

EVENING SITTING

COMMITTEE OF FINANCE

Motions for Interim Supply

Hon. Mr. Tchorzewski: — Thank you, Mr. Chairman. As is known by the members, normally for interim supply there are two motions and at this time, as is the procedure, I want to move the second resolution, which is as follows:

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1993, the sum of \$371,537,300 be granted out of the Consolidated Fund.

Mr. Toth: — Mr. Chairman, just a point of clarification. The fact that the minister has introduced the second motion . . . Is the minister expecting that the questions will then deal with both motions at the same . . . or is the minister asking for us to deal with the second motion and then we'll go back to motion no. 1? Or is it the normal practice to have both motions before the floor at the same time?

Hon. Mr. Tchorzewski: — I think the procedure is to deal with the second motion, but the procedure is the same in the debate and the questions.

Mr. Devine: — Thank you, Mr. Chairman. I don't happen to have, but maybe the minister would have, on the first two interim supplies, he would have the totals of the one-twelfth that he had on the first interim supply, the total of one-twelfth on the second interim supply, and the total of one-fourth on the third interim supply. Could he provide me with those three, or has he got maybe a summary of each of them?

Hon. Mr. Tchorzewski: — I can give the answer. I'm just looking for it to see whether I have a summary. And then I can give it to the member in writing, and it'll be a lot more helpful.

Mr. Devine: — As the minister is looking that up, what I would like to find from his answers are how the interim supply, one-twelfth and one-twelfth and one-twelfth — we're in the third one — has changed over time, and in which departments it's changed and why it's changed because we're dealing with the twelfth. And we're on the third set of one-twelfths. Where was it at three months ago? Where was it two months ago? Where is it today, and why is it changed in total? And where is it changed?

Hon. Mr. Tchorzewski: — I've got . . . Sorry, I don't have it in the form I can pass it over, but I have the amounts for the funding provided for each of the interim supplies. First interim supply was 469,935,000. Second interim supply was 365,428,000. The third interim supply was 376 million, which is the one we're dealing with, 376,635,000.

Mr. Devine: — Will the minister be able to provide in addition to that — and his officials may be able to get it — the amount of money requested on the two special

warrants prior to that?

Hon. Mr. Tchorzewski: — The April special warrant: 316,925,000. May's special warrant: 360,882,000. And the logical question is why were they less than any of the special warrants is because we were very careful to provide only the bare essentials that were necessary rather than the one-twelfth. They weren't always the one-twelfth. They were less.

Mr. Devine: — Would the minister perhaps clarify why the twelfths vary. If you're looking at a budget and your estimate and you've got a twelfth and a twelfth and a twelfth, would he explain the variation in the twelfths, what it comes from, so that in fact we can discuss what one-twelfth means and how it might change from one month to another.

Hon. Mr. Tchorzewski: — Let me explain that. I wasn't giving you the twelfth. I was giving you the amount that was provided. The one-twelfth would be \$353,946,000. That's what each of the one-twelfths is. But the numbers I gave you, or gave the House, were the totals because of the different variations — highway maintenance, highway construction, those kinds of things. But the one-twelfth is what I just indicated.

Mr. Devine: — So, what you're saying is that your estimate of what the total would be in your first interim supply — totally was 469,939.

On the next one-twelfth, it dropped to 365,428 — total. And then it increased on this one that we're after tonight, 376,635. And the minister is saying those variations are due to changes. Could he elaborate a little bit why they changed?

Hon. Mr. Tchorzewski: — Number of reasons. Some are because, as I indicated in the Department of Highways, on maintenance and capital. The peak seasons are summer months. There were also times when you had to make quarterly payments for revenue sharing for school grants. So those are the major reasons why there are those variations.

Mr. Devine: — Well for example, Mr. Minister, we know that you're not . . . Well maybe perhaps I could ask you to give me the same number. Did the numbers change on the category of Saskatchewan Crop Insurance Corporation? Did it change on the first, second, or third interim supply?

Hon. Mr. Tchorzewski: — I'm informed it did not; in all three special warrants, it was the same amount.

Mr. Devine: — Thank you, Mr. Minister. Then it did change, however, in certain other categories. Like it might change in terms of highways, and I think you suggested it did. It might change in terms of quarterly payments, and it might change in terms of interest payments, interest payments that you would pay on a . . . You have a category. Do you have a category for . . .

I suppose in Finance you would have, I suppose, interest payments. Well where would you find that, and did it

change? And what else changed in a significant way? You mentioned highways, you mentioned the summer-time, you mentioned quarterly payments. Did anything else significantly change, like interest or anything else in those categories?

Hon. Mr. Tchorzewski: — Things like interest payments would not be involved or would not be covered by interim supply because they're statutory. What we're dealing with here are non-statutory provisions that have to be voted in the House. Things like interest payments are statutory and are covered by statute.

But let me explain further the variances that are here so I can give you the specifics. The total funds provided and to be provided which cover expenditures to the end of August — I'm giving you the whole thing now, to the end of August — will be one billion eight hundred and eighty-nine point eight thousand dollars. This is \$120.1 million more than five-twelfths of the voted amounts to be voted. And this variance — I give you the details of why the variance is there — the payment schedule for school boards, who will receive eight-twelfths of their monies, 91.5 million, because we will now provide school boards eight-twelfths of their money, according to the formula and the way the agreements are.

The highway construction and maintenance provided by Highways and Transportation and Rural Development during the summer months, the variance is 12.1 million. Expenses associated with fighting fire, fire fighting, carrying by Natural Resources, 8.2 million. And the payment schedule urban revenue-sharing makes to municipalities for operating grants, 8.3 million. These are the total amount of the variances that are beyond the normal one-twelfth.

And I just thought it would be useful for you to have that.

Mr. Devine: — I don't think the minister would mind sending a copy of that over some time.

A question, Mr. Minister. As you're collecting crop insurance premiums — and obviously there haven't been many claims right now — you are saying that the one-twelfth is an expenditure that you're going to make. And obviously you're not spending money in Crop Insurance, so that money is accumulated or is there because you haven't spent . . . you're not paying claims.

And you've collected money from last fall, and you've collected money through the winter, and you're collecting and you're collecting and collecting. Yet you still don't show any fact that there are no expenditures going out of Crop Insurance to speak of — I mean you have your operating, but you're not paying farmers anything.

Could you explain that to the general public, why you have seasonal variations in other things that go up and down, but you're just collecting money now for Crop Insurance, and yet you're asking for one-twelfth.

Hon. Mr. Tchorzewski: — Yes. I can provide that and I'm going to read it to the member because I don't want to put any extra rhetoric in it or I want to make sure that it's

accurate.

But in interim supply is the traditionally accepted means of providing funding pending Committee of Finance deliberations and passage of the main Appropriation Act such as was discussed by the Chair a little while ago. Provision of interim supply in Saskatchewan is based on the monthly funding of one-twelfth of the to-be voted amounts as contained within the estimates.

Interim supply is not like special warrants which are used to provide only urgent and immediately required funding. Like other provinces, Saskatchewan practices a standard of providing one-twelfth as their base for interim supply.

That is the way interim supply has been working in the '70s when I was here before; that's the way interim supply in the case of Crop Insurance or any other was done in the 1980s, and that's the way it is being done now.

It's the established practice to provide one-twelfth except as we did in the case of the two special warrants when we did not provide one-twelfth because we only provided the funding that was necessary for the expenditure purpose, because it is our belief that to the fullest extent possible, those expenditures need to come to the Legislative Assembly for approval.

(1915)

Mr. Devine: — Mr. Minister, so we are looking at some fairly significant variations from one month to the next in terms of what you might need, not only because of quarterly expenditures and seasonal things, but of changes in terms of policy that might cause the variation from one month to another as we look at . . . if we went through this process into the fourth time and the fifth time, that there might be some significant variations.

I wonder, Mr. Minister, if you could say — and maybe your staff could help you advise us — what some of the variations might be that would be significant next month or the month after. Now we've gone through three of these things, and some of them changed. You run into it this time — seasonal. Are there other things that might come up that would cause the one-twelfths to vary?

Hon. Mr. Tchorzewski: — Well, I cannot with accuracy predict that. Because what happens is that each month prior to interim supply, if an interim supply is necessary, we request the departments to submit their requirement. The Department of Finance scrutinizes to see what . . . if there's anything that can be deleted. And because we have only asked them now for this coming month of August, we won't know what it will be for September, because we won't be going through that process till after the middle of September sometime.

Mr. Devine: — Well I can appreciate that. I notice on the paper you gave out on grants for Rural Development and lands branch, you have lands branch \$155,900 more than the one-twelfth as requested, as community pastures only operate from spring to fall.

Well, Mr. Minister, do you know of any variations in that as a result of these community pastures not being in very

good condition, that would cause the one-twelfth to change, or the fact that you might have to operate and open up some others, close them down. Anything that would cause that to change not only from last month to this month, but say perhaps in August and September.

Hon. Mr. Tchorzewski: — No, I don't know that. That's something you'll have to ask the Minister of Agriculture and the Agriculture officials. We won't know quite that specific information on the various programs that the departments run.

Mr. Devine: — In the Seniors' Secretariat, Mr. Minister, you have additional funding of \$211,400 is necessary to providing operating grants to qualifying seniors' activity centres. Past practices indicates about 80 per cent of the grants are paid by the end of August. Could you explain that to the general public, and particularly to seniors, why the 211,000 extra is needed?

Hon. Mr. Tchorzewski: — Yes, I can. That once again . . . Over time there are certain patterns that develop on how certain programs are paid out. I don't have that . . . Maybe I do, I'll find it in a minute. But in the case of the Seniors' Secretariat for the grants to the seniors' activity centres, the past practice indicates that 80 per cent of the grants are paid by the end of August. This is simply a number that the department justifies their request on the basis of past practice.

So we're only providing the funding based on the past practice and the anticipation that that's all that they will need. If they run short before the end of August, then they'll have to delay some things until September. Because the legislature will only approve this amount of money, that's the only amount of money that they're going to be able to spend.

Mr. Devine: — Mr. Minister, on this paper that you've sent across, on special warrants and interim supplies, you have . . . I thought you just said that the special warrants don't apply to one-twelfth; it's just what's necessary. Yet you've got in here funding provided was 316, the one-twelfth allocation was 353, and then you've got 353 all the way down that column. So you've done it on the basis of one-twelfth and then you've built in the variance. And you've got the variance which is negative in the first one and then positive in the rest of them, so you've got in the neighbourhood of \$120 million variation. Is that total variance there?

Hon. Mr. Tchorzewski: — Sorry, I apologize if I missed something the member from Estevan may be asking. I refer you to the sheet which you have. And the third column simply is an example of what the one-twelfth would be. The actual amount of funding provided is in the first column. You will find that in the first column the April special warrant was 316.925 million, less than the 353 by . . . I guess by 37 million. May special warrant was 360.882 million, 6.936 million more because there are obviously certain required expenditures that had to be made which we could not avoid making because of either legislative provisions or agreements with municipalities or whatever the case may be.

Mr. Devine: — Mr. Minister, there's a big jump for

example from May to the first interim supply, from 360 to 469. Do you recall what that was?

Hon. Mr. Tchorzewski: — All this information was provided to the members opposite when we dealt with that, but the bulk of that would be school boards' funding, municipalities, both urban . . . I guess urban municipalities in operating grants, revenue sharing. The bulk of that would have been in there.

Mr. Devine: — So we're looking at, Mr. Minister, just so we have this right, from your first crack at it in April, we're looking at a variation in your estimates of what might be needed from one-twelfth to one-twelfth, ranging from minus \$37 million to a maximum of \$115,000,989 and a total variance in the neighbourhood of \$120 million. Is that accurate? The minister is saying is that accurate.

Well obviously, Mr. Minister, as a result of these figures you put forward and some of the other discussions that you and I've been into in terms of what you estimate some of the expenditures may be, that's a pretty significant number. And when you're asking for us to agree with your one-twelfth — and this is grievance before supply — obviously we would like to have an idea in the next four months, in the next four months. Just to go back; I mean we're looking at what's past. April, May, June, and July — you've got a variation of \$120 million.

Can you give us some indication of how much a one-twelfth might vary in the next four months, or is it about what we're looking at here? It could be ballpark, up or down a hundred million dollars.

Hon. Mr. Tchorzewski: — Once again I want to be very careful here. And I don't want to indicate that is an exact, accurate figure, because I explained the process and that the departments have to indicate prior to interim supply what their requirements will be and justify those requirements. But I think it's fair to say the 370 . . . that the interim supply that's being requested here is the ballpark figure of what you would be looking at.

Mr. Devine: — Well I appreciate that, Mr. Minister. What we're trying to get at is that we know that there's going to be the likelihood of some changes in expenditures. And from time to time you give the province, at least your staff does and your department does, sort of a summary of how the province is doing, quarter by quarter. And we've gone through it the first quarter of the fiscal year. We're going into April, May, June, July. We're going to be looking at the second quarter.

Could you give us some idea as we go through this. This is the fifth sort of temporary measure we're into now because of the combination of special warrants and interim supply. What's your best guess is of how the province is doing in terms of the general economy or anything that might affect some of your expenditures here? Obviously we've asked about crop insurance. We've asked about drought and some other things, but generally overall because it would give us an indication of whether there's any surprises coming down the piece in the next quarter or the next quarter.

