pocket they don't have the money to spend in that retail sector? And if they don't have the money in the retail sector, then the wholesalers are going to suffer.

For example, Mr. Minister, you may not be aware, you may not be aware but in the last two years in this province we have seen sixteen food wholesalers go out of business. Sixteen food wholesaling outlets in Saskatchewan have their doors closed because of the recession and because of the decrease in effective demand in Saskatchewan. Right? And you can't deny that fact. And you can't deny the fact.

I have a restaurateur in my constituency who since April 1 has laid off seven part-time employees. He's reduced his staff from 20 to 13, and he's reduced it because people aren't coming to the restaurant to buy restaurant meals. And one of the reasons they're not coming to the restaurant . . . they're not coming to the restaurant meals is because they can't afford it. And they can't afford it because the real wages have fallen in Saskatchewan over the last whole number of years.

And I note from your document, I know from your

document that you in fact admit that, that disposable income in Saskatchewan has dropped 10 per cent in the last year. That means that people don't have the money to spend.

The PST, sir, I would submit, is precisely the wrong medicine. It is precisely the wrong medicine. In fact it is a cure which is worse than the disease because it's going to cut effective demand in the service sector, in that retail sector and we can't afford that. So, Mr. Minister, I wonder can you stand here, and within terms that people can understand . . . that the PST somehow is going to make them go out and spend more money. That's what we're talking about.

How can you say to the people of Saskatchewan that the PST is somehow going to — consumers of Saskatchewan — that the PST is going to encourage them to go out and spend more money when you know that isn't true and I know that isn't true. Every member in this House know that it isn't true because the facts speak the exact opposite; that there has been a decrease in spending in the retail sector in Saskatchewan in the last month. You don't have to be a statistician to know that. You just go out and talk to any small-business person in the retail sector in this province and they'll tell you exactly the same thing. So, I wonder if you'd explain that please, how the PST puts more money in people's pockets?

Hon. Mr. Hepworth: — Well, the point, the nub of the issue is under harmonization — and this is the part that socialists such as yourself have difficulty getting your head around — it's called wealth creation. You see, you traditionally have been very good at wealth distribution, but you've never been able to turn your heads as a party to wealth creation.

By decreasing the cost of operation of business they will be more competitive, hence they will be able to do more sales. If they do more sales that are more profitable, they can expand, hire more employees, pay better wages. Those are the kinds of things that give you real growth, create new wealth.

The other points that you've failed to understand . . . and really we saw classic socialist dogma here tonight with this last comments here by the hon. member. You see his theory is we pay everybody more, then we would just get more revenue and everything would be well. You see if you take that to its obvious conclusion is we should pay everybody \$500,000 a year.

Well point number one . . . he says, why not? Well, first of all, the government in total in the economy in the public sector is maybe what, 10 per cent or something, a significant chunk but about that size, Mr. Chairman. You know, it's the other very, very, very . . . the other 90 per cent if you like, that has a very important impact on the economy. So there's some pretty faulty logic there.

I read into the record earlier today the personal disposable income numbers increasing 2.2 per cent '91; 3.8 per cent '92, which also belies some of the observations the hon. member was making. But I mean that's classic socialist logic, you know, that there's somehow nirvana here. It comes from the sky and so let's

pay everybody 2 or 3 or 5 or \$500,000 and all will be well. You have to have a money machine I guess to do it, Mr. Chairman. I don't know where you get it.

Mr. Lyons: — Well we've seen the classic case of the trickle-down theory, Mr. Chairman. Unfortunately, that's what the minister just laid out, that classic Milton Friedman trickle-down theory that somehow if you get the rich to be richer the rest of us are going to get trickled on and we're all going to end up a little better off.

Unfortunately, Mr. Minister, the people of Saskatchewan have been trickled on enough by your government. The people of the United States . . . you ask the homeless of the United States, you ask the 60 million people in the United States without medical care benefits, you ask the unemployed of Great Britain who've been trickled on for years and years by this right-wing economic philosophy. You look at the reality out there. You don't even have to look there; you look at three-quarters of the world's population who've been trickled on while the rich of the world get richer and richer.

