

EVENING SITTING

COMMITTEE OF FINANCE

Motions for Interim Supply (continued)

Mr. Lingenfelter: — Thank you very much, Mr. Chairman. Mr. Minister, I want to take a few moments to go over the position of the province in terms of the debt that exists in the Consolidated Fund as well as in the Crown sector. And I realize that most people in the province are well aware that the accumulated debt in the Consolidated Fund is somewhere around five billion, or will be once this budget comes into being or this year is completed. And I think they're also aware that in the Crown side there's probably nine or nine and a half billion dollars in debt.

But I think many . . . fewer people are aware of how the debt has come about. In fact one of the main questions that I hear when I go around the province, whether it's in Regina Elphinstone or whether it's in a rural constituency, is many people are asking, where has all the money gone? And they say very clearly that they just can't conceive of, or believe, that the \$14 billion in debt has been spent legitimately. Because they say, we've paid more taxes, we've sold off assets; how could it possibly be that the debt has gone up to such a tremendous level?

They're saying . . . the farmers are saying, it certainly isn't because we're living better, that we're getting more out of this government — in fact quite the opposite. When you look at social programs, there's less money being spent on dental care for children. For many of the programs that they had become used to, the property improvement grant — many of those things have been cut. At the same time taxes have gone up phenomenally. And in fact the income to the government — the revenues to the government — have increased substantially, and I say, substantially more than the inflation rate.

And I want to ask you a few questions about the income of government in comparison to the inflation rate. And I just ask your staff to maybe to do a little quick numbers on . . . in terms of what the income to government has been since 1982 as compared to the rate of inflation to see whether or not in fact the rate of inflation is higher or lower than the income to government. Because my impression is, is that the government take from the public has gone up much faster than what has the rate of inflation.

Many business people are saying how can this be. Our families are saying how can it be that the government is spending way more or faster than . . . and in fact taking more money from us at a much higher rate than what the rate of inflation. What can be the possible reason for that?

Some of them, and I think accurately, come to the conclusion that it's in part or in total as a result of the mismanagement of this government, whether it's GigaText, or Supercart, Joytec, any of these . . . High R Door. My colleague reminds me that this is the reason that we have the very, very high debt that we presently have.

But, Mr. Minister, I want to ask you a question. Can you tell me when your government took over in 1982, what was the debt position of the province of Saskatchewan in the Consolidated Fund?

Hon. Mr. Hepworth: — Mr. Chairman, I am here to help provide details on interim supply for the '91-92 budget year. That question is beyond the scope of the Bill, the motion, the resolution before the committee, and, number one, I would argue it's out of order.

But having said that we can endeavour to supply that information.

Mr. Lingenfelter: — Well, I appreciate the minister endeavouring to find out, but I wonder if he couldn't ask his staff whether or not it's accurate that in the first financial statement done by your government there was a surplus of \$139 million in the Consolidated Fund when you took over the economy of the province.

Hon. Mr. Hepworth: — I can't confirm the precise number, but there was a surplus in the Consolidated Fund, Mr. Chairman.

Mr. Lingenfelter: — Well, Mr. Minister, I believe, and what I'd like confirmed, is that the surplus was \$139.2 million. And I guess what I find hard to believe is that with your staff sitting next to you that you can't get those kind of numbers.

And this is why we're taking so long on interim supply. We ask questions. You have the expertise sitting next to you and I believe that they know the exact numbers because they're very, very professional people.

The problem here is, and the reason this is taking so long, is not because you don't have good staff, qualified staff, but you refuse to give the information. And at a time when we're talking about open government and all of the things that you people won't do to have open government, it's inconceivable that we spend all of these hours asking questions, Mr. Chairman, and get no answers.

We sit here, we ask what was in the Consolidated Fund when these people took office and the minister says, I don't know and I can't find out but I'll take notice of it and I'll get back to you. Well we know what that means, Mr. Chairman, and the public know what it means. It means that the minister expects to skate around this issue and not bring an answer back. That's exactly what it means and this is part of the frustration that the opposition — but more importantly the public — has with this government and the secretive nature. And the minister swings some brooch or something . . . a necklace that he has in his hand back and forth as some sort of a joke here in this committee, but I say to you this is no joke.

The simple fact is that in 1982 the surplus was 139 million. I ask you, Mr. Minister, what is the position of the province as of today in terms of the debt in the Consolidated Fund?

Hon. Mr. Hepworth: — Well I would just recommend

the hon. member take the budget documents entitled *CHOICES*, turn to the very last page and what he will find is the gross debt of the province is thirteen point one six seven point nine billion dollars and that will be estimated as at March 31, '92. That's made up of Government of Saskatchewan, five point one nine four point one billion, or approximately 40 per cent of which is non-reimbursable debt — that is to say Government of Saskatchewan debt — and the remainder is what is known as reimbursable debt for Crown corporations and others, and that is the other 60 per cent roughly, Mr. Chairman.

Mr. Lingenfelter: — I would like the minister who continues to yell from his seat . . . He gives his answer, then he sits down and hollers and yells, Mr. Chairman. I wonder if we couldn't bring the minister to order.

But the simple fact is, is that you've taken this province, by your own admission, from a debt . . . or from a surplus of 139 million to a debt of around \$5.2 billion. I wonder, Mr. Minister, in light of the fact that in 1982 you talked a great deal about fiscal responsibility and how things could be better than even a \$139 million surplus, and then in 1986 you made a solemn commitment that you would balance the books by the next election — that's now, 1990-1991 — can you tell me how you feel your government has made out in terms of the debt of this province?

Now the public is shocked by this, by the fact that we have a \$5.2 billion debt. But can you tell me your own personal feeling and the feeling of your government towards this debt? Are you pleased with your record, building it to 5.2, or have you got problems with it? And if in fact the \$5.2 billion in debt . . . do you see this as creating a major problem — not for future governments but for future generations in this province in attempting to pay that off? Do you feel proud of the fact that you've got a \$5.2 billion . . . or what is the mood of the government towards this debt?

Hon. Mr. Hepworth: — Well, Mr. Chairman, I think it's fair to say — and I've said it many times in this legislature before — that the goal obviously would be to have balanced books on an annual basis. Then you can move to dealing with the accumulated debt over the years.

Why do we have the accumulated debt to the degree that we have? And that's because we've been making infrastructure investments; making, in partnership with business and co-operatives, diversification initiatives, putting wealth-creation tools in place, as well as backing up and stabilizing and revitalizing the farm economy and hence the entire economy of the province.

Yes it is true. We have had nine deficits in a row. But I believe with this six-point financial plan it clearly shows that we have turned a corner. We have a plan to balance the books by '93-94.

We've detailed the elements of how we will balance the books in that time period. The decisions have been difficult enough, but I clearly feel that we've got very solid and substantial underpinnings, in a fiscal sense, in place now that will enable us to balance the budget in that time

frame, Mr. Chairman.

Mr. Lingenfelter: — Well, Mr. Minister, it seems clear to most business people in the province that the price of wheat between 1982 and now has gone down considerably; that the price of oil has gone down considerably; that the infrastructure that you talk about is not stronger now in 1991 than it was in 1982.

And, Mr. Minister, you weren't able or capable of balancing the books in 1982. And it really behoves the business people of the province to believe that you, Mr. Minister, the member from Weyburn, have the ability to balance the books in 1991 with a \$5 billion debt in the Consolidated Fund, when you couldn't do it in 1982 when there was no debt, when the surplus was 139 million.

Can you explain to the people of Saskatchewan, the business people of Saskatchewan, why that will be easier today — with a \$5 billion debt — than it would have been in 1982.

You make the statement that it's been nine consecutive debts. I think this is the 10th budget that has had a massive deficit in it. What makes it easier today, with an accumulated debt — all of it at your hands I might remind you — of \$5 billion, \$5.2 billion?

Why would anyone be expected to believe that you're the management team that should take us out of this? What would make anyone now believe that after 10 years, an accumulated debt of \$5.2 billion, and the same management team in place — why would anyone believe that you're the people to take us out of this mess that you put us in.

Hon. Mr. Hepworth: — I think . . . I mean the hon. member isn't posing the question quite this way but I'll rephrase it. I think it would be a legitimate question, and others are asking. We've had 5-year plans before. Some have talked about a 15-year plan in the opposition benches. So some out there, certainly, some taxpayers are wondering what's different about this plan? Why would I expect this plan to work when some others obviously did not? And the difference is, we spelled out in great detail just exactly how we will do it.

You see, Mr. Chairman, anybody can say, we'll have a 5-year plan or a 10-year plan or a 15-year plan, and that is the easy part, just to say it. But you've got to spell out how you're going to do it. And we've spelled out how we're going to do it in terms of the tax side, the revenue side, as well as on the expenditure side — wage guide-lines, modest increases for our important spending areas of health and education. And if I might say, one of the keys to having this balanced budget plan stay on track is the fact that we have the new generation of farm programs because that's largely what took the train off the tracks before. And that's a seventh reason, if you like, over and above the six points of the financial plan, why I believe that absolutely this will lead to balanced budgets this time, Mr. Chairman.

Mr. Lingenfelter: — Well if that's the detailed strategy of how you're going to get out of the \$5 billion mess, it's no

wonder that the people of Saskatchewan have no confidence in you. Because the simple fact is, Mr. Minister, is that you and your Premier, you and your Premier are incompetent — not only of taking us out of debt, not only of taking us out of debt but many people will believe that you are not telling the truth when it comes to what the debt is going to be this year. And the reason that they don't believe you is because of the history of this government, and what happened in 1986.

In 1986, at the same point before that election, your desk-mate, the member from Qu'Appelle-Lumsden, the then minister of Finance, indicated that the debt was going to be about the same as what you're predicting now — about the same. And what happened, Mr. Chairman, right after the election? The then minister of Finance, the member from Qu'Appelle-Lumsden, announced that it wasn't in the area of \$300 million. What was it? One point two billion dollars for that fiscal year.

Now you have to excuse the public, Mr. Minister, if they are cynical about you and your government, the Premier, when it comes to telling the truth about the debt in this province. They're putting it much stronger outside of the House but I can't use those words that my neighbours and friends are saying about this government when it comes to debt management. They are saying this government simply doesn't know how to be honest with the people of the province when it comes to telling them what the debt is going to be.

(1915)

Well, Mr. Minister, you have admitted here that the position of the province was a surplus of \$139 million when you took over in 1982, and that you've now driven the debt — created the debt to start with — and then driven it up to \$5.2 billion in the Consolidated Fund.

But I want to ask you another question and that is on the Crown side and you referred briefly to it a moment ago. But can you tell us what the debt in the Crown side of government was in 1982?

Hon. Mr. Hepworth: — On a point of order, Mr. Chairman, I think the hon. member's questions are far beyond the scope of the resolution as it relates to interim supply. I know it's been a practice to allow a fair amount of latitude here. I myself have tried to answer questions and respect that kind of approach that we've taken in this legislature. But the Crown corporation debt in 1981 or '82: (a) I don't have those details, and; (b) I would suggest to you is beyond the scope of this resolution, Mr. Chairman.

Mr. Chairman: — The point of order is well taken. I'd ask the member to confine his questions to the resolution that's before the committee.

Mr. Lingenfelter: — Mr. Chairman, I'll try to direct my questions in a way that will make them apply much more directly to the interim supply Bill before us, and that may take me a moment to tell the background as to why I want to know about the debt in the Consolidated Fund, because it does apply directly to the moneys that we're being asked to appropriate to this government to spend.

Now, Mr. Minister, you know full well what the debt in the Crowns was in 1982. Mr. Chairman, you will be aware, having been involved in this government, that the debt in the Crown side was about \$3 billion — \$3.2 billion, in that area, in 1982.

Now you've already admitted here tonight, Mr. Minister, that the debt in the Crowns is between 8 and \$9 billion. Now you may explain that in the Consolidated Fund you've had a \$5 billion debt because of programs for farmers or because of this or because of that. No one believes you but you have your explanation.

But in the Crown side, the story is quite different. There is no explanation why the debt has gone from 3 billion to 8 or 9 billion. Mr. Minister, you know full well that you have sold off assets in the Crown side to the tune of 1.5 to \$2 billion. Now the question is, if the debt was 3.2 billion, and you've sold off between one and a half and 2 billion, how is it possible that the debt has gone from 3 billion to 9 billion?

Hon. Mr. Hepworth: — Well on the one hand, Mr. Chairman, we have sold some assets off. For example, Saskoil, as a newly privatized corporation, is now one of the largest oil companies in Canada. They've seen their employee . . . their number of employees now is something in the order of 600, about 400 of those . . . 350 to 400 of those right here in Regina. And what we did, whether it was that one or the potash or Ipsco, whatever the issue was, that money was applied against the debt.

But on the other hand, one could legitimately ask, well if that was applied against the debt, why is it the Crown corporation debt either hasn't gone down or has stayed level or maybe increased a little bit. And the answer there is, Mr. Chairman, is that while we were applying that proceeds against the debt, we were also making other borrowings to . . . for other economic diversification issues like Millar Western, Mr. Chairman, like upgraders, Mr. Chairman, economic diversification projects to help stabilize the economic base of the province. If we hadn't been making these additional investments, then the debt would have come down, Mr. Chairman.

Mr. Lingenfelter: — Well, Mr. Chairman, it seems obvious that the minister is having a great deal of trouble with the Crown corporation side. First of all he says that the debt — and he admits it — was about \$3.2 billion. Then he agrees that they've sold off assets. He didn't confirm the number, but let's take a conservative number of 1.5 billion. That would have reduced the debt to 1.7 billion. Now we're talking about a change in debt from 1.7 billion to 9 billion. That's a difference in excess of 7 billion. Can you give me the list, Mr. Minister, of what you invested that \$7 billion in?

Hon. Mr. Hepworth: — Yes, Mr. Chairman, I can. Agricultural Credit Corporation of Saskatchewan — and I'll round this off in rough numbers — 717 million; Crown Investments Corporation of Saskatchewan, 2.6 billion; Municipal Financing Corporation, about 120 million, Mr. Chairman; Saskatchewan Crop Insurance, about 202 million; Saskatchewan Economic Development Corporation, about 175 million; Saskatchewan Housing

Corporation, about 317 million; Saskatchewan Power Corporation, about 1.9 billion; Saskatchewan Property Management Corporation, about 750 million; Saskatchewan Telecommunications, SaskTel in other words, about 775 million; Saskatchewan Water Corporation, about 198 million.

