

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Swan: — Mr. Speaker, I'd like to introduce to you and to the House today 37 grade 8 students from Rosetown Central High School in Rosetown. They are seated in the Speaker's gallery.

These students have come a long ways to visit with us today. I'm sure that they're going to be seeing a number of sights around the city of Regina and, of course, enjoying question period in our legislature. I look forward to meeting with these students at 3 o'clock for pictures and refreshments and discussion. I'd ask all hon. members to welcome the students from Rosetown.

Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Thank you, Mr. Speaker. I'd like to introduce to you and through you to this Assembly, 18 grade 8 and 9 students from Grayson School in my constituency. They are in the Speaker's gallery. They are here today with their teacher, Mr. Appell; their chaperons, Mrs. Bateman, Mrs. Parlee, Mrs. Exner and Mrs. Miller; also their bus driver, Mr. Kuntz.

I'll be meeting with them at 2:30 p.m. for pictures and drinks and we'll discuss the proceedings in the legislature, and I'll be answering questions for them. I hope that they have an interesting stay here today and I want the members to welcome them here to this Assembly.

Hon. Members: Hear, hear!

Mr. Lyons: — Thank you very much, Mr. Speaker. Mr. Speaker, I'd like to welcome all guests here to the legislature here today, but in particular I'd like to welcome 82 grade 5 students from McLurg School in the wonderful riding of Regina Rosemont. They are accompanied here today — and they're seated in your east gallery — they're accompanied today by their teachers, Mrs. Verna Taylor, Mrs. Carol Grant, and Mrs. Joddy Graham. And I'd ask all members to welcome those students here today and hope they all enjoy the proceedings, the question period, when we get done.

Hon. Members: Hear, hear!

Mr. Lingenfelter: — Mr. Speaker, I'd like to introduce to you and through you to the members of the Assembly a member of the clergy from the Elphinstone riding, Mr. Don Wells, who ministers in the Elphinstone inner-city area of the city, seated in the Speaker's gallery. I want all members to join with me in welcoming Mr. Wells to the Assembly.

Hon. Members: Hear, hear!

Ms. Smart: — Thank you, Mr. Speaker. Mr. Speaker, I'd like to introduce to you and through you to the members

of the legislature four constituents who are seated in your gallery. Mr. and Mrs. Wayne Graham and Mr. and Mrs. Brian Graham are here today. I'd like all members to welcome them please.

Hon. Members: Hear, hear!

Ms. Atkinson: — Thank you very much, Mr. Speaker. I'd like to introduce to you and to all members of the legislature two people who are well-known in Saskatchewan for their musical abilities. That's Wilma Groenen and Gary Smith who hail from Drinkwater, Saskatchewan. Wilma is one of the best blues singers in this province, and Wilma and Gary have spent a lot of time in various communities around Saskatchewan singing and entertaining Saskatchewan folks. So I'd like to welcome Wilma and Gary to the legislature.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Tax Increases

Mr. Romanow: — Thank you, Mr. Speaker. Mr. Speaker, my question today is to the Premier. Mr. Speaker, and Mr. Premier, I have before me here today a copy of the budget address of last year dated March 1990, delivered by the current Minister of Finance, where on page 13 of that budget statement the Minister of Finance of the Premier says, quote:

Loudly and clearly, taxpayers throughout Saskatchewan are saying that tax increases are not acceptable.

Quite simply, the people have said they have no more to give . . .

The Goods and Services Tax is unacceptable.

. . . enough is enough.

Now, Mr. Speaker, after 12 months, however, the Premier has brought in the largest tax grab in the history of the province of Saskatchewan. Mr. Speaker, enough is enough.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Premier, my question to you is this: in the light of last year's budget and in the light of this year's budget, which is a total betrayal and a reversal of what you said, how do you justify yet another major broken promise on the part of your government, and why should the people of Saskatchewan believe anything that you have to say?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, this year, like last year, we did a number of pre-budget meetings. Two or three or four times the number of people this year turned out compared to last year, which tells me people do want to be involved. And what they said . . . and as I said

yesterday in committee, very few — although there were some — would come forward and say, I am prepared to pay more tax, maybe in some instances to shore up agriculture, for health, and education, for specific expenditure areas — day care or whatever.

But generally speaking, Mr. Speaker, there's no question the average person is not particularly interested in paying more taxes. But what they said, virtually to a meeting, was that we do want to see the government get control of the debt and the deficit. And we do want to see the government do what it can to help revitalize and stabilize our rural communities. That's why we have done what we've done in this budget. That's why the tax measures are bringing in \$125 million, Mr. Speaker, so we can stabilize and revitalize our rural communities by pumping that \$1.3 billion into our entire economy. And by so doing, Mr. Speaker, we don't allow the deficit to rise another \$125 million, meeting the two objectives that the public clearly have given us, Mr. Speaker. That's why we've done it, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, a new question to the minister — actually to the Premier. Mr. Speaker, you'll notice the Minister of Finance said last year, enough is enough, on taxation. One year later he says, enough is not enough; we need to have more taxation with the 7 per cent PST (provincial sales tax). And he said that he had meetings around the communities of Saskatchewan.

Well, Mr. Speaker, I have here eight letters from eight business people in the town of Maidstone — I should ask the minister whether he was in Maidstone — as well as from the local chamber of commerce. And these are from the Maidstone Co-Op, the Tru-Cut Meats, Bullock Agencies; time won't permit me to give you all the names. They have the same message, Mr. Speaker — Maidstone cannot afford this new provincial GST, this new harmonized 7 per cent PST. It must be removed if the businesses are to survive.

Mr. Speaker, my question to the Premier is this. If last year was enough is enough, and if the minister says he's listening to the people, why is this government not listening to the business community, Main Street, Maidstone, which says that enough is enough? Yesterday it was Estevan; today it is Maidstone. Why aren't you paying attention to the negative impact of this tax on our business community and our economy?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, as part of the pre-budget meetings, we did not get into Maidstone, but as I recall checking with the MLA (Member of the Legislative Assembly) for the area, we were just down the road in Lashburn. I think one of the other ministers carried that meeting for me.

And in fact the situation that exists along the Alberta-Saskatchewan border is one of the very good reasons for harmonizing and putting in place the business input tax credit because for the first time businesses in centres like Lashburn and Maidstone and Waseca and

Paynton, North Battleford, and others that are impacted by the Alberta border or the Alberta businesses who have no sales tax, Mr. Speaker, for the first time businesses on this side of the border will also be operating in a sales-tax-free environment on all the things they buy. And that's important, Mr. Speaker, that's important.

Let's talk about Maidstone. The oil industry there is very important. Now it seems to me the oil industry every year buys a lot of trucks and equipment. Now if you could get your . . . if you today buy that truck in Maidstone or North Battleford, they'd pay 7 per cent sales tax. Once we're under fully . . . harmonization they will get that 7 per cent back.

They'll be on even footing with those people and those service companies in Alberta. It allows them to be more competitive when they go and bid on servicing wells, and that's exactly why the economy will expand — jobs will be created, the primary sectors like the oil industry, which is important to that area, the . . .

The Speaker: — Order, order, order.

Mr. Romanow: — Mr. Speaker, I have a new question to the Premier. Why is it the Premier is so silent on this, Mr. Speaker, is the question I want to ask, but that is for another occasion.

I guess I'll ask him this time to have the courage to stand up to answer this. Does he support the Minister of Finance's position that the chamber of commerce of downtown Maidstone, the eight business people of Maidstone, the letter I have here — that this government's not going to listen to them? Does he support the Minister of Finance's actual position that they're going to buy the oil trucks in Saskatchewan at 14 per cent as opposed to Alberta at 7 per cent? That the benefits are not going to go to Alberta as opposed to Maidstone? How in the world does the Premier justify this position? How do you support this unconscionable and illogical position by the Minister of Finance?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, when I hear that question I worry whether the hon. member understands clearly how the business input tax credit works.

Now let's get this straight, Mr. Speaker. He's saying we should stay with the situation the way it is today. So if I'm in and work in Maidstone and I go to buy a half-ton to run my oil servicing business . . . And the MLA here will tell you, there's lots of those in that area. I know heavy oil, the upgrader's going up there. I'll tell you, there's going to be activity in spades, Mr. Speaker. There is going to be activity in spades as they build that upgrader on the Saskatchewan border.

Now he says we should continue to have those businesses be in a disadvantage when they buy their trucks and equipment on the Saskatchewan side of the border. He is saying they should keep paying the 7 per cent sales tax, which everybody in that area for years has been lobbying us to do something about. He says, keep making them pay higher costs to buy their trucks and

equipment and computers and machines and whatever it is.

We say, Mr. Speaker, we want jobs. We want jobs in the future for these young people up in this gallery. We want to see economic expansion, and that's what happens under harmonization — businesses get the tax back. Mr. Speaker, that's why some people are talking about a bonanza for the industries in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I think I understand now why the Premier refuses to answer questions, because he's going to leave the Minister of Finance out there with these kinds of illogical and unpolitical answers. Leave him to pay the consequences.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Ducking his leadership role and responsibility. No leader and no vision there.

Mr. Speaker, I say to the Premier this question: Mr. Premier, the secretary of the Maidstone Chamber of Commerce, Howard Ball, in a letter that he wrote to you, Mr. Premier, said the following, quote:

The current focus of the government is support for rural communities. However, the businesses caught in the squeeze feel somewhat sceptical, as . . . (there are) a considerable number of the area residents . . . (end quote).

I could continue on about this letter. Maidstone knows, Mr. Premier, you can't have it both ways. You can't be pretending to save rural Saskatchewan while at the same time putting on a new sales tax which gives a body-blow to the small-business people of Maidstone. You can't have a policy that has a foot on the brake and a foot on the gas.

Mr. Premier, my question to you is this: isn't it correct that this provincial 7 per cent GST's impact on our economy is extremely negative and serious? And isn't it also true that your secret studies in the Department of Finance show that and that's why you're not tabling those studies?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, as it relates to the business community in Maidstone, we are looking to, in conjunction with the MLAs, set up a meeting for people in that area, relative to harmonization so we can clearly explain what happens under harmonization and answer any questions they might have.

But more important than that, Mr. Speaker, why is it, why is it that today the Leader of the Opposition, in the heat of an election year, describes harmonization as a body-blow when a year and two ago, in this same legislature, the position of the opposition, NDP (New Democratic Party) opposition was, if we must have a federal sales tax, which we do with GST, then we should have one sales tax. That is to say: we should harmonize.

You see, Mr. Speaker, they know. Two years ago they were saying harmonize. Last fall they were saying harmonize. Now in the face of an election, you know . . . and they think the polls tell them that we should take the political route as opposed to the responsible route, maybe, in their case. Now they're saying all of a sudden, no, we shouldn't have a position of harmonization.

No body-blow, Mr. Speaker. This will help kick start the economy here, Mr. Speaker. It will help stabilize and revitalize. And the point is, Mr. Speaker, this government, this administration here has a plan to stabilize and revitalize our rural economy. We have a plan to control the debt and the deficit. I see no plan from the NDP, Mr. Speaker.

Some Hon. Members: Hear, hear!

The Speaker: — Order, order, order. Order. I hear hon. members indicating that the answers are too long. In all fairness, we have some long questions and some long answers today . . . (inaudible interjection) . . . Order, order. Does the hon. member for Saskatoon South have a comment to make? Is he challenging the Chair from his seat?

An Hon. Member: — Later.

The Speaker: — The hon. member said later. Are you challenging the Chair?

An Hon. Member: — No.

The Speaker: — Is the hon. member challenging the Chair, from Saskatoon South . . . (inaudible) . . . Thank you.

Mr. Romanow: — Thank you very much, Mr. Speaker. I'll try to make my question as short as I can.

The Minister of Finance says about plans. Last year's plan by this Minister of Finance — I have it in front of me — was to say that the taxpayers of Saskatchewan clearly had enough. He said enough is enough. That was last year's plan by this government. This year's plan by this government is apparently not that enough is enough; enough is not enough, and they've got the 7 per cent GST tax added here.

Mr. Gordon Newsted of the Newsted Petroleum Products of Maidstone writes to you, Mr. Premier:

Your government has often spoken about its concern for small business in this province so we strongly urge and trust that you will demonstrate this concern with your actions. There will be no small businesses if your support is not given.

He writes this in opposition to the GST.

Mr. Speaker, my question to the Premier is this: won't you agree that taxes are the silent killer of jobs? Won't you agree that taxes are the silent killer of jobs, that enough is enough, that higher taxes do not create jobs, higher taxes take jobs out of the economy. Why don't you stand up and agree and just . . .

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I think we might be making some headway now. We can now I think both agree — unless it's another new position of the NDP on harmonization — we can now agree that under this, because the numbers have been published, okay, under this harmonization with the business input tax credit, the killer taxes he described — I think it was his words — those taxes will be reduced by \$260 million for business. And that's why the other part of the equation is: creates 5,000 new jobs with that saving in the economic . . .

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — It does work in tandem. He is right. Reduce the taxes \$260 million and we create . . .

The Speaker: — Order.

I'd also like to bring to the attention of the hon. member for Regina Elphinstone not to be interfering with the Chair from his desk. I think we're having a little too much of that, and I'm going to bring it to the attention of hon. members who are doing it. Next question.

SPMC Charges to Government Departments

Mr. Lautermilch: — Mr. Speaker, my question is to the minister responsible for the Saskatchewan Property Management Corporation. Mr. Minister, in order to understand why your government has taxed communities like Maidstone out of existence, it would be helpful to examine where some of this money is going.

And I've got before me the SPMC (Saskatchewan Property Management Corporation) corporate-rate schedule and the price structure for '90 and '91, and it shows that your government, through SPMC, is milking government departments for all it can get. And I'll give you an example.

SPMC charges a civil servant \$1.99 a kilometre for air travel on executive air. And a round trip to Prince Albert, about 800 kilometres, would cost the government department about \$1,600. Mr. Minister, I checked with Prairie Flying Service this morning, and that same return flight to Prince Albert is \$297.46. Mr. Minister, enough is enough. Why are you doing this?

Some Hon. Members: Hear, hear!

Hon. Mr. Wolfe: — Mr. Speaker, as I understand it, the rules are as they were before as it relates to executive air. As I understand it, there's less aircraft now than what there were some eight or nine years ago, and there's less miles being travelled, Mr. Speaker.