And let me tell you, Mr. Minister, the people are real tired of getting trickled on because it doesn't work. This classical neo-conservative, *laissez-faire*, capitalist ideology that you're blinkered by, that binds you in, that won't let you admit reality, ends up with you introducing the PST in this province to somehow convince everybody that this is going to put more money in their pockets at the end of some day that never, never, never, ever, ever comes.

Now let's talk a little bit about wealth creation since you're so fond of using that term. Right? Who creates wealth in this society? Who creates wealth in this society? When I go out at spring planting time and I go up to my in-laws' farm and watch the tractor going along, right, and we get out there and do a little stone picking, exercise some labour, you know, get a little dirty around the neck and stuff, just like most people do in Saskatchewan come this spring . . . So let me tell you, right, when I see that crop, when I see that crop grow over the summer, when I see that crop grow over the summer and turn gold in the fall, and when I see that farmer out on his tractor or out in the self-propelled combine, when I see what's happening here, when I see the crop coming in, and I look and I say now, look at that wealth that's being created — there's the wealth that's being created, right? And it's being created by the sweat of that farm family's brow. They're creating wealth with their own labour.

And, Mr. Speaker, I don't even have to go outside the city of Regina to see wealth being created. I can go up on the No. 6 Highway and stand at the gates of Ipsco and watching those workers — many of whom live in my constituency — and I can watch them go in on shift, right? And I can watch the pipe coming out. And I can watch one of my good neighbours, who happens to drive a fork-lift up at Ipsco and carries the pipe out and puts it in, because he and his fellow workers have worked in that plant to create wealth through the creation of pipe.

(2130)

And I know, I know that they create that pipe, and they create that wealth because I've also seen when you and your Tory buddies at Ipsco decide to keep their wages down or try to exploit them even greater. And they say, we're not taking this any more and they go out on strike and that plant shuts down, and I know there's no wealth being created. Now the plant and equipment is there; the capital investment is there, but there's not one penny of wealth being created in that plant because those people who create wealth in this society, Mr. Minister, I want to remind you, are the people of Saskatchewan.

The people who work on the farm, the people who work on the factories, the people who work in the stores, the people who clean the bed pans in the hospitals, the people who teach our kids at school, the people who do all the work in Saskatchewan — it's those people who create wealth now. It's those people who created wealth in the past, and it's those people who are sick and tired of you squandering the wealth that they've created. And they don't want to take it any more, Mr. Minister.

Some Hon. Members: Hear, hear!

Mr. Lyons: — They don't want you to squander that wealth, and they don't want to take that wealth and see their hard-earned cash go into another one of your lunatic right-wing schemes like the PST. They don't want to end up in a province like Maggie Thatcher's Britain or Ronald Reagan's United States. They don't want that, Mr. Minister, and they reject that kind of thinking. And, Mr. Minister, I suspect that they will reject that kind of thinking in overwhelming numbers when you guys get the courage up to call the election.

And we'll see whose economic philosophy is more acceptable to the people of this province. We will see whether the co-operative approach of putting workers, of putting capital and labour together in a co-operative mix, in a mix of public enterprise and private enterprise and co-operative enterprise, of having people work together in a co-operative manner, whether they accept that form of economic philosophy or your trickle-down philosophy.

And I suspect, Mr. Minister, that when your government gets the courage to call the election, that they're saying, we've been trickled on enough and we're not going to have any more Tories trickle down on our families. We're not going to take it any more.

Some Hon. Members: Hear, hear!

Mr. Lyons: — So you see, Mr. Minister, I can give the political rhetoric and the political speech the same way that you can. That's not what I asked you. So I'm going to go back to the original question, sir.

Will you explain to the steel worker at Ipsco, or the person that works at the Co-operative upgrader, or the farmer in Rosetown, or the business man in Estevan, how it is that this PST is putting money in their pockets so that they can make a better life for them and their families.