Others would include federal-municipal. That would represent moneys loaned to the province by the federal government with the understanding that moneys would be reloaned to the Saskatchewan municipalities under identical conditions, about 4.495 million, and University of Saskatchewan, about 2.2 million. And then investment in agricultural land, I think, which mostly represents an investment made under the NDP (New Democratic Party) to buy, set up land bank, that's about 185 million, for a total of reimbursable debt of 7.973 billion, Mr. Chairman.

Mr. Lingenfelter: — Mr. Chairman, the minister is quoting from a document. I wonder if you wouldn't mind tabling that for the committee.

Hon. Mr. Hepworth: — Now let's be clear, Mr. Chairman, on what the hon. member has just asked for. Let's be clear on what he has just asked me to table because this makes the point very clearly as to the kind of irresponsible exercise the opposition are going through because the document I was reading through was the *Estimates*, Mr. Chairman, page number 132.

You're darn right I'll table it again because it's a very solid document. And the biggest problem that the taxpayers of this province have and that this legislature has as it relates to that caucus is their failure to read the documents that are placed in front of them, Mr. Chairman. This is an abuse of the legislature that they take their job so lightly and so irresponsibly, Mr. Chairman, that they don't even look in the documents that are here and then they say, send over the documents; let's see the documents.

Well it's in the budget documents, Mr. Chairman. We have either a big problem with the illiteracy over there or these guys wouldn't know financial management and balance sheet if they saw them, literally — if they saw them, Mr. Chairman.

It's a travesty of responsible government when I see what this opposition is doing in this legislature, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Mr. Chairman, it becomes more and more obvious, it becomes more and more obvious that the minister is attempting not only to . . . I won't use the words mislead, but to misrepresent what he is saying here tonight and unwilling to share with us the detail of where the spending has gone. This is what's obvious.

And I tell you, Mr. Chairman, this is the reason why we have a \$14 billion debt in this province. This is the reason: this secretive nature of this government, when it comes, for example, to the spending of \$2.6 billion to CIC. That's the Crown Investments Corporation; that's the corporation that was supposed to be giving money over to the Consolidated Fund. That's where we were supposed to be getting tonnes of money from. He's now saying

Crown Investment doesn't get money to the Consolidated Fund, but has burnt up \$2.6 billion. That's how he's attempting to play jiggery-pokery with the numbers and that's why we have a debt of \$14 billion.

Now, Mr. Minister, could you give me the breakdown of how you explain that we've increased the debt in CIC (Crown Investments Corporation of Saskatchewan) of \$2.6 billion. What is the detailed list of where that money has gone?

Hon. Mr. Hepworth: — Well those details are available in Crown Management Board's annual reports, but they would include things like NewGrade, Lloydminster upgrader, Millar Western, Mr. Chairman. There's probably still the debt against Potash Corporation of Saskatchewan. Those would be some of the examples that that \$2.6 billion represents, Mr. Chairman.

Mr. Lingenfelter: — Mr. Minister, I want to make it clear to the Assembly and to the people of Saskatchewan that your record in debt management has been a dismal failure, that at a time when we have had other people in the province being asked to balance their books — RM (rural municipality) councils, farmers are being told that they have to tighten their belts, working people — that you, Mr. Minister, have driven this province from a total accumulated debt in the Crown and Consolidated Fund of 3.2 billion to, by your own admission, accumulated debt of over \$13.1 billion.

Now you may be proud of that, and the members opposite may be proud of it, but I'll tell you it's going to be the albatross that drags you down to defeat at the next election — is going to be the dismal record of management here in the province of Saskatchewan. And you can explain all you want about how you've managed the province and how you're proud of your record and how you're going to balance the books if you were elected in the next three years. But your problem, Mr. Minister, is this: credibility. Nobody for a moment is believing you and your Premier that you're the management team not only to solve the debt problem, but to take care of the management and the fiscal management of this province.

You have at every turn increased the debt. At the same time you have cut programs and you have increased taxes. Now everyone knows that if you're running a corporation or you're running a company or you're running a family, that the issue is that if you increase your spending, you have to watch on the other side where the income is coming from. And what you have done here is increase the debt by \$11 billion in the province of Saskatchewan in a matter of about nine years. That's over \$1 billion being spent more each year than you take in in revenue.

Now can you tell me, Mr. Minister, how can you honestly say that in the next term if you were elected, that this mismanagement and waste and spending like a drunken sailor by you and your Premier, of more than a billion dollars a year — more than what you're taking in — how you'll be able to turn that around. How do you expect the public to believe you?

Hon. Mr. Hepworth: — Well I went through the details of our plan several times, the six-point plan, plus the new generation of farm programs that will help ensure that those plans do stay on track, Mr. Chairman.

You know it's interesting in this interim supply debate, that we see the opposition and their stalling tactics, their fatuous questioning. When I read from the *Estimates* they somehow pretend that it's a . . . they think I'm reading from some kind of internal secret document and that they're going to trap me by having me table it, when in fact, Mr. Chairman, what it is is the *Estimates* book that this interim supply Bill is based on. And they don't have the wherewithal to even read the documents that have been given to them with the answers in them, because they're not interested in the answers, Mr. Chairman. They're interested in dragging out and prolonging this debate.

They're interested in putting their own political interests ahead of the larger public interest. They're interested in putting their own political agenda and their own political interest ahead of welfare clients and school boards and hospital boards — and the list goes on and on, Mr. Chairman — for nothing more than their own very partisan, politically motivated, election-driven agenda. That's all they're interested in, Mr. Chairman — nothing more; nothing less.

We have clearly articulated our six-point plan. I have yet to hear . . . and I ask members here have they heard? If we go through that six-point plan point by point . . . and you say, okay, you don't agree with our plan; you say it's not a real plan. Okay, let's go through it element by element.

We have said fair and reasonable wage guide-lines for the next three years — 4 per cent this year, 2 per cent next year, and 2 per cent the year after. Now I say to the hon. member, if that's not fair and reasonable then you tell us what's wrong with it and tell us what your plan is. Is four too low or is it too high? Is two too low or too high? What is their plan? The silence has been deafening on that. You see, they have never once raised the issue of wage guide-lines. They haven't once asked me . . . In fact I challenge the hon. member tonight to ask me about those guide-lines and what its impact is on this budget — ask me about them and give us their view of those wage guide-lines.

Let's look at another element. Let's look at another element. Three and a half per cent increases for operating grants to schools and hospitals. This year 3 per cent, and the next two years. Have you heard the opposition say what their position is? Now we heard the Health critic up today saying, it's not enough — cut-backs, cut-backs, cut-backs — saying, in effect, spend more. Well let's hear it from the opposition Finance critic and the Deputy House Leader or the House Leader, or whatever he is over there, and tell us. If 3 per cent isn't high enough, what is the right number, because there'll be a corresponding increase in the deficit?

Now I want to pick up, Mr. Chairman . . . you see, because you have to keep on top of the erroneous information that the opposition try to bring before this House. Now they will say sometimes it's a speck of dirt

that gets in their glasses or the devil made me do it or I didn't mean to do it. And what I'm meaning is last Friday, or Thursday I guess it was, we had an example in this House where the opposition were out 1,000 per cent in one of their numbers — 1,000 per cent in their numbers, Mr. Chairman. This isn't the first time it's happened.

(1930)

The hon. member, our Finance critic, said Sask Property Management was charging departments 75 cents to copy documents, when in fact the real answer was seven and a half cents — out by 1,000 per cent, Mr. Chairman. Well now tonight the hon. member suggests that somehow under the NDP administration, through the decade of the '70s and into the very early '80s, that somehow they were such good stewards of the public purse. Quite frankly, if you check the record of those days, there was spending increases the likes of which we probably have never seen in this province's history.

We're not just talking double digit increases, we're talking in the '20s, maybe even in the '30s, was a norm for the very, very exaggerated spending curve that they went through in the '70s, practising what I would observe is Keynesian economics, when in fact probably . . . when we didn't need the economy to be stimulated, Mr. Chairman.

And then he suggests somehow that there was a surplus, you see. But you've got to compare apples to apples and oranges to oranges. And so while we were sitting here I had my officials go into the library and get the documents back from 10 years ago.

Well what do they show? Now the hon. member, when I talked about the debt numbers and I gave the debt numbers for the Crown corporations — that's to say the reimbursable debt versus the non-reimbursable debt — the hon. member suggested that that \$5.194 billion of debt that we have today, what's known as non-reimbursable debt, that somehow back when they were in government there was no non-reimbursable or Government of Saskatchewan debt.

Well guess what? The NDP . . . Must be a speck on their glasses again, Mr. Chairman, another mistake — another factual error by the NDP.

Now I don't know, Mr. Chairman, what you think. Now either this is a deliberate attempt to mislead the legislature again, or . . . I'm sorry, I had a speck on my glasses. Or they don't know how to read a balance sheet. I don't know. Which is it? I guess maybe the hon. member can tell us.

Well what is the reality, Mr. Chairman? Was there somehow no debt, no non-reimbursable debt back in '80-81?

The answer is no. There was nearly a quarter of a billion dollars worth, Mr. Chairman. And guess what? In '81-82 there was over a quarter of a billion dollars worth, Mr. Chairman. And in the Crown corporation side of the reimbursable debt, Crown corporations, over \$3 billion in '81-82.

So you see, Mr. Chairman, first of all they don't have their facts right; secondly, they don't read the facts that we give them in the estimates; and thirdly, Mr. Chairman, I don't think they understand balance sheets; and fourthly, Mr. Chairman, we've seen clearly how the NDP operate once in power. Anybody that ever carried a picket or a placard got a 20 per cent increase, Mr. Chairman, in Ontario. That's NDP-style — big spenders, Mr. Chairman.

Mr. Lingenfelter: — Well, Mr. Chairman, the minister is very, very much confused. He gets up and he says the member opposite indicated that there was no debt when the previous government was in power, and then he adds up two numbers, a quarter of a billion or 250 million in one area and 3 billion in another. Well that's exactly what I said the debt was when we left office — \$3.2 billion. I mean the minister clearly is attempting or trying to mislead by using numbers that aren't accurate.

But I say to you, Mr. Minister, that that debt has gone from 3.2 billion that both of us agree with — there's no attempt by us to say that there was no debt; there was a total of 3.2 billion — has gone from 3.2 billion to 14 billion. That's a difference of about 11 billion in 10 years, or in nine years, increase in the debt.

And I might add to you that the 3.2 billion was built up in the Crowns over a period from 1905 to 1982 by Conservative governments, by Liberal governments, by CCF (Co-operative Commonwealth Federation) governments, and NDP governments. That was the total accumulated debt — 3.2 billion between 1905 and 1982. That built all the power projects, all of the telephone lines, all of the coal mines, all of the oil wells that Saskoil had, all the potash mines. The total debt, Mr. Chairman, was \$3.2 billion. On that we agree.

We also agree that the debt today is in the area of between 13 and 14 billion. Now the question is, that the people are asking, is where has all that money gone, the 11 billion increase in the debt? Who got the money? Because, Mr. Chairman, very clearly your children and your grandchildren are going to have to pay that \$14 billion, plus interest, off. This is the unfortunate side of what is happening here with this government.

Now, Mr. Chairman, I have given up on my attempt to get answers out of this government or this minister as to where the \$11 billion has gone. But I'll tell you, during the next election campaign one of the main questions is going to be, as we criss-cross the province, where has the \$11 billion of new debt gone, because what I can guarantee you is that the people of Saskatchewan, the taxpayers, have not been sharing in the creation of that debt.

Mr. Chairman: — Why is the member on his feet?

Mr. Trew: — I would like to ask leave to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Trew: — Thank you, Mr. Chairman, and colleagues. Mr. Chairman, it's my pleasure to introduce to you 10 Cubs. They're the 87th Cubs based out of W.H. Ford here in Regina. These are Cubs in my colleague . . . the member for Regina North West's constituency. I am filling in for that member this evening.

The Akela is Dale Carter. The assistant leaders are Dennis Wilson, Ray Strasser, and Ken Wiemer. I ask all members to join me in welcoming these Cubs to our legislature, and I look forward to meeting them in the members' dining room very shortly.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Motions for Interim Supply (continued)

Hon. Mr. Hepworth: — There's a number of infrastructure investments that have been made over the years, a number of new diversification initiatives that have been put in place over the years, and I can tell you what we have invested in on behalf of the taxpayers.

I can tell you one item that you don't pick up when you read the gross debt by allocation, the *Estimates*. I'll tell you one thing you don't see in here that you'd have seen in here 10 years ago in the *Estimates*, Mr. Chairman . . . is you don't see a line that says Saskatchewan Land Bank Commission. You don't see a line that says we've borrowed, as they did, an total on behalf of the taxpayers, \$175 million in the fiscal year back in '81-82, Mr. Chairman.

You don't see us going out and buying potash mines that were already in the ground, that didn't create one new job when the government nationalized them, took them over. You see us making investments in wealth creation on the economic development side and a new infrastructure.

You won't see any reference in here to the land bank, Mr. Chairman . . . \$175 million under the NDP to take over farms that nobody wanted them to do in this province, Mr. Chairman. What they wanted was legitimate assistance with high interest rates, not for them to take over the farm.

So I'll tell you, when I read you the allocation by category of the debt, there is no reference to land bank corp. Mind you, we're still paying for it — investment agriculture land. That legacy of debt still hangs around the taxpayer's neck. It's mostly this investment agriculture land at a hundred and eighty-four and a half million dollars, Mr. Chairman. That's what we have, \$184 million. That's the legacy left by the NDP. That's where some of that debt still is, Mr. Chairman. And is that what the farmers wanted? Is that the farmer's idea back in the difficult decades of spiralling land price . . . or the years of spiralling land prices and high interest rates? Is that what the farmers wanted — was the socialists, the NDP coming in and taking over the family farm?

No, they didn't want that, Mr. Chairman, and they soundly routed them out of office. They wanted things like our Premier has put in place here with the new

generation of farm programs to stabilize and revitalize our rural economy, and so doing, our entire economy, Mr. Chairman.

Mr. Lyons: — Thank you very much, Mr. Chairman. Mr. Chairman, I'm very pleased again to be able to ask a few questions of the minister regarding the expenditures out of this budget in interim supply. I want to preface my comments by saying a little bit in response to the minister's last comments, that there are a great many things that we didn't see in the financial books of the province prior to 1981.