It's sort of interesting to see the member opposite stand up and support the private initiative. I'm sure that the folks in the private business would truly appreciate that. But I find it very contradictory that on one hand he talks about the public service and the benefits of public service and public service servicing the public, and on the other hand talks about all the benefits of private industry. Thank you,

Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — New question, Mr. Speaker. Mr. Minister, we're talking about gouging government departments. That's what we're talking about every day.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — Mr. Minister, let me give you some more. If your agency leases a photocopier to another government department, you not only charge the leasing fee, but you charge \$100 a year administration and you charge 75 cents a copy. I can go to any private enterprise business in this community and get photocopying done for 10 cents a copy. Enough is enough. You're gouging the taxpayers. Why are you doing this?

Some Hon. Members: Hear, hear!

Hon. Mr. Wolfe: — Mr. Speaker, I see that it's pretty obvious that the member opposite, most of the members opposite, really, really don't understand how Property Management works.

If Property Management makes a profit, Mr. Speaker, if it makes a profit, those profits are returned to the respective departments, as I understand it, in the form of a participation credit, Mr. Speaker. So that any profits that Property Management makes, they're returned in the form of a participation credit to that department.

Now the members opposite have had a very difficult time understanding that type of a credit, which is provided up front to the department. And I know that for some time, Mr. Speaker, the members have had a hard time relating that to a dividend, a dividend which is probably more familiar to the members opposite, because that's the type of thing used by co-operatives.

But the answer, Mr. Speaker, is no, and with all due respect to the co-operatives in this province, the answer is no, we're not going to be changing the name of the corporation from Saskatchewan . . .

The Speaker: — Order.

Mr. Lautermilch: — A new question, Mr. Minister. What's happening here, Mr. Minister, is clear — you're gouging the taxpayers and you're creating a slush fund. And I want to give you another example.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — That's why the taxes are going up and that's why the provincial goods and services tax is being imposed.

Mr. Minister, your mark-up to the various government departments at 27 per cent for office supplies, office supplies ordered through Property Management Corporation, is a . . . it's a ridiculous figure. They can get those supplies cheaper elsewhere and you know it. If the Department of Health — another example — wants to move a computer, say to the Department of Education,

SPMC charges them 250 bucks.

Mr. Minister, you're robbing these government departments, and I want to know and what the people of this province want to know: are you setting up a Tory slush fund? What in the world's going on here? Why are you doing this?

Some Hon. Members: Hear, hear!

Hon. Mr. Wolfe: — Mr. Speaker, it's very obvious that the members opposite don't understand how Property Management works. They don't understand the idea of a participation credit. They don't understand that if Property Management makes a profit, as it relates to delivery of services, that those profits are returned to the departments in the form of a participation credit. That participation credit is paid up front, Mr. Speaker, as I understand it, and those benefits are accrued back to the department.

Now, Mr. Speaker, before Property Management was created, departments didn't even know what things cost. They didn't know what things cost. They didn't know what the paper-clips cost. Because the Property Management is there and because of the user-fee type of an approach, Mr. Speaker, departments know what rental space costs and they manage their affairs accordingly. But all benefits and all profits are sent back to the departments in the form of a participation credit, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Anguish: — What unbelievable answers to those questions, Mr. Speaker. To the same minister I'd say, it's sort of like saying no matter where you go, there you are.

My question has to do with the same minister, Mr. Speaker. In this year's budget, Health . . .

The Speaker: — Order, order, order, order. Order, order. Order, order, order, order. Order!

Mr. Anguish: — Mr. Minister, in this year's budget the Health department shows an increase of almost \$4 million in departmental payments to the Saskatchewan Property Management Corporation. At a time when hospital beds are being closed, health-care workers are being laid off, this cannot be justified. Enough is enough. Why are you doing this?

Some Hon. Members: Hear, hear!

Hon. Mr. Wolfe: — Well, Mr. Speaker, I think I explained to the members opposite and I asked the members opposite to open their books, and all the books, and not mislead the public and not mislead this House by not taking into consideration the supplementary estimates, Mr. Speaker. So their numbers, Mr. Speaker, are very misleading, and that's not new to them and not new to the member from Battlefords.

But I'd also like to share with you, Mr. Speaker, a comparison to 1989-90 for the Department of Health. And if a person takes a look at that number, if a person takes a look at that subvote, they'll see that it's

19,739,100, and that compares, Mr. Speaker, to the number for this year which is 18,554,600. So it's a reduction from two years ago, Mr. Speaker.

We have initiated a policy whereby we're trying to increase efficiency. We have stopped the purchase of new vehicles. We've stopped purchasing new furniture, Mr. Speaker. We've increased efficiencies by streamlining the operations, Mr. Speaker. And the benefits go back to the department, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Anguish: — Well I guess it is, no matter where you go, there you are, Mr. Minister. Mr. Minister, at a time when SIAST (Saskatchewan Institute of Applied Science and Technology) and Education, their buildings went up many millions of dollars; Highways and Transportation payments to you — 2.5 million; Justice went up 5 million; Social Services went up 5 million — an additional \$40 million you're gouging government departments for this year at a time when you're telling Saskatchewan families they have to pay \$740 a year more in the provincial goods and services tax.

Mr. Minister, enough is enough. Why are you doing this?

Some Hon. Members: Hear, hear!

Hon. Mr. Wolfe: — Mr. Speaker, it's truly amazing how the members opposite continue to try to mislead the public, mislead the public, mislead the House — that's nothing new to them. They talk about SIAST but they don't bother to mention the figure for 1989-90 which was 21,485,600 and that compares to the number for this year, Mr. Speaker, of 21,200,829.

And again, Mr. Speaker, they fail to recognize the supplementary estimates for 1991. The other thing they fail to recognize, Mr. Speaker, is the difference in the third-party loans. And, Mr. Speaker, it's truly unfortunate that they continue to play with numbers and try to mislead the public.

Some Hon. Members: Hear, hear!

Mr. Anguish: — Thank you, Mr. Speaker. Mr. Minister, the Saskatchewan Property Management Corporation this year will collect almost \$200 million from government departments for the goods and services that are issued to them. Now that's more than enough money to meet all the needs you claim that you can gather by having to bring in this provincial goods and services tax.

Mr. Minister, enough is enough. Why have you done this?

Some Hon. Members: Hear, hear!

Hon. Mr. Wolfe: — Mr. Speaker, this truly speaks to the members opposite and the ability of the member opposite to read the books that are in front of them. They talk about opening the books . . . and as many people have said, Mr. Speaker, we can open the books, but they can't read them. They can't read them.

They don't understand a participation credit. The profits

that are made by Property Management, Mr. Speaker, are sent back to the department up front in the form of a participation credit.

And, Mr. Speaker, I would ask the members opposite to visit all the numbers, not just the ones that they like to play with.

Some Hon. Members: Hear, hear!

The Speaker: — Order. Order, order, please.

INTRODUCTION OF BILLS

Bill No. 74 — An Act respecting the Registration of Leafcutting Beekeepers

Hon. Mr. Martens: — Mr. Speaker, I move first reading of a Bill respecting the Registration of Leafcutting Beekeepers.

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

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Motions for Interim Supply (continued)

Mr. Chairman: — Order. The question before the committee:

Resolved that a sum not exceeding \$834,933,100 be granted to Her Majesty on account of the 12 months ending March 31, 1992.

Would the minister introduce his officials.

Hon. Mr. Hepworth: — Mr. Chairman, I'd like to introduce to the committee the officials that didn't get introduced yesterday. On my left is John Wright, the deputy minister for the department. On my right is Bill Jones, associate deputy minister. Behind me is John Law, executive director of the treasury board division; and to his left, Jim Marshall, executive director of the economic and fiscal policy division, Mr. Chairman.

Mr. Shillington: — Thank you very much. Mr. Minister, I want to pursue the question of the SPMC — Sask fraudco as it's more commonly called. Mr. Minister, every time this budget comes up, this cesspool which Sask fraudco constitutes gets darker and darker.

Mr. Minister, it's a fact — I'm running from memory now — but it is a fact, Mr. Minister, I believe, five years ago when the Saskatchewan Property Management Corporation was set up, the Department of Government Services was spending \$93 million, five years ago. Now the same functions are being carried out by the Saskatchewan Property Management Corporation for over \$200 million. What in Heaven's name is going on over there?

The minister may find \$110 million a long yawn, but I'll tell you that the public of Saskatchewan don't find your goods and services a long yawn.

Some Hon. Members: Hear, hear!

Mr. Shillington: — A bit of simple mathematics, Mr. Minister — oversimplified, but a bit of simple mathematics. If you are spending now what Government Services were spending you wouldn't need the extension to the provincial sales tax.

Mr. Minister, I ask you, what in Heaven's name is going on? It is apparent that there's a slush fund over in Saskatchewan fraudco, and that is the only rational conclusion which anyone can draw. And that's what the PSC is going to pay for a slush fund.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well, Mr. Chairman, I'll provide the detail I can for the committee on interim supply relative to the operations of SPMC. But as always, the precise detail can be raised in estimates when that vote comes up.

The two components to review the operation of SPMC — one is to operate and provide for accommodation for various government departments and agencies. By having the departments and agencies have to pay for it, if you like, under this model, it makes them more aware of what their needs are and what their costs are. And they work harder, I believe, as managers to make sure that they only have then what space they need to run their operations. And hence they would keep their costs down.

The other part of it of course is to act as a — and I'll use some simple terms and some generalities here as well — to act as the financier for building schools and hospitals, the agriculture college for the university, for example — those kinds of things, Mr. Chairman.

Mr. Shillington: — Mr. Minister, I'm looking at the *Public Accounts* for the year ending March 31, 1981, which one of my colleagues was good enough to go and get me.

Mr. Minister, the total spent on government services, ordinary expenditures was 35 million. You add to that the amount spent on capital which was 21 million; you got 56 million bucks. Now you're spending \$200 million.

Mr. Minister, what in Heaven's name is going on over in Sask fraudco. It is apparent, Mr. Minister, that you simply can't . . . expenditures cannot have increased, even under the drunken sailors which now operate the Government of Saskatchewan, costs cannot have gone up by 400 per cent. What on earth is going on over there?

Hon. Mr. Hepworth: — Well one of the things the hon. member may not have realized when he looked at the numbers is that the capital budget this year is \$132.5 million. That's the non-budgetary. The revised '90-91 was 182. It's down \$50 million. But still if you look at the capital number today compared to — I'm not sure when you were referring to — the previous numbers . . .

An Hon. Member: — March 31, 1981.

Hon. Mr. Hepworth: — '81? Okay, then one observation one would make is that the non-budgetary capital side is now 132.5 million. I forget what you said it was back then.

Mr. Shillington: — Mr. Minister, your costs have gone up by 400 per cent. Now, Mr. Minister, would you explain to me how your costs could have increased . . . The point . . .

Mr. Chairman: — Order. All members will — order, order — all members will have an opportunity to ask any questions they want. I'd ask if you'd allow the member from Regina Centre to ask his question.

Mr. Shillington: — Mr. Minister, your costs have gone from \$56 million to over \$200 million.

An Hon. Member: — What was the capital?

Mr. Shillington: — What was the capital? \$21 million.

But, Mr. Minister, you're not building six times as much. You're not building a darn thing. You people haven't built a park bench since you've been elected, and that's the truth. You're not building anything.

Your operating, Mr. Minister, has gone up by 300 per cent. How on earth, Mr. Minister, have costs gone up by such a degree? There is only one explanation which I believe, and only one explanation which the public of Saskatchewan believes, and that is that you have a gigantic slush fund in what, I think, is going to be a vain attempt to re-elect this group of drunken sailors — and I cannot otherwise describe you.

Hon. Mr. Hepworth: — Mr. Chairman, as I said, there's been a marked increase in the capital as he himself would acknowledge. He translates that into somehow our costs of building schools and hospitals are somehow that much higher. They are higher because of inflation, but what he forgets is that we are building things like the agriculture college, which, I think, last year alone amounts to something close to \$40 million of that capital.

You see the difference is, Mr. Chairman, the difference is we are building nursing homes, we are building hospitals, we are building schools; we're building the new University of Saskatchewan agriculture. That's foreign to you to have governments build that kind of infrastructure.

Mr. Shillington: — Mr. Minister, your building program is dwarfed compared with what was going on in the '70s. Perhaps it should be because there's less money now. But the point is, Mr. Minister, your building program is dwarfed by what was happening in the '70s.

Let's just stick with operating, Mr. Minister, since you apparently prefer to stick with operating. The operating side of this has gone from 35 million to almost \$100 million. How on earth does operating costs go up by 300 per cent? I ask you, Mr. Minister, what are you doing now that we weren't doing in 1981? We've the same pencils, the same computers; in fact, the chairs held together and didn't fall apart. The plant used to be maintained in those

days; now it isn't. Mr. Minister, how on earth can costs have escalated so rapidly? There is only one explanation, Mr. Minister, and that is that you have a huge slush fund, and I ask you to come clean about it.

(1445)

Hon. Mr. Hepworth: — Mr. Chairman, members of the committee, why we use this model is we want to have department managers, all of our administrators, indeed all of our employees be just that much more cost-conscious, to bring even a greater element of accountability than we've had in the past system.

So how do you do that? Well if you are accountable and have to pay for your postage and your heat and your lights and your rent and your furnishings and whatever else, then I think the prudent manager is very careful as to not have extra space or to use more postage or telephone than they have to. That's how it makes them more cost-conscious.

If they're more cost-conscious, it's better for all the taxpayers. You don't have everybody striving to have the biggest office in town because there's now a cost attached to that. It used to be that government sort of didn't price that out and the business sector would obviously make lots of observations about how that didn't lend itself to perhaps the greatest accountability. Well now there are charges.

Well then the question is: do you make money on it, because maybe your charges are too high. Well there's a mechanism in place as well to deal with that. If there are somehow profits then it flows back to the departments on the basis of the participation credit, Mr. Chairman.

Mr. Shillington: — Mr. Minister, I know well the theory, it's the practice about which I'm so upset. The theory is it's supposed to cost less because then departments are conscious of what erasers and pens and desks cost them and what space cost them, and they use less of it.

The practice, Mr. Minister, has been a run-away cost. The practice has been that your costs have just soared out of sight. And I want to know, Mr. Minister, how that could have happened. How on earth is it that costs have increased so dramatically?

Hon. Mr. Hepworth: — Mr. Chairman, the hon. member is incorrect. Last fall we put out the numbers. I don't have them right at hand here but I can certainly give the members of the committee a flavour for internal operating costs of government, the kinds of things the hon. member was talking about just a moment ago.

We too believe very much, as do all the taxpayers, that in this difficult economy, and quite frankly any time, government ought to strive to be the most effective and efficient manager of the taxpayers' dollars that you can. And in a tight economy one of the first places that they would expect us to look, rightfully so, is inside government.