Hon. Mr. Tchorzewski: — When we began this interim

supply deliberations earlier today, I made it very clear that at this stage of the fiscal year it is difficult to make an accurate or even a close-to-accurate evaluation of where the overall expenditures and revenue pictures of the budget or the government will be.

There has never been a quarterly statement or a quarterly report provided in the province of Saskatchewan. I don't know all of the reasons for that, but that's obviously one of them.

I have made a commitment, or this government has made a commitment, that we will provide a mid-term report in November which will provide an update on where we're at on the revenues; on the expenditures; whether we're meeting our objectives; if not, what corrective measures might have to be taken by the government. That's a matter of public policy which we're going to implement come November.

Now I made one error in that. And I said that would be the first mid-term report in the history of Saskatchewan. Apparently I'm advised it's not because — was it last year? — in 1991 in fact there was a mid-term report that was provided. That was the first one. Ours, I would like to think — and we will be working on it — will be a far more extensive one because I think it is important for governments to realize that the whole budgetary process — the reporting on the budget, the status of the economy, the development of the next budget — has to involve more public input.

We tried to involve more public input and I think with some success, but our interest is even to go beyond what we did prior to this budget, which was a compressed budget cycle, beyond what the former government did. And the former government attempted some of that in its later years, and we intend to pursue that and refine it and try to make it work even better.

So that's why we will have a mid-term report, so the public knows where it's at and the public can make some judgements and make some recommendations with some knowledge of what the financial position of the province is.

Mr. Devine: — Well I know you have some capacity to make this follow the line, but what I want to get at here is, in the last four months we've seen a variance, according to your numbers, of about \$120 million and you can handle that. You cope with that. And you say your budget is still on track. You put a target out there and by gosh you're going to meet that target, with a variation of \$120 million.

If that's true, given forest fires and given some seasonal things and on a total budget of about \$5 billion, you have the capacity to handle the seasons, handle the forest fires, handle some changes in retail sales, and handle this and handle that and so forth, and still come in, you hope to be, on target or pretty close to your budget estimate of your total expenditures.

Well I think you'll acknowledge that and that's what you've been telling us. And if it's true maybe you could just acknowledge it again that you, in this first three or

four months, you've got a variance range from minus 37 to your best guess to plus \$115 million. And that variation totals up, of those differences, 120 million but you still say you're on budget. And given those things that have to move up and down, you're going to make it.

Hon. Mr. Tchorzewski: — I'm afraid that the member from Estevan has misunderstood what this is all about. The variance that is here is not a variance from the budget. It's a variance from the one-twelfth provision in interim supply. All of the monies that are being requested here and all of the monies that have been provided for in other interim supplies are within the budget.

So there is no variance from the budget involved. There is simply a variance from the one-twelfth provision because in some cases some departments have to spend more than one-twelfth in a particular month. That means having used up more than one-twelfth, they will have less to spend later in the year because they obviously will need less money later in the year.

The member said you don't construct roads in January. Maybe you do certain kinds of work. So the variance has got nothing to do with variance from the budget. The budget, as far as we are concerned, is on track. The variance is from the one-twelfth.

Mr. Devine: — Well, fair enough, but you can't have it both ways, Mr. Minister. If you've got funding provided as 1.8 billion and one-twelfth allocation is 1.7, you're out \$120 million based on the twelfth, your estimates. Well, you either are going one-twelfth or you're not.

Okay, so if you're going to go one-twelfth, one-twelfth — and that's what this is all about is the twelfth — then we know that the one-twelfth is going to be wrong. That's what you're saying. It's your best guess overall this month's one-twelfth. And you're going to be wrong.

Well, you've been wrong on every one so far. Your own numbers say one-twelfth allocation is wrong. So if you're not wrong then what's the variance? And if the variance is in there because you've made some mistakes in terms of interpretation or seasonal things, perhaps you could explain then why we shouldn't be concerned about the one-twelfth and your capacity to be accurate if you've got that in there.

(1930)

Hon. Mr. Tchorzewski: — There's nothing . . . it's not wrong and there's no variance from the budget. I mean, let me try to give an example. Let me try to give the member opposite an example. Let us say that the member from Estevan had a budget of \$12 for the year. But he would get \$1 in January, \$1 in February, \$1 in March, but he had to spend \$3 in April. That means there would be, after that, some months in which he wouldn't have \$1, but he still would end up spending \$12. That's exactly what's happening here.

The department . . . some departments haven't been budgeted a certain amount of money. They spend that money sometimes more in certain months than they do in others, and all that this does is provides the money that

they need within their budget for the months in which they have to expend it. Urban Affairs doesn't spend equal amounts in 12 months because they provide revenue-sharing on a quarterly basis. So at the end of the quarter, they pay a quarter. The same thing with school grants — they're provided not on a monthly basis. But at the end of it all, it still adds up to the same amount in the budget that was provided originally.

Mr. Devine: — Well, Mr. Minister, I really appreciate that illustration. The point is, and you make it very well, that once in a while you might need three or four months money in various departments, for various reasons that you've already mentioned here. It could be because of forest fires, it could be because of community pastures in the summer. You fix roads at a particular time. That twelfth and those estimates are going to be different than in February or March or some other time.

Now when you have these kinds of variations . . . which I'm not saying are your fault, but that's what happens; you have some expenditures, and so forth — quite normal. What I'm asking for, under these normal conditions, you can forecast when you're going to have a lump sum payment or some things that might cause some variation. And I want to give you an example, just so that we can talk about it. I'm not saying it's your fault. I just want to throw one out here.

From month to month in here, you can vary with forest fires, \$20 million, and you know it. From month to month, you can vary, because of other expenditures that can go up or down, certainly 1 or 2 per cent. And 1 per cent on 5 billion would be 50 million. Not too bad.

Given the variations that you have in here, not your fault, eh? Not your fault. Given the variations that are in here, could you tell me what kind of an impact, what kind of an impact on the overall scheme of things, a variation of \$25 million would have on your budget.

Hon. Mr. Tchorzewski: — But let's not compare apples and oranges. The variations we've got here are within the budget and the only variations that we're talking about here is providing more or less than one-twelfth for one month.

And what the member is talking about is a variation from the actual total budget. If there was as the member said, in the total budget an extra expenditure of \$25 million other than what's been provided for, your deficit would increase by \$25 million. Simple as that.

Or the government would look at where it could cost-save in other areas to try to save all of the \$25 million or a part of it. That's pretty straightforward.

Mr. Devine: — If, for example, Mr. Minister, we had some extra forest fires, then we got hit in July and we had to spend \$20 million, then one of two things would happen: either you'd have 20 million more that you'd have to go get from somebody in terms of taxes, or you'd have to reshuffle in that department of forest fire defence, or you'd have to take from some other departments. Is that accurate?

Hon. Mr. Tchorzewski: — You can't . . . the member who was a premier for 10 years should know, you just can't take from another department. You'd have to provide a special warrant to provide the funding.

Mr. Devine: — Well, Mr. Minister, I just ask you then: if you had a bad summer in forest fires and you needed an extra \$20 million, and that affected your overall budget and would obviously affect the twelfth because it was over, how would you deal with that?

Hon. Mr. Tchorzewski: — One would have to provide a special warrant.

Mr. Devine: — What percentage of your overall budget would \$20 million be?

Hon. Mr. Tchorzewski: — When we do our calculations we may correct this, but on a quick calculation, it's about .4 per cent.

Mr. Devine: — So we're looking at an overall budget of in excess of \$5 billion and if we had a \$20 million variation because of forest fires for example, it would be 0.4 per cent of the budget — 0.4, 0.4 per cent of the budget. So it would be on \$24 million, that would run on a twelfth — it would be a couple of million dollars a month. So 0.4 per cent, and if we took a twelfth of that, we'd be looking at a couple of million dollars. Is that accurate, Mr. Minister?

Hon. Mr. Tchorzewski: — Under that kind of calculation, it would be .5 per cent and your deficit would rise accordingly.

Mr. Devine: — Okay, Mr. Minister, I'm just getting an idea. If we had \$24 million variation as a result of something that would happen, as you point out, seasonally, that you'd have to deal with, say, in July or August or in any sort of special circumstances, either in interim supply or special warrant or budget, we're looking at 0.4 to 0.5 per cent — probably less than one-half of 1 per cent. And you've acknowledged that. Because this is pretty important, because I'm sure that you know what that kind of variation means. It's very typical in expenditures. Any budget, any budget, whether it's a municipal budget, a city budget, your personal budget, 1 or 2 or 3 per cent variation is not very much. And certainly less than half of 1 per cent is not very much.

So if we looked at a disaster, if we looked at a forest fire, or we looked at a severe . . . oh I suppose hail storm or something like that, that would hit the city of Regina or Saskatoon, and you had emergency funds that had to be there, 0.4 to 0.5, less than half of 1 per cent would not be much of a variation, given the fact that you can have a variance from month to month of over \$115 million in terms of what you might see — not your fault — but what you might see in expenditures changing from one-twelfth to one-twelfth.

Well, Mr. Minister, I'll go through that again with you. Obviously, if you have an emergency situation, and you had to find \$25 million or \$24 million . . . It was a fire, and it happened, and you got to pay for it. You've pointed out that it's not your fault, but you can get variations that range from minus 37 to \$115 million in terms of

one-twelfth would be to what you had to spend that month.

Those variations — not your fault — over time in these first few months, have run \$120 million. Now that's pretty significant — probably closer to 10 per cent. But if you look at \$25 million or \$24 million on an overall budget, you've just acknowledged it's 0.4 to 0.5 per cent, which is less than one-half of 1 per cent. That isn't too difficult to accommodate, given the normal kinds of variations — which aren't your fault — that would normally come up in a budget of this size or any budget, a municipal budget, a school budget, a personal budget, or the country's budget. Is 0.4 to 0.5, less than half of 1 per cent, a variation that you could probably accommodate in an emergency situation?

Hon. Mr. Tchorzewski: — Mr. Chairman, once again the member from Estevan, either because he doesn't understand or is deliberately trying to confuse the two different things here . . . The \$120 million variance from the one-twelfth is all budgeted for. That's a part of the existing budget. What the member opposite is trying to compare that to is an increase to the budget he mentioned a while ago of 3 per cent. Well a 3 per cent increase in the budget is \$150 million.

That's not insignificant. That is a major amount of additional expenditure which would really get the notice of the rating agencies and the people who lend us money to try to pay for the huge debt which we have in Saskatchewan and to pay for the \$760 million interest which we have to pay this year.

Now, Mr. Chairman, I'm kind of enjoying this little discussion here. But we are getting to the point where we're getting off the estimates now, or the interim supply, and getting into the major budget, which is something we should be talking about in the estimates as a whole. But I thought that since we're talking about the variance in the \$120 million from the one-twelfth, it was a legitimate debate at that time.

Mr. Devine: — Well, Mr. Minister, I think that's fair. And we're just using your numbers on how you come up with your twelfth and your variance. And the chairman's got the same piece of paper. So all I'm pointing out is that when you look at this kind of variance that you've talked about in here, you're in the neighbourhood of 4 or 5 per cent of the budget. What I'm talking about is if you had an emergency fire and you had to come up with \$24 million, it might cost you less than one-half of 1 per cent to find that.

And you said, well you couldn't find it in other departments. You'd have to find it in that department, or you'd have to have a special warrant, or you have to do things. And I can understand that. Maybe I could rephrase the question. Would you think one-half of 1 per cent in emergency like fire would be unreasonable in any sort of provincial budget?

Hon. Mr. Tchorzewski: — It would be, yes. It would be a huge amount of money. But I want to remind the member that the budget, as we have it now, has provided for the fire situation and the potential fire situation. We are well

within the budget. We are well within the budget with regard to fire suppression.

Who knows? There may be a change. But right now I can report to the House that . . . In fact I saw a report from the department today that there is no difficulty with the budget that's been provided now. In fact they're under the projected expenditures.

Mr. Devine: — All right. Fair enough, Mr. Minister. You say that in fire you're not spending the money; you're under. You may be saving 5, 10, 15, \$20 million, and you acknowledge that can go up or down. If it went up next week because you had some dry weather and forest fires, then your twelfth would be out of line. You'd have some pretty significant variation. My only argument — it's not your fault — my only argument is you could probably accommodate \$24 million given this size of a budget. That's all I'm asking. Is it too difficult to think of a variation in your budget as a result of emergencies like fire? You say there isn't one, fair enough. It's not your fault and there isn't one. Is that variation something that would be difficult to manage?

Hon. Mr. Tchorzewski: — Well first of all, the answer, would it be difficult to manage, the answer is yes. But I want to point out again what the fire suppression was all about. In the sheet which the member should have because I passed it over, it has for the Department of Natural Resources, a request of \$2.620 million in excess of the interim supply, the one-twelfth. It clearly states on here that forest fire operations and northern air services for forest fires . . . because historic cash flow trends indicate significant funding requirements during the summer months. That's the historic cash flows that normally are required and therefore we're providing that amount of money for the purposes of forest fire operations and northern air services for forest fires.

Mr. Devine: — Well, Mr. Minister, all I'm asking — and it's not your fault — I'm just asking how the system works. I'm asking when you look at fire fighting, and you've got a total budget in that department, what if you had an emergency and it ballooned where you had just a big problem. And sometimes we've helped other provinces with forest fires, neighbouring prairie provinces and others. If it ballooned to an additional \$24 million, how would you handle that and how would it show up in an interim supply? Could you just explain how that would happen.