We didn't see, for example, Mr. Minister, a ordinary expenditure by the Saskatchewan Property Management Corporation of \$22.8 million — \$22.8 million which taken out of the . . . assets taken out of the expenditures of all government departments to pay for heaven knows what in terms of money that's going to build up, some would say . . . some have said that it's going to build up the re-election slush fund to the Conservative Party.

I don't believe that all 22.8 million is intended for that purpose. I do believe, however, that those who say that there are shenanigans going on there and that the necessity for a public inquiry, for an independent audit of that particular aspect of the government's operation is long over due . . . In fact given the confidence of the voters in the next election that that independent audit will be put in place.

That's one thing that we didn't see prior to 1981-1982. Another thing that we didn't see, Mr. Chairman, in regards to the expenditure of public money was the perception in the public, the talk among the general population of Saskatchewan that there is something wrong in the state of Denmark, that the moneys that are raised through taxation are going to purposes not intended — not intended — for the good governance of the problem but are being used to stuff up some pockets and some bank accounts of Conservative political hacks, appointments, and friends. That was one thing that we didn't see in this province prior to 1982. We didn't see the kind of outright cynicism that the population has as to the level — as to the absolute level — of perceived corruption in this province by the government.

Another thing that we didn't see, Mr. Chairman . . . and it relates directly to the question of cash flows coming to the government. In the last six years of the New Democratic Party administration in this province, prior to 1982, we did see \$986 million in royalties from the Potash Corporation of Saskatchewan accruing to the Heritage Fund of the province. And that is coming into the revenues of the province of Saskatchewan, 986 million. Nine hundred and eighty-six million dollars accrued to the people of Saskatchewan through the Potash Corporation of Saskatchewan in the last six years of the NDP administration.

An Hon. Member: — That includes other companies as well.

Mr. Lyons: — Right. That's \$986 million coming into the Heritage Fund. What did we see in the first six years of the Conservative administration? A total of \$274 million —

\$274 million. The first six years of the Progressive Conservative administration: 274 million versus 986 million in the last six years of the NDP. That's a net difference, a net difference accruing to the people of Saskatchewan of \$712 million, Mr. Chairman, \$712 million. That's a drop in revenue.

And I suppose, Mr. Minister, that one could argue, one could very well argue that when you look at the differences in amounts raised through Crown corporations in the last six years of the NDP versus the first six years of the Conservative administration that something fundamentally has gone wrong.

And, Mr. Minister, I want to ask you: why is it that because of your privatization initiatives — or should I pose the question this way — is it because of your privatization initiatives that the people of Saskatchewan have been short-changed many hundreds of millions of dollars in lost revenue from the Crown sector? Is that the reason why the debt has risen \$11 billion — \$11 billion — since you people took office?

Hon. Mr. Hepworth: — Mr. Chairman, I always find it interesting when the NDP get into potash fertilizer or a debate on fertilizer and whether the taxpayers are getting their full economic rent. Because you see . . . why I say that, Mr. Chairman, is that we have today part ownership in two fertilizer companies. We have part ownership in potash fertilizer and we have a part interest in nitrogen fertilizer, Mr. Chairman.

(1945)

Now the NDP, you see, had no problem with taking over and buying existing mines — not creating new mines — buying and taking over existing mines, in fact even having a 100 per cent ownership in them. They had no difficulty with that theory. That was consistent with bigger government is better government; a 100 per cent ownership is better than 90 per cent ownership.

But somehow, you see, when you have less of a percentage ownership, say below 50, somehow that's bad. Well I would argue that it's been very useful to attract private capital to defray the costs of developing that natural resource . . . or that resource and natural gas, Mr. Chairman, and create new jobs and a new kind of fertilizer that pays dividends both in natural gas royalty and in jobs and all the economic spin-offs.

Now you see, the hon. member talks about the years . . . and I think he was probably referring to all royalties from potash. I don't know; I mean he talked about the Potash Corporation, but I'm assuming that he wasn't trying to deliberately mislead this House. It's just another case of, whoops, I had a speck in my glasses, or I made a mistake — probably one of those two, Mr. Chairman, because I've got to think that what he's really talking about is in '80 and '81, when the royalties were large, well guess what? What was the price of potash doing then, Mr. Chairman? Was it high or was it low? Because the royalties are based on, at least in part, on the value of the resource. Well wouldn't you know it; wouldn't you know it, Mr. Chairman. In '80 and '81 the value of potash sales — over a billion dollars in 1980, nearly a billion in 1981. Contrast that with '86,

'87, '88 at somewhere between 550 and less than \$900 million — five fifty, six seventy-one.

Now you see, Mr. Chairman, it would be quite normal, especially if we haven't changed the agreements, which I don't believe we have, Mr. Chairman. So the formula for extracting our rent, I think probably — and I'd have to check that — remained unchanged, maybe even as unchanged to this day, quite frankly.

And so if the hon. member is going to argue that somehow we're doing a lousy job of collecting our economic rent, what those financial wizards over there have got to stand up and argue is the formula we put in place was a very bad formula, and the agreements that were put in place were very bad agreements, that the NDP did a lousy job of negotiating. That's what you've got to conclude, Mr. Chairman. That's what you've got to conclude.

Now we wanted to make sure we got our share of economic rent so we put some corporate . . . some special, if you like, corporate taxes in place, a corporate capital surcharge to make sure — never mind what the federal rules are on taxation — so that we would get our share of the economic rent owing on behalf of all the people of Saskatchewan, for all of the people's resource, potash.

But there's one other point I want to make here, Mr. Chairman, and this is a key one. This is a key one whether you're discussing potash fertilizer or nitrogen fertilizer, because I've already talked about how the potash, the value of potash in the late '70s and early '80s was sky-high. Obviously that's a reflection of price and sales; and I talked about through the mid-'60s, '86, '87, '88, how those same numbers were lower, much lower, 50 per cent lower in some instances.

Now you see, if you have no understanding of agriculture you won't understand what I'm about to say, Mr. Chairman. Unfortunately this is the position the NDP probably find themselves in because you have to ask yourself, well what makes potash or nitrogen fertilizer prices go up or down? Well who uses fertilizer? Well farmers. So in good times, Mr. Chairman, when they want to maximize their yields and hence their returns, they buy fertilizer. They buy it all the time. But in good times people obviously buy more, when the price of grains are high; corns, soy beans. They want to maximize yields. When agriculture prices are lower they don't probably buy as much fertilizer. Sales go down, price goes down.

Now you've got to understand that, Mr. Chairman. You've got to understand farming to make those connections. Now unfortunately for the NDP they don't understand that. You see, they get caught up in the potash debate but they forget, what do you use fertilizers for? Farmers use fertilizers. And farmers here don't use any potash at all, or very, very rarely, maybe the odd soil — very rarely because our soils are rich in potash. But we do use a lot of nitrogen fertilizer, and that's the one that we're going to be joint venturing with in a company to manufacture, Mr. Chairman.

Mr. Lyons: — Mr. Chairman, I'm quite sure that the minister understands a lot about fertilizer because we've

just heard a lot of fertilizer, to be polite, in his response. Perhaps I can refresh the minister's memory.

In the last six years of the New Democratic Party administration potash prices over time, over those six years, averaged \$109 a tonne — \$109 a tonne. Now over the first six years of the Conservative administration potash prices averaged, guess what? Were they really low in comparison to that \$109 a tonne? Were they outrageously . . . half of the price so that we saw two-thirds of a drop in income? No, not at all. Over the first six years of the PC (Progressive Conservative) administration potash prices averaged \$106 per tonne. In other words a difference of \$3 per tonne.

Now was there a tremendous drop in sales to explain this tremendous drop in revenue to the province? Mr. Chairman, I ask the minister: was there a tremendous drop in sales? No. In the last six years of the New Democratic Party administration sales averaged 32 million tonnes per year. In the first six years of the Conservative administration sales averaged 31 million tonnes per year. So the minister's explanation as to a drop in the price of potash during his first six years, or a drop in sales, does not hold true.

So what's the difference? If there was no great variance in price and no great variance in the amount of sales, what was the difference? And I would suggest to the minister that it's very simply this, that they shifted, they shifted the sales quotients from the public enterprise sector to his friends over there in the big, vertically integrated, multinational fertilizer corporations to which this minister seems to have an undying attachment.

I would suggest that the . . . in fact . . . and I think if the minister was honest, I think if the minister would honestly say . . . he would look at the percentage of sales through the Potash Corporation of Saskatchewan in the last six years of the New Democratic Party administration versus the percentage of sales through PCS (Potash Corporation of Saskatchewan Inc.) in the first six years of the minister's administration.

And what do we see? We see a slippage in the per cent sales accruing to the private sector. And what did that mean? What did that mean? That meant that in terms of total potash royalties accruing to the province of Saskatchewan, an incredible decrease in the amount of money available, something to the tune of \$712 million.

Now, Mr. Chairman, a question to the minister — because he absolutely refused to answer this question; he didn't even come remotely close is — given your great economic theories, Mr. Minister, given this great theory that you have of privatizing the Potash Corporation of Saskatchewan, given your reliance totally on the private sector to provide the engine for economic growth, how can you explain to the people of Saskatchewan in a truthful manner when prices remain the same, within \$3 per tonne of each other; when sales remain the same, within a million tonnes per year of each other, how can the minister explain this incredible drop in revenue from nine hundred and seventy-some million down to two hundred-and-some million — \$712 million difference? How can the minister explain that?

Hon. Mr. Hepworth: — Well once again, Mr. Chairman, the hon. member's logic is wanting. You see the royalties that we receive are based on a formula. Has that formula substantially changed under the Progressive Conservative administration? Let's ask ourselves that. Because that's independent of anything else. It stands alone, so to speak.

Yes, production and sales may vary and the price may vary, but whether you're getting a good deal or a bad deal is based on the formula to determine what economic rent we get. And the reality is, Mr. Chairman, that formula, for the most part, is unchanged, and that formula was put in place by the NDP. So is the hon. member saying that their formula was flawed? Is that what he's saying? One can only come to that conclusion, because essentially . . . I'm not saying that there hasn't been some changes, but essentially the formula is the same, Mr. Chairman. And it's a geometric kind of formula. It starts to pay out big after . . . when they start to make major money as the price goes up.

So the first thing you have to ask yourself — is this a bunch of political rhetoric or is it based on some facts? And the facts are that the formula for determining the royalties is largely unchanged. In fact I can make the point, hon. members, that not only is the formula for the most part the same but we actually get more out of these big corporations because we put these other special taxes in place like the corporate capital surcharge, Mr. Chairman.

Then he goes on to say, no, you see the price of wheat and the price of corn and the price of soya beans hasn't really changed that much. Farmer Bob here says, no, the price is basically the same, except we were getting a bunch more money when the price was the same than you are. Well of course the formula hasn't changed, and he says the price is the same. Well once again he's probably, over a 20-year period, very selectively using his numbers — '80, '81, '82, average price, Canadian dollars per K₂O tonne, 141.61, 156.55, 126.37. What about '89 — 140, 126, 137. Did I read any 156.55's in there, Mr. Chairman? No.

What about production — 7.302 tonnes K₂O . . . million, Mr. Chairman; 7.189 million tonnes K₂O. That's '80 and '81. In '88 . . . '89 rather, sixty-five hundred and nine, and six thousand and fifteen are the comparable numbers for '89 and '90.

So once again, Mr. Chairman, if you cut away the political rhetoric, the opposition are trying to make some kind of point. There's been no substantial change in the agreements, okay? So either the formula was a good one under their government, as it is under ours with some minor changes. And the reality is production, usage, and price are tied to the agricultural economy.

Now if they understood something about farming, they could understand those statements, Mr. Chairman. But you see, farmer Bob really doesn't understand what it is that drives a farmer's desire to buy more potash or more nitrogen fertilizer. That's the problem, Mr. Chairman. In fact I could make the point that with the changes to our corporate capital surcharge, we're actually getting more money out of these vertically-integrated, multinational

corporations that are so bad, Mr. Chairman, that are so bad, Mr. Chairman.

So his arguments once again are false and fatuous, ill-founded, not based on the right kinds . . . not based on facts, quite frankly, Mr. Chairman.

(2000)

Mr. Lyons: — Well, Mr. Chairman, the minister certainly knows a lot about political rhetoric because fertilizer Lorne over there has just given us precisely the incredible flaws in his own logic.

Let's take, Mr. Minister, let's take it that since you've been spreading it deep and thick for the people of this province, let's accept for a moment that for all intents and purposes the formula hasn't changed. Let's just take that for now. We know that in fact it has changed and it's had certain impacts, but for the sake of argument we'll say that it hasn't changed.

You still have got to tell us why it is that we are now faced with a tax Bill that you've put in. We are now faced with a government which is . . . had an increase of \$11 billion in debt in the Crown sector. And we've also . . . you have got to explain to the people of this province, given that the prices were within \$3 a tonne each other over the six-year average, and that the production was within a million tonnes or so over the six-year average, you have still got to explain to us how was it, how it is that you and your government has lost \$712 million worth of revenue into the Heritage Fund of the province of Saskatchewan.

And I would suggest, Mr. Minister, that the answer that the people of Saskatchewan will give you and the rest of your caucus, come the next election, is that it is because of your privatization initiatives in which you've turned over the wealth of the province into the hands of those large multinational, vertically-integrated corporations that you talk so much about.

I believe that everybody in this province understands that the rich have gotten richer in this province, the super-rich have gotten super-richer. Your friends in the potash corporation, leaving aside Chuck Childers and his three-quarters of a million dollar a year salary, let's just . . . because when it comes to big bucks, when it comes to the who's really won in the potash game, I'm quite sure that some of the potash corporations, when they contribute to your election fund we will see precisely the extent of who the winners are in that particular operation.

Because you have failed, because once again you've had a nine-year record of putting in place your economic development strategy for Saskatchewan. You've put it in place nine years, right? I mean, you can go back all you want and blame the NDP from 1981, beyond that. But for all intents and . . . and every reasonable person in this province will say you've had an opportunity to develop an economic strategy of your own — this open-for-business economic strategy; the partnership for progress economic strategy; whatever happens to be the current buzz phrase of the day economic strategy. But the point is, you've had your nine years to see if it would work.

And the facts of the matter is — and this budget and this Bill prove in fact that it hasn't worked — that each and every day, each and every hour, each and every minute that goes by, this province goes a little bit deeper in debt, a little bit deeper in debt. Reminds me of that old song about 16 tons and what do you get, another day older and deeper in debt. That sounds to me, Mr. Speaker, that sounds like the theme song, that sounds like the theme song of your government.