Hon. Mr. Hepworth: — You raised some good examples of all capital-intensive industries like Ipsco. Ipsco will . . . I

don't know what the exact numbers are. Perhaps their chief financial officer would reveal them to you, I don't know. It's obviously their business. But we do know it's capital intensive. And they will be one of the big benefactors under harmonization.

And that will be good news for that company. That will be good news for the employees there. They will be just that much more competitive — important not only in the domestic market but as well in the international market. So Ipsco, clearly one of the big benefactors under harmonization.

I do want to apologize to the hon. member earlier for somehow suggesting that he was the young Milton Friedman, clearly. And in fact I apologize for even referring to him as a socialist because clearly I was in error. This rhetoric we've had just in this commentary in the last few moments is clearly that of a Marxist, so I do apologize to the hon. member for referring to him as a socialist or as a follower of the Milton Friedman school of economics, Mr. Deputy Chairman . . .

Mr. Chairman: — I recognize the member from Cut Knife-Lloyd. He was on his feet and I recognize him.

Mr. Hopfner: — Thank you, Mr. Chairman, I noticed the member wasn't standing so I stood up so . . . I have a few questions, I guess, to the minister so we can get back and away from the rhetoric here.

Mr. Minister, in light of what has happened in Ontario this week due to the budget and in light of the fact that the Ontario government has decided that they were going to shut down the Elliot uranium mine, have you, prior to these announcements being made in Ontario . . . has there been any economic indicators that you might have been able to use as to whether that might influence our particular industry here in Saskatchewan and would that have helped in any way our economic conditions in our industry here in the province?

Hon. Mr. Hepworth: — Relative to what could happen as a result of the news in Ontario relative to Elliot Lake, it could impact on our numbers here. I can't say precisely that it will. I think all the members probably heard this morning as I did, on the radio, that Cameco is clearly interested in doing business there. If they are successful that would be . . . it could impact on our numbers by way of increased royalties, increased corporate income tax, those kinds of things. So it obviously would be an upside . . . the potential would be of the upside nature.

Mr. Hopfner: — Mr. Chairman, Mr. Minister . . .

Mr. Kowalsky: — Mr. Chairman, on a point of order. This is an interim supply Bill and the questions that are to be asked are customarily asked by the opposition members. These members have a caucus in which to ask their questions. They have cabinet ministers that they have access to all the time. If the member continues . . . if the Chairman continues to ask questions, the opposition may as well pack up and leave, Mr. Minister.

Mr. Speaker this is highly irregular. If the member wishes to ask a question he could perhaps ask permission of the

opposition to ask a question, but I would ask you to rule on that, Mr. Chairman.

Hon. Mr. Neudorf: — Thank you, Mr. Chairman. On the point of order, sir, I would just like to indicate to you that this forum is for the benefit of all members. All members have the opportunity in this committee to ask questions. It's historic. It is the procedure to follow. And for the other hon. member to suggest that this is highly irregular, I would suggest to you it is very regular. The most important irregular thing that has been going on here all evening is the filibuster by members opposite in attempting to thwart the proper procedure that is in place in this House.

Mr. Chairman: — Order, order. Order. The member for Regina Elphinstone. The point of order is not well taken. There needs to be some intervening proceeding before there's another point of order.

Mr. Hopfner: — Thank you, Mr. Chairman. Mr. Chairman, I can see that members in the opposition, the NDP opposition are upset because I am wanting to ask some questions here of the Minister of Finance, meaningful questions on behalf of my constituents and the public, and I will pass, Mr. Chairman, on if I can have just a bit of a couple more minutes. I will pass, if I can get as well, a commitment from the opposition that they'll quit stonewalling in this Assembly and get down and asking the proper questions that should be of the Minister of Finance, instead of going on with its rhetoric. Mr. Chairman . . .

Mr. Chairman: — Order, order. Does the member have a question?