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, I'm glad the member asked the question because there is no emergency. And in the interim supply which we have before the House, we're asking for a specific amount of money. If the legislature passes this interim supply, that's the amount of money we'll have, and that's the only amount of money they'll be able to spend in the month of August.

Any money that needs to be for the month of September will either be done when the appropriation Bills for the whole budget passes some time in August, but if the House continues to sit and the Appropriation Bill for the budget does not pass, we'll be back here in September asking the House to approve another interim supply. And

if there were at that time — I'm not going to get into hypothetical situations; I deal with real worlds — if there is a need for additional money in September and if we are sitting and there is a need for interim supply, the member will be provided with that information at that time.

Mr. Devine: — All right well maybe we're getting some place. If there is a real emergency and you need money, and it was in the neighbourhood of \$24 million, and the House was not sitting, then you would call the House back in and say we need whatever that amount is, let's say it was \$24 million. You had a mass of forest fires in August — just to get the process — and the fires aren't your fault; they're not my fault. But if that was the case and you needed an extra \$24 million beyond what you budgeted for, just so I have this process straight, you say that you would call the House back in . . . (inaudible interjection) . . . Well I just want to know, if you're over it by \$24 million because of an emergency, what would you do?

Hon. Mr. Tchorzewski: — If the House was adjourned and the budget had passed, we'd have to have a special warrant.

(1945)

Mr. Devine: — So you would ask for a special warrant to address half of 1 per cent on the budget. I just want to know exactly what you're going to do. If you needed \$24 million and the House was out, the budget was passed, and you needed that money — regardless of whether there was a surplus any place else — you would have a special warrant to get less than half of 1 per cent. That's what you'd do.

Hon. Mr. Tchorzewski: — Mr. Chairman, we're not here dealing with an emergency situation or what might have to happen at some future time. We're dealing with an interim supply requirement and request here, and that's . . . I think the member is really getting a little far afield.

Mr. Devine: — Mr. Minister, I'm just repeating what you said to me. I'm not . . . It's not your fault; I'm asking about the process. We could be here in August and September and October going through this again. That's fair enough, right? We could be. This is the fifth time we've been through — third time in this process and two others. So we could be here at least one more time, if not two, if not three. Now that's clearly . . . not to be argumentative, but that's the fact.

I'm asking you what the process is if you run into an emergency on one-twelfth. What do you do? And if you go over your global budget, are you going to ask for a special warrant whether the House is in or not? Are you going to bring in a Bill or some measure to get an extra \$24 million? And if the House is out, how do you get that money? And that's just a process question. I'm not blaming you; I'm just asking you how you would deal with that. And that's a fair question when we're going through this month after month after month.

Hon. Mr. Tchorzewski: — Mr. Chairman, once again the member is talking about something in the future. He's talking about what might have to be done. I think he's out of order. But clearly I've said now for the fourth time —

I've been keeping notes — there will have to be a special warrant. It's not a choice. If the government has to spend more money in some department in which there isn't money available to be distributed, you'd need a special warrant.

Mr. Devine: — Well all right, Mr. Minister, you've now cleared it up. If you needed \$24 million, the budget was passed, and you've had this thing, you would have a special warrant for \$24 million. So on one-half of 1 per cent the Finance minister, the NDP (New Democratic Party) Finance minister in the province of Saskatchewan, would have a special warrant.

Now, Mr. Minister, are you telling us that you would do that regardless of other economic conditions on your budget — if in fact interest rates dropped, if in fact you didn't have any forest fire expenditures to speak of and there was a surplus there, there was surplus in other accounts, surpluses in other areas, or less automobile problems, or all kinds of combinations of things, without question you would have a special warrant — is that what you're saying?

Hon. Mr. Tchorzewski: — If it's in the department in which the request is or the need is for additional money, you would need . . . if it can be accommodated within the department itself, then you can accommodate within the department itself. But if there is not sufficient funds within the department, you can't transfer money from one department to the other; you have to have a special warrant.

Mr. Devine: — Well just so we can clear this up. You're saying if you had a \$25 million surplus in your forest fighting account and you had a deficiency of the same amount in another account, when you look at the consolidated books, you would still have to have a special warrant to come up with that appropriate amount of money. Even though you had surpluses in several other departments and several other accounts, you would still have to have a special warrant if one department is over. Is that what you're saying?

Hon. Mr. Tchorzewski: — The answer is yes.

Mr. Devine: — So as a result, Mr. Minister, you could end up with a special warrant for one department and then end up with a surplus in your overall budget. Is that right?

Hon. Mr. Tchorzewski: — Mr. Chairman, this has got nothing to do with interim supply. We've been at this for 50 minutes. The member is trying to put in time for some reason. I really ask you to rule whether this is within the terms of reference of interim supply.

The Chair: — The minister . . . Order. The minister has asked the Chair to rule as to whether the questions are in order. First of all I will remind the House that earlier this day the Chair made a specific statement as to what is not acceptable for questions in dealing with interim supply. And let me just, for the reminder of the members of the House, repeat that.

It's been the standard views in this House for some time, the purpose of interim supply is to grant money for the

operation of government departments and programs on an interim basis while reserving to the Legislative Assembly the right to complete the detailed review of the estimates at a later time. And for this reason, members must reserve the detailed questions and estimates in government financial policy for the regular review of the main estimates.

However as I listened very carefully to the questions being asked by the Leader of the Opposition, they do not, in the opinion of the Chair, violate that guideline. For about the past 28, 29, 30 minutes, they have been hypothetical and clearly they have been that, but they have been hypothetical questions dealing with the matter of granting interim supply.

The minister certainly has the prerogative to state if he feels that the question is repetitive or that it has been answered, but the Chair does find the questions to be in order and recognizes the Hon. Leader of the Opposition.

Mr. Devine: — Thank you, Mr. Chairman. Really what we're after, Mr. Minister, is the process that you might go through in the event of an emergency. And you know what emergency that I'm talking about.

Obviously we're fortunate when it comes to forest fires. But we're not so fortunate when it comes to 50 or 60 million acres of farm land. And we're worried on behalf of a lot of people that there might be an emergency out there. And as you know, we know, and I think it's fair, Mr. Chairman, we all campaigned on the basis of a crisis in agriculture.

Now we have a crisis in agriculture. You've come forward with your third interim supply, and there's no recognition of that. And I'm just asking about the process. You have not recognized the fact that there could be an emergency far bigger than fire.

And you've told me what you do in the case of fire which is fair enough, and it's not your fault. And the drought is not your fault, and early frost is not your fault. But what might be your fault is if you were not prepared for that because you want to be prepared for forest fires. You want to be prepared for other measures that come up. And we want you to be prepared on behalf of the public whose money you're spending, be prepared in the case of a very serious emergency. And if it's city people, country people, townspeople, seniors — they're Saskatchewan families.

So we want to know what process you go through in the event that there was a significant natural disaster when we are presented with one-twelfth, one-twelfth, one-twelfth. And what happens if we run into the fall and we've got a devil of problem because of the weather? How will you accommodate that if there's not enough money in your interim supply or in your allocation in Crop Insurance? What will you do?

And the second question is, as we look through . . . This is the third one-twelfth here. What happens again in the event that it's a modest number, in fact maybe even a small number? And you know the number that I'm talking about; 23 to \$24 million might kick into gear a lot of

money for farmers.

How does that and how would that affect the variation in your month to month to month? And certainly how would it vary it in over all because we don't think it would have that big of an impact, looking at your own numbers when you can say because of quarterly payments, because of summer allocations, because roads are done in the summer and because drought occurs in the summer, you could have these variations.

So, Mr. Minister, we're just asking the process you go through. It's not your fault. How do you deal with that in the event there's a \$24 million disaster that's over your budget?

Hon. Mr. Tchorzewski: — Now, Mr. Chairman, that is a very hypothetical question. We are not faced with that kind of a situation today. We are dealing here with a budget that has been presented to the legislature and we are dealing here today with one-twelfth of that budget basically, for the interim supply. There is a variation in the one-twelfth.

The member opposite is talking about a variation in the overall budget. He knows the process. I've explained it for the last 55 minutes now.

If the House is sitting, there has to be . . . part of the Bill has to be presented in the House. If the House isn't sitting and the government feels that it needs to provide additional money, then you have to have a special warrant.

Mr. Devine: — We're just getting at the process, Mr. Minister. Now the second question, and part of that: would you think less than one-half of 1 per cent would be significant, either on a twelfth or your overall budget? Is that statistically even significant and is it significant in overall financial management?

Hon. Mr. Tchorzewski: — Any deviation from the budget is significant.

Mr. Devine: — Would you care to elaborate on that. On a \$5.2 billion budget, or whatever the total is, would you care to explain why \$24 million would be significant?

Is there any number that you might not — if we're in here in August going through the one-twelfth we're going through, and this is the process, September one-twelfth — is there any number that you wouldn't worry about in terms of a special warrant? Or is there some level threshold that you would worry about?

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, because of the huge debt that this province faces, created by the member who's been speaking on the opposite side all evening, because of that huge debt which has no reason to exist except for the mismanagement of the former government, and because of the \$760 million in interest charges which the taxpayer has to shell out this year to pay for that debt, any deviation from the budget which has been presented in the House is significant. And it will be considered that way if we face the situation where we have to look at it.

Mr. Devine: — All right. Mr. Minister, we've noted and dealt . . . we'll just put it on the record that number one, that if you're \$24 million out one way or another, it would be a small variation compared to the month-to-month variation that you have here.

Number two, Mr. Minister, that if you do have a department that's over, you're prepared to bring in a special warrant under an emergency.

Number three, Mr. Minister, can I just get your brief explanation . . . and you might not want to do this. And I don't mean to be argumentative, but you might want to duck this. But perhaps you won't. The one-twelfth that would be necessary to satisfy last year's Agriculture budget would be significantly bigger than the one-twelfth for this year. And that's true for Agriculture and it's true for Crop Insurance. And under the seriousness of the environment that we face here in agriculture, that you and I both campaigned in, is a crisis, where you have cut the overall budget from 312 to 265 million, 70 million you've taken out of that budget.

And the crisis has deepened — and you said you won't talk about hypothetical. Mr. Chairman, I'm sure that you would agree, Mr. Chairman, that what I'm talking about is not hypothetical. There is a farm crisis, there's a rural crisis, there is crop problems, they're late, there's drought, and there's a risk of frost. There are thousands of people that are being foreclosed on, which is real.

And in this one-twelfth interim supply, I don't see any recognition of that crisis. Where is the recognition of your agreed acknowledgement of the crisis, the public's agreed acknowledgement of the crisis? Where is your acknowledgement of that crisis in this interim supply? And if in fact even if you acknowledge \$24 million, it would only be less than one-half of 1 per cent. It wouldn't even be . . . I mean it would be very small compared to your total budget.

Don't you think, Mr. Minister, to be fair to those tens of thousands of families, as we go through this interim supply, that you could at least acknowledge that there could be some variation there and that you would be prepared to back them up in the event they lose their farms, when thousands are asked to be foreclosed on, when we've got serious, serious, financial problems in rural Saskatchewan.

(2000)

Hon. Mr. Tchorzewski: — Mr. Chairman, once again this has got nothing to do with the interim supply, but I will speak to interim supply rather than the member who is way off the topic that we're addressing here.

What the interim supply does is provides one-twelfth of the amount that's been budgeted for the Department of Agriculture, for the Crop Insurance Corporation, except for the Department of Agriculture what we have to pay for the federal government because of the agreement that was made by the former government.

I remind the member something very important. And I want to remind him this by quoting back to him

something he once said several years ago when he was the premier. He said: take care of the pennies and the dollars will look after themselves. Well unfortunately in the 1980s he spoke that way but he never followed it. Well it is not our intention to govern like the government of the 1980s. It is our intention to govern with good management, to be frugal, to live within our means as best we can, and to get the finances under control so that in future years we can begin to do things that the public needs, things which we cannot do now because we're strapped by a financial situation which brings this province to the verge of bankruptcy. And from hearing the member opposite, he'd like us to go even deeper in that direction.

Well that's the Progressive Conservative way: make yourself go into greater debt and hope that somehow that will pay the debt. That's not the way of the present government. The present government's way is manage, look after the finances, leave yourself some room for the future, think about our children and think about our grandchildren. Don't just think about yourself today. That's the old, 1980s Conservative way; that's not the way of the 1990s under an NDP government.

Some Hon. Members: Hear, hear!

Mr. Devine: — Well, Mr. Chairman, that's just touched on a little politics, and I'm sure you would acknowledge that. Mr. Minister, you didn't have to get into that, for Heaven sakes.

An Hon. Member: — You'll have lots of time.

Mr. Devine: — We got lots of time. We got some August, September, October, and November, and we're going to go through this month after month after month if that's the way you want to participate. And the House Leader can get in, and he can participate too. The whole NDP caucus can. He won't acknowledge there's a crisis, and we're asking you to talk about it.

Mr. Chairman, I've asked the minister to comment on revenue in this interim supply. And the reason I've asked him to comment on it is that when he was the critic he would take a lot of time in interim supply talking with Mr. Hepworth asking about the impact of harmonization and taxes on the interim supply. And I can quote, and I will. On April 6, 1990 and he says:

And so I want to ask you, how much revenue have you estimated? I'll wait for the . . . he's busy and I don't want him to miss the question, Mr. Chairman.