However I'm going to leave the potash . . . we're not going to agree on potash. The people of Saskatchewan will not accept your non-explanation for losing \$712 million over that six-year period.

So, Mr. Minister, yes . . . Now, Mr. Chairman, once again there goes fertilizer Lorne. He's talking about us doing a lousy job in negotiating. What I would have to ask the minister: if in fact we did a lousy job in negotiating prior to 1981, why haven't you changed that formula in a substantive manner? Why haven't you changed that formula in a substantive manner to make up that . . . those lost revenues? Are you saying that you haven't done it because it was a lousy formula? Or are you saying that you didn't have the political courage to take on the potash corporations to get a fair share of Saskatchewan wealth? You've got to answer that question, not me, Mr. Minister.

Hon. Mr. Hepworth: — No the reason that the formula hasn't been substantially changed is that because it is based on price and volume and margins, and when prices are high and the companies are doing well, then it's reasonable and fair that the public should do well by way of royalty payments. So in that . . . for that reason they haven't had substantive changes.

But I did say, and I would repeat that also we did put in a special corporate tax, the corporate capital surcharge, Mr. Chairman, because we did want to ensure that these big companies do pay their fair share and that was especially because we don't control the rules. Those are federal rules as to what defines a big business, if you like. And so by making that change we were able to ensure that everybody was fairly paid, Mr. Chairman. At least the taxpayers got their fair rent, Mr. Chairman.

Mr. Chairman: — Order, please. Before we continue, I would just like to say that the Chair has been, I think, extremely lenient this evening in letting the debate be relatively wide-ranging. I've been listening very carefully for the last 20 or 25 minutes and I think the debate has hinged around the six years prior to 1982 and the six years after 1982, and I fail to see what that has to do with the interim supply Bill before the committee this evening. So with that I would just remind the member of that observation and ask him to continue with his remarks and confine them more to the question that is before the House.

Mr. Lyons: — Well thank you very much, Mr. Chairman. Apropos of your ruling, I intend to not dwell on the past on that. I know the minister certainly likes to talk about everything prior to 1981, so using the minister's own comments, we use a six-year average. However, I'm not going to dwell on that because of the . . . because, by the

way, that is not the major purpose of dealing with some of the issues that I do want to raise . . . (inaudible interjection) . . . Mr. Chairman, it's interesting to listen to the minister speaking from his seat and we all enjoy the ramble. You know, the minister is certainly a good story-teller, and like all good story-tellers never lets the truth get in the way of the point that he wants to make.

But I want to ask you, Mr. Minister, once upon a time in Saskatchewan land there lived a little boy who once dreamt that he would grow up to be Finance minister of the province. And having grown up to be Finance minister of the province, he was going to make all things good and well. Except when he came to grips with his notions of what constituted good and well, he found he was unable to, no matter whatever the best of intentions were, to make things happy here in Saskatchewan land. And that seems to me the fairy-tale story of this particular government. They believe in fairy-tales. Unfortunately, Mr. Chairman, fairy-tales do not have to do much with the question of expenditures of the province.

Mr. Minister, I want to ask you, however, about your justification for asking for money to deal with the ill-fated Rafferty-Alameda project. Now, Mr. Minister, you know that . . . well I guess everybody in Saskatchewan knows, Mr. Chairman, that the Rafferty dam project stands as a symbol of this government's waste and mismanagement. You know, Nikita Khrushchev, who I know the Finance minister is intimately aware with, used to say that, never trust a politician, they're all the same; they promise to build you a dam even when there's no river. And I want to say, Mr. Chairman, that in relation to the Rafferty-Alameda project, that particular observation on political life was right on.

Mr. Minister, I wonder if you will stand here and put forward your rationale for asking for expenditures through government departments and out of the Consolidated Fund via way of Saskatchewan Water Corporation to the Souris Basin Development Authority. Could you stand here and tell the people why is it that your government has spent a fairly large sum of money on the creation of a dam where in fact there is no water.

Hon. Mr. Hepworth: — The reality is, as much as the hon. member won't want to admit it, is that south-east Saskatchewan has seen several years of drought, Mr. Chairman, several years of drought. My constituency is on the Souris River in the Souris River basin. I have lived there since 1973, and for the first six or seven years I lived there, Mr. Chairman, I thought that part of the annual rites of spring were half the town turned out to sandbag all the businesses along the Souris River Valley and the Souris River, Mr. Chairman, because it would flood and overflow every year. All the water would rush down the Souris, flood Mainprize Park and Estevan and Roche Percee and end up down in the U.S., of no value to anybody — of no value to anybody.

But Minot, one of my colleagues says. And even Minot wanted some control because it would flood them out too and end up back in Manitoba and flood them out. So what was required here was a little: (a) water management; (b) some up-side potential for irrigation for farmers. A big body of water tends to bring a little rain on occasion. I'm

not an hydrologist but that seems to be a fact. And also some requirements for SaskPower, Mr. Chairman, for water-fowl habitat, and the list goes on and on.

For all of those reasons, Mr. Chairman, we have gone ahead and built that much-needed water project in south-east Saskatchewan. These people are against it, but let me tell you, in my riding and other ridings in south-east Saskatchewan they see that as a prudent move, Mr. Chairman, and one that should have been done several years ago.

You know I just can't believe these NDP, you know. There was some kind of report came out of somewhere suggesting that it was awful that this dam was built, and it has nothing to do with the Free Trade Agreement. They were trying to muddy the water and all the rest of it, how we're giving too much water to the U.S. I said to myself . . . I had to shake my head. A bunch of the ranchers were sitting having coffee the same time. They had to all give their heads a shake because they said where are these NDP coming from. We're better off with a dam that at least holds some of the water rather than to let it continue to rush down the valley and the river bank and the river like it did before.

I tell you, not only do they have a speck in their glass when it comes to reading financial statements sometimes, Mr. Chairman, obviously their view of water management is quite a bit different than our Premier's and this government, and we stand behind our proposal.

And yes, Mr. Chairman, I wish, I wish too I was standing here today and saying that that Rafferty dam was full. It is not. If we'd have had that 75 centimetres of snow like they had up at Lloydminster, and a quick melt, she would have been full, Mr. Chairman, and it will be full. It is cyclical, I have no doubt. The weather . . . like I told you the first five or six or seven years I was in Weyburn, it flooded every year. And, Mr. Chairman, it will be full.

Mr. Lyons: — But, Mr. Chairman, the minister speaks about sandbagging and I want to tell you this, that given his answer, what he's trying to do is sandbag the people of Saskatchewan. He's sandbagging every small business in this province through his PST (provincial sales tax). Now we're getting a bunch of more fertilizer. I'm sure that those sandbags are filled up with fertilizer, given his intimate knowledge of that, Mr. Speaker.

Now, Mr. Minister, I have here a little . . . I've got here a news story which deals with this particular interest. It says: dam project costs increase. Dam project costs increase.

Now, Mr. Minister, I wonder if you'd tell us how much money that interim supply is being expropriated to cover the increased costs in the Rafferty dam project?

Hon. Mr. Hepworth: — Page 96, Mr. Chairman. In terms of appropriation for the Water Corporation, we'll be providing two-twelfths, Mr. Chairman.

Mr. Lyons: — I wonder, Mr. Minister, will you give me that particular number if you have it with you?

Hon. Mr. Hepworth: — 1.128967 million.

Mr. Lyons: — Now, Mr. Minister, you're saying that happens to be the one-sixth of the expropriation; is that what you're saying?

Hon. Mr. Hepworth: — I'm sorry, that's not one-sixth of the expropriation. That's one-sixth or two-twelfths of the appropriation, Mr. Chairman.

Mr. Lyons: — Mr. Chairman, the minister can laugh. The minister can laugh when it comes to this problem dealing with appropriation or expropriation. But I want to tell the minister that to the couple of farmers in that particular area we see expropriation, Mr. Minister. That's what they're talking about. They're not talking about appropriation. They're talking about expropriation.

Mr. Minister, I wonder if you would . . . Oh now the member from Regina South, who's definitely in danger of losing his seat in the next election — here he goes piping up again. Mr. Minister, will you answer the question? What I asked you was, how much of the appropriation to the Water Corporation is going to cover the increased cost of the Rafferty-Alameda project?

And I wonder, would you happen to have the particular number there of what precisely the increased cost is?

(2015)

Hon. Mr. Hepworth: — The details of that one-sixth, Mr. Chairman, I'd have to recommend you put those questions to the minister responsible in his detailed examination of his estimates.

Mr. Lyons: — Well again, Mr. Minister, I can appreciate that. But if you've got the number, why go through the problem of asking somebody else, you know; if it's a simple answer just give it to us. Well, Mr. Minister, you obviously don't intend to answer the question.

Mr. Minister, I've seen that a new federal panel has been appointed for the Rafferty-Alameda project. But at the same time while this panel is supposedly going about its work, your government has increased expenditures on the project, in fact is going ahead with the Alameda portion of that project.

I wonder, Mr. Minister, could you tell us why it is that your government is spending money on this project when in fact the review panel may in fact recommend some changes, maybe indeed some halt to land expropriation such as the expropriation that your government undertook of the farmers in the Alameda area?

Hon. Mr. Hepworth: — Mr. Chairman, on a point of order. As I said earlier, I think I've been prepared to, as has historically been the case, be part of that latitude that comes with answering questions as it relates to the resolution and the Bill. But this kind of detail goes far beyond the scope of interim supply, and for that reason I would recommend that: (a) that it be asked to the minister in charge; and (b) that it be ruled out of order in terms of the examination for this resolution of interim supply.

Mr. Chairman: — I've heard these arguments several times today. I find the point of order well taken. The Chair has ruled on this issue several times this afternoon and I would ask the hon. members to confine their questions to the interim supply Bill and to save the specific questions until we get into estimates.

Mr. Lyons: — Well thank you very much, Mr. Chairman. I was asking the minister precisely about those expropriations out of the Bill that the minister . . . and I use the word again expropriation in a way in which the minister will understand given his government's riding roughshod over the farmers down in Alameda who oppose to being expropriate. The question I asked was: Mr. Minister, are you sure that it's the best expenditures of money to go ahead with a project while that project is being reviewed by the federal appointed panel on the environment, and are you certain that you need this amount of money out of the appropriations Bill in order to pay for that project when in fact that project may be altered?

Hon. Mr. Hepworth: — Mr. Chairman, I didn't get into the details of the appropriation. I suggest to the hon. member, other than at Saskatchewan Water Corporation, that he put those detailed questions to the minister responsible.

Mr. Lyons: — Now, Mr. Chairman, it's not a detailed question at all. It's asking him to defend his government's policy in regards to this particular project. This government is spending money on a project that many people think is a project less than worthwhile, that's a boondoggle — it's politically motivated — that's got nothing to do with the economic well-being of the province, that's got nothing to do with water management.

And, Mr. Chairman, let me quote, let me quote the . . . somebody who is probably less than sympathetic to our position on this, who in fact finds himself on the same side of the argument. I want to quote Bob Lawrence, the senior vice-president of engineering at Saskatchewan Power. And what does Mr. Lawrence have to say? Well, Mr. Chairman, he says: SaskPower may have to use well water to cool the Shand generating station if there is no spring run-off in the Souris River basin next year, says a SaskPower official. Bob Lawrence, senior vice-president of engineering said the coal-fired generating station has enough water on its site near Estevan to conduct tests this year, but if there's no run-off next year, the plant may have to tap local aquifers or underground lakes if it is to start up as scheduled in 1992, Lawrence said.

It goes on to say: the lack of significant run-off this spring has meant that little or no water has accumulated in the Rafferty Dam reservoir on the Souris River, the planned source of about 70 per cent of the cooling water required for Shand.

Now that seems to me, Mr. Chairman, a very legitimate question to ask in terms of the government's policy. Here you have a senior official at Saskatchewan Power saying there may not be any water in this dam. There's no water now. We know there's no water now, we know the government intends to spend money out of this

appropriations Bill for that particular project.

What I'm asking the minister is, how, Mr. Minister, can you plead fiscal responsibility, financial prudence, an overall great fiscal plan in order to reduce the deficit in this province if you go ahead and continually throw water into a dry mud hole? How do you explain that in terms of your overall government strategy of asking for . . . or government's policy of asking for money from this Assembly, Mr. Minister?

Hon. Mr. Hepworth: — Mr. Chairman, I can only repeat that this appropriation under this resolution on this Bill provides for \$1.128 million for Sask Water Corporation, for various related water management projects.

Mr. Lyons: — Mr. Chairman, what I'm asking the minister is: Mr. Minister, how do you justify the request, given in fact what people like Bob Lawrence, senior vice-president of engineering at SaskPower have to say about this project?

Do you still consider this a prudent expenditure of the taxpayers' money?

Hon. Mr. Hepworth: — What I said, Mr. Chairman, is that I wouldn't and don't, I wouldn't and won't get into the details. I don't have the details. Those questions are best put to the minister responsible, Mr. Chairman.

Mr. Lyons: — Well, Mr. Chairman, this has got to be absolutely shocking and disgusting. Here you have the Minister of Finance standing up in this Assembly saying he doesn't know . . .

Mr. Chairman: — Order, order please. The Chair has already ruled on the line of questioning the member is putting forth with regard to a specific project. The Chair has asked the member to confine his questions to the question before the committee, which is that of interim supply. The minister has answered the same question to the hon. member on more than one occasion and has directed him where the question should be deferred to.

And with that I would rule again, and ask the member to confine his questions to the committee . . . or to the question before the committee, that being the one of interim supply.

Mr. Lyons: — Well thank you, Mr. Minister. As I was referring to this question of interim supply. This interim supply grants a certain sum of money to the Saskatchewan Water Corporation which is going to be expended on this Rafferty-Alameda project.

The question I asked the minister was: does he consider it, given the light of changing conditions, does he consider it a prudent investment of the taxpayers' money from money voted by this interim supply to that project, given . . .

Mr. Chairman: — Order, order please. The member is asking the same question again. The minister has indicated that we are ruling on the amount of moneys that are being appropriated to the different corporations and departments, not where the specifics of those dollars

happen to lie.

With that I would again rule, and ask the member to cease and desist of the same question.

Mr. Lyons: — Well, Mr. Chairman, I must say . . . first of all I would like it if you'd provide us with a written copy of your ruling so that we could pursue . . . because we could pursue it at a later date. But I want to . . .