And of course they relate that . . . the elected members' salaries and severance payments, the size of the civil

servants, how much we pay for our civil servants' salaries, government cars — all those kinds of things, Mr. Speaker, or Mr. Chairman. And so over the last three or four years we've had a concerted effort in place to bolster the efforts, the ongoing efforts of our managers to control what I call the internal operating costs of government.

Are we being successful? The answer is yes, Mr. Chairman. Why do I say that? Because if you look at the last four or five years, we've been able to hold the government payroll essentially steady at \$400 million. And that's even having to make allowances for increases in salaries and increments that might have been bargained in collective bargaining.

We've been able to reduce the size of government, Mr. Speaker, over those same years. And in fact if you look at the percentage of the taxpayers' dollars spent on internal operating costs to the government, it has actually dropped in the last four or five years. That's the record, Mr. Speaker. Down from something in the order of 20 per cent . . . 18, 19, 20 per cent, now down to something in the order of 15 per cent. So we're making clear headway there, Mr. Speaker. Chairman, rather.

More need to be done. I would argue it's an ongoing effort to bolster our managers in terms of them being as prudent and as judicious as possible in the spending, as it relates to internal government operating costs, but I think we're making good headway there, Mr. Chairman.

Mr. Shillington: — Mr. Minister, you're not making headway. You're racing in the opposite direction. Each year your cost to Sask fraudco go up and up and up and up.

Mr. Minister, the first . . . I just want to remind you of the history of this issue. The first year that Sask fraudco came into being, Mr. Minister, the costs increased by some 30 per cent. I asked every minister, why have your costs increased so much? They would say, I don't know; I pay the bill. Nobody ever would tell us how the costs went up so rapidly.

Now we have this same phenomena again, Mr. Minister. And I know full well, when the Minister of Health's estimates are before or us, or the Minister of Education or the minister of any other department and we say, how could your costs for Sask fraudco have gone up so dramatically, they will say, we don't know; we pay the bill.

Well, Mr. Minister, ultimately you pay the bill. Ultimately, Mr. Minister, it is you who are responsible to ensure the effective and efficient operation of government. Traditionally that's been a role borne by the Minister of Finance. The Minister of Finance is in a sense the public watch-dog in cabinet on expenditures.

So I'm going to ask you, Mr. Minister, what in Heaven's name is going on with this corporation? It has every appearance of being a very bad story. And if it isn't a very bad story, I ask you to clear it up. And don't give me the blether about the theory. I know the theory. It's the practice that has been so unfortunate.

Hon. Mr. Hepworth: — Mr. Chairman, I don't think the hon. member wants to hear the answer. Today it was addressed in question period to some degree. I'll readdress it again now. The reality is the costs of operating internal government have gone down. It used to represent something in the order of 20 per cent of our expenditures. Today it's something in the order of 15 per cent. And I think we'll just have to agree to disagree relative to those facts, Mr. Chairman.

Mr. Shillington: — Well the minister goes on, but he never uses any figures. I say, Mr. Minister, your costs . . . Sask fraudco is charging the Government of Saskatchewan about three times what Government Services was since 1982. That's during a period of time in which inflation has gone up by 48 per cent. How on earth can that be, Mr. Minister? What is it you're doing now that . . . what is being provided for departments now that wasn't being provided in 1981?

I know the theory. The theory was, once departments were conscious of the costs, it ought to go down. The practice has been, they have now lost all control of expenditures. They have to pay whatever they get, and their bills have gone up astronomically. So I ask you, Mr. Minister, what's going on over there?

Hon. Mr. Hepworth: — Pretty fundamental differences. If the hon. member's referring to the Supply and Services vote in '81, there's a fundamental difference. There was no cost consciousness in '81, there was no accountability; they didn't pay for rent and postage and light and fuel, those kinds of things. So that's a pretty fundamental difference, I would argue.

Secondly, just to reinforce my point because my officials do have the numbers on government operations costs: '85-86, 24 per cent; today it's now down to 15.8 per cent. Making headway? Maybe even more can be done, Mr. Chairman, but I think a significant move and a significant move in the right direction, saving the taxpayers' money by decreasing the costs of operating our own bureaucracy.

Mr. Shillington: — Mr. Minister, I'll wait till we have the minister . . . the minister stoops to give us his attention.

Mr. Minister, the explanation, as lame as it was, by the minister was that the excess revenue all comes back to the government in form of dividends. Would you explain to me, Mr. Minister, where that is in your . . . where the dividend from Sask fraudco is in your budgetary estimates?

Mr. Chairman: — Order. I'd ask the member not to use nicknames for departments. I'd ask him to refrain from that, please.

Mr. Shillington: — I want to ask you, Mr. Chairman, since when did we have to use the proper and correct name of the department? Where's that rule?

Mr. Chairman: — Order. I find it not proper to not use the proper name of the department, and that's the ruling of the Chair.

Mr. Shillington: — I'll refrain from using the term, in spite of the fact that it's better known by the terms I use than by the terms that the minister uses.

Mr. Minister, where is the dividend and how much is it? How much are we getting back this year from the Saskatchewan Property Management Corporation?

Hon. Mr. Hepworth: — Well for an example, Mr. Chairman, and members of the committee, if we looked at Finance, page 51 in the *Estimates*, we would see under vote 18, item 15, a payment to Saskatchewan Property Corporation. And that's a net number.

And what that would reflect, for example, is that our costs would be \$6 million perhaps to operate the Department of Finance. We get a participation credit of say roughly \$2.3 million, and so the net appropriation ends up at 3.746. It's all netted out and that's how it works, and that would be the typical kind of example. And I've given you the one for the Department of Finance, and the numbers I've used are by way of example. But the exact appropriation at the end of the day here is 3,746,200.

Mr. Shillington: — It's absolute, unmitigated hog-wash, Mr. Minister. What you're saying is there's no dividend at all. That is absolute eyewash. What you're saying is, Mr. Minister, there's no dividend at all. You are . . .

An Hon. Member: — You don't understand.

Mr. Shillington: — Yes, I understood perfectly the chicanery you're trying to engage in. What you're trying to say is that it would have been 19 million, except for the profits. So now it's only 9 million. But, Mr. Minister, the charge is 9 millions; that's what it cost you. There never was any profit.

Mr. Minister, that's absolute nonsense. I want to know where is in your *Estimates* the revenue item for the profit from the Saskatchewan Property Management Corporation.

Hon. Mr. Hepworth: — Mr. Chairman, members of the committee, I forget the word he used to describe the situation as it relates to SPMC. The situation is as I've described it. That is the net number. He doesn't have to accept that. That's the reality. I don't know what more I can say. We have obviously a clear dispute on the facts here.

Mr. Shillington: — Well we have a clear dispute on what constitutes a basic, simple truth, Mr. Minister.

Mr. Minister, you are saying to me that the dividend goes back to each department individually. That's nonsense, Mr. Minister. Nobody accounts for it in that fashion. Not even you people practise accounting such as that. That is unmitigated nonsense.

Mr. Minister, if the Saskatchewan Property Management Corporation is making a profit and the profit's going back to the government, then, Mr. Minister, there's an item somewhere which shows that. Don't try to tell me, Mr. Minister, that it goes back to each department in proportion to the expenditures.

What you're saying is there's no dividend at all. When you give me that answer, Mr. Minister, then you're telling me there is no dividend at all to the government. None at all. And the net cost and the total cost is the sum as we gave it to you.

Hon. Mr. Hepworth: — The situation is as I've described it. I think one or two years ago there was a dividend as well paid to the Consolidated Fund of 10 or \$20 million, something of that order, but other than that the situation is as I've described it, Mr. Chairman.

Mr. Shillington: — Then, Mr. Minister, will you admit there's no dividend? Will you admit there is no dividend of any way, shape, or form that would qualify for the term "dividend"?

We said to the minister, the cost of Saskatchewan Property Management Corporation exceeds \$200 million. The minister said, but you haven't subtracted the dividend. You're saying the dividend's already off, so will you admit that the minister's answer was wrong? There is no separate dividend in a separate place which comes as a deduction to what has been charged.

Hon. Mr. Hepworth: — Well, Mr. Chairman, I can only repeat, participation credit, dividend, call it what you wish, it is netted out as I've described. Over and above that, '88-89 a \$20 million dividend was paid. It's under other receipts; I think that's how it's classified. And '90-91, as I understand it, was at \$10 million, and that's the situation, Mr. Chairman.

Mr. Shillington: — Okay, then I'm back to my original question. Why are costs going up so dramatically? Why are you charging someone \$1,600 to go to North Battleford? Why are you charging 75 cents for a photocopy? What in Heaven's name is going on over there?

Hon. Mr. Hepworth: — Well the charges reflect the cost of doing business. If it's somehow that the estimates have been too high and it makes money, then it's reflected in the credit. I think that's a pretty reasonable system, Mr. Chairman.

(1500)

Mr. Shillington: — Mr. Minister, you're say it's costing you 75 cents to make a copy. What on earth are you using? An old mono-type machine?

Mr. Minister, we have a photocopier in our . . . (inaudible interjection) . . . Yes, that's right. He must have an old mono-type machine with a handle on the thing.

Mr. Minister, we have a law office. I know what photocopies cost. They cost us 10 cents apiece. That's what it costs. Now I recognize that a government may not operate as efficiently as a private office. You may have more costs, but I'll tell you, Mr. Minister, it doesn't cost you 75 cents to make a photocopy either. That's absurd.

I want to ask you, Mr. Minister, how on earth do you justify a \$1,600 bill for a flight to Prince Albert, or equally

outrageous, a 75 cent charge for a photocopy. Both are wildly inflated. What is being done with the 8 or 900 per cent profits you're making on these bills you're sending?

Hon. Mr. Hepworth: — Mr. Chairman, as it relates to the 75 cents copying charge, I too, if that's the case, would be interested in the details there. And I would think that there's got to be some more to the story if that's true. I don't know that it is; I don't have the details on that.

I've given you the general approach that is taken in terms of costing things out fully. But we'd all . . . I think at 75 cents a copy we'd all be interested in getting the full story, and that's something you may want to examine in more detail on those estimates, Mr. Chairman.

Mr. Shillington: — Well, Mr. Minister, I grant you you're not getting very many questions on the cost of photocopies in government services. But if you're in your riding you're getting a lot of questions on waste and mismanagement, Mr. Minister, and that's what this relates to.

Mr. Minister, I am looking at a rate schedule which apparently your department published, and it provides a charge of 75 cents for the first 1,500 copies. Mr. Minister, if you'll let my office make the copies, we'll make them for 50 cents and we won't have to practice law because there'll be enough profit in simply running our photocopy machine to put everybody on easy street. Mr. Minister, if you let our office provide photocopies, we'll provide them for 50 cents and everybody will be coming to work in a Rolls-Royce. That's no exaggeration. That's no exaggeration, Mr. Minister.

What is happening to the money? What are you doing with the money? Why has the cost of operating gone up by 300 per cent? Why these absurd charges to the department?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well, as I said earlier, I think we'd all want to have the details of that, Mr. Chairman. The costing is as I've described earlier.

Mr. Shillington: — Mr. Minister, can you tell me why the rate schedule which you have published charges \$25 for developing a roll of film. Why not let the drug store — there's three or four of them in my riding — why not let them do it? They'll do it for about 8.95.

Hon. Mr. Hepworth: — Mr. Chairman, could the hon. member send the document over from which he's reading so that we can all maybe get the details on it. Then we can perhaps have some official investigate it and get the answers. If we can't do it today, perhaps we can have it for a detailed examination of the estimates, Mr. Chairman.

Mr. Chairman, I'm wondering if the member will send the document over to me from which he's been reading. I think that's the practice in the House.

Mr. Chairman: — Order. That's entirely up to the member.

Mr. Shillington: — Mr. Minister, the practice of your government is that if I give you this document, you scour the document to see if you can determine from whence it came and then you go and fire the people who had anything to do with the document. That's been the history of your government.

An Hon. Member: — Would you like to say that outside?

Mr. Shillington: — Oh indeed I'll say it outside. I'll say it outside. If the minister thinks that's libellous, then you not only know nothing about finance, you know nothing about the law of libel either. The minister may know something, may know . . .

Mr. Minister, that's exactly what happens and you know it. The public servants in this province live in absolute fear of this government because you've been vindictive since the day you've been elected.

Some Hon. Members: Hear, hear!

Mr. Chairman: — Allow the member from Regina Centre to put his question.

Mr. Shillington: — Mr. Minister, I tell you what I'll do — make you a deal. Four people sitting around you; I assume they're all competent people, probably capable of finding a phone in very short order. I'll provide the 75 cents for the photocopy. Why don't you go, Mr. Minister, and ask the department for a copy. I'll pay you the 75 cents for the copy this time.

The title of the document in case your officials . . . I don't think they'll go and look for it because I don't think you want to see it. I don't think you want this thing very bad. But if you want it, it's called "Saskatchewan Property Management Corporation 1990/91 Financial Plan: Corporate Rate Schedule and Pricing Structure." Corporate rate schedule and pricing structure. Everybody got that written down?

Mr. Minister, you don't want it. Mr. Minister, these have existed in Government Services when I was a minister there 15 years ago, and they exist now.

The point is, Mr. Minister, these charges are absolutely absurd. You have a staff photographer. Now just in case there's any confusion, Mr. Minister, this is a staff photographer. Presumably you pay for the office. You pay for the camera. You pay for the film. You pay a staff photographer. You charge for him \$420 a day? Mr. Minister, I wonder if you've ever thought of privatizing this. You'd get it for a small fraction of that amount.

But of course, Mr. Minister, the employee is not getting the money. The money, the \$420 minus — let's be generous and say — \$75, is going into a slush fund. It's got to be. There's no other explanation for this. There's no other explanation for this.

Where is the other \$16 going off the roll of film? Where is the extra 60 cents going off the photocopy? I'll tell you where it's going, Mr. Minister. It's going into a slush fund. That's exactly what's happening. And if that isn't what's

happening, Mr. Minister, then give us an explanation for this.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Chairman, there is no slush fund. The participation credit is in its place, as I described it. In fact there is profits, and I think I've covered that several times, Mr. Chairman.

Ms. Atkinson: — Thank you very much, Mr. Chair. Mr. Minister, I also note in the document my colleague referred to "Saskatchewan Property Management Corporation 1990/91 Financial Plan: Corporate Rate Schedule and Pricing Structure," that in the area of mail preparation apparently Sask Property Management Corporation charges \$43 per hour to do manual work. They also charge for folding and inserting extra insert, additional inserts, and they look at 4 cents an envelope, 45 cents an envelope, 5 cents per insert; and then bursting, signing, folding, and labelling — \$43 an hour.