And I go on:

I don't want to have to repeat myself, Mr. Minister, so let me ask you my question. In the estimation of your revenues, Mr. Minister, how much revenue do you anticipate for the provincial treasury in the fiscal year from the goods and services tax (and then he went on to say) which comes as the result of the double taxation where the provincial sales tax will be charged on the federal goods and services tax . . .

And he asked those questions, and he asked about various kinds of things that would impact on the interim supply. And today, Mr. Chairman, he's obviously facing a really significant crisis like a fire, and we're asking what kind of impact that might have on this twelfth and the next twelfth and the next twelfth because we might be here. And he stands up and says — and I respect your ruling, Mr. Minister — oh, we can't talk about that because he only deals in reality and non-hypothetical situations.

I say to the hon. member: the farm financial crisis is real. There's a farm financial crisis. There is drought where people are ploughing up their crops. There is a serious risk of frost, and you know it. There's a situation where your government is foreclosing on thousands of farmers. We asked the minister today, could he give us the number of people he's foreclosed on. It's a serious problem. It's worse than it was last fall. And you have not only no provisions in your interim supply, you have less provision in your overall budget, and less provision in interim supply than any previous administration we've seen in years.

So, we're asking the minister in this interim supply, the third we've faced here, whether he's beginning to change his mind and say, I will have some provision available for farmers if in fact they run into the very serious situation where they're asked to leave their farm.

And he knows, and I'm sure all of his hon. colleagues know, that that's not hypothetical. There are people who are losing their farms today. And you're foreclosing on them.

Would you, Mr. Minister, acknowledge that you could make some provision for people in a disaster situation, particularly given the fact that you've got a federal offer that would help Saskatchewan people, and help you as a result of the very serious circumstances that farmers find themselves in the province today.

The Chair: — Order, order. I'll ask members of the House to come to order. The Chair was listening very carefully to try to determine whether the question being asked was more specific to a function of a government department than previously has been ruled. However, the Chair was unable to hear the question . . . Order. And I'll ask that the Hon. Leader of the Opposition repeat the question so that the Chair can hear the question — just the question. And then . . . Order, order . . . And then we'll allow the minister to answer.

Mr. Devine: — Thank you, Mr. Chairman. My question was to the minister. The generally — and I'm sure in this legislature — acknowledged rural farm financial crisis which is worsening, deserves the consideration, the respect and consideration, of the Minister of Finance in the province of Saskatchewan. Would the minister be prepared tonight to acknowledge . . .

The Chair: — Order, order. The Chair has asked for order on both sides of the House. And I'm having difficulty hearing the question being put by the Leader of the Opposition due to noise coming from both sides of the House. And I will ask all members to come to order, to

allow the Leader of the Opposition to put his question and allow the minister to answer.

Mr. Devine: — Mr. Minister, this is the third interim supply we're into. And the farm crisis has deepened. It is serious. It's not hypothetical. It is evident because we're ploughing up crops, thousands of acres. Farmers are receiving foreclosure notices.

Mr. Minister, could you bring yourself to acknowledge in your interim supply some recognition of the serious financial crisis that were there, particularly in the event that we all know that there is a serious, real, farm financial crisis and, on top of that, a drought. Is there anything that you could do to acknowledge the fact that you might be there, even in co-operation with the federal government, in the future to help these people — rural, towns, villages, and others — in this serious situation?

Hon. Mr. Tchorzewski: — Mr. Chairman, I have never heard any politician in this province and particularly in this legislature pray for drought and disaster and frost as much as the member and the Leader of the Opposition seems to be doing. It's almost unbelievable.

The point I want to make is this. Yes, there is a crisis in Saskatchewan. The crisis in Saskatchewan is a financial crisis, created by the Leader of the Opposition when he was premier. Because when he tried to run this province, he didn't care about management of the taxpayers' dollars. He looked at . . . he did things like proposing a deficit in a budget in 1986 of \$300 million . . .

The Chair: — Order, order. Order. The Chair is having equivalent difficulty hearing the answer being given by the minister, once again by members shouting from their seats from both sides of the House. And I'll ask that the courtesy be extended to the minister to allow the House to be able to hear his answer.

Hon. Mr. Tchorzewski: — Thank you, Mr. Chairman. Let me repeat again what I began to say, that the crisis this province faces is a financial crisis created by the former administration, the Conservative administration under the premiership of the member from Estevan. Because here is what happened. He took this province from a total debt of \$3.5 billion and in 10 years raised it to \$15 billion. Total interest charges 10 years from the time that that member took office were \$43 million including Crown corporations.

The interest payments on the Consolidated Fund this year are \$760 million. What does that do? That straps the hands of the government from doing things that any government would like to do. Not something created by this administration, but created by the member opposite because he paid no attention to whether his government spent money that they didn't have. It was wasteful, it was badly managed, and therefore we face the crisis today.

Now if the member was sincere, if he was really sincere about what should be done for agriculture in Saskatchewan, there was a golden opportunity to express that sincerity several weeks ago when there was in this legislature a motion, introduced and debated, which would have asked the federal government to live up to its

commitment to provide \$500 million of third-line defence, which the federal government promised to the province and the farmers of this province.

That member and the member from Morse and the member from Thunder Creek and the member from Arm River voted against that motion because they weren't interested in the farms of Saskatchewan and the farm families of Saskatchewan. They were only interested in defending a discredited Prime Minister in Ottawa. Now that is a very strange sense of priorities, Mr. Chairman.

Here's what the motion said, April 28, 1992:

. . . to call on the federal government to meet its outstanding commitment to provide farmers with the \$500 million deficiency payment for the 1990-91 crop year as soon as possible and to deliver on its commitment for a third line of defence program this year as agreed to at their recent first ministers' conference;

That member from Estevan signed an agreement with the federal government — it was about 1990 — which brought about this commitment. And even though he signed that agreement, when it came to voting in this House on that resolution, the Conservative members voted against it. I'm pleased to say that the independent member supported that motion, but the Tory members voted against that motion — very straightforward motion. So you really got to wonder about this new-found sincerity that the member from Estevan seems to be trying to pretend to have here in this debate that we're having this evening.

If there was any sincerity in it all, he would've stood up with his colleagues and supported that motion instead of unanimously, on their side of the House, standing up and voting against the motion and therefore voting against the farm families of Saskatchewan and in fact against all of the taxpayers in Saskatchewan. Because what they were really saying is, we're going to let the federal government continue to off-load their responsibility in the 1990s like they let them do in the 1980s.

Some Hon. Members: Hear, hear!

Mr. Devine: — Mr. Chairman, I'm really happy you let the minister talk about the financial condition of the province and about agriculture and . . .

The Chair: — Order. Order. I'll ask the Hon. Leader of the Opposition to leave the Chair out of the debate in the Assembly and just to proceed in your debate before the House.

Mr. Devine: — Thank you, Mr. Chairman. I'm really glad, Mr. Minister, that you took the opportunity to elaborate on the position that you've taken to come up with your interim supply, which includes the federal government, the deficit, your overall budget estimates, and general agricultural policy. Because you've opened up this debate quite credibly.

And I think it's time that we got into some of this because it has an impact on what you're doing on your

one-twelfth, one-twelfth — this is the third time around. Given that, and you just finished talking about it, I want to read something to you because the federal government has just paid Saskatchewan \$500 million, and we're going to put it on the record. And you will never acknowledge it but I'm going to put it on the record. This is the letter that goes to farmers from Bill McKnight and I read it today:

. . . the Third Line of Defence process, we identified the need to provide farmers with transitional assistance — through the Farm Support and Adjustment Measures (FSAM I and II) — while GRIP and the Net Income Stabilization Account (NISA) were starting up. Between 1990 and 1992, over \$500 million was delivered directly to Saskatchewan producers by this process through FSAM I and II.

FSAM I and II were cheques they received in the last few months, hundreds of millions of dollars that you have not acknowledged. Now at the same time that they come up with the \$500 million, you cut the agriculture budget from 312 to 265, by \$75 million. And on top of the crisis getting worse, you have no recognition and no estimate of how you might help farmers in the event that there is 20 or 30 or 40 million acres in some trouble. Now it seems to me it's a credible thing to talk about. It's in every newspaper, every television, every editorial, that the NDP are not addressing rural Saskatchewan in this crisis.

(2015)

The feds have come up with 500 million; you've come up with \$75 million less. You have no money in this estimate now as a result of late crops and people literally ploughing up their land, and we're looking at another one-twelfth with your variations, with your own numbers that vary up to \$120 million in the first four months. We're asking for 24 which would kick in up to \$40 an acre for people who might need it. Hopefully it isn't any, but for those that need it, it would be substantial.

And then your Minister of Agriculture — we're going to call him on this because this is what we're concerned about — your Minister of Agriculture writes the *Producer*, July 21 and he says this: the province, in spite of its limited financial capacity, has taken on a dramatically increased role in providing income support to farmers.

That's not true. It's not true. Your budget cut it by \$75 million. The crisis is increased by hundreds of million dollars, and your Minister of Agriculture writes: the province, in spite of its limited financial capacity, has taken on a dramatically increased role in providing income support to farmers.

That's not true. And you're giving to these people all across Saskatchewan that song and dance, and you're in here with not one tiny recognition of the crisis? And then you've got two different numbers here. You've got \$300 million it's going to cost in one month, then you turn around and say it's \$108 million the next. You're 2 or 300 per cent out. And your Minister of Agriculture is writing people falsehoods, they're not true with respect to your increase in funding. And that can be tabled. Every farmer

in the province has got it. And they're in deeper trouble. We ask him today: how many farmers have you foreclosed on in the last six months, and they won't tell us — or the last six weeks or even the last ten days. And surely they know because if they don't know, it's inexcusable.

And it's real, Mr. Minister. It's not a figment of somebody's imagination. We're in here on one-twelfth of this supply, looking for help for people who need it. And they're in towns and villages and cities everywhere in this province, and you will not acknowledge it.

So you want to get into the situation. You're locked into it. And you're not going to get out by saying, well there'll be no more money.

Let me just . . . A couple of comments with respect to your little conversation about the budget you're in and the financial situation you're in. I'm reading from Donald Gass, Financial Review Commission news conference February 18, 1992. And he says this, and I quote: Blakeney used the same accounting principles, and the figures were correct. The main reason for the increase in deficit is due to accounting principles. And under the accounting principles, the main element is unfunded pension liabilities.

You know you changed the accounting principles. You acknowledged in this Legislative Assembly that the deficit in 1982 was 3.3 billion. And I believe — and you can acknowledge it — the total public debt outstanding was 3 billion; guaranteed debt was \$230 million; unfunded liabilities, 1.6 billion; for 4.9 billion. That's when we took over — 4.9 billion.

And you run interest rates at 22, 19, 18, 17 — any figures you want to come up with. Prime plus one over 10 years on a \$4.9 billion debt and you've got way over 15 billion, and on top of that you changed the accounting rules and principles. You'll come up with what Gass did.

So you're not fooling anybody to say you can't help tens of thousands of farmers because you cooked the books. You changed the accounting principles.

And you bet you they're going to be watching television, when you say to thousands of people — and you campaigned for thousands of people — there's a farm crisis. And what did you say?

NDP says GRIP (gross revenue insurance program) needs to be improved to pay out more by including costs of production. What a sham. NDP says farmers will get better GRIP and more cash from Ottawa if you vote NDP. In the last few months, as a result of our moves, they got up to \$800 million. They've got nothing from you. You've got nothing in the budget. You've cut them by 75 million and on one-twelfth of interim supply, even less yet, and no acknowledgement of the crisis.

And then you say it's because there was a deficit. You know, sir — and you were here — the deficit was large in 1982 with 20-some per cent interest rates year after year after year. Just to cope with that with what you left because you borrowed all the money to nationalize

mines and what not — at any interest rate and you plugged them in for 10 years on \$4 billion and you got yourself 16 to \$18 billion.

The Chair: — Order. Why is the member for Shaunavon on his feet?

Mr. McPherson: — Thank you, Mr. Chairman. Leave for introduction of guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. McPherson: — Thank you, Mr. Chairman. I hope the member opposite doesn't lose his train of thought here, but I would like to introduce . . .

The Chair: — Order, order. I'll call the hon. member for Shaunavon to order and simply proceed in the introduction of guests and not enter into the debate when you've asked for leave to introduce guests.

Mr. McPherson: — Thank you, Mr. Chairman. I'd like to introduce a couple of the constituents of Shaunavon in the Speaker's gallery — Mr. Mike Zarry and Trina Floberg. And I would like everyone here to congratulate them for coming this evening.

Hon. Members: Hear, Hear!

COMMITTEE OF FINANCE

Motions for Interim Supply (continued)

The Chair: — The Chair recognizes the Leader of the Opposition. However, in recognizing the Hon. Leader of the Opposition, I would like to say that I was about to intercede in the hon. leader's presentation made leading up to a question I presume. The Chair has made several rulings earlier in this motion for interim supply regarding the acceptability of questions. And I think at some point we also have to apply that criteria to the preambles to the questions.