Mr. Chairman: — Order. If the member would like written correspondence of the ruling, I would invite him to read *Hansard* tomorrow from this afternoon's proceedings, at which time it was ruled on. Again I've mentioned this several times this evening, and I hope we won't have to mention it again.

Mr. Lyons: — Well let's put it this way, Mr. Chairman; perhaps I can put it in terms of a different slant on why I'm asking this particular question. We may want to delete this portion from the appropriations Bill. We may want to move an amendment which would not grant to the minister the sums of that particular sum granted to Saskatchewan Water Corporation — right?

There is a purpose behind this questioning, and the question . . . and that is quite in order from my understanding from your previous ruling that to ask questions concerning the granting or decreasing of sums of money granted to the minister in terms of interim supply . . . how else, how else, Mr. Chairman, is this House to find out whether or not the expenditures of this amount of money on a dust bin, on a dry hole, on the kind of dry dreams in the dust . . . how are we to know that, if in fact the minister refuses to answer the question of whether or not he believes and justifies his belief that this is a proper expenditure of taxpayers' money.

Hon. Mr. Hepworth: — I think, Mr. Chairman, to help expedite the committee's examination here, as I've said, any details of the Sask Water Corporation — I would say the budgetary appropriation — those details they can take up with the minister responsible.

As it relates specifically to Rafferty-Alameda, even though it's outside the scope probably of this committee, I would refer the hon. member to page 111 of the *Estimates* because I think the bee he's got in his bonnet is probably . . . and the non-budgetary item or the statutory item that he is looking for, I think, is on that page and hence there is no appropriation here for that, and hence we're beyond the scope of the committee because we're looking for appropriations relative to the budget, not the non-budgetary items.

Mr. Lyons: — Well in regards to that particular point, Mr. Chairman, the minister just gave us an answer a few minutes ago where he said, whoops, one-sixth and he quoted a number of exactly how much was going to be appropriated out of this Appropriation Bill. Now he seems to be saying that no, there will be no money granted in terms of the Appropriation Bill. Well one-sixth of the appropriation to Saskatchewan Water Corporation out of the Consolidated Fund — and I'm sure the minister will agree that that is a portion of The Appropriation Bill which is presently before us . . . or did the minister in fact

misspeak himself prior to this, and is he now saying to the legislature that no money will be forthcoming to Sask Water Corporation from The Appropriation Bill?

Hon. Mr. Hepworth: — What I'm saying is the hon. member . . . This is another example, I think, where the NDP clearly don't understand the facts they have before them in the book entitled the *Estimates*. What I'm saying here is there is a budgetary and a non-budgetary, a budgetary and a statutory, and all we're here in this committee is asking for interim supply for the budgetary appropriation, Mr. Chairman.

Mr. Lyons: — Well, Mr. Chairman, that may very well be. One certainly would not want to take the minister's word about it given the past performance. But I want to ask the minister a couple of more questions regarding his supposed economic development strategy for this province and its impact on the fiscal ability of the province to maintain itself.

(2030)

Mr. Minister, a portion of the expenditures that you wish this legislature to approve will have been derived — according to your budget and according to other documents that are public — will be derived from dividends from the Crown corporations. And, Mr. Minister, I noticed with some interest the other day a newspaper headline that says: SaskPower president agrees with Lyons. That was the title of the newspaper article. Now, Mr. Chairman, I say to the minister, I don't know what kind of dirty deal that the president was trying to do to me, but after five years of enmity to come up with a statement like that that he agrees with me certainly doesn't do any good to my political reputation.

But having said that, Mr. Minister, having said that, I want to ask you in all seriousness . . . The president of SaskPower, who certainly cannot be accused of being a New Democratic Party supporter, although some have suggested . . . but my influence on him has been somewhat undue and he's beginning to see the light. But I personally don't take that. I don't accept that.

But I want to ask you that, Mr. Minister, in terms of his comments . . . and the substance of his comments were this: is that the government is now in a process of stripping dividends from the Crown's corporation, in particular SaskPower, in order to pay off its financial obligations that it's incurred — in other words, the debt that its built up over the last nine years of waste and mismanagement.

But that the president of SaskPower in fact is raising a cry of alarm as to the extent of the stripping of the Crown corporations . . . I wonder, Mr. Minister, if you would justify this policy of in fact digging in and eating in to the equity of the Crown corporations in order to pay off your own record of waste and mismanagement.

Hon. Mr. Hepworth: — Mr. Chairman, obviously I disagree with the member's observations about our Crown Investments Corporation dividend policy. I too read the comments of Mr. Hill, and I don't think he used the words "stripping" or suggested for a moment that we

had engaged in stripping. Why he and others might . . . why they don't use those words, other than the opposition who is given to flights of fantasy and overblown rhetoric, Mr. Chairman, and misstatement of facts, is the policy as relates to dividends has been . . . And in fact, I make a general comment whether it's SaskPower or any others. It's varied from corporation to corporation. In some instances they've paid zero by way of dividend, in some instances it's been up to 50 per cent, and in some instances it's been over 50 per cent.

Now obviously if you're paying zero to 50, or 50 to even to 100 on occasional years, that would hardly be classed as a general policy of stripping or even a specific policy of stripping. So clearly, that is not the case, Mr. Chairman.

I can tell the hon. members that there's been sufficient cash flow, even after all the dividends are accounted for for the corporations to conduct their business and to make the dividend payments. And to further back up the case relative to SaskPower, perhaps the hon. member should ask the president of SaskPower if indeed . . . Is it true that with this awful dividend policy that we've been employing, as it relates to SaskPower, how is it then that SaskPower has the best debt/equity ratio of any electrical utility in the country?

Now that hardly sounds like stripping, Mr. Chairman. It sounds like very prudent management of SaskPower by the SaskPower employees, by SaskPower management, by the SaskPower board, and by the government of this province — the best debt/equity ratio of any electrical utility in the land, Mr. Chairman. Now that sounds like good management of SaskPower to me.

Mr. Lyons: — Mr. Chairman, let me say this to the ministers, that I am certainly looking forward to meeting up with the president of Saskatchewan Power Corporation in the Crowns Corporation Committee, whenever you guys get around to holding it. And we'll be asking a few questions as precisely how that debt/equity ratio was achieved and if in fact it represents a true picture, if in fact it represents a true picture of the financial position of Saskatchewan Power Corporation or whether or not there were certain devices in terms of artificial pricing employed in developing that particular financial picture.

But be that as it may, be that as it may, Mr. Minister, you can stand here and say that nobody's really worried about your government's policy of dividend stripping in the Crown corporation sector. But how is it that it's not just Mr. Hill who has publicly raised the alarm, publicly said, look this can't go on; we can't take any more than 50 per cent of retained earnings out — and that's what Mr. Hill said. So not just Mr. Hill said that but in fact the former president of Saskatchewan Telecommunications Corporation resigned his position precisely because you guys got involved in robbing SaskTel.

Now how can you . . . Will the minister stand on his feet, will you stand on your feet and deny that that's the case? Will you stand up here and tell the legislature that that had absolutely nothing to do with his departure from SaskTel? I don't think you will because you know it and I know it and everybody in this province knows it,

everybody that works at SaskTel knows it, that he was opposed to your policy of robbing SaskTel in order to come up with basically what was a phoney balance sheet of the overall financial position of the province of Saskatchewan.

So, Mr. Minister, how can you stand here and say that people aren't concerned about you stripping the Crown corporations? And in fact the exact is opposite. And my question to you is, Mr. Minister, after all the equity is gone, after you've stripped it out, what next would you use should you win the next election, should the people of this province be unfortunate enough to be burdened with a Progressive Conservative administration? Where do you go after you've robbed the till, after you strip the cupboards, after you've taken the cupboards apart, after you sold off the doors and pawned the hinges? What's next, Mr. Minister? Where do you think you're going to get some more money?

Hon. Mr. Hepworth: — I believe that goes far beyond the scope of this committee's examination of interim supply. I'll just repeat on the dividends: the policy has been anywhere from zero to in excess of 50 per cent by way of dividend, not a policy of stripping at all. The last three years have been 275, 310, and this year were estimating 250 by way of dividend.

And just to show you what a generous person I am relative to answering the questions in the committee here, Mr. Chairman, the reality is we're not appropriating revenues. But I think it's legitimate to have a discussion of revenues because that's a revenue item not an expenditure item, and we won't be appropriating it. But I understand with the latitude that we've normally allowed in this debate it would be reasonable to respond. I have responded. And now I think, Mr. Chairman, we move on to passing this resolution.

Mr. Hopfner: — Thank you, Mr. Chairman. Mr. Chairman, in regard to . . . I guess maybe getting back on to the agenda here and asking some questions regarding the appropriation and the funding here in the province of Saskatchewan, I was wondering if the Finance minister could answer this to me, the amount of funds that we're asking . . . you're asking under your Appropriation Bill here in the legislature: has this amount of funding got anything to do with the GRIP and NISA program? Will there be any funds going in towards that program?

Hon. Mr. Hepworth: — Mr. Chairman, I think this question had been raised earlier. But what's asked for in interim supply here is two-twelfths, and that includes two-twelfths of the vote for GRIP (gross revenue insurance plan) and NISA (net income stabilization account), Mr. Chairman.

Mr. Hopfner: — With the . . . I believe it's somewhat premature, probably at this point in time but, Mr. Chairman, Mr. Minister, I'd like to know what might happen to your particular assessments and projections for either future appropriations, or what would happen to the . . . I guess if you will, the forecasts of finance, say the . . . for instance, that the PST was, for instance, held up.

Hon. Mr. Hepworth: — Well the changes relative to

taxes with full harmonization come January 1, and with the base broadening effect of April 1 and the corporate changes, the tax credits for families, etc. — if I look at all those tax changes we expect this year additional revenues in the order of \$125 million.

If we don't get that \$125 million then the deficit will just rise by that much because it's that \$125 million that will pay the premiums for GRIP and NISA. Had we not found that money we would just have the deficit be that much higher. Interest payments down the road would be just that much higher.

And so if we're going to pay as we go, control the debt and the deficit, yes we need the long-term safety nets but we also need to pay for them. And that's how we're paying for them, Mr. Chairman. I would hate to see them put in jeopardy because of our failure to raise the needed revenue to pay our share of the premiums for those programs.

Mr. Hopfner: — Regarding the GRIP and NISA, I guess probably what I should ask, I think, first of all is, do you have any indicators as of now the participation of GRIP and NISA across the province?

Hon. Mr. Hepworth: — I don't have that kind of detail. You're probably best to put it to the minister or associate minister in the examination of estimates. And I'm going based on what I saw in the newspaper. I think it was approaching in GRIP something in the order of over 30,000 farmers.

Mr. Hopfner: — Without, say 100 per cent sign up of GRIP and NISA here in the province . . . Well I guess probably what I should do is ask you: when you established the program and we signed into the program, what percentage basis did we go on? Did we go on full participation? Did we go on 90 per cent participation? Eighty per cent participation? What did you budget for?

Hon. Mr. Hepworth: — Mr. Chairman, that kind of detail I'd have to refer once again to the minister in charge. But I think probably we're looking at, with the numbers here in the budget, a fairly substantial pay out. By that I mean something in the order of 70 to 75 per cent.

Mr. Hopfner: — Mr. Chairman, Mr. Minister, in light of the fact of what happened with the Ontario budget — the Ontario NDP budget last week — the reports that we've heard publicly and through the news media had it that interest rates in western Canada, if not for that deficit, might have or would have dropped another half a percentage point then what it had dropped. What is that half a percentage point mean to the Saskatchewan taxpayers in regards to the forecast in the amount of dollars borrowed by the province — interest?

(2045)

Hon. Mr. Hepworth: — The whole question of the impact of the federal budget on our interest rate projections and our interest on the public debt goes beyond that, and I'll address it in a second, but it impacts on . . . even in areas over and above that, albeit those are the major areas. It also obviously would . . . interest rates,

higher interest rates . . . and otherwise might have been the case would impact on the Agricultural Credit Corporation of Saskatchewan's debt; other Crown corporations' debt; SEDCO (Saskatchewan Economic Development Corporation); the home program at 6 per cent; obviously there's wide spread implications over and above just the debt that we have, Mr. Chairman.

We are currently, for at the moment at least, not heavy into the short end of the market, so the immediate impact is less than it might normally be. In fact, averaged over an entire year, 1 per cent at this very moment might mean an additional \$2 million — substantial enough.

But clearly we're concerned about the upward pressure on interest rates that this massive deficit in Ontario will have — not only this year, but their projections for the next three years. The out years would see that deficit, their annual accumulated deficits in fact, nearly double, so this isn't a one-time blip on the screen.

But they're projecting very, very large deficits for three or four years out, and it's that kind of massive projection, that kind of massive borrowing that are going to put upward pressures on interest rates, and that's a concern to all of us, Mr. Chairman.

Mr. Hopfner: — Regarding that massive deficit in Ontario, and we all know, I guess probably we've all had to live by that over . . . from province to province over many, many years now, I guess probably as long as Canada was a country. I guess probably what I'm saying is that Ontario is fairly well the money Mecca of Canada, and I guess probably the largest expenditure of any . . . has the largest expenditure of any province in Canada.

I am wondering . . . I guess probably as far as provinces are concerned, with Ontario running a large deficit . . . I'm not pretending to really have a full understanding of what . . . is there . . . I guess probably my question would be: is there a significant competition between provinces when it becomes a point in time for the provinces to, like we have had to do in the past, borrow dollars on the . . . in the Canadian market as well as abroad? Does this have a significant impact on what we can do as Saskatchewan itself?

Hon. Mr. Hepworth: — Well the other impact could well be, as it relates to Saskatchewan, on our expenditure side, interest on the public debt — yes, Ontario has outlined a very, very large borrowing program and that can effectively crowd out others in the market. We could be one of those other provinces, could be one of those, and other businesses could be one of those, in that there's only perhaps potential for so many people to come to market with their bonds. When you've got one very large borrower, it potentially could crowd out others or make the windows far and few between when we can go to market. We might not be able to go to market precisely when we would like; it would be more dictated by when Ontario is or isn't in the market. So you've rightly identified another very legitimate concern and one that it could impact on our bottom line as it relates to the Ontario budget.