Now, Mr. Minister, is this what you're paying the staff over at SPMC — \$43 an hour? Or are you paying them 10 bucks an hour and the other \$33 per hour is going into some slush fund?

Hon. Mr. Hepworth: — The hon. member's reference to a slush fund is pure nonsense, Mr. Chairman. Whatever it is that departments use — postage, space, the lights, the heat — they're all costed out; they're charged accordingly. If there is some profit in the course of the year, then it's either paid by way of dividend to the Consolidated Fund or, more often and usually, the participation credit back to each department, Mr. Chairman.

Ms. Atkinson: — Well, Mr. Minister, that's not acceptable. I want to know why your Saskatchewan Property Management Corporation is charging \$43 an hour to do mail preparation. You know, ladies and gentlemen of the legislature, what we have here is a provincial goods and services tax that is going to affect every citizen in this province. And citizens are saying, enough is enough, they want no more taxes.

They do not want to have a \$43-per-hour charge to do mail, Mr. Minister, when they know darn well that the staff that is doing that mail is not being paid \$43 per hour. They do not want to pay \$25 for a roll of film when they know they can go down to Pinders and get it for seven bucks. They don't want to pay \$420 per day for a staff photographer when they know, Mr. Minister, that we don't even pay lawyers that kind of money.

Now I want you to explain why you introduced a budget that has a provincial goods and services tax extension of some 7 per cent at a time when Saskatchewan taxpayers can't afford it, and here you are charging \$43 an hour for mailing, \$420 per day for photography services, and \$25 for a roll of film.

Hon. Mr. Hepworth: — Mr. Chairman, did we just a few minutes ago, when the Finance critic was up, did I hear him say he would offer to do the copying for the government at the rates they charge in their law office? I

think that's what we heard, wasn't it?

What was that rate? 50 cents a copy. I think we have a deal, on behalf of the taxpayers. I think we have a deal because, Mr. Chairman, as suggested by the opposition Finance critic, we now have a copy of this infamous document: "Corporate Rate Schedule and Pricing Structure: Saskatchewan Property Management Corporation, 1990-91 Financial Plan."

You know, we've been talking in this House a lot about the literacy problem in Saskatchewan, numeracy, technological literacy, all of those kinds of things. Does the hon. member who just asked the question confirm by nodding her head up and down that she too has a copy of this document? Will she confirm that for me? For the record, Mr. Chairman, the member from Saskatoon Nutana has confirmed that she too has the document, the infamous document.

Well, let's get back to the issue of copies. Okay? Photocopy. Headline — it's about five pages in. Photocopy, rate schedule, central copiers shared, administration fee annual, \$100 per photocopier. Copy fees monthly, zero to 1,500 is the first rate schedule.

Now what does it say? Now they have said it's 75 cents a copy. Oh my goodness, Mr. Chairman. No wonder these guys couldn't balance the books or run a government when they were in opposition. Seven and a half cents a copy, Mr. Chairman, not 75.

Now the question is: are the hon. members trying to deliberately mislead this House, or are they a bunch of bonzos when it comes to reading a financial statement? Which is it, Mr. Chairman? That's the question. Are they a bunch of bonzos when it comes to financial management, or were they trying to deliberately mislead the House because it clearly says \$0.075 per copy. And in my books that means seven and a half cents per copy, Mr. Chairman.

So I'll take their deal. We'll have them do it. We'll make a lot of money for taxpayers, Mr. Chairman.

Ms. Atkinson: — Mr. Chairperson, with all due respect to the Minister of Finance, he accuses us of not being able to read. Well obviously the Minister of Finance can't hear because I didn't ask that question. I asked a question about the hourly rate for mailing in the province of Saskatchewan, and how much does SPMC charge for that.

I asked a question about why it costs \$25 for a roll of film, and I would like the Minister of Finance to answer the question. Why is it that he is introducing a provincial goods and services tax that is going to take 750 bucks out of every taxpayer's pocket in this province? Why is he introducing that tax at the same time he's ripping off the taxpayers by these outrageous costs?

Some Hon. Members: Hear, hear!

(1515)

Hon. Mr. Hepworth: — Well, Mr. Chairman, the hon.

member referred to outrageous costs as she sat down. The only thing that is outrageous in this House is the inability of the hon. members to decipher the simplest of numbers. That's what's outrageous.

The fact that this committee's time has been wasted because they thought they had great coup, I'll tell you, whoever the researchers are over there, that's who you ought to be firing, is your own NDP hacks. That's who you should be firing. If I was going to make a recommendation to you, that's what I would say.

Seven and a half cents a copy. Now is that outrageous, Mr. Chairman? In fact it goes down. If you do over 5,000 copies, you're down to 5 cents a copy, \$0.050 per copy. And in my book that's 5 cents a copy as you move the decimal to the right spot. A thousand per cent error rate.

But you know what the bigger tragedy is, Mr. Chairman? You know what the bigger tragedy is? I thought that we were in here to discuss the way . . . the issue today as to why we ought to appropriate money for health, education, our hospitals, the ag college, yes, to run the business of government.

And, Mr. Speaker, this is the best that the opposition can do. And when they do deal with it, they can't even get their facts straight. A thousand per cent error rate. No wonder the people don't believe anything they say. They have no plan. They look for the stuff that they think is good grist for the political mill. That's what they look for.

And you see, Mr. Speaker, is it any wonder why any time they bring up an issue, why we have to go and get the facts, because either they try to deliberately mislead the House, or they are, quite frankly, not prudent and thorough in their work, Mr. Chairman.

Ms. Atkinson: — Mr. Chairperson, I am in fact trying to deal with the issue at hand. I am in fact trying to do that. What we have in this province is a \$40 million increase to Saskatchewan Property Management Corporation. That is a \$40 million increase for over-priced goods and services. That's \$40 million that comes out of programming for the citizens of Saskatchewan.

An example: the Department of Education has grossly underfunded education in this province. There's been a big increase in payments to Sask Property Management in Education, but there hasn't been enough payment to the University of Saskatchewan, the University of Regina, and SIAST. And at the same time this government has grossly underfunded the K to 12 system. So what does that mean?

That means that we will see over 400 teachers and non-teaching staff laid off in this province this year. They don't have money to educate kids, but they do have money to charge \$25 for a roll of film, they do have money to pay \$420 for some photographer, and they have money to pay someone \$43 an hour to do manual work.

Well those individuals that are doing that work aren't in fact getting paid that. Who's getting paid? Some slush fund. The juxtaposition is no money for education, job

lay-offs in education, school closures in education, job lay-offs and bed closures in health, but money being paid to SPMC — a \$40 million increase.

Well I'd love to see that \$40 million increase in education or in health. We wouldn't have job lay-offs and bed closures and surgical unit closures, and it's a matter of choices. The government chooses to send \$40 million over to Sask Property Management Corporation which is fast becoming what we call Sask fraudco, but chooses not . . .

Mr. Chairman: — Order. I've already ruled on using different names for departments. I'd ask members to refrain from that. I've already ruled on using nicknames or different names for departments; I've already ruled on that. I'd ask members to refrain from using names.

Ms. Atkinson: — Thank you, Mr. Chair. The point is that there's \$40 million for SPMC. We don't know what this money is being spent on. It seems that we have SPMC grossly overcharging the line departments while those line departments are cutting funds to education and cutting funds to health.

And so the point here is that this government has its choices and priorities all messed up. Money for SPMC but no money for health and education. They've got money for SPMC and at the same time they're increasing the property taxes in this province and they're increasing the goods and services tax.

So I think the government has made the wrong choice. I'm simply asking for an explanation from the minister. The minister has not been forthcoming which is his typical behaviour in this House, and I will leave it at that. The minister doesn't even need to respond because his days are numbered anyway, and his days are numbered because he has not been forthcoming with this legislature or forthcoming with the taxpayers of this province.

Some Hon. Members: Hear, hear!

Mr. Prebble: — Thank you very much, Mr. Chairman. Mr. Minister, I have a specific question I want to ask you as it relates to SPMC, the Saskatchewan Property Management Corporation. And it relates to the project for Saskatchewan Property Management Corporation in the current year, Mr. Minister, as compared to last year. We'll just give you two years to work with for a moment here.

I wonder if you can explain to the members of the Assembly why it was that the budget for this year for Saskatchewan Property Management Corporation is up some 44 per cent over last year in the Department of Social Services alone, Mr. Minister. The budget last year for Saskatchewan Property Management Corporation was just over \$10 million and this year, Mr. Minister, it is in excess of \$14 million. And I wonder if you can explain to the Assembly why we see a 44 per cent increase in this allocation.

Hon. Mr. Hepworth: — The major factor was depreciation on assets transferred from government and it was picked up in the previous year. That was a special warrant . . . the supplementary spending, rather, that the

hon. minister in charge referred to earlier this day relative to . . . in question period.

The depreciation on how depreciation is handled. Another factor was interest rates and interest rate pressure, funding of depreciation of assets transferred from government during the 1991 budget process, alternate mechanisms for the treatment of depreciation on the real estate assets transferred from government reviewed analysis during the year established the approach of directly funding depreciation would be the most appropriate accounting treatment. And I think that was as a result of auditors' discussions and part of the process that they go through. And the other one, as I mentioned, was funding for interest pressures.

So anything over and above the normal costing out of government, any sort of extraordinary items, if you like, was the way depreciation is handled. And the other one was the interest rates, especially in the first half of the year, were higher than we'd all anticipated.

Mr. Prebble: — Mr. Minister, with respect to the Department of Social Services, I wonder if you can explain to us how those depreciation costs and interest costs could result in an increase in this year's budget of 44 per cent. I'd like you to be a little more precise and to account for the way you handle depreciation and the way you handle interest could possibly result in a 44 per cent increase.

Hon. Mr. Hepworth: — Social Services, '90-91 blue book, was 11 million and change; the '92 blue book is 14.4 million. The difference there is the depreciation factor I talked about earlier. That's the primary thing. And interest rate pressures are the other factor to some lesser degree.

Mr. Prebble: — Well, Mr. Minister, I'm still not clear on how the depreciation factor could result in a 44 per cent increase. And I wonder if you could explain to members of the Assembly in straightforward terms, Mr. Minister, why the budget allocation for Saskatchewan Property Management Corporation under the Department of Social Services would go up 44 per cent. Be precise, Mr. Minister, about specifically what it is about the depreciation allowance that would result in this kind of a major increase. How much more did you budget for depreciation this year over last year, and why, Mr. Minister?

Hon. Mr. Hepworth: — Just to be clear, I think the numbers I read to the member, before I had picked up the wrong column. I think when I said 11 million, the correct number was 10 million and change, Mr. Chairman.

What it is, it's to do with how depreciation is accounted for. It's an area of . . . a world of accountants and auditors. It was flagged. We agreed. The corporation agreed that it had to be adjusted. We did the supplementary estimate for last year to make it right. This year it reflects the same thing. And more detailed than that, I think you'll have the deal with the minister in charge in his estimates. But I can tell you, it's primarily because of depreciation and how that's costed back to the department, and the interest rates . . . interest costs pressure.

Mr. Prebble: — Well, Mr. Minister, this is just not good enough. Because when I get to the Minister of Social Services, when we get to his estimates, I know that what he'll say is, sorry, ask . . . this is outside of my realm. This is what happened last year and the year before. When we ask questions about Saskatchewan Property Management Corporation, and we ask those questions to the minister responsible for the particular department, he's not able to give us the specifics.

So, Mr. Minister, I'm asking you in this case for the specifics. You provide us, Mr. Minister, with a specific explanation of why the costs for office furnishings, for office administration, for office space in your department would go up from \$10,050,900 to \$14,430,100, Mr. Minister, at a time, Mr. Minister, when you were making major cuts in other areas of the Department of Social Services, Mr. Minister.

For instance the Family Income Plan has been cut from \$13.1 million to \$7.1 million, Mr. Minister. A \$6 million cut to low income families with children at a time when your budget for office administration and office space, Mr. Minister, and office supplies, Mr. Minister, has gone up by over \$4 million.

Now, Mr. Minister, you explain to those low income families what that extra \$4 million is for, and don't just give us, Mr. Minister, the vague notion that it is somehow for extra depreciation and, Mr. Minister, for higher interest rates. Be precise, Mr. Minister. You account for that four and a half million dollars, and do it properly for once.

Hon. Mr. Hepworth: — Mr. Chairman, I think the hon. member is not trying to even leave the true picture as it relates to some of the social payments that he described earlier. I think the hon. member tried to leave the clear impression that somehow families and children were hurt because of decrease in payments to them. And he knows that that's not true. He knows. He tried to paint that picture and he knows.

See, once again, Mr. Chairman, for their own petty political game, they try and present the story as something other than it is. You see, we had his colleague sitting right beside him — a thousand per cent out, Mr. Chairman, a thousand per cent out on the cost of doing photocopying. They are so fast and loose with the facts, it borders on a word that I can't use in this legislature. That's the problem.

And now we have the same party playing fast and loose with the facts. There's been no decrease in the rates; let's get that on the table again, and he knows it. And any suggestion that it's other than that is pure boloney, Mr. Chairman.

Now as it relates to the changes relative to SPMC, I'll go over it again, the interest and the change and how we depreciate. The fact that depreciation now has become a cost there, Mr. Chairman, that accounts for . . . I think last year the difference opposed to was \$22.8 million. This year it's roughly the same.

I guess the question is: does the hon. member, does that party understand books as they relate to business and how depreciation fits in? If you didn't have it before and now you have to account for it — guess what? It shows up in the costs, Mr. Chairman, 22.8 million. The auditor's flagged it. Accountants flagged it. We addressed it.

Yes, I can agree with the hon. member; it's a legitimate question to raise because the numbers do go up. Why? Because of some slush fund that they're trying to suggest? No, that's for their own political purposes once again. The reason it goes up is because depreciation is now accounted for and the higher interest costs. That's the two primary reasons, Mr. Chairman. Anything else is a pure smoke-screen, and nothing but an attempt to distort the picture, Mr. Chairman. Quite simply, that's the issue.

Mr. Prebble: — Well, Mr. Minister, I'm going to stay with this for a moment because I'm just not satisfied. First of all, let me make a very brief comment . . .

An Hon. Member: — First of all, do you understand depreciation? Let's look at that.

(1530)

Mr. Prebble: — I do, Mr. Minister, I've got an honours degree in Commerce. I understand depreciation. What I'm having trouble understanding, Mr. Minister, is the way you're calculating it. That's what I'm having trouble understanding.