I understand that the Leader of the Opposition is engaged in the preamble to a question but it is sounding distinctly like debate on policy of agriculture and not on the interim supply resolution before us. And I would ask the . . . Order. I would ask members of the House to maintain order, and I'll ask the Leader of the Opposition to be aware of that please, and to proceed to his question as related to the interim supply Bill.

Mr. Devine: — Thank you, Mr. Chairman. To the minister — Mr. Minister, you know that your estimates, that you have one term supply here on your expenditures. Now your expenditures you want to have balance with your revenues. And I think this is fair enough. And the revenues is . . . Well you asked questions in revenues in interim supply. Evidently you don't want to answer any.

But I want to go back and say, would you spend a little bit more time on your expenditures, on why you . . . and come up with the numbers that you're using to explain your interest rate expenditures, because you used a figure

and you brought it up — \$750 million in interest rates. And could you . . . and I think it's a fair one. We're looking at one-twelfth of something here, that you're going to be spending. And particularly if you're concerned about balancing this because you don't want to deviate, because you've got revenue and you've got a \$517 million deficit when interim supply is supposed to be right on the money, whether you might want to elaborate on your conversation that you were doing in the House here and leading on your interest rate expenses, and how you come up with a 700-and-some million dollars, number one. And number two, how it might vary.

Hon. Mr. Tchorzewski: — Mr. Chairman, that is a statutory issue. It's not up to vote in this interim supply where we're dealing with non-statutory provisions. The member opposite knows that. And clearly he knows that that's something that is not covered by the interim supply Bill.

Mr. Devine: — Well, Mr. Chairman, it seemed to be all right for the minister to talk about it when he cared to talk about it. And I'm asking him if he cared to throw out the figure, can he back it up? If he wants to throw it out, back it up. Tell me where it comes from and then I'll believe him. Other than that he's just playing with it. He's just throwing it out.

And that's another reason I want to come back and say, if you have the capacity to provide some recognition of a serious financial crisis in this one-twelfth we want you to do it. And if you're covering up with some fictitious \$700 million worth of interest, we don't buy that and neither does the public. And if you throw it out there then you should be able to back it up.

So I'm asking you to back up the 700-and-some million dollars in interest payments that you say are preventing you from recognizing that the farmers are in crisis and they need your help.

Hon. Mr. Tchorzewski: — The answer to that question, Mr. Chairman, is very simple. \$760 million of interest rate that's going to have to be paid by the taxpayers of Saskatchewan is on Consolidated Fund debt, almost all of which was created by the former administration. Every single cent of it, except the \$3.5 billion, which was a very modest debt, all in the Crown corporations and self-liquidating.

And this is what the Leader of the Opposition wants to know. Well he knows because he created this debt. He created this debt. The member from Estevan says, well you're using the same accounting principles. You're darn right we're using the same accounting principles. And that's why the comparisons are so accurate.

Because I have — just to support my contention — I have here the July 1 . . . the July 1986 *Saskatchewan Financial and Economic Position*, which was produced and tabled by the Hon. Gary Lane, minister of Finance of the former administration. On page 23 of this report, Mr. Lane says that the gross debt of the province was \$3.588 billion. I didn't say that, the Conservative government said that. Three-and-a-half billion dollars was the gross debt of the province.

What's the gross debt of the province today, including guarantees? Fifteen billion dollars. Where did it all come from? It came from the member from Estevan because of the way he managed this province. What was the situation in 1982, Mr. Speaker, when the member from Estevan took office? Well the situation in 1982, again as stated and published by the minister of Finance under his administration, they had a surplus of \$139.208 million. That's where the member from Estevan started when he was the premier. That's where he started. Where did he finish when he was the premier? He took the province from a surplus of \$139 million and he brought the province to an accumulated deficit of \$15 billion, on which we now have to pay.

On the consolidated part of that debt, the people of Saskatchewan now have to pay, this year, interest alone of \$760 million. Simple answer to the question from the member from Estevan: where did the \$760 million come from? It comes from the member of Estevan's bad management of this province when he was the premier. That's where it comes from. Because rather than managing well, he decided that he was going to just mismanage this province because it had so much going for it you could mismanage it, as he said in New York in the early 1980s. That was the philosophy of that premier.

But can you imagine, Mr. Chairman, I ask you, can you imagine a premier of any province — think about this — the premier of any province meeting with the financial community of North America in a public meeting, standing up and saying to them: this province has got so much going for it you can afford to mismanage it and still break even, unquote. And yet that's what the member from Estevan said to the world.

Now as a citizen of this province — and at that time I was not a member of this legislature, at the will of the electorate; I was teaching — I was embarrassed. I really was embarrassed. And I thought, well it's just a flippant statement. But I'll tell you, Mr. Chairman, it so turned out after 10 years, it wasn't a flippant statement. The member from Estevan meant everything that he said about mismanaging. And that's why we now have this huge debt in Saskatchewan, and that's why we now are paying interest charges of \$760 million this year alone.

(2030)

If it wasn't for those interest charges, we would have about a \$249 million surplus. Now wouldn't that be wonderful. Just think what we could do with a surplus of \$249 million, in health care, in education, assisting farmers, economic development. But instead we've got this millstone around the taxpayers' necks, a burden on their children, a burden on their grandchildren. And I feel strongly about that because I have children, and I have children who are married and I hope I will soon have grandchildren, and it troubles me deeply, as it does, I am sure, every member of this House that when they grow up they will look at the 1970s and say, what did the Saskatchewan people do for them? Well I'll tell you, Mr. Chairman, the answer will not be a very good one for the 1970s of the former Conservative administrative because the answer will be, they created them a debt burden

which they shouldn't have had.

Well this government is going to leave a different kind of legacy. The legacy which we're going to leave is going to be one that says, we dealt with that debt burden in a responsible way and we're going to get it under control. As difficult as that is going to be, we're not going to simply make political decisions which the former government did for 10 years. We're not going to have the GigaTexts; we're not going to have the Nardei industries.

And here is a good example. In 1986, just to illustrate to whoever may be watching on television and in this House, in 1986, in the midst of an election campaign, six days before the vote, this member from Estevan stood up at a place called Nardei industries in Regina, turned over a \$300,000 cheque and cut a ribbon to officially open the industry, and two or three days after the election that place shut down. Now that is why we have a cumulative debt of \$15 billion, Mr. Chairman, because that's the kind of administration we had — straight politics, no management.

I'll tell you, Mr. Chairman, we're not going to have that kind of operation under this administration. We're not going to have the GigaTexts, we're not going to have the Supercarts, we're not going to have all of this come along with a suitcase, meet with the premier of the former administration and we'll fill it with money as if it grew on trees.

But it doesn't grow on trees. My friends and my neighbours and everybody in Saskatchewan has to pay that debt because they're burdened with it now and there is no other way to pay it except through their tax dollars, and hopefully some economic development which will get the economy rolling and there'll be revenues from other ways. I did not really want to get into this kind of debate, Mr. Chairman, but since the member from Estevan did, I felt a need to rebut him.

He asked a very straightforward question. He said where does the 600 . . . \$760 million in interest charge come from. The answer is very simple. It is coming there because of the debt which he created because he didn't care about good management. He only cared about his own personal re-election. Now that, Mr. Chairman, is unforgivable.

Some Hon. Members: Hear, hear!

Mr. Devine: — Well, Mr. Minister, I'm really happy you took the time to explain the political history of how the province got into debt.

I wonder, Mr. Minister, if your officials and you would acknowledge that the figures supplied by the Department of Finance show the debt totalled over \$4.9 billion as of March 31, 1982. The debt breaks down, total public debt, outstanding promissory notes, treasury bills, SaskPower, Government of Saskatchewan, Crown corporations — 3 billion. The guaranteed debt was 230 million. Unfunded liabilities including superannuation and so forth, 1.6 billion, and that total debt was in the ballpark of a little over \$4.9 billion.

And secondly, Mr. Minister, I wondered if you would take that 4.9 billion in 1982 and convert 4.9 billion — and you have the tables there — to 1992 dollars.

And then third, Mr. Minister . . . The minister is shaking his head; I'm sure he might not want to do this. And third, I wonder if the minister would be prepared to take his new accounting principles and apply it to that 1982 debt converted to 1992 and see what kind of a number he comes up with.

Hon. Mr. Tchorzewski: — Mr. Chairman, that is a question that is based on . . . I don't know what, but total debt is total debt. It doesn't matter . . . oh, anything else matters if you got a debt of \$3.5 billion, you have to pay debt at \$3.5 billion. If you have debt of \$15 billion, Mr. Chairman, you have to pay a debt of \$15 billion. I mean there is nothing unusual or difficult to understand there unless you're the member from Estevan.

But I want to show something to the member from Estevan which maybe he might be interested in. And it's this, that in 1982, when the total debt of the province was \$3.5 billion, the net assets of the province were \$4.426 billion — net assets. In 1992, when we have a debt of \$15 billion total, we don't have net assets. We now have minus net assets of five billion, five hundred and nine billion, million, thousand dollars. That's the comparison to make, Mr. Chairman.

Not only that they increased the debt of the province, they destroyed the net equity or the assets of the province. So now it's at a minus instead of a positive. Now that was management, Mr. Chairman, but it's not the kind of management that the people of Saskatchewan wanted or deserved.

But unfortunately it brings us to the situation where we now have a government which has to deal with it. And I can tell you, Mr. Chairman, I can tell the people of Saskatchewan and tell the members of this House, we're going to manage it. That is a mandate of this government. That was the first and foremost platform commitment we made to the people of Saskatchewan. I can tell the member from Estevan, we're going to live up to it because our concerns are longer than those of our own personal needs. Our concerns are about the needs of our children and their children and their families.

And if only the members in the opposition would begin to share that concern and begin to get responsible in this House and get on with the business of this House, get on with the interim supply so we can start to pay the bills that the government has to pay, so we can provide the money to school boards and municipalities. Clearly the only purpose of what the members are doing is to hold up this House for some reason or other. I don't know whether it's vindictiveness or whether the member from Estevan is still bitter about losing the election campaign although I suspect there is a lot of that there.

I can tell the member from Estevan, please, for your own well-being, think about that. It's not worth it. The electorate of the province is never wrong. It's a democracy. They pick and they choose. And in 1964 or '62, '64, there was an election. And the government

changed, and the electorate made the choice. In 1971 the government changed, and the people made that choice. In 1982 the government changed. I was one of those who was defeated. And I accepted it — I hope and I think — graciously because the voters spoke. And in 1991 the voters did so again. They spoke. It is their right to speak. They have the right and the power of the ballot. Accept that, member from Estevan.

I say to you, Mr. Chairman, I say to the member for Estevan: after nine months — I think it's been nine months — it is time to get over the hurt and the bitterness. And it's time to accept the will of the electorate and get on with doing a responsible job whether you're in opposition or in government because that's what the people elected us to do. They didn't elect us to waste the time and to waste their money in this legislature with endless filibustering on every item.

Why have we not seen a consideration of many estimates in this House, Mr. Chairman? Because the members of the opposition will not deal with the estimates. They will not deal with the estimates. They've dealt with two of them, the Saskatchewan Property Management Corporation, and they've dealt with the Public Service Commission. They started Justice, they started Rural Affairs, and they started Education, but they continue to filibuster them instead of asking questions for information, and delaying this House. Now, Mr. Chairman, surely the time has come — and I think the people of Saskatchewan are demanding it — the time has come for all members of this legislature to get on with the business of this legislature, which is the business of the people.

The members of the New Democratic Party, the government side, are ready and have been ready, and we've introduced . . . I don't know the number of Bills, but many Bills. I suspect it will be 80-some, over 80 Bills. We've provided a budget; we've provided a throne speech. And most of that has been on the order paper for weeks and in fact much of it for months. So there is no reason for the members of the opposition to say they haven't had time to study or prepare. They've had all kinds of time, if they would put their energies into it instead of going golfing while they ring the bells.

Remember — the House will remember and the people of Saskatchewan will remember because they saw it reported in the press. One of the days that the members of the opposition were ringing the bells, the press had to go to the golf course in Estevan to interview the Leader of the Opposition, who obviously collected his pay — collected his pay while he went golfing and caused the bells to ring. Now, Mr. Chairman, surely that is not a responsible way to operate as an elected member of this Assembly — not responsible.

Now I simply say to the member from Estevan, stop thinking about yourself. Let's all of us start thinking about the interests of the people of Saskatchewan. I invite you to do that. I can assure you — I can assure the member — that if the member from Estevan and all of the members from the opposition would seriously get to the work of the House, they would gain a respect in the public of Saskatchewan, much of which they don't have now. I simply leave that with them to consider, and I want to do

it in the most positive way. Think about the people of this province more, and think about yourselves less.

Some Hon. Members: Hear, hear!

The committee reported progress.

NOTICE OF MOTION FOR CLOSURE

Hon. Mr. Lingenfelter: — Mr. Speaker, I give notice, pursuant to rule 34, that at the next sitting of the Assembly, immediately before orders of the day is called for resuming consideration in Committee of Finance of the resolution for interim supply, I will move that consideration of the said resolution be not further postponed.

Some Hon. Members: Hear, hear!

(2045)

COMMITTEE OF THE WHOLE

Bill No. 29 — An Act to amend The Education and Health Tax Act

The Chair: — Order. Order in the House, please. The first item before the Committee of the Whole is item No. 2, Bill No. 29, An Act to amend The Education and Health Tax Act.

As this is the beginning of the Committee of the Whole, I will ask the Minister of Finance to introduce his officials.