Mr. Hopfner: — I guess probably what I'd like to raise

with you now is probably . . . I'll use an example. In the industrial side of things, regarding the potash . . . or the uranium mine in, say, Ontario, were there any forecasts, previous forecasts, or forecasts that you'd be looking at now into the future, being that that the Elliot Lake mine had closed down in Ontario? And could you give me any kind of an idea what kind of an impact that may have for the industry here in Saskatchewan?

Hon. Mr. Hepworth: — Well we didn't base our forecasts on price and tonnage relative to uranium on the Denison mine closing. I think it's fair to say it could have some up-side potential. I hear one of the major uranium miners in the province saying that this is something that they were clearly interested in. I can't tell you what the effect will be except that our view would be that it would be more up-side. Clearly it would be more up-side as opposed to down-side.

Ms. Atkinson: — Mr. Minister, when I look at your budget document on the issue of choices, which is subtitled "... *Preserving the Saskatchewan Way of Life*," and when I look at the left-hand corner of page 43, I see that the subtitle says, "Reading — The Key to Learning." The section that it refers to, Mr. Minister, is your province-wide campaign that was launched in 1988 to encourage children to read. And I recall — you were the minister of Education at the time — and I recall that you had an animated dragon called Readmoreforus.

Well, Mr. Minister, I want you to tell the people of this province why it is that you as the Finance minister, being a former minister of Education, the minister responsible for this major campaign to encourage young children to read, the minister that launched Readmoreforus the animated dragon which was to encourage young people to read and enhance their imagination — why is it, Mr. Minister, that you would have a tax on reading?

And I should remind you, Mr. Minister, that we are the only province in Canada that not only has the goods and services tax on reading but also has the provincial sales tax on reading.

Why is it, Minister, given your past history and the encouragement that you have given children to read, why is it that you would now, as the Minister of Finance, introduce a tax on reading?

Hon. Mr. Hepworth: — Well, Mr. Chairman, that's precisely why in the budget we outlined an offsetting mechanism to make sure that reading and literacy and books as it relates to our universities, their libraries, our school boards, and textbooks and libraries that they have to provide . . . so that they wouldn't find their budgets decreased by seven per cent, we increased the operating grants to those areas by three and a half per cent, and as well provide an additional seven per cent by way of a special fund so that in fact, the good news relative to reading, and the importance of reading and literacy could continue — an initiative as you rightly point out at the start, in a major way, and in a new and expanded way under this administration, Mr. Chairman.

Ms. Atkinson: — Mr. Minister, having spoken to officials in your department, I'm advised that this tax on reading

will collect about \$7.4 million in revenue. The rebate that you're giving schools and libraries is 1.5 million. Well that's a net revenue to the treasury of some \$5.9 million.

Now, Mr. Minister, I would remind you that reading doesn't stop at the school yard or at the public library. If, as you have said over and over again, we are now into the information age, that learning is a lifelong process, Minister, that we should be keeping updated in terms of the information age and the technological age, why is it, Minister, that you are taxing reading in this province?

Hon. Mr. Hepworth: — Mr. Chairman, we chose to make sure that those important areas of school libraries, school textbooks, universities, their libraries were offset. If the hon. member gets into the larger question about a broad based exemption which would include all kinds of reading materials, then the issue changes somewhat.

She might make a case for all reading materials. I think it was not until '75 in fact in this province, even four or five years under that administration, where there wasn't the full exemption for reading materials. So under the NDP, we did have something less than full exemption under reading materials.

But if you're going to get into exempting certain areas, then that becomes a debate. You set the precedent. Some might argue reading materials. Some might argue baby clothes. Some might argue home heating fuel. And after a while, if you open the floodgates so to speak, you negate one of the major arguments for going into harmonization in the first place, and that is to have the basis the same provincially and federally, so it is simpler and you can have as low a rate as possible by having as broad a base as possible, Mr. Chairman.

No question the area of reading is a difficult one because of how we all feel in its symbolic and real importance. But I think we've handled it in a very fair and reasonable way, and I think school boards and universities and others agree with this route, Mr. Chairman.

Ms. Atkinson: — Mr. Minister, somehow your idea that reading is only limited to libraries and school boards smacks of a narrow-minded thinking on this issue, Mr. Minister.

Why is it, Mr. Minister, that the only other province that has harmonization, that being the province of Quebec, has somehow managed to exempt reading? Now you will say that Quebec is collecting their own taxes. But Quebec is, Mr. Minister, mindful of its publishing industry, and we have a small, struggling publishing industry in this province. In fact two of those publishing companies are in the constituency that I represent.

Minister, we have been able to encourage writers in this province. We have had writers that have been nominated for the Governor General award. They've won that award, Mr. Minister. Saskatchewan writers are gaining not only national attention but international prominence. And I would say to you, Mr. Minister, they've been able to get that prominence because we have been able, in this province, to develop our own publishing industry.

Now your tax on reading, Mr. Minister, will hurt the publishing industry in Saskatchewan and your tax on reading, Mr. Minister, will hurt the average consumer who is interested in buying books. And so I want to say to you, Mr. Minister, that with all due respect, I think that your government has engaged in a rather narrow-minded endeavour in the last couple of months when they've decided to tax reading, rebate schools and libraries; but I would remind you, minister, that reading does not end at the school or the library.

Citizens across this province, since the NDP in the 1970s, talked about learning as a lifelong process through the community college system . . . has been important. Education as a lifelong learning process has been important to the people of this province. Reading is important to the people of this province. There are people, Mr. Minister, who came out of the '30s with a grade three and four education but they could read, Minister, and they had lots of books.

And I would say to you that you have not been able to rationalize whatsoever your attempt to tax reading, yet you say it will collect \$5.9 million. Well I would say to you, Mr. Minister, that's a pretty measly sum given that you're taxing all reading materials in this province. And once again, Mr. Minister, I want you to explain to this House and to the people of this province why it is that you have decided to tax reading in Saskatchewan?

Hon. Mr. Hepworth: — The question just a moment ago about why you would have as broad a base as possible, and not try and set precedents . . . and if you have as broad a base as possible, then what follows in that is that you can have as low a rate as possible given what revenues you may or may not want to raise.

Ms. Atkinson: — Mr. Minister, are you worried that your tax is going to undermine the already fragile publishing industry in Saskatchewan?

(2100)

Hon. Mr. Hepworth: — No, in fact I think the publishing business will be like many other businesses. They will be in a more competitive position compared to say, Alberta, than they are now because of the fact that they can get the tax back on all of their inputs whereas today they do not. And so that puts them on an uneven footing, if you like, or not a level playing field, say compared to Alberta. So they'll be on an even footing there; point number one. Point number two, they'll be on a more competitive basis than Manitoba or other natives . . . our other neighbours rather.

Now you see when I hear a question like that, and I heard one from the opposition the other day — the education critic that sits behind him from P.A. — what it tells me, Mr. Chairman, is that the NDP don't understand the fundamental nature of this tax reform. They don't understand how the business input tax credit works.

I've sent them across the documents. The member from Prince Albert, his question of the day clearly indicated that he doesn't understand how it works, this member's question clearly indicates. I'll make my officials available

for you to go through and have a technical briefing if you so wish. Either that — either that — or we've got a bigger literacy problem than I thought we had in this province.

I've sent the documents over time and time again. Please read them and you will see how it helps businesses lower their operating costs. If you have lower operating costs you are more competitive; key to being in business, Mr. Chairman.

Ms. Atkinson: — Mr. Minister, you know I have to continue to remind you that your patronizing behaviour is not becoming to the Minister of Finance. Quite frankly, Mr. Minister, I am quite tired of the kind of patronizing dribble I hear emanating from your mouth.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Now I have sat down with the publishers in the constituency I represent and they're not buying one word that's coming out of your mouth. They're saying, Minister, that your provincial goods and services tax is going to hurt their business. That's what they're saying.

Now, Minister, if it's good enough for Quebec, if the government of Quebec realizes the vitality of their publishing industry and the vitality of their gifted writers, Minister, why can't you recognize that?

Hon. Mr. Hepworth: — There's no question that some sectors, from a consumer standpoint, that haven't been collecting tax before may face potentially some consumer resistance. I think booksellers, for example, may well be the publishers who sell . . . but I think as well if you ask some of those booksellers, for example, in January when the GST (goods and services tax) came on, what happened to their sales, I don't think you always hear, at least I haven't, that they went down.

And part of the reason economists tell is, why that may not be the case when you might think it would be is because of a fact that economists call substitution. And what the substitution phenomena is, Mr. Chairman, is in an economy such as we're in now, it may well be that individuals won't spring for the big durable good item — by that I mean a new washer, a new dryer, a new car — but what they do do is substitute the money they might have spent, or some of the money they might have spent on those kinds of very large ticket items, on things like books and reading material, even, quite frankly, snack foods and fast foods and those kinds of things. And that's why sometimes events in the economy relative to consumption are quite different than what the hon. members might predict.

And I can tell you, I've sat at a meeting with a bookseller who, when asked point blank, when the GST came in in January 1, what happened to your January sales — did they go up or down? — when the comment was made by this particular bookseller that in fact they went up, not down, relative to last year's January or whatever her . . . the measurement was of that particular bookseller, Mr. Chairman. So I think there are a number of factors that you have to look at here.

Having said that, there's no question that there are some of those sectors that face . . . that haven't collected taxes before. The food and beverage industry I've talked about in this legislature before. I'm not trying to suggest that there isn't potentially some difficulty as they go through the transition here and collect the tax, not unlike virtually every other province does with the exception of Alberta and B.C. I guess, Mr. Chairman.

Ms. Atkinson: — Mr. Minister, are you telling me that booksellers' volumes and revenues have stayed constant in 1991 year to date versus year to date 1990? Is that what you're telling me?

Hon. Mr. Hepworth: — No I'm not, because I don't have that kind of information. I can tell you categorically that in one of the meetings I had where booksellers were present, one of the booksellers made the point in response to a question — not put by myself, but by somebody else — that indeed . . . because we were talking about impact, that in January after the GST came in, you know, was the impact for sales up or down, and the impact . . . The sales had gone up. And I just was relating that to you as anecdotal evidence to support maybe what some economists would describe as a substitution phenomenon.

Now I don't know whether that's a general situation, but that was the answer that we received when the question was put to that particular bookseller, Mr. Chairman.

Ms. Atkinson: — Well, Mr. Minister, I think, coming from a scientific background, you know that you can't use one example and draw far-ranging conclusions, Minister.

An Hon. Member: — I didn't try to draw far-ranging conclusions.

Ms. Atkinson: — No, that's what you've just tried to do. You have tried to use one example to draw some conclusions.

I'm also interested in your theory that . . . your theory of money burning a hole in one's pocket, and substitution theory. That's an interesting new one too. The restaurateurs will tell you there's been no substitution, and the booksellers and publishers in the constituency that I represent will tell you the same thing.

Mr. Minister, I happened to be in a book store on the weekend in the constituency I represent. Now this is a book store that sells used books. And they will tell you that their volume is down this year, and their sales are down this year, and they haven't even begun to pay the provincial goods and services tax until January 1992. But that, Minister, is what the federal goods and services tax has done to that business.

An Hon. Member: — What kind of a store were you in?

Ms. Atkinson: — It's a used-book store.

Now, Minister, you know, Mr. Mulroney last October told Canadians that he thought it might be useful for the federal government to remove the federal goods and services tax on reading materials. Mr. Jelinek has made

the same kind of sentiments known to the public. Obviously the federal Tories have not moved.

Now, Mr. Minister, the Quebec Liberals have been able to exempt books and reading materials in the province of Quebec. And they have been able to do that, Mr. Minister, because they realize how important the publishing industry is to Quebec and they realize how important Quebec writers are.

And I would say to you, Mr. Minister, that we have begun the process of developing a publishing industry in Saskatchewan. We have, Mr. Minister, some of the finest writers in this country living right here in Saskatchewan. We've been able to develop those writers and publishers because of government support, Minister, through lotteries and through the Arts Board which your government has cut back on.

Now, Mr. Minister, we have used public moneys to develop the cultural industry in Saskatchewan in publishing and writing. Why is it, Minister, that you are putting a tax on reading at a time when this economy of publishing and writing can't afford it, Minister? And really, Mr. Minister, a tax on reading is fundamentally wrong.

Hon. Mr. Hepworth: — Mr. Chairman, once again we have an example here where the hon. member either hasn't done her homework, or she's done her homework — and I'm not saying she's trying to deliberately mislead the House — but maybe it's just a case of sloppy homework.

The reality is if she was in a used-book store and she tries to make the case that somehow, somehow the E&H (education and health) tax that's now on used books is somehow a bad thing, well the reality is, Mr. Chairman, there is no tax on used books; January 1, '92 that will come into effect.

Now I don't know. Maybe this member, maybe there's another member who had a speck of dirt on her glass. Maybe she read the thing wrong and got the decimal . . . we've had so many . . . I think the best thing for the NDP when they make misrepresentations of facts here, it would save all the committee's time if we just numbered the excuses.

And they could say, whoops, that was a number 3. Number 1 excuse for misrepresentation of the facts could be, I had a speck of dirt on my glasses and I got a number in the wrong place. Number 2 could be, well I didn't know; I didn't mean to do it. You know, we could give them numbers and it would speed up the examination here in the committee, Mr. Chairman, because we get a constant tirade here of poor research, either that or deliberate misrepresentation, Mr. Chairman.

Mr. Chairman: — Order please. Before the member from Saskatoon Nutana continues, I'm having difficulty understanding why it is when a question is asked and the minister goes to respond, there's more questions asked. And when the question is being asked, the minister is responding to questions that have not been asked. So I'm wondering if we could kind of get it together here a little

bit. Allow time to ask the question. Give the member the time to ask the question, and then give the minister the time to answer.

Ms. Atkinson: — Mr. Minister, I want you to listen carefully, and tomorrow I want you to read *Hansard* because what you will learn from *Hansard*, Minister. And I will repeat for you the scenario that I encountered on the weekend.

I said that I went to a used-book store on the weekend. This used-book store happens to be located in the constituency that I represent. The people that own the bookstore, the proprietors of the bookstore, told me that when the federal goods and services tax came on stream on January 1, 1991 that their sales and volume of sales are down. They are very fearful about what is going to happen to them on January 1, 1992 when the harmonization of the provincial sales tax with the federal goods and services tax occurs. Because in January 1, 1992, minister, we will now have a tax on used books. Now that's what I said.

Now, Mr. Minister, what I want you to do is to promise me that you will read *Hansard* tomorrow. And when you read *Hansard* tomorrow, Minister, that you will stand up in this House and apologize to me for your patronizing behaviour.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well, Mr. Chairman, if I am in error, in fact I will even apologize in advance if I was in error.