Mr. Hopfner: — Yes, I have a question, Mr. Chairman. Mr. Chairman, Mr. Minister, in light of the indicators that have taken place through the past and as far as the Wall Street and as far as the bonding companies are concerned in . . . from the concern that they had over the Ontario budget, I'd like to know what kind of an indicator you people may have in . . .

Mr. Chairman: — Order, order. Order. Order, order. I'd ask the members to allow the member from Cut Knife-Lloydminster to put his question. There cannot be another point of order until there's something done in between the previous point of order. Order! The member for Saskatoon Nutana, Regina Elphinstone, and Moose Jaw North, I would ask them to allow the member from Cut Knife to ask his question and I would like them to be quiet so I can hear the question that he's asking.

Mr. Hopfner: — Mr. Chairman, I will, as the member from Cut Knife-Lloydminster, withdraw my questioning of the Finance minister because the members opposite have not got the respect to allow me to ask my question. Sir, I pass it back to the opposition.

Mr. Hagel: — Mr. Chairman, I would ask you to rule a point of order and an explanation made by the Acting Chairperson in your absence who at that time, Mr. Chairman, the member from . . .

Mr. Chairman: — That is not a point of order.

Mr. Hagel: — Mr. Chairman, if you would let me put my point of order, I'd be happy to do that. Mr. Chairman, the member from Regina Rosemont was asking the Minister of Finance a series of questions related to the Bill. Following an answer, a response by the Minister of Finance, the Chairman ruled that because the member from Cut Knife-Lloydminster jumped to his feet in advance of the member from Regina Rosemont that he would therefore recognize him first.

Mr. Chairman, immediately following that, when the member from Cut Knife-Lloydminster put his question to the Minister and the Minister responded, the member from Saskatoon University was to his feet first, but the Chairman chose instead to recognize the member from Cut Knife-Lloydminster.

I would ask, Mr. Chairman, if you would provide us a ruling as to the procedure that is used by the Chair to recognize speakers in this Assembly when putting questions to the Minister in Committee of the Whole, Mr. Chairman.

(2145)

Mr. Chairman: — Order. The member from Cut Knife-Lloydminster was recognized and normally members are allowed to ask supplementaries after the main question and . . . Order. The point of order is not well taken. The member for Regina Rosemont.

Mr. Lyons: — Well, thank you very much, Mr. Chairman. I appreciate your ruling. I want to take some umbrage at the last statement by the Minister of Finance on his feet. I say that because what we've seen, we've seen the Minister of Finance of this province denigrate the labour of every farmer and of every worker in Saskatchewan. And that is just shameful, Mr. Chairman, that is absolutely shameful. To call every farmer that brings in a crop or every worker that goes to work in this province a Marxist; to red bait the working people and the farmers of this province, I don't know what's the matter with them. I don't know where they have flipped out. They're acting like their leader. They're acting goofy. They don't know. They can call names and they can howdy-doody and they can jiggery-pooh around all they want. But that doesn't deal with the issues, Mr. Speaker. We know what they're up to. We know they're on the ropes politically. We know the people of Saskatchewan are disgusted with their economic performance.

The question to the minister was, the question to the minister was very simple. Mr. Minister, I ask you, now does the PST put money in people's pockets? That was the question. You know, the people who do the work in the province, right? The people who get up and go to work every morning, right, and they come home tired because they work hard. The farmer, right, who sweats it out, wondering what's going to happen this year, what's going to happen next year, wonder if he's even going to be around. Right? Those people are the ones I'm talking about, Mr. Minister.

How do you explain? I mean, you can call names. You can call them names, or you can talk about your

right-wing economic theories all you want, Mr. Minister. That doesn't change the reality and the reality out there is that people are hurting.

And this PST, this PST that plays such an important part of your economic forecast, that you said altered it so substantially . . . tell me how do you explain to the working people of Saskatchewan — those who work on the land and those who work in the city — how do you explain to them how this PST is going to benefit them economically, by taking money out of their pockets, money that they want to use for something else. You just tell me that. You go and tell them how it's going to improve their life.