Hon. Mr. Tchorzewski: — Thank you, Mr. Chairman. I have already introduced to the members the deputy minister, John Wright, on my right. That always doesn't sound right. And behind him is Mr. Murray Schafer, director of the education health tax, revenue division, Department of Finance — no, behind me, sorry — and Doug Lambert, director of revenue programs and legislation branch, revenue division, Department of Finance. Those are the officials who are with us here this evening.

Clause 1

Mr. Devine: — Thank you, Mr. Chairman. Mr. Minister, I would just want to ask you a question that you couldn't answer in the last estimates that we were just in, but I'm sure you're prepared to do it now.

You campaigned obviously on no PST (provincial sales tax), and so you took it off a number of items. At the same time, now you're increasing the sales tax about 15 per cent, from 7 to 8, on many other items. Could you provide the House on the number of items that you increased the tax on in the province of Saskatchewan by raising the sales tax? And could you compare that to the number of items you took it off of when you reduced and did not harmonize the PST?

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, I am pleased to inform the House that I already have provided this to the opposition when we were in committee once before. The member from Thunder Creek has that information, and therefore the member from Estevan has

access to it. I think it's counter-productive to continue to ask for information which has already been given.

But if it is so desired by the member opposite, once again we will . . . In fact the member opposite, I recall very vividly, stood up in this House and read from the information which I gave him, which I gave to the member from Thunder Creek, and read from the information as he questioned myself in consideration of the Bill. So for him now to stand up, Mr. Chairman, and ask for the question, is a strange lapse of memory, if it is not trying once again to waste the time of the House.

But putting that aside, I will provide for the member opposite that information in written form so that he can have it, as I think is quite appropriate. I don't have it with me right now, but I'll undertake to provide it once again to the member from Estevan directly.

Mr. Devine: — Well, Mr. Chairman, I think the minister is mistaken and misinterpreted what I asked for. When you, Mr. Minister — I'll change the question — when you changed the sales tax and you increased the PST, the provincial sales tax, from 7 per cent to 8 per cent — that is 14 or 15 per cent increase — how many items did that increase apply to, in the thousands? Give me that.

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, let's make something very clear. The provincial sales tax, the education and health tax, remains the same as it was prior to the provincial GST (goods and services tax) which the former member introduced. The only thing that has been done away with is the provincial GST, the expanded form of the E&H tax, which the former Conservative government had introduced.

Now, Mr. Chairman, all of the E&H tax items that were there before that still exist and the new tax applies on them in the normal way.

Mr. Devine: — Mr. Minister, you have yourself a political problem because you raised the sales tax from 7 to 8 per cent, which is about 15 per cent increase, on thousands and thousands and thousands of items that everybody buys. I am asking you — because this is what this Bill is about — how many items did you raise the tax approximately 15 per cent? You must have some idea of how many thousands of items that are taxed in the provincial sales tax. Because you raised it about 15 per cent on thousands and thousands of items after campaigning on the fact that you were going to reduce taxes.

Now you've got that number. And if you don't, give me the closest estimate of how many items the provincial sales tax applies to in the province of Saskatchewan.

Hon. Mr. Tchorzewski: — Mr. Chairman, that's not a question you can . . .

The Chair: — Order. Order. There seem to be a large number of members who would like to answer the question, but — from both sides of the House — and the privilege of that . . . Order. It is from both sides of the House. And it is only the minister who has the privilege of responding to the question. I'll ask you to allow the

Minister of Finance to answer.

Hon. Mr. Tchorzewski: — Mr. Chairman, it's impossible to answer that question without an awful lot of work because . . . The member from Estevan very well knows — I assume he knows; he was the premier for so long — that the way the tax system works is that the tax talks about items which are exempt from the provincial E&H tax. It doesn't talk about items which are listed as items to be taxed. So you can't answer that question that way. And that's all I can say on that.

Now, Mr. Chairman, I want to say something else. The member talks about the 1 per cent increase in the E&H tax on the base of items which are taxed. But he forgets to mention, at the same time, that when he introduced the provincial GST he put on a hundred per cent tax increase on everything, on everything that was not already covered by the E&H tax, including services. So that if at any time, after January 1, a senior citizen in this province hired a carpenter to do some improvements into their home so that they continue living in their home, they would have had to pay a provincial GST.

That's what's gone. We made that commitment in the election, Mr. Chairman. We made it quite honestly, quite straightforwardly, and we eliminated it as soon as we took office. I don't apologize for that. In fact, I'm rather proud of that because it was the right thing to do.

Mr. Devine: — Mr. Chairman, Mr. Minister, I want that number. And your people can get it. If they can't get it tonight then they can get me an estimate pretty quickly of how many thousands or tens of thousands of items sales tax applies to in the province of Saskatchewan. Because you raised the tax, Mr. Minister, on thousands and thousands of items by 15 per cent. That's what you did. You raised the tax on thousands and thousands of items across the province of Saskatchewan.

And on the other hand you said we'll take it off of a handful of items. Because you said, well we won't have it on meals, we won't have it on clothes under \$300, we won't have it on certain book supplies. But what we'll really do, but we won't tell the public, is we'll put a 15 per cent increase on everything else in the province — thousands and tens of thousands of items.

Now is that true, Mr. Minister, that you actually, despite the fact that you promised tax reductions, increased the sales tax by 15 per cent on thousands and thousands of items in the province of Saskatchewan?

Hon. Mr. Tchorzewski: — Well I will want to read, Mr. Chairman, the exact provision in the Bill. The Bill says in section 8(1), lists the classes of, or section 8(1) — this is not the Bill, this is the description — lists the classes of property which are exempt from tax. The purposes of . . . and we have an amendment in the Bill to repeal the exemption for tobacco products. So it works the other way. It works on the exemption.

Now the member talks about a tax increase. Well let me address that question as well. His provincial GST, which at one time he rejected — if he wants, I'll read the quote, though — and then because of pressure by the Prime

Minister in Ottawa, for something he owed him, he decided to change his mind and he brought it in.

But that, Mr. Chairman, that provincial GST that the member from Estevan introduced, fully implemented, would have caused the Saskatchewan taxpayer to pay \$440 million. And I don't think the member from Estevan will disagree. The consumer, the consumer would have had to pay \$440 million. Under this 1 per cent increase to the E&H tax there's an increase of \$65.1 million.

Now, Mr. Chairman, that's quite a difference on what the consumer is saddled with — \$440 million under the provincial GST, \$65 million under the 1 per cent increase in the provincial E&H (education and health) tax.

Mr. Devine: — Mr. Minister, you can't get off by telling half the story. You know that we only had it partially implemented, and it raised a very small amount of money compared to what you're talking about.

Fully implemented, net it's over \$200 million to the province of Saskatchewan, and you decided not to do that. And Saskatchewan then becomes sales tax free for all businesses and farmers. All businesses and farmers in the province of Saskatchewan are totally exempt from taxes. And farmers and businesses are consumers, so the whole logic is they don't pay it twice. They pay it as consumers, but they don't pay it as people who are going to produce economic activity.

But what you've done, but what you've done is you've replaced that by charging senior citizens and people on low income and single parents a 15 per cent increase on thousands and thousands of items. I want the minister to tell me how many items he raised the sales tax in when he went from 7 to 8. Give me an estimate of how many items he raised.

Hon. Mr. Tchorzewski: — Well it's impossible to say that, Mr. Chairman. I'm not going to get into estimates because there is no such list. The only list that exists . . . and the member knows that, and I've got the education and health tax in my hand. And I'm going to get a page to come forward in a moment and get the photocopy of the section so the member has it. The only way it dealt with is that it deals with those items which are exempt. And then everything that is not exempt is subject to the education and health tax.

An Hon. Member: — I said, how many thousands of items.

Hon. Mr. Tchorzewski: — I'm not going to . . . I mean the difference between the former premier and this Minister of Finance is that that's the way the member, the former premier put together his budgets. He said: well take a guess; let's take a guess.

Well we're not going to take a guess. We're going to work on information that is reliable, and as best we can we will prepare a budget that way. So I'm not going to make a guess on the number of items because there is no such list. New items come on the market every day. You cannot possibly keep that kind of a list. All you can do in law to apply this kind of a tax is provide the exemptions.

And I'm going to ask the page to photocopy page 16, page 17, page 18. And I'll provide it to the member opposite, and that'll be a full response to his question.

Mr. Devine: — Well, Mr. Minister, you've just acknowledged my point. Everything in Saskatchewan has had a tax increase as a result of you, except for a few exemptions. Thousands and tens of thousands of products across Saskatchewan have had a 15 per cent tax increase with a handful of exemptions, and you're proud of that.

And senior citizens are paying it, and people on low income are paying it. Single parents are paying it. Farmers who are going broke are paying it and you've just wholesale, raised taxes on thousands and thousands of items and you think that's a politically popular and good thing to do compared to taking off taxes on coffee and hamburgers and the PST.

An Hon. Member: — Who lost the election?

(2100)

Mr. Devine: — And your colleague here says who lost the election? What you campaigned on is the following, and I quote the *Star-Phoenix*: Romanow says he would cut, not increase taxes. September 21, the *Star-Phoenix*: the party has also promised to abolish the provincial flat tax. The PST comes off October 21 — October 8, and this is an NDP candidate. And during the debate, vote for Mr. NDP Leader and you get tax reduction and the PST is gone.

Did you tell them that on all the thousands and thousands and thousands of items — everything else — you were going to increase the taxes? No, no, no, no. And the hon. member sits in there and he says I'm angry.

No, the people are frustrated because you didn't tell them the truth. You raised it on everything in Saskatchewan and you have a handful of exemptions — just a handful, and it's on everything else. You said, I'll tell you what we do, we can fool the people. We'll promise to take the PST off which is on the new stuff, on meals and hamburgers, clothes under \$300 and then what we'll do is we'll put it on everything else.

And that's what you're coming to this House with. You wouldn't have got elected doing that if you'd promised to do that. That's why I'm asking you. You took it off a handful of things and lost \$200 million to balance your budget and you put it on thousands and thousands of other items and you end up with a \$500 million deficit.

And he says, what a joke. Why didn't you tell the people about your little joke, your little story last October? I'm asking you, is it true that you've raised taxes on literally thousands and thousands and thousands of items in the province of Saskatchewan? And that's what you want to do with this Bill, go from 7 to 8 per cent, which is a 15 per cent increase. Is it true, Mr. Minister, that you're going to raise taxes on literally thousands and thousands of items in the province of Saskatchewan? Yes or no.

Hon. Mr. Tchorzewski: — Mr. Chairman, the reason that

there are tax increases in this budget — and obviously tax increases are never popular, there's no denying that — the reason there are tax increases in this budget, Mr. Chairman, is because the people of Saskatchewan have to pay for the debt which the member from Estevan created when he was premier. That's why the tax increases are there.

And the people of Saskatchewan, although they don't like tax increases — I can say this without any hesitation — nobody likes tax increases, Mr. Chairman, but the people of Saskatchewan respect the commitment and the courage of this government to deal with that debt which the member from Estevan created. And they know that this is necessary.

I want to tell the member from Estevan what the election platform of the New Democratic Party was. He's got this copy. I'm sure he's read it. I'm sure he's read it with some care because he talks about what was said about the provincial GST. "First Things First — Common Sense Financial Management" Now wouldn't that be refreshing? And it is.

Open the books. A public, independent audit of the province's financial affairs to cut government waste and mismanagement. (Done, Mr. Chairman.)

A comprehensive review of all PC privatizations and business deals, to determine if they are in the public interest. (All of them are under way, Mr. Chairman.)

A balanced budget in our first term of office, and a 15-year plan to eliminate the accumulated Devine Deficit.

All of that has started, Mr. Chairman, with this budget. What did we say? And this is the election platform: "New Directions, New Priorities, Jobs, Fair Taxes, and Wealth Creation". What was said about the provincial GST so that it's for the record very clear? There was a commitment made that the expanded 7 per cent PST will be repealed. In other words, and to quote it to be more correct, "We will repeal this unfair tax."

That was the extent of the promise, Mr. Chairman. That promise, we kept. That promise was kept. The member should refer to the card, which is the platform, which was distributed to every household, including the household of the member from Estevan, which laid out the platform of the party.

Mr. Devine: — Look, Mr. Minister, in the public debate that most people watched on television, the Leader of the NDP Party said, the PST is not going to be around after October 21 if we're in power. And did he say anything except tax cuts?

And I quote the *Leader-Post*: Romanow is promising a government that will live within its means, spend no more than the current budget estimates of 4.5 billion. No new taxes will be imposed in Saskatchewan. That's on television. That's in debates. I say the people of the province are fed up with taxes and we're going to change

that — this is Romanow in March of 1990.

Now what we've got . . . (inaudible interjection) . . . Well I'm reading verbatim from the *Leader-Post* . . . *Star-Phoenix* . . . (inaudible interjection) . . . Well I am so. Quote . . . (inaudible interjection) . . . We can dig up newspapers for you if you want to go back and look at. But the debate, and I'll read verbatim of this. This is verbatim, and this is in the debate, which is in public record: the PST is not going to be around after October 21 if we're in power. That's live television and everybody saw it.

And the NDP leader promised no tax increases and to reduce the PST. And you're here tonight asking for a 15 per cent raise on thousands and thousands and thousands of items. So you broke your promise and you got elected and you've been ducking and running ever since.