Now I think I could be forgiven for not understanding the NDP's position on harmonization. Is it any wonder why one of us here in this side of the legislature or anybody out there in taxpayers' land, might be a little confused over what the NDP's position is on taxation? For example, the Leader of the Opposition and his critic said, as recently as a few months ago and including as long ago as nearly two years, that if the GST becomes a reality, we should have one tax; we should harmonize. Isn't that what they said?

When in fact the NDP Leader of the Opposition . . . When the expert committee, GST advisory committee, brought out their report that said we should harmonize, did he jump to his feet and say, no, no, no, because that would mean you're going to tax books and reading material, and I'm against that.

When he put out his press release — and if it's otherwise, I challenge the opposition Leader to stand in his place and tell the public it is otherwise — when that report came out, did he say, no, no, no, do not harmonize as the committee recommended, because, Mr. Chairman, we have a GST and that would make sense? No, he put out a press release that said, yes, we should harmonize. In fact he said to me in his press release, get on with it; get on with harmonization. That's what he was saying; that was his position. He was in favour of taxing books and restaurant meals then.

Now, Mr. Chairman, as he sees himself facing the heat of an election, and he's checked with his pollster — okay,

his pollster, Mr. Chairman — and he's checked which way the wind is blowing and he says, now it's one thing as to what might be in the public's best interest but what is it in my best political interest? That's the question he asked himself. And he found out that it maybe isn't all that popular, this tax measure, Mr. Chairman — not a surprise to any of us.

So then he thought, well we better shift ground here a little bit. So then what he said, along with his Finance critic, well we favour harmonization; we favour having one tax but it should be a lower rate, shouldn't be 7 per cent. That's what he said, we favour harmonization but lower the rate.

Now when the media went to him and said, now I want to be clear on your stand here, you know, your critic said harmonize, you said harmonize in your press release, and now you're saying harmonize but lower the rate. Is that right, Mr. Leader of the NDP, Leader of the Opposition? And he said, no, I didn't say that. Well then could you clear the issue up for us? Well no, I'm avoiding and evading the issue. Well what will you do? Well I don't know what I'll do. I'll look at other revenue measures, I'll look at other revenue measures, he said. Well what does that mean? Payroll taxes? Higher income tax? Mr. Chairman, he said he'll look at other revenue measures. Okay?

Now I hear them saying waste, Mr. Chairman. Now these are the only socialists in Canada that still believe, that still really believe that they can balance the books, get rid of this deficit and this accumulated debt by cutting down on paper and paper clips, Mr. Chairman. That's about where they've come to in this endless recitation of waste and mismanagement. Well they're diluting themselves.

Now just this last week, Mr. Chairman — just this last week — when everyone was trying to once again determine what the NDP position was on harmonization they went to the Leader of the Opposition again.

(2115)

And I raise this because how . . . you know, I'm confused over their position; the public are confused over their position. I mean, there's a different position every week, as I said in the budget debate. I mean, these guys have got more positions on harmonization than a contortionist has at the fair. That's how many positions they've got on it, Mr. Chairman.

Now just last week when they went to him and said, well now if these Tories pass this E&H Bill, will you repeal it? Well I'm not saying. Well will you repeal it? Well I'm not saying. Well won't you repeal it? Well I'm not saying. Well could you clear up the issue for us? Could you clear up the issue for us, they said to the Leader of the Opposition. At which point, apparently, he stocked off and went to his office. Well I'll tell you what, Mr. Chairman, he may in front of the legislative media here; it may be an option. It may be a position that he can take by turning on his heels and heading to his office and going to hide in his office. But I'll tell you, Mr. Chairman, it won't wash with the public.

I say to the Leader of the Opposition and all the opposition members, when it comes to the question of forthrightness and openness and honesty as it relates to your position, you can run but you can't hide. And I say to the Leader of the Opposition, come clean with the public, come clean. Tell us where you stand. When we weren't in the heat of an election, harmonization was a good idea. And now when it's in his best political interest — not necessarily the public's best interest — he takes quite a different approach. And if he can't evade and avoid, he has a different line for a different group every time, Mr. Chairman, and the bigger travesty is his betrayal of business.

He went to this business dinner and said, I am a new and improved socialist. I am not like the old guys, and the old ways. In fact he said, I am not even like Bob Rae — Bob Rae and those guys in Ontario, well that's a different bunch. We're not into that. We're not just into wealth distribution, we're into the new and improved brand of socialists. We're in to wealth creation, that's what he said. He went to these business people — apparently it was about a 1,000 people out that felt intimidated enough, I would argue, to buy a ticket, okay — and he said, we're the new, improved variety of socialists and we believe that we focus too much on wealth distribution; we've got to turn our attention to wealth creation.

Well here was his first opportunity to show us that he had abandoned his old ways, his first chance to be behind what perhaps is the largest competitive advantage ever to be . . . for business ever to have in this province, Mr. Chairman, a \$260 million advantage, and he betrayed them. Here was his chance to stand up and be in favour of a wealth-creation initiative, 5,000 new jobs, \$325 million, 1.6 per cent increase overall in real GDP (gross domestic product). Those are the hard facts, Mr. Chairman.

Here was his chance to show that this leopard has indeed changed his spots. And did he get behind business and wealth creation? No, Mr. Chairman, he did not. He turned back to his old ways and said, I'll give them this much. At least as he cavalierly rested upon his chair budget night, he did in his remarks provide a bit . . . there was a conditionality to his response. He said something to the effect, I know that perhaps there are some advantages here to business. However, having said that — and I will add parenthetically — I've checked with the pollsters, checked which way the wind is blowing, and I'm sorry, I have to be against harmonization; I know I was for it six months ago; I know my critics said that would be the way to go if we had a GST, but when it's my political butt that's on the line, you can only carry these principles so far.

Well I'll tell you, Mr. Chairman, in my town, in my town and my constituency, that party isn't the party of principle like the old CCF were, and I'll tell you that leader is no Tommy Douglas, Mr. Chairman. That's what I'll tell you.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — I want to thank the members opposite for their applause. Now this is the minister who last year told this House when he stood up on budget night that the taxpayers of this province had had enough. Enough is

enough, this minister said. I recall this minister saying, enough is enough. And now on February 20 he has introduced the largest tax-grab in the history of this province, known as the provincial goods and services tax. Well the people of this province are saying, enough is enough. We want an election.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — This is the minister and this is the government that said that they were opposed to the federal goods and services tax, that they were going down to Ottawa to tell their kissing cousin Brian that enough was enough, that Canadians and members of the Saskatchewan public couldn't take any more tax increase.

Well here we see on February 20 of the year 1991 the flip-flop — a provincial goods and services tax. And I say to the member opposite, the people of this province are saying, enough is enough, and we want an election and we want an election now so we can decide.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — This member talks about the flip-flops. Well I want to remind the member opposite of the flip-flops that we have seen in this province on taxation. I recall in the 1982 election campaign that this government was going to lower personal income taxes by 10 per cent. Well I want the member opposite to know that anybody in this province who has an income of \$40,000 pays the highest per capita income taxes in this country. So much for the flip-floppers over there.

I recall in 1982 that we were going to get rid of the 5 per cent sales tax. And what did this government do? They increased the provincial sales tax to 7 per cent, and now they're introducing the harmonized provincial goods and services tax, and what a flip-flop. And I recall this government saying we're going to get rid of the gas tax. In fact, I even think that's maybe why the PC Party of Saskatchewan was elected in 1982. They got rid of it, then they put it back on, then they took it back off, and now we have a provincial fuel tax in this province — another flip-flop.

And then I recall the used-car tax — that little tax. They put it on; they took it off. And now in January, 1992 we're going to have the used-car tax back on. That's called a flip-flop flip-flop flip, Minister.

And then I recall the lottery tax — the lottery tax. We were going to have a tax on lotteries. And we had that little tax and the buying public said, we're not going to buy lottery tickets in this province. And what did the government do? They took it off — another flip-flop.

Now, Minister, you can go after this party on this side of the House all you want. But we know who the flip-floppers are in this province. We know that you have bankrupted this province. We know that you created a \$5 billion government debt and some \$10 billion Crown corporation debt.

Well that's the record of your government: record

bankruptcies; record numbers of peoples leaving this province; record taxes; record privatizations; record food banks; record deficits; record of mismanagement and dishonour to the people of this province. And I also want to say that we've had a record number of farm foreclosures and bankruptcies.

Well, Mr. Minister, your record has not been a good one. And I'd like you to call the election and then we'll put your record to the test. We'll put your record to the test and I guarantee you, Mr. Minister, on election night the people of this province will speak to your record and they are going to boot you out of office for the next 50 years.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Now, Mr. Minister, as the former Education minister in this province, I want you to tell me why it is that SIAST (Saskatchewan Institute of Applied Science and Technology), your creation, SIAST, is laying off 18 employees. You're cutting back in programs in the area of carpentry, electrical, welding, office management, motor vehicle mechanical repair, major appliance repair, outdoor power equipment technology, and heavy equipment mechanics. Why is that, Minister?

At a time in this province when we should be training our citizens for the future, why is it that your government has had a record of cut-backs in programs, lost student spaces at our technical schools, lost jobs at our technical schools, Mr. Minister? Every other futuristic country in the world is educating their population, and what are you doing? We have enrolment quotas at our two universities, and we have cut-backs in programs and privatization of education in this province. That's been your record, and I want you to explain that to the citizens of this province and the young people of this province. They can't get jobs and they can't get into school — some legacy that your government's left them.

Hon. Mr. Hepworth: — Mr. Chairman, relative to SIAST and the facts surrounding SIAST — first of all under the NDP, Mr. Chairman, what we had is several technical institutes all run by the Department of Education, not run by a board of governors like the university had or a board like many other of our educational institutions, including schools. No, the NDP had seen fit over their years of administration to have this be a creature of the Department of Education and the Department of Education run it.

Now it seemed to make sense to do two things: number one, to put it on the same footing, or at least a closer footing, to the way the universities run and put in place a board. We did that. Secondly, it seemed to make sense that rather than have each institute try and be all things to all people, better to have one umbrella organization, have centres of excellence to get rid of the duplication and overlap.

In some instances you may well want to have the same course offered at several places, but that way you get rid of a lot of layers of bureaucracy: one organization, one board. You don't require, you know, several layers of financial management in terms of the administration. You got one set of books to keep — many, many advantages to

going that way.

One of the other changes that was made when we set up SIAST was to look and see what courses were part of the industrial economy or the dark ages. I mean to say, Mr. Chairman, there's no sense turning out buggy whip manufacturers if we have no more buggies and no more horses to be whipped, Mr. Chairman. When you need to turn out high-tech electronic technicians, that's what we should be turning out, not buggy whip manufacturers.

Now I know the NDP have trouble getting their head around that. They've got their heads stuck in the sand. Let's not change, let's not acknowledge that the world is changing and there may be some new professions and vocations out there. Well we take the opposite approach. We say, let's get rid of the areas or decrease the area where there's no jobs in the future and put the training where there are jobs.

Now I know the opposition have trouble with that concept of changing with the times, Mr. Chairman. That was the basis for the changes. This budget, what we're asking the committee to advance here, is two-twelfths so we can pay the bills at SIAST.

One other very important change. I ask members of this legislature — both sides of this legislature — before we made the changes, before we addressed to the degree that we have post-secondary education in this province, I ask you two or three things as it relates to technical education. Was there a campus in Prince Albert? No. Since the Premier of the Progressive Conservative Party and the Leader of the Progressive Conservative Party of Saskatchewan became administration in this province, is there now a new, state-of-the-art technical institute as part of the SIAST umbrella in Prince Albert? The answer is yes.

(2130)

You see, we have added to the educational facilities, point number one. The hon. member from his seat says, starved out of money. Well I say to him, stand in your place then. If the increase to SIAST at three and a half per cent this year is not enough, then tell us your plans. You hide behind the desk. I'm telling you, you can hide but you cannot run. Our plan is clear. We say three and a half per cent — modest increase we recognize — but we believe they will manage it and manage it well.

You see this speaks to the mentality of the opposition, Mr. Chairman. You see they think central government should make all the decisions. They think central government should decide whether there should be an air-conditioning course or a buggy whip course or a high-tech electronics course. We take the other approach. We say involve the people. We say involve the people. That's why we put a board that draws on experts to look at the job market of the future and advise us as to what courses should go, what should be up-sized, make those kinds of decisions, Mr. Speaker.

Under the opposition, for twenty-five years we had a new agriculture college in this province — didn't get built, Mr. Chairman. I'll tell you, I'll stack up our record any day in

education and post-second education. They built every fancy, glittery Crown corporation building that could be built in downtown Regina and not one new building on university campus, Mr. Chairman. That was their legacy, Mr. Chairman. We built a new ag college. We built SIAST. We got rid of the aerobic — what did you call that at community colleges — aerobic dancing.

You know when I became an MLA in 1982, the board at the community college in Weyburn asked me to come and meet with them, Mr. Chairman. At that time the board and the principal of the community college in Weyburn asked me to come and meet with them. I went. They showed me their statistics on what their course offerings were. You know what the most popular course offering under the NDP, Mr. Chairman — prior to the Progressive Conservative Party government — you know what the most popular course being offered by the NDP at community colleges was? — aerobic dancing, aerobic dancing.

What the people wanted, Mr. Chairman, was literacy training, university training, technical institute program training. That's what the public wanted and what did the NDP give them — aerobic dancing and basket weaving, Mr. Chairman, and a few on probably Chinese cooking. Now that doesn't mean to say that there isn't a place for those in society, but I say leave those to the clubs and the fitness clubs and the various community associations to provide. We'll stick to things like university, first and second year programming.

Today, today is a landmark day in Saskatchewan for post-secondary education because this very night, this very day under the tutelage of the Minister of Justice and the minister in charge of communications, the SCN, the Saskatchewan Communications Network has come on the air, Mr. Chairman; another landmark that speaks to our commitment to education whether you live 200 miles north of La Ronge or in Weyburn or in Meadow Lake. SCN is on the air, Mr. Chairman, educational programming with the latest of technology that knows no boundaries for Saskatchewan people, Mr. Chairman. That's another very important part of our record and we're proud of it.

Some Hon. Members: Hear, hear!