Now I wonder if we could have a commitment, Mr. Minister, from you that you will explain with precision what the increase in depreciation allowances is for in the Department of Social Services and how much it constitutes and what the increase in interest, Mr. Minister, is in the Department of Social Services and how much it constitutes and why it has suddenly gone up so sharply in terms of interest payments this year over last year, Mr. Minister. I'd like an explanation of that, and I wonder if you could offer it. Give us the precise numbers for once.

Hon. Mr. Hepworth: — Mr. Chairman, the number, as I said earlier, last year was 22.8 million. It's roughly the same number this year, that includes the extra interest costs and the depreciation. If the Social Services costs are about 10 per cent of the total accommodation charges, etc., across government, then I suspect that they would pick up about 10 per cent of that depreciation as it's applied across the piece. It previously wasn't accounted for; now it's accounted for and it's accounted for on a prorated basis. And if one . . . if that department's charge represents 10 per cent of the total SPMC charges, then they would probably have 10 per cent of the total depreciation, Mr. Chairman.

Mr. Shillington: — Mr. Minister, the example that I use with respect to the photocopying may not have been a happy one, but the other questions remain valid, Mr. Minister. Mr. Minister, if that's the explanation for the photocopy, would you give the explanation for the \$1,600 bill for the flight to Prince Albert?

Hon. Mr. Hepworth: — The executive air, under the same rate schedule:

Departments, crowns and agencies pay a \$1.99 per kilometer for executive officials.

Cabinet Members, MLAs, Lt. Governors, the sponsoring departments pay a fixed seat rate per kilometer flown.

That's the policy. You've got the thing in front of you as well as I have.

Mr. Shillington: — I'm asking you, Mr. Minister, why is it six going on seven times as much as Prairie Flying will charge for the same service. It's the same aircraft.

Hon. Mr. Hepworth: — Mr. Chairman, I mean, did you multiply the right charge by the right number of miles by the right number of people. We have had some problem with your calculations. Just a minute ago, you were out by a thousand per cent, so perhaps you could go through them for us and we can all recheck them in front of the . . . and get it all on electronic *Hansard*, Mr. Chairman.

Mr. Shillington: — Well, Mr. Minister, it states that you charge — it states here that you are charging, I can't find it at the moment — you are charging \$1,600 for a trip to Prince Albert. I don't have the calculation. We phoned Prairie Flying and they gave us a figure of \$210. Why the discrepancy?

Hon. Mr. Hepworth: — Mr. Chairman, can he refer to where he got the number for Prince Albert? Be that or go through the calculations you went through because we have had some problems with decimal places just a moment ago. So perhaps he could walk us through the calculations. We've looked through the same schedule he's got, and other than the policy I don't know as we can find the exact . . . what he's talking about precisely, Mr. Chairman.

Mr. Kowalsky: — The question to the minister relates to the \$1.99 per kilometre. If you go to Prince Albert and back, it'll work out to be the \$1,600. The question here then, Mr. Minister, is that \$1,600 charged regardless if there's one person in the plane, two people in the plane, three or four? Or does it multiply by the number of 1,600 for every person in the plane? which is clearly what your document says.

Hon. Mr. Hepworth: — Mr. Chairman, any more detail in terms of the numbers of kilometres to P.A., how they calculate that air miles, etc., I can't provide the committee. The policy, the rate schedule, has been read into the record, I think, by certainly us, if not the opposition from the same document. I don't see precisely the listing for P.A. I don't know how many kilometres it is air-wise, or however they measure it to P.A.

I think what the hon. member is trying to tell us is that we ought to accept his arithmetic, and we've seen where that got us once already today in this legislature. They were out by a thousand per cent. And I'll leave it at that, Mr. Chairman.

Mr. Shillington: — We're obviously working from the same document, Mr. Minister. If you go to section B,

executive air, rate schedule — departments, Crowns and agencies pay \$1.99 per kilometre for executive officials. That's considerably in excess of what the commercial firms charge. The question, Mr. Minister, is: why such an exorbitant rate?

Hon. Mr. Hepworth: — I'm just trying to figure out how you get your numbers. So you said you phoned and you phoned another charter aircraft, Prairie Flying, and they said you can charter a plane like a Cheyenne, whatever they are, from here to Prince Albert for \$210. Is that what you said?

Mr. Shillington: — Mr. Minister, I wonder if someone could provide the minister with a road map. I think if you do, I think you'll check and you'll find it's close to 800 kilometres, air kilometres. It's close to 800 air kilometres to Prince Albert and back, okay? All right. Now multiply that by \$1.99 per kilometre, 1,600 bucks. Phoned Prairie Flying; they'll do it for \$297.46. Sixteen hundred dollars, Mr. Minister, is an absurd charge.

Hon. Mr. Hepworth: — Well, Mr. Chairman, obviously I can't step out and phone a charter company right now to get the price to charter a similar kind of plane. But I think it would be worth us doing that because I think we would want to know, the committee would want to know — wouldn't we Mr. Chairman? — if indeed there is a 500 per cent difference in the fees.

I wonder just what that 200 and . . . how much was it?

An Hon. Member: — 297.

Hon. Mr. Hepworth: — I wonder what that 297 precisely represents. Does it represent the plane or one seat, Mr. Chairman? That's what I would like to know.

Mr. Shillington: — Mr. Minister, I do not know whether it represents a seat or the plane. It doesn't much matter, Mr. Minister, even if it's a seat. Even if it's a seat, Mr. Minister, your costs are considerably more for running that executive air service. Even if it's a seat, even conceding that, your costs are still considerably more.

Hon. Mr. Hepworth: — Mr. Chairman, I don't know what more I can tell the hon. member. We know that the rate schedule is \$1.99 for a kilometre. That wouldn't reflect, of course that wouldn't . . .

Mr. Chairman: — Order. If the member from Moose Jaw North wants to ask questions, he can rise in his place — order! — he can rise in his place, and he'll have all kinds of opportunity to ask questions.

Hon. Mr. Hepworth: — That number, of course, wouldn't reflect the participation credit which would be about 30 per cent, so that would drop that number on a net basis down somewhat. But still, it would be interesting to find out if we're comparing apples to apples or apples to turnips.

I will want to know, and I'm sure the hon. member would want us to know . . . we've had an instance today, Mr. Chairman, I think that's why this is important. The hon. member has been out by a thousand per cent. Now it

could well be that he's right on the money here, and if we are we would all want to know that. And he could be out by 500 per cent too. It could be that that number is for five seats. Guess what, when you divide that out you probably come out with a fairly close number. But we would want to determine that wouldn't we?

Mr. Kowalsky: — Thank you, Mr. Chairman. Mr. Minister, I want to ask you a series of questions related to forestry, particularly as it applies to central Saskatchewan and eastern Saskatchewan, east-central Saskatchewan. Mr. Minister, what is the hold up? Why have you not released the federal-provincial forestry agreement? Why are you holding it up?

Hon. Mr. Hepworth: — Mr. Chairman, I don't have this confirmed by myself personally, but I understand that Prairie will charter a five-passenger to P.A. and return for ten sixty-six. Now as I said earlier, that one ninety-nine charge, that's still quite a bit lower than the \$1,600 I think the hon. member has referred to.

But I also said a moment ago that that number doesn't reflect the participation credit, which is about 30 per cent roughly, 30 per cent. So 30 per cent from 1,600 would be about 480. I'd say we're now starting to get into both craft being fairly cost competitive with one another, and as you might expect, Mr. Chairman, and as the committee would want to know.

How often are we going to have these kinds of misrepresentations in numbers, Mr. Chairman, brought forward? We've had another example here where they're out by 500 per cent. So I just thought I'd enlighten the hon. members of the committee on that matter, Mr. Chairman.

And having said that, I've been wondering if the hon. member could put his question again on the forestry for me, please.

Mr. Kowalsky: — Yes. But before I do, Mr. Minister, I would like to address that question of airplane flights once again. We would like to have it quite clear as to what you charge on a per-passenger basis, because that can make a considerable difference. And the document reads . . . and you can see quite clearly that the interpretation from the document is \$1.99 per K. per person on it, which could get quite exorbitant.

Now do you want my question on forestry now or later?

An Hon. Member: — Let him answer this first. Perhaps the minister should answer this first.

Mr. Kowalsky: — Mr. Minister, with respect to the forestry question, I'm asking you what the hold-up is. Why is it that you're holding up signing the federal-provincial forestry agreement? What's happening? Why the hold-up?

Hon. Mr. Hepworth: — Well there's no hold-up that I'm aware of. Negotiations are continuing and I fully expect that they will be fruitful with the federal government, Mr. Chairman.

Mr. Kowalsky: — Mr. Minister, I say there is a hold-up and the hold-up is in your cabinet. There is an agreement. It's been sent to your cabinet sometime in December and it's been held up there, Mr. Minister.

I will say further that the agreement is for \$15 million from the provincial government and \$15 million from the federal government. And the federal government has given you the okay a long, long time ago, Mr. Minister. And Mr. Oberle from the federal government was in Prince Albert a year ago October. He announced it would be sometime soon. This was a year ago. And now he's come with another . . . now he's handed it over to you and you're sitting on it. Why are you sitting on it?

Hon. Mr. Hepworth: — Well the situation as I described it a moment ago . . . negotiations are ongoing. Obviously we want to get the best possible deal we can for the province, Mr. Chairman, and that's the situation at this moment.

Mr. Kowalsky: — Mr. Minister, you know that's complete balderdash. You know that the negotiations have been completed; they're done. The department has handed the figure to cabinet and it's sitting in the cabinet and the cabinet's holding it up. You're the only people that are holding it up.

And why are you holding it up, Mr. Minister? Are you holding it up simply for an election? Are you doing that? Is that what's happening? Are you holding it up for an election or what? What's happening? Why are you holding it up, Mr. Minister? That's the key here.

This has been in the works for a long time, and you've been sitting on it and sitting on it and sitting on it. And, you know, while you're doing this, people's jobs are on the line, Mr. Minister. Jobs are being cut, forests aren't being tended to. The agreement is how long, how many years, two years overdue, a year and a half overdue? Thirty million dollars would go a long way to put people to work, Mr. Minister — fifteen million dollars from the government, of each government, an agreement which is in place. Will you confirm that figure, Mr. Minister — 15 million from the province and \$15 million from the federal government?

(1545)

Hon. Mr. Hepworth: — Mr. Chairman, I can only repeat that negotiations are ongoing. We want to get the best deal we can for the province, and I can only repeat what I've said earlier.

Mr. Kowalsky: — Mr. Minister, you possibly need a little help here about what the best deal would be for the province.

I'll tell you straight out. The best deal for the province would be to get that agreement out and get those people into the field right now. It should have been best to get it done . . . to have it done a long time ago so the people in the field could have the forestation in place. Because without that agreement into place, Mr. Minister, what's happened as a result here is that we've had a loss of 87 jobs gone from Parks and Renewable Resources

department — 87 gone.

Now I don't know exactly how many of these would be involved in the forestation and the reforestation, but certainly a large number of them are from that department.

Mr. Minister, there's a nursery that's being closed down in Prince Albert, north of Prince Albert. You closed one down in Chitek Lake when you got started. There's a nursery in Macdowall that's been closed down. Now the nursery . . . the number of people and the staff complement is down-sized in the nursery north of P.A. without the agreement. That's why we need it in place, Mr. Minister. We need it in place for employment; we need it in place for our nursery stock for the future. Where are you going to get the nursery stock in the future, Mr. Minister, if you don't have people planting the seedlings . . . planting the seeds now?

Hon. Mr. Hepworth: — Mr. Chairman, we're going around in circles on this one. All I can tell the hon. member is . . . I mean all of our goals and objectives, I think, are not any different as it relates to forestry and how we handle it as a resource. I guess all we ever argue about, how much time and . . . not time, but how much dollars we can ever allocate to important things like that.

Obviously the federal government has a role here. The hon. member, I guess, is suggesting we should just take any deal. We don't view it that way because that might not be the best deal for us, and so negotiations are ongoing, Mr. Chairman.

Mr. Kowalsky: — Mr. Minister, do you think you can get a better deal than 15 million from the feds and the 15 million that you're put into place?

Hon. Mr. Hepworth: — Mr. Chairman, we're going to go for the best deal that's in the best interests of this province, and particularly, the forestry sector.

Mr. Kowalsky: — Mr. Minister, I think you should know that there is an integrated resource program that SIAST has had in place from Woodland Campus for some time; 60 people enrolled in the program.

Mr. Minister, of these people, because of there being no forestry agreement put into place, because you're stalling on the thing, because you're holding it up, because you're failing to announce it, then what's happening is there will only be about six people working this year out of about 25 of them, which would be — pardon me, and about 25 of them will be forced to leave the province.

This is a program where they take classes. It's costing the province of Saskatchewan to train them, plus the cost out of their own pockets. What's going to happen is without the jobs in place, we're going to end up bearing the total cost of training and they're ending up going to B.C. These people are being offered jobs in B.C. right now.

That's why, Mr. Minister, it's so important that these deals not be held up for political reasons. And I say you're holding this announcement up for one reason only. There's no other reason in place. There is only one logical

reason that anybody could come to, why you're holding it in place, if everything has been done from the department and handed to you, given to cabinet — and that is you want to hold it off until election.

Let it go. Let it go, I tell you, Mr. Minister, because we need those jobs in Prince Albert, and we need it. And it's not only us in Prince Albert, Mr. Minister, because there is a region in the north-east of Saskatchewan . . . the people of Hudson Bay are desperately looking for ways and means to save their towns and their area. And part of that involves reforestation.

They've done a lot of work in harvesting. They've done a lot of work of trying to figure out ways of utilizing their forests. But at the same time they also need the stock for planting. And they can't get their stock from Weyerhaeuser's sources. They have to get their stock from . . . I suppose they could but they have to . . . and they should be able to get their stock from provincial sources because the cost per seedling is very reasonable.

The nursery has been doing an exceptionally good job and they've done a lot of ongoing research. But if that thing comes to a stop now, it hurts us immediately and it also hurts us in the future. So that's why, Mr. Minister, it's very important that that forestry agreement be signed, announced, get it out yesterday.

Mr. Lautermilch: — Thank you, Mr. Chairman. Mr. Chairman, at the time you're talking about Fair Share Saskatchewan, I want to know and I want to let you know what the effects of your 600 job cuts are that you announced in this budget. And I want to tell you where some of these jobs come from and where some of these people live that worked in these jobs.

You've cut permanent jobs. And I want to tell you, you sit here and your MLAs talk about moving people from the urban centres into rural Saskatchewan, repopulate those communities and build an economy in those communities. And at the same time that you talk about communities like Shellbrook — and I'm going to use Shellbrook, Mr. Chairman, as an example because there is one particular person affected by these cuts who is losing her job, who lives in the community of Shellbrook — and at the time you talked about moving jobs, Mr. Chairman, to rural Saskatchewan, this Finance minister cuts those very jobs from under the feet of people who are living in rural Saskatchewan.