Hon. Mr. Hepworth: — Well, Mr. Chairman, we've been over this point a number of times, but I'll go over it again. The impact of reducing the sales tax or eliminating the sales tax effectively on all the inputs that a business person uses will result in \$260 million of savings to businesses across Saskatchewan. It's not evenly distributed. We've talked about that earlier. But the big primary sectors, manufacturing, processing, service sector, grow substantially.

If you reduce the costs of operating a business in the province in a macro sense by . . . (inaudible) . . . million dollars, that means they're just that much more profitable; they're that much more competitive. A number of things happen. They can pass some or all of these savings on to the consumer. They can create more jobs. They can expand. They can pay their employees better wages — I think that's a key point. There are more jobs around. That is how you get that \$325 million in real growth.

You asked about a farmer at the end of your question. For a farmer, it falls right to his bottom line. For example, today anything that he is paying 7 per cent on, whether it's the grain truck he buys, the hoist, the — whatever he's paying sales tax on today — a computer for the farm, he will get that back. And so it falls right to the bottom line of that farmer. That's one way.

The second way — GRIP and NISA. NISA with those changes in the third line of defence, that he can empty out that account. A hundred thousand dollar farmer, 7,000 put in the account, he gets 7,000 back, of which 2,000 was his own money. I think there is a \$40 administration fee. There you are — \$5,000 roughly right to the bottom line of that farmer. I'm not suggesting that somehow he'll be rich with that but obviously that's an immediate and bottom line impact, Mr. Chairman.

Mr. Lyons: — Well, Mr. Minister, I think we're on this particular aspect of the debate on interim supply here and your tax grab. We're getting down to the, I think, the nub of the differences between your party and our party on this particular issue. Right? And I think the nub is this, that you believe by giving a \$260 million tax break . . . Well I'll wait, Mr. Minister, until you've finished your conversation. Thank you.

It seems to me that what you're saying is that we're going to give \$260 million to businesses, and to use your words, which are capital intensive businesses, and you use the

example of Ipsco. I suppose you could also use the example of Weyerhaeuser or the example of Cargill or the example of Peter Pocklington or all those capital-intensive, large businesses — that you're going to give them a \$260 million tax break, a \$260 million tax break, by taking \$184 million, 184, \$185 million out of the pockets of consumers. And what I suggest to you, sir, and I would ask the Chairman . . . (inaudible interjection) . . . the member for Cut Knife-Lloyd, Mr. Chairman, I mean, you know this is a disgusting spectacle in the legislature.

Now, Mr. Minister, you're saying that a \$260 million tax breaks to the big corporations in Saskatchewan is going to be the way in which the deficit is going to be reduced and your need for interim supply in the future will be reduced. Again I say with all respect, Mr. Minister, that that's so much hog-wash. because what you're doing in this \$260 million tax break to big business, is that you're also cutting taxes, potential revenue, from the E&H (education and health) tax — and I believe it's 49 per cent that was paid by business last year, I guess using your own figures, that it was 49 per cent of all E&H tax was collected from those businesses. Again, I'm using your numbers . . .

An Hon. Member: — No you're not . . .

Mr. Lyons: — Yes I am. Read your documents in the . . . 49 per cent was paid. That money is going to be lost. That money is going to be lost to the treasury of Saskatchewan. That portion of the education and health tax that the Ipscos used to pay, that the Weyerhaeusers used to pay, that Peter Pocklington used to pay . . . all those large corporations who used to pay the E&H tax are going to get the tax break and the consumers of Saskatchewan — the farmers and the working people that have to go out and put food on their table — are going to have to pay through the nose, \$184 million.

Now you add that 260 million tax breaks to the big corporations and 184 million out of consumers' pockets, what we're talking here, is a major tax shift of \$444 million — of tax loss of \$260 million and a tax grab of \$184 million. You put those two numbers and you got 444. That's exactly what's happening in this province. You are going to end up, Mr. Minister, you are going to end up the same way that your ill-fated used-vehicle tax ended up. You're going to end up the same way that ill-fated lottery tax ended up.