Mr. Trew: — Thank you, Mr. Chairman. To the Finance minister who should have known there was a community college board making the decisions as to what the community colleges would offer — those decisions were made at a local level and I think it is to their credit that if they chose to have aerobics and that was the most popular course, that should tell you something.

That should tell you that a great number of people wanted it, a great number of people were looking to the future, to fitness, to wellness, to staying out of the hospital, out of nursing homes. It's popular and you bet, I'm happy those community college local boards made those decisions.

With respect to what you are doing, Minister, you're clearly making decisions as . . . I think I heard you saying you're making decisions for the future with respect to what courses you should be offering and what courses

you should not. Certainly under a Conservative administration future, there'll be no need for things like carpenters and welders and tradespeople, of which there is a shortage of in Saskatchewan. But certainly if you should be so fortunate to be blessed with another mandate, there'll be no need for those people in Saskatchewan. But we choose rather to look to the future where there will be a need. There will be a construction industry again in Saskatchewan, Minister.

The people are quite correct when they are suggesting that they want an election as opposed to want your tired old rhetoric. Your building of a education building . . . pardon me, a College of Agriculture building at the University of Saskatchewan, Saskatoon campus and then not providing operating funds — that's a disgrace. It is a nice building. But then for you not to budget the operating funds, that's a disgrace and something that you, as Minister of Finance, should be thoroughly ashamed about.

Minister, I want to turn to SaskTel. Earlier in one of your responses you indicated that you had invested, the government had invested, close to \$750 million, roughly in those terms, in SaskTel. Well, Minister, I'm having a bit of difficulty understanding how it is that on one hand you can say you're making this investment in SaskTel, and yet in the other hand in the SaskTel annual reports, it shows you stripping the retained earnings.

I point out two years ago you stripped \$238 million retained earnings, took that as a dividend out of SaskTel. Minister, it's very difficult, I would think, for you to have it both ways. On the one hand you're saying you're pumping money into the Crowns, and on the other hand your own records show quite a different thing. How is it that you can have it both ways, having stripped SaskTel, having changed a long-standing practice whereby the Government of Saskatchewan took half the retained earnings annually — half the annual retained earnings and took that in the form of a dividend. And in 1988 you changed that policy and took all of the retained earnings with the exception of that year. You left it some \$70 million which represented that year's only annual earnings.

How is it that you can strip a . . . (inaudible interjection) . . . Minister, you chatter from your seat. You will have your opportunity momentarily to respond.

Why is it, Minister, that you can strip SaskTel of \$238 million dividends and yet claim you're not stripping the Crowns of their retained earnings? How do you do that?

Hon. Mr. Hepworth: — Mr. Chairman, the hon. member . . . and we've gone through this, I think this is the third time, second time tonight about the dividend policy varies from Crown to Crown.

An Hon. Member: — I'll try to get you to give an answer.

Hon. Mr. Hepworth: — The hon. member from Regina North East says give an answer. I will give it for the third time. It varies from Crown to Crown. In some instances we've asked for nothing, in some it's been approaching 50, and in some instances it's been over 50.

They have adequate cash flow and then some to make the dividend payments. We have pencilled in this year \$250 million by way of dividend, Mr. Chairman.

Mr. Trew: — Well, Minister, it varies from Crown to Crown, but it varies within the same Crown. I have here a 1989 and a 1990 annual report from SaskTel. And I would like you to explain. There's a page in each of them that talks about the five-year record of service. And it has the same headings under finance in thousands of dollars. They show operating revenues, operating expenses, other income, interest and related costs, net earnings.

And then we come . . .

An Hon. Member: — You guys caught me reading from a secret document tonight.

Mr. Trew: — I will go ahead when I have the minister's attention. Mr. Chairman, could you ask the minister to pay some attention.

Mr. Chairman: — Order. Order, please. Order, please. I wonder if we could have a little co-operation on both sides of the House. We'd get the questions asked and the questions answered.

Mr. Trew: — Thank you, Minister. Minister, under the heading of dividend, in 1986, in both annual reports you agree that there was some \$18.26 million taken. In 1987, again both annual reports agree — \$25.27 million. But in 1988, in the '89 annual report last year, you show a dividend of \$237.721 million; yet in the '90 report, in the election year report, you show a dividend of some \$70 million. Can you explain why there is a discrepancy in the same five-year record of service? A discrepancy of \$168 million between the SaskTel 1989 and the SaskTel 1990 annual report? Where's the \$168 million gone?

Hon. Mr. Hepworth: — Mr. Chairman, I know we've allowed a fair amount of latitude in questioning in this committee's examination of the resolution as part of the Bill, but the annual reports of '88 and '89, I think it is, of Sask Tel, I think are beyond the scope of the committee. I've already discussed the dividend implications, and I think this is beyond the scope and they're out of order in terms of the resolution that's before the committee, Mr. Chairman.

Mr. Trew: — Minister, I would like to know why there is a difference of 180 . . . \$168 million between the two SaskTel annual reports.

Now you talk about latitude. I sat here and listened to you go on for more than 10 minutes. You, talking about the Leader of the Opposition, talking in terms of what the Leader of the Opposition will or will not do. There was no question in this legislature even remotely asked of you — what the Leader of the Opposition will do. Now if that is within the realm of this Committee of the Whole, for you to go into that diatribe, that meaningless diatribe on your part, it is certainly within the realm of meaning for me to ask you, where did \$168 million in SaskTel go?

Minister, if you don't know where \$168 million went in Sask Tel, how in the world can you ask us to pass an

interim supply Bill on behalf of the people of Saskatchewan? Where's the \$168 million?

Some Hon. Members: Hear, hear!

Mr. Shillington: — Thank you. Mr. Minister, I asked you a question in question period which you evaded, and I wonder if you've had an opportunity to give the matter any more consideration. I asked you what studies had been done on the impact of the PST, as it's come to be known, in Saskatchewan on the consumers.

Mr. Minister, the effect on the consumers in terms of their cross-border shopping seems to be quite dramatic. Certainly businesses are complaining. Consumers at least seem to think that the PST has had a dramatic impact on them, and in a sense they're voting, Mr. Minister, with their feet or with their cars — they're driving elsewhere. I ask you again, Mr. Minister: have you a study? Have you analysed the effect of the PST on the consumer in Saskatchewan, and are you prepared to table that report?

(2145)

Hon. Mr. Hepworth: — The hon. member asks about studies as it relates to the implications on cross-border shopping as a result of the E&H tax changes that came into effect April 1, because that's all that's happened — that's the only new event.

I mean before April 1, there was the sales tax on a majority of goods in this province. After April 1, the following goods were added: snack foods, restaurant meals, reading materials, clothing under 300. Those are the major items, Mr. Chairman. So I guess the hon. member is wanting to know if I've got any studies to show that since the tax went on snack food whether I've uncovered any Cheezie smuggling rings. No, I can honestly tell you I haven't.

There is no question, Mr. Chairman, a lot in the news these days about cross-border shopping right across the country. I think there are probably a number of reasons for it. I can tell you that we've been having discussions with the federal government as it relates to possible collection of the sales tax that might be owing us when shoppers return to Saskatchewan, Mr. Chairman.

Mr. Shillington: — Mr. Minister, I also have a question with respect to the . . . Just before the minister gets into a tirade and begins to red in the face and we become concerned about his health, I want to say that these questions relate, Mr. Minister, to spending in various departments. One of the matters, Mr. Minister, which has caused a good deal of concern in Saskatchewan is the amount of money which this government has spent on trying to refurbish its image. The public of Saskatchewan think they know what's wrong with your image. You've wasted their taxpayers' . . . you've wasted their money and you've spent . . . you've behaved as if you were drunken sailors in office.

At any rate, Mr. Minister, you have apparently hired Nancy McLean to try to refurbish this image. I would assume that this firm, this image consulting firm who you have hired to try and put an acceptable face on your

government . . . I wonder, Mr. Minister, if you would tell us what is spent by the various departments on this. This is not something, Mr. Minister, we can ask an individual department because the expenditures are spread throughout government. I wonder, Mr. Minister, if you'd tell us how much your government's spending on Nancy McLean in the hope that she can put some sort of an acceptable face on a government which has become an unpleasant fact of life in Saskatchewan.

Hon. Mr. Hepworth: — Mr. Chairman, I can't . . . I just simply don't have the details as to whether there's any appropriation in any of the votes as it relates to payments to communications firms or others. I can understand and appreciate why the NDP would be worried about that kind of good advice that might be provided by that firm to our government. I can understand why they would be worried, but I can't give them any details. They'll have to put that to individual departments, Mr. Chairman.

Mr. Shillington: — Mr. Minister, will you undertake to provide this? I assume that this is available fairly simply. It might not be possible to get it by 10 o'clock, but I would think that the minister would have no difficulty bringing the information back with him tomorrow. This must be readily available. I wonder, Mr. Minister, if you would undertake to provide this information to me some time tomorrow.

Hon. Mr. Hepworth: — I think it's fair to say although we have allowed a fair degree of latitude in questions and answers, that kind of detail is more properly put to committees and the committee during the more detailed examination of estimates.

Mr. Shillington: — Mr. Minister, we can never find out from the individual departments. The individual ministers say, we don't know, we'll let you know and they never do respond to these undertakings. It's been a sad fact of government, Mr. Minister, that most undertakings which are given in estimates are never filled, never responded to.

I say to you, Mr. Minister, this is a relatively easy bit of information to get. You can get it, Mr. Minister, with a phone call; if not you, some of those able gentlemen beside you can get the information. I ask you, Mr. Minister, if you'll give us this information tomorrow. It is a relatively easy matter and an easy question to answer, Mr. Minister. So I ask you, Mr. Minister, to give us the information. If you don't we can only assume that the information is some that you're ashamed of.

Mr. Minister, you sit there like a fence post and refuse to respond to the question. Mr. Minister, these are legitimate questions. The information is readily available and I for one, Mr. Minister, do not understand why you think you have the right to sit arrogantly in your seat and refuse to respond to legitimate questions put to you by members of this Assembly.

I just simply, Mr. Minister, do not understand what you think your role is. Your role, Mr. Minister, is to respond to legitimate questions about the use to which this money is going to be put. And this, Mr. Minister, is a legitimate question. So I ask you again, Mr. Minister: will you

provide this information to us, if not tonight, then as soon as it can be obtained, which I assume would be very shortly.

Hon. Mr. Hepworth: — Mr. Chairman, I would just repeat that that question is better put to individual departments in detailed examination of their estimates.

Mr. Shillington: — Mr. Minister, you wonder why interim supply is taking so long. It's taking so long because you have answered no questions. Relatively . . . well the Government House Leader . . . I suppose that's some sort of a veiled threat.

I say to the members opposite, there may be, Mr. Minister, no way that we can force you to answer legitimate questions, but ultimately there will come a day of reckoning when the election comes. Because ultimately, Mr. Minister, if you aren't prepared to answer legitimate questions in this Assembly, you will have to answer to the Saskatchewan public.

Mr. Minister, I have a . . . Mr. Minister . . . I wonder, Mr. Minister, if I could get . . . if I could have your attention just ever so briefly. I don't expect you to develop anything like a normal attention span, but if you could just give me your attention just ever so briefly.

Mr. Minister, the level of government advertising has become a matter of concern throughout this province. When people talk about waste and mismanagement, one of the things, Mr. Minister, that comes immediately to mind is government advertising. We now have someone who is a parody, Max Smart, trying to sell this province. And I guess perhaps that's as sensible as anything, that someone of Get Smart's ilk ought to try and sell this government's image.

Mr. Minister, my question is: will you give us, and will you tell this Assembly, how much this government is going to spend in the next 12 months on government advertising? What is the level of expenditure throughout, Mr. Minister?

Hon. Mr. Hepworth: — Mr. Chairman, I don't have the communications subvotes all added up, which would include human resources and supplies, and obviously in the case of tourism, some media buys. But it's there in all the subvotes to be added up, Mr. Chairman.

Mr. Shillington: — Mr. Minister, this is really outrageous. All members of this Assembly are getting crushed in some government advertising. We are getting letters saying, what on earth are you doing cutting public services. What on earth are you doing raising taxes when you are paying for expensive nonsense such as the Max Smart advertisements. It really is outrageous, Mr. Minister, that you are arrogant enough to come here and say, I don't have the information and I'm not providing it. And that's what you've been saying for four days — I don't have the information and I'm not supplying it.

Mr. Minister, before 10 o'clock, I have another question which I'd like you to deal with. You have said, Mr. Minister, that the implementation of the PST is going to create 5,000 new jobs. Mr. Minister, is that a figure you

pulled out of the air — as you've pulled out of the air so many other figures — or do you have some study or some analysis which justifies that figure?

Hon. Mr. Hepworth: — No, the 5,000 jobs is based on the fact that real GDP will grow by about 1.6 per cent under full harmonization. I've sent across . . . I've said the member from Regina North East chirps from his seat and says, show us the analysis. I've sent across the sector by sector analysis. In fact I would even invite him . . . It's done in black and white; he can connect the dots and colour it if he wants, Mr. Chairman.

But let's go back to the hypocrisy of this question about the harmonization of the E&H. That member in his heart of hearts knows, as does that member, as does that member, and I believe as does that member, and maybe that member — not the Karl Marx trio on the back row maybe — but those guys there I would say do know. They know in their heart of hearts, Mr. Chairman, they know that through harmonization, through the business input tax credit, that you get economic expansion in this province.

The Finance critic, the NDP opposition Finance critic on more than one occasion, on several occasions, has said, we should harmonize. He has said several times we should harmonize. The leader backed him up. This was no mistake. The leader backed him up. This was before an election was being called. They know in their heart of hearts. They will not stand in this House, Mr. Chairman, and say that those figures are flawed, Mr. Chairman, because they know in their heart of hearts there is economic expansion under harmonization with the business input tax credit. They know that, Mr. Chairman.

That's why they said what they said in this House nearly 2 years ago; that's why they said what they said outside this House 6 and 8 and 10 months ago, Mr. Chairman. They know that to suggest otherwise would be intellectually dishonest.

Now we can debate whether it's 1.5 or 1.9, but they know that it would be intellectually dishonest. I challenge that member to tell the people of Saskatchewan, if there is some new position that we're now against harmonization, tell the people why he and his leader took the position they did six months ago and eight months ago and a year. They know, Mr. Chairman, that indeed harmonization is the way to go, if in fact GST is the reality. GST is the reality, Mr. Chairman.

The committee reported progress.

The Assembly adjourned at 10 p.m.