Now I want to know, Mr. Minister, where the negotiations are at with respect to the forestry agreement, and what are you going to do to save these jobs?

Hon. Mr. Hepworth: — As it relates to making governments smaller, we've announced some several months ago that in these times of economic restraint and in these times of making sure that we have money for our important priorities of health and education, so we can control the debt and the deficit at the same time and not have to borrow money, so that we can revitalize and stabilize our rural economy, some difficult decisions have had to be made.

Streamlining government, down-sizing government,

amalgamating departments, eliminating some departments and agencies that are lower priority — not to say that they aren't important, just of a lower priority — that kind of streamlining obviously means that you require less employees. That's not easy. We've set a target of about 600 positions over the next two years. This budget means 352. That doesn't mean to say that it's 352 lay-offs, because there's obviously things like bumping; some of them are vacant positions. But it does mean a substantial number, potentially something probably in the order of 200 are laid off.

And I want to say, Mr. Chairman, on behalf of the government, and state clearly that obviously we recognize that's a difficult situation for any one of those individuals and their families who are affected. But obviously making government, you know, more effective and more efficient isn't an easy task and it does require making difficult decisions.

As it relates to those in the forestry sector and what the forestry agreement might mean, as I said just a moment ago, we are working busily on getting that best deal for the province with our negotiation with the federal government. We've seen a substantial amount of off-loading over the last few years from the federal government, so we're being cautious and careful. I think it's fair to say the deal is imminent, the negotiations are coming to a close, and that it will be good for all parties and fair for the forestry sector when it's completed, Mr. Chairman.

Mr. Lautermilch: — Mr. Minister, you stand up, a song and dance — well I'm sorry, we're streamlining government. I'll tell you what you're not doing, Mr. Minister, you're not streamlining the top end of government. You've got legislative secretaries that sit across there that are paid \$8,000 a year and at the same time you're cutting casual summer jobs for people who need those in order to feed their families.

Mr. Minister, it's not fair. These people want their fair share. They want their fair share of the Saskatchewan economy just the same as your bloated cabinet and the same as your legislative secretaries. And I want to tell you where some of these people and some of these families live that you're affecting.

I've got a list here of casual summer employment jobs in the nursery who are not going to be called back this year, which is going to mean that we're not going to have enough nursery stock in '92-'93 because you're not doing your job in 1991. You won't be government in '92 or '93 so maybe it doesn't matter to you, but I want to tell you, Mr. Minister, some of us are concerned about the future of forestry in this province.

You sit on the forestry agreement, playing politics with people's lives, playing politics with the future of our forests. And I want to say to you . . . well I'm going to read out where some of these folks live, and, Mr. Chairman, you might be interested to know where these people live.

There's one person here from Albertville. I'm not going to name the names. There's one here from Christopher Lake. There's another from Spruce Home. You're familiar with

these communities, Mr. Chairman? There's another one here from Meath Park. There's another one here from Weirdale. I see another one here from Spruce Home and another from Spruce Home. I see one here from General Delivery, Spruce Home. And I see another one here from Paddockwood. I see one here from Christopher Lake. You're familiar with these, Mr. Chairman?

These are in the riding of Shellbrook-Torch River, and if you're not familiar with it, you should be. These are your people that are getting capped. This Finance Minister is cutting the feet from under dozens of families, people who want this summer employment and who want to go in there and do the job so that we can have a viable forest industry in the 1990s.

What you're doing is you're playing politics with people's lives; you're playing politics with the future of the forest industry in this province. And this minister knows full well that that forestry agreement is sitting before cabinet, and it's waiting for the right political time to be announced. This minister knows it; I suggest to you that every member on that side know it. And these people who are losing their jobs because you're playing politics with their lives know it as well.

How does this fit, Mr. Minister? How, Mr. Finance Minister, does this fit in with Fair Share Saskatchewan? Can you explain that to me? How does this fit in for Fair Share Saskatchewan for rural Saskatchewan? Tell me how this fits in.

Hon. Mr. Hepworth: — The hon. member makes a good enough observation about if we are going to decrease costs in government, tighten our belts, so to speak, he is right in that it should, must, and has started at the top.

What do I mean by that? Well that member as well agreed to the government's initiative to freeze MLAs' salaries at the 1990 levels until the budget's frozen. Cabinet minister salaries rolled back — are held at 1990 levels for the second year in a row. Thirdly, the size of cabinet: second smallest, I think it is, in 15 years, Mr. Chairman.

You see there's a little hypocrisy, a little hypocrisy on the members opposite, a little hypocrisy. He says he cares about the forestry industry. He says his party cares. And yet every step of the way — As you know, Mr. Chairman, because you know a lot about the forest industry because of what it means to you and your constituents — you know we all saw in this House how they fought and battled against perhaps one of the most forward-looking forest industry projects in this province. They fought it every step of the way including the member from P.A.

They fought Weyerhaeuser, taking over that money-losing plant and building that brand-new, state-of-the-art paper mill that employs some several dozens of, maybe even a hundred-plus, individuals there — I'm not sure what the number is but I know it's substantial — at very good jobs. He says he's for the forestry sector; he stands behind them. How does he square that with his party's and his stand and record on Weyerhaeuser?

You know it, Mr. Chairman, you were in this House. Day

after day after day they were against diversifying the economy, stabilizing our economy with value added in that important sector. They were against it every step of the way even though it was being built outside their own community.

(1600)

Could the member square that with his so-called interest in the forestry sector? Why is it that he was against diversifying our economy — taking a raw natural resource and turning it into this very valuable commodity and creating jobs? Why was he against that, Mr. Chairman? Why is it? Maybe the hon. member can tell us about why he was so against that kind of development? Stand in his place and tell us that he's going to close down that plant and take it over, nationalize it.

That's what the people in P.A. fear if they ever let the NDP close to the levers of power, Mr. Chairman. That's what they fear, Mr. Chairman, if they ever let those guys get close to the levers of power. They will nationalize that forest plant, that paper plant. They will take it over, buy it for a dollar. I think that member has said exactly what . . . And there's the member from Moose Jaw. Now if there ever is a contradiction about policy on that side, it's over diversification as it relates to the Moose Jaw viewing. If there's ever a contradiction . . . This member here, we need to get his clear stand on Weyerhaeuser as it relates to forest industry and whether he doesn't believe that those jobs in the paper mill and others are good jobs. What are they — 20 or 25 bucks an hour? I think something in that order. Does anybody know for sure? I think it's in that order, 20, 25 bucks. Pretty handsome wages. High quality work, good wages, Mr. Chairman. Good job. We're not talking minimum-wage jobs here.

Now his party and that member are against it. The member from Moose Jaw, he's against the plant being built in his community. He's against it . . . (inaudible interjection) . . . Well stand up and say it. Are you for it or are you against it? You see, Mr. Chairman, what's at the base . . . you see, I think I've hit a nerve over here. Have I hit a bit of a nerve here? Have I hit a bit of a nerve here, baby?

You see, Mr. Chairman, the problem is here, right here. Let's look at what diversifying and developing the forestry sector and the natural gas sector mean in this province and let's look at the nub of why the socialists — the member from Moose Jaw and P.A. and the other members of the NDP caucus — why are they against it? Let's look at this. Why are they against it?

It's quite simple. You see, we don't hear them raise the issue of the Co-op upgrader. Do we ever hear that one in this House, Mr. Chairman, and that that was a bad deal for us to be into, to take heavy oil and upgrade it at the Co-op upgrader in Regina?

Well we've got the member from Regina North West, I think it is now, chirping from his seat. Okay, now has he ever . . .

Mr. Chairman: — Order, order, order. Order! I'd ask members not to make reference to members' presence or

absence in the House.

Hon. Mr. Hepworth: — You see, we have rarely if ever here issues raised — other than when they've had the fires out there, which is very unfortunate — raised in this House as it relates to the diversification benefits of the upgrader with the Co-op.

What about the other joint venture with the wheat pool, the Biggar malt plant — do we hear many questions about the joint venture with the wheat pool at Biggar? No.

Now okay then, one would ask, for example, in the upgrader — it's a 5 or 6 or \$700 million project, bigger than Saferco, of a similar magnitude to the Weyerhaeuser plant — one could legitimately ask themselves, why is it that the NDP never ask about those? Why don't they ask about those joint ventures with the co-operative sector like they ask about the joint ventures with Weyerhaeuser or Cargill at Saferco?

Well my colleague over here says politics. Now this colleague would know because he lives as well . . . this plant is in his riding. Now why would the NDP, who are well-known for their anti-U.S., anti-free trade, anti-big business, anti-multinational U.S. corporations . . . what would Saferco and the Weyerhaeuser plant have in common?

Oh, I think I know what it is. They are both multinational, vertically integrated big companies — Cargill and Weyerhaeuser. And you see, Mr. Chairman, if you're multinational, vertically integrated, that's about a 22 letter swear word to the NDP. They can't stand any business that's gone out and made a success of itself globally.

And they can't stand the idea that we got Mr. Weyerhaeuser and the Cargill family to come into Saskatchewan with a few hundred million dollars and invest in diversifying our resources so that we could have jobs, good jobs, take some of our raw products, which we have in abundance, and upgrade them, Mr. Chairman.

You see their opposition is entirely rooted in political ideology. They have determined that in Moose Jaw and Prince Albert it's better politics to be against something than for something. It's better to be against everything, against diversification, against new jobs, against the forestry sector expanding, against taking natural gas and turning it into fertilizer. It's rooted in total political ideology.

So what they would rather do, the members from P.A., even though it benefits their community . . . if you go to P.A. today and ask them, are you happy to have Weyerhaeuser and their new plant there? The answer is yes, yes, yes, yes. Everywhere you go. Everybody has been better off by it.

But you see they're so rooted in their political and self-interest as opposed to larger public interest — they have no diversification plan — that they can't bring themselves to say for the larger public good, these are the right kinds of diversification initiatives. For the larger public good these will revitalize and stabilize our

economy. They can't bring themselves to say that, Mr. Chairman, because of their narrow, selfish, partisan political view.

Given a choice, the socialists will always sacrifice the larger public good for their own narrow, self-political interests. And we see it again here in this question that's dripping with hypocrisy from the member from P.A., Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — That's why you've got no credibility, Mr. Finance Minister. The question was this, simply put; how, sir, do you square the job losses at the forest nursery in Prince Albert with your government's announcement of Fair Share Saskatchewan? Simple question. Just answer it.

Hon. Mr. Hepworth: — Mr. Chairman, the objectives of Fair Share Saskatchewan is to take the business of government — a very big business, 10, 12,000 employees — and see if it can in fact be a useful tool to help stabilize and diversify government services with . . . excuse me, diversify some of our other rural and urban communities across this province.

Parallel to that, our ministers from Regina here, the Hon. Minister of Human Resources, Labour and Employment, the member from Regina South, in tag team with the Minister of the Family, is looking to get federal offices decentralized from the national capital here into Regina and other centres.

An Hon. Member: — How's it going?

Hon. Mr. Hepworth: — The hon. member from Moose Jaw — North or South? — the hon. member from Moose Jaw asks, how's it going? Well we don't have all the announcements in place yet, but I can say that the regional GST office will be set up here shortly. I can't say . . . I don't know precisely how many jobs that means, but I know we have a commitment from Mr. Jelinek on that issue, Mr. Chairman. So we are moving in the right direction.

But that is the basis for Fair Share Saskatchewan. I think the track record we've established already in communities like Melville, Swift Current, for example, with the Crop Insurance and the Ag Credit Corporation respectively in those two locations, it has worked well in those communities. I think the corporation is happy, the employees are happy, the community is happy. It's meant an increased payroll. It has meant more diversity and breadth to their economy. It has meant more children in their schools. It has accomplished all the goals which were set out.

Now if the hon. member is under the illusion somehow — and I can see how he could be — if he's under the illusion somehow that in the next decade that one of the big growth centres in any economy is going to be government, he is sadly lacking. You see . . .

An Hon. Member: — Why wouldn't he think that after seeing the Ontario . . .

Hon. Mr. Hepworth: — Now I can see, as my colleague points out from Regina South, I can see why he'd be under that illusion. You see in virtually every jurisdiction of this country, if not all of them — including Saskatchewan, as difficult as it's been — we have taken steps to make government smaller, more efficient, and more effective. Difficult because individuals are affected. And I said . . . I talked about that earlier. Difficult, but we are decreasing the size of government.

Now I know that the NDP believe in big government. We believe in efficient and effective government, and that today means smaller government. And so in the last 10 years we've decreased the size of government by about 20 per cent. Now the hon. member thinks that the way of the future . . .

An Hon. Member: — What about cabinet?

Hon. Mr. Hepworth: — And the cabinet included, the smallest, the second smallest in 15 years. Now the socialist . . . the NDP opposite, Mr. Chairman, you see, they still believe in bigger government is better government.

The growth industry of the future is not going to be government. We've got to stick to making sure we provide those very important things like health and education and justice, and the list goes on and on. But anybody that thinks government's going to get bigger in the next decade, in my mind, doesn't understand what's coming at us.

Now I can see why the NDP would think the answer is bigger government. I can understand why they would say that. One only has to look at the NDP budget; one has only got to look at the NDP budget in Ontario.

And what did the NDP budget in Ontario say? Well they said, unlike everybody else in the country who was tightening their belts and putting in place wage guide-lines and decreasing the size of their civil service . . . the NDP government delivered their first budget ever in Ontario, Mr. Chairman. Now did they follow . . . And all of our economies are facing a difficult and challenging time. You know that, Mr. Chairman. You understand fully the farm economy and how it's going here. Manitoba's facing it; B.C.'s facing it; Quebec is facing it; Newfoundland's facing it. There's a global recession, some would argue, that's under way this very day.

Now in the face of that, in the face of those national and global facts, Mr. Chairman, what has the NDP in Ontario chosen to do? Have they gone the route of every other responsible government in the land and said: there's no sense trying to spend our way out of this recession, that will not work; it will just lead to inflation which leads to higher interest rates when in fact what we need is lower interest rates to kick start the economy to let business be the engine that it always has been and always will be.

Now every province adheres to that theory, Mr. Chairman. And it's not just Tories. Okay, you've got Social Credit governments approaching it that way; you've got Liberal governments approaching it that way;

you've got Conservative governments approaching it that way. But the one isolated NDP government in the land is out of step with everybody else in the land, Mr. Chairman.