The minister, the member from Regina South, yacks away there in his seat. You tell me, Mr. Minister . . .

Mr. Chairman: — Order, order. Order, order, order. Members are not to make reference to people's absence or presence in the legislature.

Mr. Lyons: — Mr. Minister, you tell us, you tell us about this great economic plan of the lottery tax, because when you introduced that lottery tax into this legislature, Mr. Minister, what did you have? You had a forecast. This lottery tax was going to raise money by the buckets full, right? And you said it was going to be used for health; that this lottery tax was going to be such a windfall to help prop up the deficit situation that you guys have got this province into; that this lottery tax was going to raise so much money; that this lottery tax was going to be so much

benefit.

I heard you and other members of the government stand here and defend that lottery tax as an economic salvation in terms of deficit financing, in terms of being able to put more money into health care and so on and so forth — responsible approach to fiscal management of Saskatchewan.

That's the kind of language they used about the lottery tax, but what happened to the lottery? What happened to that lottery tax? We don't have it any more. And the reason we don't have it any more is because people stopped buying lottery tickets. You know that's true. I know that's true. Everybody in Saskatchewan knows that true. There was an economic boycott against lottery tickets undertaken by the people of Saskatchewan. They said, we're not going to take this silly PC tax, this lottery tax, we're not going to take it any more and we're going to boycott.

What's the difference, Mr. Minister? What's the difference between what's happening now where people are saying, we're not going to take this silly PC PST any more. They're heading south of the border to Minot. They're going to Havre, Montana. They're going to Medicine Hat, Alberta. They're going everywhere to buy their consumer durables. They're going everywhere else except Saskatchewan because they're boycotting your economic lunacy — that's what's happening. And go and ask any small-business person, any small-business woman or any small-business man in this province and they'll tell you the same thing — that your tax is killing them; that your tax is driving them out of business; that your tax is driving people out of this province — 75 per cent increase in cross-border traffic, people heading for Minot, people going down to buy their things in Minot and why? Because they're sick and tired of your kind of economic lunacy, because, Mr. Minister, that's exactly what it is. That's exactly what it is. It's this right-wing, lunatic, trickle-down approach to economics that's got you into this deficit mess in the first place, and it's just going to drive the province of Saskatchewan deeper and deeper and deeper into the hole.

You're predicting \$185 million in revenue from the PST commencing — a PST, by the way, which is not passed by this legislature, which does not have legislative authority, which is not a legal tax in the sense of the word, which has no legality — you're predicting \$185 million in increased revenue to the province because of this tax.

But you know what's happening, Mr. Minister? People are doing the same thing they did with the lottery tax. They're saying, we're not taking this any more, enough is enough. That's what they're saying. They're saying, I'm PST-o-f-f. We're not having this stupid tax imposed on us.

And they're speaking with their feet, Mr. Minister. They're voting with their feet in their cars. They're saying, you want to put this tax in, then I'll go somewhere else to do business. Because that's the economic reality of main seat Saskatchewan today.

Why do you think that the business men in Estevan, the business woman in Estevan, men and women of Estevan

— and I will apologize to every business woman out there for not including them in the gender specific — every business person in Saskatchewan, in Estevan, they're saying this tax is killing us.

Why do you think that the hotel owner in Torquay, Saskatchewan, is saying I'm closing the doors? Why do you think that the eight people in the constituency, the eight business people from Maidstone are saying this tax is killing us?

Why do you think that every small-business person in Saskatchewan, the restaurateurs, the booksellers, the clothing-store owners, the shoe-store owners, the tailors, the tinkers and tailors and candlestick makers . . . each and every one of them in Saskatchewan is saying, we've had it; this is killing us.

Mr. Minister, listen, listen. You can ignore me, you can ignore every member of the opposition, you can sit there in your . . .

Mr. Chairman: — Order, order, order, order, order. Being near to 10 o'clock, the committee will rise and report progress.

The committee reported progress.

The Assembly adjourned at 10:02 p.m.