You want now to renege on farmers. You said we will have more money for farmers, cost of production for farmers, a better GRIP, more protection, cut taxes. And the member from Quill Lakes says, call an election. Well wouldn't we love to have an election. The public would say, let's do. Half of the members opposite wouldn't be here and you know it.

The *Star-Phoenix*, September 21, 1991, quote: Romanow says he would cut, not increase taxes, end of quote. Now, Mr. Finance Minister, your leader told the people to vote for him because he was going to cut taxes. Fair enough. You said, on top of a \$265 million deficit that we forecast you said, we'll not only do that, we'll give away 200 million net and we'll cut taxes some more. And now you're in this House and you have to raise taxes. You didn't harmonize, so you're out a couple of hundred million dollars. And you've raised the surtax, you've raised fees, you've raised the deductible from 125 to 375. You've cut off senior citizens. You've reneged. You didn't tell the truth in October and now it's coming back to haunt you.

And I'm asking you tonight, how many thousands or tens of thousands of items have you raised taxes on and you're afraid to admit it. But we'll dig up the number, and before we're finished here tonight or the next week we'll know that you have raised taxes on thousands and thousands of items in this province when you reduced taxes in a handful. And you stood up and you said, but look at the exemptions. He's proud of the exemptions, can you imagine this. He's oh, but there's these exemptions.

And he didn't read all the others and everything else in the province that you've stuck the poor with not to mention utilities. You've got \$400 million coming in from net profit and retained earnings from the three big utilities and you've raised the rates. And now you're raising sales tax and you're raising the surtax. And I'm just asking you so it'll be on the record, won't you acknowledge that you're raising taxes on literally thousands of items in the province of Saskatchewan when in fact you promised to cut taxes eight months ago? Will you acknowledge that there's thousands of items that are going to be subject to this tax increase you're asking for tonight?

Hon. Mr. Tchorzewski: — Mr. Chairman, I want to talk

about broken promises, as the member from the opposite did. I've talked about the commitment of the New Democratic Party in the last election to sound financial management. Everything in this first budget speaks to sound financial management. It speaks to the future of our children. It speaks to the future of our families. We've kept those promises and we intend to continue to deliver on those promises.

But let me bring to the attention of this Assembly and the people of Saskatchewan some other promises. Here's Bob Andrew, the former minister of Finance, the first minister of Finance under the member who just spoke, quote: we believe that all governments must work in concert to reduce budget deficits. Failure to accomplish this will force harsh financial penalties on our children. It is inevitable that mounting deficits will result in unwanted reductions in government services and tax increases — March 21, 1984 budget speech of the former Conservative government. Every budget after that until 1991, there were mounting deficits that were brought about by the former government — broken promises and bad management.

Member from Rosthern, Mr. Chairman, member from Rosthern, I quote from the *Star-Phoenix*, June 24, 1987: the alternative is just to let the deficit grow. And that would not take courage, it would just put your head in the sand and say I don't have the money and I have a deficit now but I will just continue to borrow and it won't matter. It's too bad that the member from Estevan and the member from Rosthern didn't listen to their own advice. That's a commitment they made; they broke the promise. Every year since, after 1987 when that comment was made, mounting deficits that were created by the former government.

What did the member from Estevan say, Mr. Chairman? What did the member from Estevan say? Well Moose Jaw *This Week*, August 25, 1988, here's what he said, and I want the House to listen to this carefully, he said, I quote: Saskatchewan is on the right track to reaching a balanced budget, he said. Next year without further cuts, Premier Grant Devine said Wednesday.

He was going to balance the budget in 1989. That's a promise he made. Guess what? 1990 there was a huge deficit. In 1991 there was a deficit of \$960 million — speaking of broken promises; a betrayal of the trust of the people of Saskatchewan.

Then he said: deficits are just a deferred tax that must be paid by future generations. Well, Mr. Chairman, here we are, here we are. All of those deficits which he accumulated because of his bad management and his determination to support the Prime Minister, a Conservative Prime Minister in Ottawa, rather than the people of Canada, have now caused the need to have taxes increased in order to pay for those deficits.

You can't live on the credit card without eventually having to pay it back. People of Saskatchewan know that the time has come to have pay it back. None of us like it, but it's either we deal with it now or we totally jeopardize the future of our children.

Now what's the approach by the members from the opposition, the Conservative opposition? Are they dealing with this problem? Do they show some humility and are prepared to accept this and say, yes we have to deal with it? No. They continue to filibuster in this legislature, make the kind of irrelevant speeches that the member opposite has just made, trying to delay the legislature for no good reason except just to delay.

Well let me remind the member what the former government said about that kind of a delay. In 1989, July 25, quote from the *Qu'Appelle Times*, Mr. Gary Lane, a former senior member of that administration said the following: the estimated cost to the taxpayers was 30,000 to \$40,000 per day to keep the legislature idle and put the business of the people of Saskatchewan on hold. He went on to say: the business of the people of this province cannot continue to be ignored because of the antics of the radical members of the opposition.

Well, well, well, what's changed? Why does the members opposite not follow their own advice? Why do they continue to break the promises as they did in all of the quotes which I have given you today, Mr. Chairman? I'll tell you why. Because for all of the years that the Conservative government was in power, they did not believe in government, and they don't now. They don't believe in this institution of the legislature, and they don't believe it now.

They believe in something else. They believe in the greed of certain people who are close to the Conservative Party and support them. That's what they believe in. Mr. Chairman, that's wrong. That serves not the public interest. That serves the interest of a very few people who in the 1980s became wealthy because of the special privileges which they were granted by an administration who didn't believe in government for the public good. They just believed in government for the private good of some selected individuals who were close to the member from Arm River, close to the member from Estevan, close to the member from Thunder Creek, close to the member from Rosthern.

(2115)

The newspapers are full. The newspapers are full of stories of money wasted. They're full of stories of cabinet ministers living high on the hog; \$19,000 of free booze, liquor supplied by the Liquor Board to cabinet ministers' offices. I ask the member from Arm River: how much of it did you get? I ask the member from Estevan: how much of that did you get?

Not a word. They don't like to admit to it. Now the member from Estevan, the former premier, went further. Many people who were paid by various departments actually worked for the premier, but he hid their employment by having them stationed and paid in Crown corporations, in various departments, wasting taxpayers' money. You know, Mr. Chairman, those people gained in the 1980s because they were part of the privileged few. They were some of the privileged few who got wealthy at the expense of the Saskatchewan taxpayer.

Mr. Guy Montpetit got a lot. He got a lot because he was

able to say to the premier and to the now senator from Souris-Cannington: just load my briefcase; buy my outdated computers which will not work, and boy have I got a deal for you. He was one of the privileged few.

Well, Mr. Chairman, the time has come to change all that. The time has come to change all that, and we're going to change all that. We're going to govern in the interests of the people, in the interests of the people today, and in the interests of the people of the future because there is more to governing than thinking about your own self-interest today.

We have an obligation to think about our children and their children and their future. And I know some members opposite believe and agree with what I am saying. It's too bad that the member from Estevan will not agree that that is the correct way to govern.

Some Hon. Members: Hear, hear!

Mr. Devine: — So, Mr. Minister, what we're at here tonight is your tax increase Bill. And we're just pointing out, and I know you don't like it that much, that you promised to cut taxes, and now you're increasing them. And you're not just increasing them on meals; you're increasing them on thousands and thousands of items. And you didn't campaign on that. You didn't tell the truth, and it's coming back to haunt you.

So that you have got a serious credibility problem because here is some of the quotes from the debate where the announcer says: that that was right after the NDP leader, Roy Romanow, said he would scrap the provincial sales tax if he formed the next government. And it goes on to say: here's the Leader of the NDP; we have always got to take a look at fair taxation; that means doing away with the question of the PST.

And tonight you're raising the provincial sales tax on thousands of items when you took it off a handful. And you won't even acknowledge that you have done this flip, that you've increased the taxes on all kinds of items that were there. And you campaigned that you would help farmers, and you say that is there any issue here that is relevant.

The first for this afternoon . . . this afternoon and tonight we've been talking about the crisis in agriculture and whether you had any sort of support for farmers. You said, we've got all kinds of time for farmers. We'll give you increased help. And what are you doing for farmers? You've cut their budget by 50 or \$60 million. You won't come up with money in the Crop Insurance. And then you turn around and tax them 15 per cent increase on the thousands and tens of thousands of items, and they're in a farm crisis.

And you expect to walk in here with a Bill, after not telling the truth to the public, and say, well we just need the money. And by the way — so that all the people know that are watching television — on top of all this, this Minister of Finance has a \$517 million deficit. On top of this.

And a combination of things that he is doing tonight —

and they don't like to hear that across there, Mr. Chairman. They speak; the member from Quill Lakes can hardly stand this. Do you hear them talking? Well we'll have to remind them again. They have campaigned on lower taxes. They campaigned on helping seniors; then they cut the heritage program. They campaigned on helping people in health care and they raised all the deductible. They campaigned on more health care facilities and they're closing nursing homes and hospitals. They campaigned on helping farmers and they're raising taxes, cutting their programs, ripping up rural roads, cut the FeedGAP (feed grain adjustment program), took away the support for gasoline. And he's in here tonight and he's got thousands and thousands and thousands of items that he's raising the taxes again and he's saying, oh but I have to do it.

And then on top of it he said, well all my government was involved with was just friends, just friends of the party. For Heaven's sakes, Mr. Minister, I think you know it was a good idea that we built the Co-op upgrader here in Regina with all kinds of friends of Conservatives that happened to belong to the co-op movement. That was fair enough.

Build a new agricultural college at the University of Saskatchewan with our friends the ag grads, university faculty. Was all that bad? A second upgrader so we could process Saskatchewan's heavy crude and create economic activity and have that opportunity to make our own gasoline. Make our own fertilizer. And that's a good project — profitable, according to the Gass Commission. We're going to make 15 or 20 per cent on the money on that.

Build a new paper mill. Thousands of people work across the province — that's good. And these people that work in industry apparently are just our friends. A Saskatchewan Pension Plan for low income people, particularly women, and they just happen to be Conservative friends.

A 13 to \$15 million heritage program for the native and Indian aboriginal community so they could be shareholders in our resources, just with our friends in the native community.

Our program to help seniors and students and people on welfare, people that have low income, and farmers and rural people — and you say, we just dealt with our friends. Well for Heaven's sakes.

And you, Mr. Minister, and you mention, well we're not going to do this thing, like GigaText that cost almost \$5 million. By not harmonizing you leave \$5 million on the table every year, built in, locked right in. You know and the officials know when you say \$5 million, if you put the two systems together and have one government collect it and distribute the benefits, that's 5 million a year.

And you say, nope, we're not going to do that. We're going to raise taxes on thousands of other items, because we campaigned that we would reduce the PST. And as soon as we get elected, we'll go and increase it.

So when you talk about well we only helped our friends, we changed Crop Insurance with the salvage program;

we helped low income people. The Saskatchewan Pension Plan was for seniors and for women and for pensioners and for people who are single parents and students. Eighty per cent of them were women. And we provided that.

And you stand up here and say, I have to raise . . . The NDP have to raise the tax because we didn't care about farmers. We had drought after drought. We had 18 per cent interest rates. We had 22 per cent interest rates. What did you do? Not a thing. We cared.

And when we went to help them, you were in opposition and you said, but you got to give them more. If you'd only elect an NDPer, we'd give you more help, more protection, more jobs. We'd get more money from Ottawa. We'd lower your taxes. We'd balance the budget.

What have we got? We got more people on welfare. We got longer lines for food banks. We got higher taxes. We got people leaving the province. You've reneged on all kinds of projects. And tonight you're in here saying we got to raise taxes some more.

Well the public is asking, well what in the world did you campaign on my boys? Why did you do that? You told us you'd help us and reduce taxes and balance the budget, and do all of those things.

So we're just asking the question: how many thousands of items are you going to raise the tax on? And you're afraid to tell us. How many thousands? You won't tell us. Well I'll tell the public. They've taken it off a handful of items, a handful, and then they've raised it on everything else that you buy.

Now, Mr. Minister, that's going to raise you something like \$65 million. Tonight you're asking for this House and this Legislative Assembly to let you go do that. Well I want to tell you, Mr. Minister, before we let you go and renege on your campaign promises, we want you to at least break down that sales tax. Can you tell us the categories of that sales tax that are the most significant? You say it's going to raise \$65 million. Could you break it down and tell us what categories are going to raise the most money? What parts of industry, what parts of various sectors in the economy, are you going to get this \$65 million, because you've put it on everything?

Hon. Mr. Tchorzewski: — Mr. Chairman, as soon as the member from Morse settles down and listens I'll be able to give him the answer.

Mr. Chairman, some of the items that the member asks about are retail sales. We anticipate the . . . This is the total revenues from the E&H tax, not the increase but the total revenues. Vehicles and supplies, 85.1 million — these are the projections and the estimates. Household furnishings and home entertainment equipment, 29.2 million is what the estimate is; household supplies, 21 million; personal care supplies and equipment, 15.8; recreation equipment, 16.5; tobacco products, 22.6. There's miscellaneous, non-retail sales, capital equipment, 85.2 million; repairs to capital equipment, 24.1 million; construction materials, 125.3 million; and

then there are some smaller items.