The NDP government . . . Sorry, the member here, I'm hitting a nerve. I know it's irritating for him. Quite frankly he's one of the more progressive members of the legislature. He believes in diversification development.

But back to my point, Mr. Chairman. Every provincial government in the land is tightening their belts, working to control debts and deficits. What is the NDP in Ontario doing? Are they trying to restrain themselves? Are they trying to control the debt and the deficit? Are they trying to keep interest rates down that's been the goal of all of us, Mr. Chairman? No, no, no.

What are they doing? Well they're having their spending increase overall at about three times the rate of inflation. Boy now, there is some interest-rate fighter and inflation fighter. Three times the rate of inflation — spending is going to grow in Ontario by about 14 per cent.

I raise this, Mr. Chairman, because this is important for this province and this committee examining this budget to know. And why do I say that? These guys in one year, they have laid out a plan. If you get the documents from Ontario, they have laid out a plan. And their plan is, last year we let the deficit rise to three and a half billion. This year it's going to be 9.7 billion.

Mr. Chairman, unfortunately it doesn't stop there. You know what they said in their documents? For the next three years we expect the deficit to range somewhere between 7 and 9 million every year for the next three years. In one day, in one single day the new NDP government in Ontario doubled, more than doubled the accumulated deficits of the last hundred years of Ontario's history.

(1615)

Now that's quite a performance. One day. One day. They had about a 35 or 36 or 38 billion dollar accumulated debt there, Mr. Chairman. And in one day they laid out a plan that says, this year we got 9.7; next year it's about eight and a half; next year it's about eight; and next year it's about seven and a half. They ran right past all of those accumulated debts in one day with their plan.

Mr. Chairman, I want to tell this committee what this means for this province, what this means for this province. Rating agencies everywhere . . . I've got them on credit watch with negative implications. They are going to be selling a lot of bonds in the market. We have to borrow in the market, Mr. Chairman. We identified that in our budget here. When they go out there with all these bonds on the market, it has the effect, Mr. Chairman, of pushing up interest rates, and that means it's pushed up for us too, Mr. Chairman.

That's what that NDP budget has meant for this committee examining this Appropriation Bill, is that it's going to cost us more to borrow money because of what's going on in NDP Ontario. I raise it, Mr. Chairman, because it has great relevance for this province.

Secondly, Mr. Chairman, it means that there's going to be fierce competition out there in the bond market, not only with government bonds but with the private corporations that want to borrow.

Quite frankly, Mr. Chairman, it even goes beyond that. Because of the stature that Ontario enjoys in the international community, it brings into question, quite frankly, how investors internationally view Canadian credits generally. All of that is very worrisome to us, very worrisome, Mr. Chairman.

The bottom line is these people, faced with the same kind of economic challenges we are, chose the route that's entirely different than every other province. Just as we've expected, these free-spending socialists haven't changed, they're true to their ways — spend, spend, spend; drive up interest rates; kill off jobs; kill off jobs, Mr. Chairman. And Saskatchewan pays again.

Why do I say Saskatchewan pays again? I want to tell you, Mr. Chairman, why Saskatchewan pays again. Because last year and the year before when the Ontario economy was booming and it was overheated and you couldn't buy Jags fast enough down there because they were all making so much money, guess what policy was being employed by the federal government and the Bank of Canada? A policy of high interest rates and high dollars to try and dampen the inflationary Ontario economy. And that hurt us because we had to pay those higher interest rates.

Now that Ontario under these NDP is in a recession — we've all been facing a difficult economy here for several years — all of a sudden Ontario says, oh by golly, we've got a difficult economy. And they're going to spend their way out of it, push up inflation, push up interest rates, and we pay twice for what those NDP people are doing in central Canada, Mr. Chairman. And that's a serious situation for this committee.

I have raised it. I have raised it in detail, Mr. Chairman, because it is important to the finance of this province. We have estimated this year in the budget short-term interest rates at about ten per cent, long-term rates at ten and three-quarters. It will remain to be seen whether those estimates are valid, Mr. Chairman. In fact we were higher than some. Federal government was lower than our estimates. Because of this massive . . . I think it's about \$6 billion that they're going to be out in the long end of the market, never mind their short-term borrowing, that's going to push up interest rates.

I don't think, Mr. Chairman, that you want that as a farmer. I don't think business people want it. I don't think home owners want it. I don't think people building schools in education and hospitals in health care and agriculture colleges, I don't think they want higher interest rates.

And it's being led because a party has no plan and just sticks to their old ways — spend, spend, spend. It's a sad commentary, Mr. Chairman. They try and pretend they're modern socialists. And quite frankly, you can't change the spots on a leopard, Mr. Chairman. That's the reality.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — I think my question was — if I can remember that far back, Mr. Minister — was how you justify the job cuts with Fair Share Saskatchewan. And it was a simple question. I didn't think it would confuse you, sir. Frankly I thought you'd be able to stand up and give some kind of a response to the people who were losing their jobs because of these latest round of cuts.

But, Mr. Minister, you were in Ontario talking about Jaguar cars when you should've been thinking about the Mercedes-Benz car that you leased for the GigaText employee. That's what the problem is here, sir. You've got to get your mind out of Ontario and get your feet planted here in our community in Saskatchewan. That's what you've got to do.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — And I tell you, Mr. Minister, you want to start thinking about the five and a half million bucks that you blew on GigaText, a choice that you made. And now we see in the third page of the *Prince Albert Daily Herald*: "Victim of job cuts . . ."

I want to tell you, Mr. Minister, that's not acceptable. Get your mind out of Jaguar cars and out of the economy of Ontario and start dealing with the bloody mess you've made here in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — Mr. Minister, I stand with a list of 60 people who aren't going to be called back to work this summer because you're playing politics with a tentative Saskatchewan forestry agreement. I stand with a headline where people are not going to be called back to work this spring, people who would like to take those consumer dollars and spend them in communities like Shellbrook and in Spruce Home and in Christopher Lake. But what do we get?

I want to quote to you. I want to bring your mind back to rural Saskatchewan and I want to get your mind off of Jaguar cars in Ontario and I want to bring you back to what people are saying about you here in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — And I'm going to quote from this article. A lady by the name of Kathy Stewart was quoted in the *Prince Albert Daily Herald*, and here's what she had to say about the tirade you were just on and your mentality and your lack of caring about the people of this province. She said:

Stewart, and her husband, are angry at the government for forcing her family into this position.

And she talks about being unemployed:

"(Gerry's) tired of getting kicked around, too. I think the working class (people) has paid enough

for their unwise spending,” she said.

And she was referring, sir, to you and the Premier of this province. She said:

“We need more people to stand behind us, let people know that we’re here.”

That’s what they’re saying, Mr. Minister. And those are the questions that people are asking. Why wouldn’t you cut the legislative secretaries? I don’t know. They’re getting 8,000 bucks apiece a year. For what? — putting their hand up when you introduce a motion in this legislature? Because that’s their only role that I can see.

If you’ve got 10 of those . . . And I think the number is 10 that you have. Now, Mr. Minister, is that the number you’ve got? Have you got 10 legislative secretaries over there? How many are there? Just holler it across. How many have you got? How many are there? How many legislative secretaries? What — 10, 15? He doesn’t know, he doesn’t know. It’s only money, it’s only money.

Well, Mr. Minister, I’m telling you, if you axed the \$8,000 that you’re paying those legislative secretaries — if there’s 10 of them — you could have found \$80,000 to plant trees and to keep our tree nursery open in Prince Albert. You could have found that money.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — And we wouldn’t have reports like this from common, ordinary families in this community who are being hurt and are suffering because you’re cutting their jobs from under them.

And, Mr. Minister, I’m asking you in the dying days of this government, in the last few remaining days that you have, at least to start making some fair choices now, even if you haven’t been able to do it in the last 9 or 10 years and in the last 10 deficit budgets. If you haven’t been able to make the right choices, start now for goodness’ sakes. Show some compassion for the families that you’re hurting.

Repriorize government expenditures. Start realizing that Mercedes-Benz for Guy Montpetit’s employees and a five and a half million dollar expenditure on GigaText . . . and three-quarters of a million dollars for your friends to tell you that green and yellow buses are the thing to do. Start repriorizing those spending and put people to work.

They’re looking for jobs in Saskatchewan. They’re not looking for opportunities to move to Alberta or other places. And it’s your responsibility, Mr. Minister, to show some leadership. It’s the Premier’s responsibility to have shown some leadership, and he didn’t do any of it. We’ve had 10 years of out-migration, unemployment. No hope. People have no hope in you any more.

At least in the last few weeks of your government, would you give this House a commitment that you’re going to do some of the right choices, make some of the right decisions.

Tell your Premier, with his \$110,000 a year salary, that

you don’t need legislative secretaries to put their hand up in the air and holler, me too. Tell your Premier to take that money and put it into jobs in the forest nursery so that you’re not tying the hands of future governments. Tell this Premier that you yourself, sir, are going to be working towards an end to the mismanagement of this government, that you’re going to be repriorizing government’s expenditures.

Every time you come into this legislature, Mr. Minister, you have been given positive suggestions from members of this opposition. I’m giving you a way to find yourself \$80,000 today — \$80,000. Get rid of your legislative secretaries. Put that money to creating jobs. That’s a positive alternative you have and it’s a choice you can make.

Why, sir, why aren’t you willing to make those changes? I tell you why — because you don’t care and that government doesn’t care. Fair Share Saskatchewan, a thousand jobs to rural Saskatchewan. I give you a list of 60 jobs you’re cutting. How does it square? It can’t. You can’t justify it.

And I say to you, Mr. Finance Minister, you can sit there and grin and your colleagues can sit there and grin, but I tell you judgement day is coming. Judgement day is coming for this government. You’re going to be going to the people. You’re going to be asking for another mandate and they’re going to say, no sir.

Some Hon. Members: Hear, hear!

Mr. Hagel: — I thank you, Mr. Chairman. Mr. Minister, a simple question and a simple answer would suffice. Would you please tell me, Mr. Minister, how many legislative secretaries that there are on government benches, and would you tell me as well, Mr. Minister, if legislative secretaries are eligible to receive the expenses for any purposes at all during the time that the Legislative Assembly is in session?

Hon. Mr. Hepworth: — Mr. Chairman, as I understand it, there are 10 legislative secretaries. I believe there’s provision for them to recoup travel expenses, those kinds of things, while attending and undertaking business on behalf of their ministry.

Mr. Hagel: — Mr. Minister, would you be willing to provide a schedule as to what the eligibility rates are for expenses reimbursed?

Hon. Mr. Hepworth: — As I understand it, it’s the Public Service Commission rates, whatever they are, for miles travelled or kilometres travelled, that kind of thing.

Mr. Hagel: — And it includes meals and accommodations as well, Mr. Minister?

Hon. Mr. Hepworth: — Standard rates across the piece, I think, whether the issue is meals or mileage.

(1630)

Mr. Solomon: — Thank you, Mr. Chairman. Mr. Minister, I noted when you were giving your remarks in trying to

respond to the member from Prince Albert-Duck Lake, that you appeared very nervous talking about debt. I think many people in this province, Mr. Minister, are very nervous about Saskatchewan's debt as well.

You made some reference to Ontario, which is a different situation than Saskatchewan, but I want to provide to you some information with respect to the debt in Ontario versus the debt in Saskatchewan very, very quickly. Even with this debt, this deficit budget in Ontario, the total per capita debt in Ontario is about \$8,400 compared to Saskatchewan's per capita debt of \$14,200. The per capita debt in this province is 75 per cent greater than in Ontario which you criticized so severely today.

Now, Mr. Minister, I'm very concerned about the debt, as other people are, because our bond rating, or our rating in terms of a province with respect to our credit is somewhere around A-low where Ontario's is triple A.

And, Mr. Minister, what I'm concerned about is what many investors in this province and many taxpayers are very concerned about. If our rating is lowered any more than what it is — and it has been lowered 10 times since you became government in this province, ten times in nine years down to an A-low — that the next rating, could you tell the people in this province and the members of the Assembly whether or not if it's downgraded one more time, will it go into a B-rating or is there another rating we can go lower than A-low? Can you tell us that, Mr. Minister?

Hon. Mr. Hepworth: — Mr. Chairman, there is no question, we have had several deficits in a row. Yes, we've made investments for infrastructure. We've made investments to diversify the economy, back up farmers in some instances in that sector, Mr. Chairman.

But even with all of that, Mr. Chairman, it's worth noting, if you look at net debt and compare apples to apples and oranges to oranges, not like apples to turnips which these members sometimes do, and you look at the last complete year for which budget numbers are available — we still don't have them this year in B.C.'s case; Quebec's budget I guess is down by now probably — and what do you find? What is the story on per capita debt?

Net debt is the . . . I think per capita is what you're talking about. Net debt, gross debt . . . (inaudible interjection) . . . Okay, the hon. member is referring to Crown corporations. Let's break out . . . let's put the Crown corporations aside because those infrastructures are the kinds of investments you make over 25 years. And on net debt what is the record, Mr. Chairman?

Well is Saskatchewan in the worst position, Mr. Chairman? The answer is no. Saskatchewan has a lower net debt per capita than Manitoba, Ontario, New Brunswick, and Quebec, Nova Scotia, and Newfoundland, Mr. Chairman. That is the reality, Mr. Chairman.

With this budget we believe very much that we've turned the corner. We've put in place a very real, albeit difficult, financial plan — six-point financial plan. I'm of the view that the investment community and the bond raters will

view this as a very good budget. And indeed we look forward to seeing our credit rating improved, not downgraded, Mr. Chairman.

Mr. Solomon: — Well, Mr. Chairman, and Mr. Minister, we are told that pension funds will not invest in government financial instruments if they are rated lower than A, that is if they're rated into the B brackets. They won't even invest in those kind of financial instruments offered by the province because they're too risky. They're almost junk bonds.

And we're told, Mr. Minister, by many investors who invest in Saskatchewan that they are very concerned about the nine years of mismanagement and waste of this government. And they are very concerned because investments they have in this province are at risk. And future borrowings in this province will be very risky as well as being very costly because as the ratings are downgraded, the interest that this province has to pay in terms of these financial instruments increase.

My question to you, Minister, is this: with respect to the Regina NewGrade upgrader, how much money has the government forwarded to this upgrader in terms of loan guarantees in cash? What is the total at right now, Mr. Minister?

Hon. Mr. Hepworth: — Mr. Chairman, as you might expect, since this is interim supply for an appropriation for this year's budget, that kind of detail I'm unable to provide the committee.

Mr. Solomon: — Well, Mr. Chairman, could the minister undertake to provide this information to the House for this evening's sitting or for tomorrow after question period so that we could have a better understanding of how much money has been committed and how many loan guarantees have been extended on behalf of the taxpayers of this province. Would you be able to do that for us, Mr. Minister?

Hon. Mr. Hepworth: — Mr. Chairman, I have obtained from my officials the province of Saskatchewan financial statements for the year ended March 31, 1990 which this year we put out early, Mr. Chairman. It's usually tabled with the *Public Accounts*, but because we want to get more information out sooner to the public, be more open and accountable if you like, we put this out in December.

And what that shows relative to guaranteeing that, and that's the only numbers I have available here in this, is in schedule 12, page 24 of that, it shows NewGrade Energy Inc. that we are guaranteeing debt there to the tune of slightly over \$339.5 million, Mr. Chairman.

Mr. Solomon: — Mr. Chairman, Mr. Minister, would you be able to provide to the committee how much money has been extended to NewGrade Energy besides the loan guarantees, and would you be able to provide that information at a timely basis. You brag about being co-operative in the last couple of weeks and we'd sure like to recognize that that statement has some merit, but we fail to be persuaded unless we can get the information on a timely basis.

So, Mr. Minister, would you be able to provide the information with respect to how much money has been forwarded to this NewGrade Energy, and under what conditions and under what interest rates.

Hon. Mr. Hepworth: — I'll undertake to get what information I can. This is something . . . We have to obviously interface with CIC (Crown Investments Corporation of Saskatchewan) on this to . . . because I think some of the equity may well be through there as opposed to the Heritage Fund. But we can endeavour to get those details for you.

Mr. Van Mulligen: — Thank you, Mr. Chairman. Mr. Minister, I'd like to turn the Assembly's attention to the question of your achievable deficit targets, as is outlined in the budget speech. In your speech you said that we must turn our attention, that is the people of Saskatchewan, to tackling the deficit and the debt. And you said that sound financial management means that deficit financing cannot and must not continue. And you go on to say that the first point in a financial plan is to establish realistic and achievable objectives which guide decisions and planning. So tonight you're laying out a three-year timetable to balance the books.

That's what you said during the budget address. You said that this year's deficit will be 265 million, next year the deficit will be under 150 million, and in the following year — I take that to be fiscal '93-94 — you indicate that the deficit will be eliminated. Yes, and that we will have a balanced budget in 1993-94.

I want to commend you — and my colleagues here may want to take some exception to my remarks — but I want to commend you for coming to the realization that the budget must be balanced. I think this is indeed welcome news for the people of Saskatchewan that your government will in fact now balance the budget after 10 years of not having balanced the budget. And by that point I gather it will be 11, 12 years of not having balanced the budget. And so I think this is indeed welcome news for the people of Saskatchewan.

There's just one question I have on that. And I checked all the documents that you gave us the night of the budget, you know, your *Budget Address*, your *Supplementary Estimates* for '91, your *Supplementary Estimates* for '92, a book called *CHOICES*, which has a great deal of detail and information in it, and of course the *Estimates* themselves. And none of those documents laid out with any detail at all the economic forecast that you have for the next . . . not only for this fiscal year, but for the next two fiscal years after that, and your fiscal plan for the two succeeding fiscal years, by which we might evaluate your projections here of a balanced budget. And I didn't get that that night, and I'm wondering if you might send that across now.

Hon. Mr. Hepworth: — Mr. Chairman, while I'm getting my officials to get some information for me, I want to provide some more information for the member from Regina North, the CIC Energy critic — I forget which riding his is — to try and update him on the Co-op upgrader.

I also, from my officials, got the annual report '89 for Crown Management Board. And the equity at March 31, '89 — there was \$160.22 million, Mr. Chairman, which is down slightly from the year previous which was at 122.713 million, Mr. Chairman. And I'll just attend to these questions here shortly.

Mr. Chairman, relative to our economic forecasts that were done last year, the hon. member and members of his party have those forecasts. What they don't have, but what I've said in this House, and I'll repeat for the committee, is as a result of the budget initiatives to stabilize, diversify, and revitalize our entire economy, especially the rural sector. And as well, as it relates to fiscal changes through harmonization and some of the other tax changes, and the positive impact that they will have on our economy, here's what some of the key indicators look like for the upcoming years.

Real GDP (gross domestic product) for '91, unlike 1990 where I think we were either first or second highest in growth in the country, led all other provinces. Unlike 1990, '91 will continue to be a difficult year for us in that real GDP is expected to be essentially flat or show a minus point zero point five per cent decrease; 1992 is expected to show a modest increase, something in the order 2.3 per cent real GDP.

Personal disposable income for the same two years, '91 and '92, is expected to rise 2.2 per cent in '91 and 3.8 per cent in '92. We are plugging in our model CPI (consumer price index) at 5.7 per cent for '91, 3.9 per cent for '92.

Realized net farm income for '91 continues to be — although better than it was six months ago because of some of the programs that have been brought to place — a number that still causes difficulty. But the new revised is somewhere in the order of \$330 million, Mr. Chairman.

That's relevant in that if you look at the last 10 years nearly, that number has more classically been in that 700 million to \$1 billion range. So you can see why that number still causes some concern, why our Premier negotiated GRIP (gross revenue insurance plan), NISA (net income stabilization account), third line of defence.

Our prime rate assumptions, Mr. Chairman, run at ten and a half and 10.2; bank rate, nine and a half and 9.2; Canadian dollar, this year eighty-four seventy-five, next year eighty-two and some change.

As I said earlier, our borrowing cost assumptions are 10 on the short end of the market, 10.75 on the longer end. Oil prices, we've got WTI (West Texas Intermediate) U.S. plugged in at \$20.85. And, you know, some other numbers obviously relative to some of the other commodities, Mr. Chairman. And I think that, for the most part, touches the key indicators that the hon. member might be interested in.

Mr. Van Mulligen: — I wonder if the minister, he's given us some information here for '91 and '92 for this year, and that information is contained in the various documents that you've given us before — I appreciate that — or most of it is.

But the question that I have is what about '93 and '94, the succeeding years? You have a plan to balance the budget within three years. That plan must be based on, you know, certain forecasts for more than sort of what you have for this year. What are your forecasts for the succeeding years? Also what is your fiscal plan, what is your projected revenues and projected expenditures for those years? What are the details of that? And that's the information I was asking for, the detailed financial plan for those years, and wonder if you might send that across.

(1645)

Hon. Mr. Hepworth: — The document that you had, the economic forecast, albeit it doesn't reference the budget changes this year, that would give you some estimate of minimum kinds of moves. It wouldn't take into effect the positive impact of GRIP and NISA and the harmonization, for example, in terms of what it does to stimulate the economy.

But you have those numbers and I would refer them to you, as I said earlier. And I would just raise again with members of the House one other thing that isn't factored into our numbers and will remain to be seen how serious it is, is the impact of the NDP budget in Ontario, which by everybody's estimate could put upward pressure on interest rates and hence our estimates at 10 and 10.75 may well prove to be in error. And that would be unfortunate because once again that's a situation that's beyond control of . . . outside the control of our own province here. And that is one other factor that I should lay on the Table here so all members of the committee understand that, Mr. Chairman.

Mr. Van Mulligen: — I appreciate the minister wanting to talk about any place else but Saskatchewan, but I've asked him very kindly now for some information and you're coming back with some rhetoric and some figures that frankly don't add up. On the one hand you're saying to me I should read . . . if I want to know what's happening in the years '93 and '94, I should read this cabinet document called *Saskatchewan Economic Forecast*, but that's the same document you said time and time again that we shouldn't be referring to because it's been superseded by a new forecast that results from the imposition of the harmonized provincial sales tax.

So I guess I just don't know what this economic program is that you have with this economic forecast, which set of figures to talk about. You mention the consumer price index. I think you indicated that it is going to be 7.5 per cent this year, about 3.9 per cent next year. I don't understand how the imposition of an additional tax in January of next year is somehow going to result in the consumer price index lowering for next year.

So I guess I don't know. Like you say, now you say I should read the *Saskatchewan Economic Forecast* and that that's somehow going to provide the information as to the economy for the next number of years. In question period for the last few days you've been saying we shouldn't pay any attention to this document because it does not now represent the accurate facts in terms of the economic forecast for Saskatchewan. So I'm somewhat confused about what your economic forecast is.

Secondly, I've asked you about your fiscal plan and you haven't provided. We certainly have your detailed expenditure forecast for this year as to where the money's going to be spent. You've given us a detailed revenue forecast for this year as to where the money's going to come from. And even though I might have some questions about the veracity of those figures because you have been out a number of times in the past, Mr. Minister — there's no one that would deny that you've been out on those figures from time to time, more times than not — my question is, what is your detailed revenue forecast for the year '91-92 . . . well we have '91-92, but '92-93 and '93-94. And what is your detailed expenditure forecast for those same years?

If we had those, then we might have some idea that yes, the target that you've put before us is in fact achievable. But without those . . . you know, I'd like to believe you, Mr. Minister, I really would, that the figures that you put before the people are real figures and not something that you've plucked out of the thin air. But in order for me to satisfy people who ask me about how is he going to do that, I guess I'd like to have those figures. And I wonder if you could send those across now.

Hon. Mr. Hepworth: — Mr. Chairman, if I could be of help to the hon. member, in the economic forecast in the further out years, basically the lift from harmonization is about 1.6 per cent in each of the out years. Obviously as your base changes you've got to add that.

Well if one looks at those documents I gave you, here's how you arrive at that. There's about 2.7 or 2.8 per cent growth in the primary sectors; I think about 1.7 per cent in the services sector; .2 per cent growth only in the food, beverage area, and when you look at it all in macro-economics sense you end up at about 1.6 per cent.

But the point I want to make about the numbers here in the economic forecast, which you do have, is what we really want in this committee and in this legislature is openness and forthrightness. And your colleagues, your colleagues chose — I would argue probably deliberately, at least some would say deliberately — when they read from the document in the legislature, Mr. Chairman, when they read from the executive summary and they talked about real growth and inflation and unemployment, they deliberately, many have said, failed to read the big line in bold, black type on the bottom of the page you're reading from. And that line said: "Note: This forecast does not include the farm safety net programs nor recent fiscal measures."

Now they didn't; they didn't do that, Mr. Chairman. Now is it because they were wanting to deliberately mislead this House or, Mr. Chairman, were they just trying to make some cheap political gain by deliberately distorting the facts?

You see, it's inexcusable. It's inexcusable, Mr. Chairman. We saw it earlier today. They were a thousand per cent out on one of the costs of operating government — a thousand per cent, not 5 per cent or 10 per cent, a thousand per cent out, Mr. Chairman. Another instance, I think, that appears they were out 500 per cent.

So even when you give them the information, they refuse to be forthright, open and honest with the legislature and the public of Saskatchewan. You see what it is, Mr. Chairman, they don't want to admit that, in fact, harmonization will kick start this economy, that business input tax credit. They don't want to admit it.

Now in fairness to some of the opposition members, I believe the opposition Finance critic understands, because he has a bit of business sense, that harmonization does — if we're going to have a GST, which we have — then harmonization does make sense. I think that member does. I think the member for Saskatoon — where's he from, Mayfair, is it? — I think that member understands harmonization. I think even that member there understands the advantage of harmonization because he has a bit of business savvy.

Now some of those guys perched on the back row there, I don't think I can be so gratuitous, Mr. Chairman. I don't think they do understand the advantages of harmonization.

Now why would I say that I think, for example, the Finance critic believes in the merits of harmonization? Well I say that because in this legislature on more than one occasion he has said, if we must have a federal GST then it would make sense to have one tax, not two. It wasn't a mistake that he said that; he said it more than once. Even last fall — not two years ago, last fall — the Leader of the Opposition said if we're going to have GST and a committee has recommended we harmonize, then, he says, get on with the job.

So I think some members there — not these birds perched over on the back row there, on the back rail — they may not understand harmonization, but there are economic benefits. And the economic benefits are growth in the economy, new jobs, Mr. Chairman, good jobs, Mr. Chairman. Growth in the economy, new jobs, and all of this will help stabilize and revitalize our economy.

The tax measures which raise 125 million this year, \$180 million next year — to answer the hon. member's question in terms of revenue — will as well help us to stabilize and revitalize our farm economy because of those billion dollars-plus that's coming into the farm economy.

And in terms of controlling our expenditures in the out years, the numbers for health and education are 3 per cent, 3 per cent. Wages are 2 and 2. The revenue is 180 million on the out years. And the expenditure numbers in those big, important third-party areas are as I've described, and as are laid out in our budget plan, Mr. Chairman, our six-point financial plan to stabilize and revitalize this economy, to control the debt and the deficit, Mr. Chairman. And that is as the people wish, Mr. Chairman.

Mr. Van Mulligen: — Mr. Chairman, I just asked him a simple question about which economic forecast. And yes, I can read what this says about this forecast does not include the farm safety net programs nor recent fiscal measures but . . .

An Hon. Member: — Why don't you read that forecast? Are you trying to mislead the House?

Mr. Van Mulligen: — No, no, no, Mr. Minister. You just said . . . you know what the figures are; you can refer to them here. But no, you said that that's not the figures to refer to. So I guess I want to know, if these are not the figures that are operative here in terms of your deficit-reduction plan for the next three years, could you send over the economic forecast that you are working with instead of . . . I ask him a simple question and he goes off like a silly fool. You know, I mean it's a simple question — which economic forecast is it? And you go off like a silly fool. You really do.

Now the other part of my question was, what are your expenditure and revenue forecasts, not for this year because we have them, but what are your expenditure and revenue forecasts for the years '92-93 and '93-94? With all respect, Mr. Minister, what is your financial plan?

Hon. Mr. Hepworth: — I can only repeat, Mr. Chairman, what I said a minute earlier. Under full harmonization, the net revenue is \$180 million. That's the revenue side. On the expenditure side, in the big areas that tend to drive the budget, health and education make up about 53 per cent of our total spending. Operating grant lists will be three and three in the out years. And those are but two or three elements of our six-point financial plan.

And that's the difference, Mr. Chairman. At the end of the day, that is the difference. This administration, this Premier, this Progressive Conservative administration has a plan. Those opposite, the NDP opposite, have no plan; they have no plan to diversify and stabilize and revitalize our economy. They have no plan to control the debt and the deficit.

We see what it would look like based on what goes on in Ontario and it is scaring people from coast to coast. This government has a plan to stabilize, diversify, revitalize, and control the debt and deficit, Mr. Chairman, and we're proud of it.

Mr. Chairman: — Being near 5 o'clock the committee's recessed until 7 p.m.

The Assembly recessed until 7 p.m.