That's generally the kind of categories that are there, nothing new. That's what the categories have always been there under an education and health tax. What the expanded education and health tax, which was a provincial GST, would have done, is added everything except prescription drugs and groceries. If you built a house you would have had to pay a provincial GST. If you repaired your home as a senior citizen you would have had to pay a provincial GST. If you went and did some other kind of work on a service, you would have had to pay GST.

If you went to a restaurant to eat, even though it may be part of your job, you would have had to pay a GST. If you wanted to buy books for your children to go to school, you would have had to pay the GST. Mr. Chairman, that's been eliminated. That was a commitment of this party before we were elected. We delivered to that commitment and I don't think that anybody can question that at all.

Mr. Devine: — Mr. Minister, would you send over that item you just read, when you broke it down, and the millions per category? Could you do that?

Hon. Mr. Tchorzewski: — We'll get it prepared for you and I'll send it over.

Mr. Devine: — Well I noticed, Mr. Minister, and I think you make my point quite nicely, that you have raised the taxes on all the automobiles. We didn't do that, you did. On household furniture, you raised all the items on household furniture. And the hon. member says the used-car tax. You've raised it on not only used cars, but all the new cars. You've raised it on all cars, all vehicles.

Mr. Minister, so the average person in Saskatchewan knows tonight that you have raised all the taxes on all vehicles — trucks and cars, you've raised them 15 per cent. Household furniture, is that pretty necessary? Household appliances, household furniture, on everything you buy for your household, you've raised it 15 per cent. Isn't that nice? And if you look at capital equipment, and this industry, this province runs on capital equipment. We're in agriculture, we're in mining, we're in processing, we're in oil and gas. On all those supplies you've raised it 15 per cent. Hey, the hon. member says, look it doesn't matter; it doesn't matter.

If you would have looked in the mirror when you were campaigning and told the truth, you wouldn't be sitting there, and you know it. If you would have said all the vehicles in the province of Saskatchewan are going to go up by 15 per cent, do you think they'd have voted for you? Because we can go through item by item, and you can take five years to go through all this stuff.

Imagine the campaign on television. The Leader of the NDP says, I'm going to reduce the PST, but I'm going to raise it 15 per cent on all cars. How does that go over? And he said, in fact that won't be enough. I'm going to raise it 15 per cent on all your household supplies. Everything you buy for a home, I'm going to raise it 15 per cent. How would that be in a debate? And all the capital

equipment in forestry and mining and manufacturing, I'm going to raise all that 15 per cent. You get no deductible; you just have to pay. And that's what we're up against here. You're raising the sales tax 15 per cent on everything people have to buy, and you're telling me a few exemptions over here are going to make you fine.

(2130)

Well, Mr. Minister, I want you to send us that list so that we can go out and tell the people when they go into stores and when they buy their vehicles and they buy their capital equipment and their repairs . . . Imagine you've raised it 15 per cent even on repairs. So you're into manufacturing, creating economic activity. You're into retail. And you've got a category, repairs for capital goods; it's up 15 per cent. Do you know what the rate of inflation is? Virtually zero, and you're raising taxes 15 per cent on somebody that's in business.

Well, Mr. Minister, you can't slip this one by. The public is going to know that you raised taxes on everything in the province, and they're going to remember it. And they're going to get a chance to watch on television that every time they go out and buy things, they'll say, now the NDP said they were going to reduce the PST but oh, oh they increased it. They increased it. And we're going to just go through the categories, because now you're in a situation, you're in a situation where everybody that buys a truck or a car, as a result of the new NDP Finance minister, his costs went up 15 per cent.

You buy a fridge, a stove, a table, a chairs, dishes — up 15 per cent . . . (inaudible interjection) . . . Well you just said automobiles and vehicles are \$85 million. How do you get \$85 million if you don't raise it on automobiles?

Capital equipment. What's capital equipment? Would you want to take the items in capital equipment and itemize what you've raised the taxes on here this evening? Because you know under the harmonized system that the capital people got it all back. They only paid it once.

Everybody's a consumer but you didn't have to pay it twice if you're a farmer or a business or a retailer or manufacturer. You want them to pay twice. And it makes no economic sense. You just said, well politically we'll make them pay twice. You'll pay once as a consumer and then if you need it for business, we'll make you pay twice.

So there's a disincentive to create economic activity. Because like the editorial — I think might have been Eisler — today or yesterday said, these people don't know about creating economic activity and wealth. You want people to pay the tax twice in Saskatchewan.

You could have raised this. Not even raised it — they just put them together and they got it back. Imagine, all the 7 per cent federally and all the 7 per cent provincially that you would pay on automobiles, household goods, capital equipment — you get that all back under a harmonization system.

Well you know it. And the minister says, boloney. He still doesn't understand it. He still doesn't understand it. You would get all of that back as a farmer and business, and

any economic activity is sales tax free in the province of Saskatchewan.

And you have packed that up so that you can just raise the taxes on vehicles — 15 per cent, no rebate. Up 15 per cent. Capital equipment is up 15 per cent — no rebate.

So now the people in Saskatchewan not only have to live with your untruth but they got to pay more taxes. They pay more taxes than under the other system, the old system, and they have to live with the situation where they voted for one thing and got something else.

Would the minister care to itemize some of the capital equipment that you have to pay 15 per cent on this increase? Could he give us . . . as well as the general categories, could he go through some of the significant household goods that you'd pay 15 per cent on, some of the additional capital equipment. Some of the . . . maybe even the vehicles that you pay 15 per cent on and then we can get an idea of where he's raising this tax.

Hon. Mr. Tchorzewski: — Mr. Chairman, I've already provided that information to the member opposite. I've given them a photocopy of the legislation which provides all of those items which are exempted.

An Hon. Member: — Not exempted — what you taxed.

Hon. Mr. Tchorzewski: — Those items which are not exempted are taxed. Now he can make up his own list. I don't have a list. If you buy drapes, you're going to pay tax. That's the way it works.

But obviously what . . . I don't know what the point he's trying to make here except take up a lot of time of the House. But I'll tell you this, that under the E&H tax, senior citizens don't have to pay the provincial GST. Under their provincial GST senior citizens would have had to pay it. Waitresses working at minimum wage in a restaurant would have had to pay the provincial GST. Oh, but the Potash Corporation, which could pay \$760,000 salaries to president Chuck Childers, it would have got a big break. Several tens of millions of dollars or maybe several millions of dollars, I don't want to exaggerate. They would have got a break.

That, Mr. Chairman, as that tax was developed and proposed was not a fair tax. It was not a progressive tax. We have done away with it. We said we would do away with it. We're going to stand by that and we're going to be prepared to be judged by the people of Saskatchewan on that move just as the people of Saskatchewan judged you on your move. That's the way it should be. And okay, the member says fair enough. Fair enough — I am prepared, when the election comes, to be judged by the people of Saskatchewan.

Mr. Devine: — Mr. Minister, all we're trying to point out here is that, under the system you promised to reduce, a small-business man or woman and a farmer — and I'm sure you'd support them — would be sales tax free in their operations. Will you acknowledge that, Mr. Minister? A farmer or small-business person would be sales tax free. You'd get all your GST back and all your PST under harmonization. Would the minister acknowledge that.

Hon. Mr. Tchorzewski: — No, Mr. Chairman, as consumers they would pay.

Mr. Devine: — Mr. Minister, you said, as consumers would they pay. As producers and manufacturers and retailers, small business and farmers would get all their GST back and all the PST returned. Is that true?

Hon. Mr. Tchorzewski: — Yes, they would have, at the expense of the low income, minimum-wage waitress, at the expense of children who would have to pay for their school book taxes. Because the total tax load would have been moved onto the consumer.

Mr. Devine: — Is it also true . . . Mr. Chairman, I got him to acknowledge that the farmer would be sales tax free and small business would be sales tax free. Is it also true that there was an exemption for low income families? For low income families, they got money in the bank, money in their pockets so that they could purchase items which would cover all kinds of . . . much more than a few hamburgers, or indeed a few books. Would he acknowledge that that was the case, that there was a low income exemption or a top-up?

Hon. Mr. Tchorzewski: — Mr. Chairman, low income families with no children, senior citizens living on minimum pensions, would have got no rebate at all.

Mr. Devine: — Would the minister acknowledge that if you had children, and you're low income children, low income family with children, you got a top-up and you got money in your pocket. On top of that, if you're a farmer and a small business, you were sales tax free. You got it all back. Now would you acknowledge those two points?

Hon. Mr. Tchorzewski: — Mr. Chairman, I'm glad the member asked that question, and he asked that question the last time we were in committee. That's why I'm beginning to question the repetition here. In fact he asked it two times before that in committee, and the answers have been provided. Clearly the only thing that's happening here is that the member from Estevan is trying to kill more time in the legislature rather than getting on with the work because he's already got the answer which I gave him the other day, and I will give it to him again today.

If you take a two-income, \$40,000 earner with the surtax — which is another Bill which we're going to be considering in the House — and the E&H tax, the tax increase is \$170. Under the provincial GST which the member opposite introduced, even after the tax credit, the tax increase would have been \$650. That's what the difference is, Mr. Chairman.

Mr. Devine: — I hope that the hon. member will acknowledge this evening, as he provides us with all the information that we're asking for, that the farmer is sales tax free. The business is sales tax free. There is a low income tax credit for families and that the tax increase on the harmonization mechanism would save the government 5 million a year — just in administration alone. Nobody acknowledged that. And on top of that,

the increase was only on a handful of items, and tonight he's increasing it on everything in the entire province.

That combination of things, Mr. Minister, is extremely important for the public to recognize exactly what they're up against as they face this 15 per cent increase on household furniture, on vehicles. Well when you go from 7 to 8, what's the percentage increase?

An Hon. Member: — One per cent.

Mr. Devine: — Oh 1 per cent, yes? What is the per cent of 7, how much? If it went from 1 to 2, is that a 1 per cent or a 50 per cent increase. The minister can't even count tonight, Mr. Chairman. He doesn't know a 15 per cent increase. He doesn't know a 15 per cent increase. And if you go from 5 to 10 per cent, would that be a 50 per cent increase or a 100 per cent increase if you've doubled it. You double the tax, Mr. Minister. If you double the tax from 2 to 4 per cent, don't you think that's a significant increase if you've doubled it?

Well, Mr. Minister, what I want you to acknowledge tonight is that there's a 15 per cent increase on everything in the province including vehicles, household goods, items that are there for farmers in capital expenditures, and they could have been sales tax free under harmonization, and tonight you're asking us to say, all right give you the credit, give you the approval to raise taxes 15 per cent on everything in the province. And, Mr. Minister, would you acknowledge that this is a hefty and a healthy tax increase for low income people and farmers and people like single parents and public like seniors and low incomers?

Hon. Mr. Tchorzewski: — Mr. Chairman, I truly hope that everybody in Saskatchewan is watching cable TV today who has it because they would clearly get an indication of the kind of weird mathematics that the member from Estevan continues to use which he used in the past. He says there's a tax increase on goods or some item that he might buy or somebody might buy of 15 per cent. Well let me illustrate. I would do this in my class-room of grade 7 and 8 when I was a teacher and I'll do it for the member opposite.

Mr. Chairman, if the member from Estevan buys an item worth \$100, at a 7 per cent education and health tax he would have paid \$7 of education and health tax, 7 per cent. There's a 1 per cent increase from 7 cents to 8 cents. Well, Mr. Chairman, that increase would be \$1. Now, Mr. Chairman, that increase would be \$1. That's 1 per cent, not 15 per cent as the member from Estevan is trying to state in this House.

Is it any wonder, is it any wonder with that kind of capability to count and multiply and add, that he took a province from a surplus of \$139 million and brought us to a deficit of \$960 million in 1991, a deficit of \$1.2 billion in 1986, and an accumulated debt of \$15 billion? I rest my case.

Some Hon. Members: Hear, hear!

Mr. Devine: — Mr. Chairman, the people, when they buy everything in the province of Saskatchewan, go into retail

stores, are going to make up their minds, year after year, as you've raised their taxes. And you promised them not to.

So and there is a 15 per cent increase. And you know it. It went up to 8 per cent. And that increase is 15 per cent. And you know it and I know it and they know it. And you campaigned on the opposite. So while you took the PST off a handful of items, you put it on everything else. And that's the point here tonight.

And you promised to send the list over of the major categories. So you're going to be picking up \$85 million just on cars. And you're going to be picking up — I forget the number, and you're going to send it over here — tens of millions of dollars on household goods. Imagine. Tens of millions of dollars for low income people who have to go buy furniture and blankets and tables and chairs. You've raised the taxes 15 per cent.

And on top of that you're charging them more if they're a senior because you've cut out their seniors' heritage program. You're charging them more for health care. You're charging them more for gasoline. And if they live in the country it's even worse than that.

And all these low income people from a so-called socialist government are getting taxed more and more and more and more. And the reason that you're doing that is, you say well we promised to reduce the PST. Well you took it off on a handful of things and you put it on everything else. Whether you're in northern Saskatchewan, southern Saskatchewan, whether you're poor or whether you're not, you pay all of these increased taxes. And I'm just making the point again, is it . . . you've number one, promised not to do that. Number two, it's a sillier tax than if you put the two together, save 5 million a year, and let all of the creative part of the economy be sales tax free.

And the business people want it, the co-ops want it, the chamber of commerce agreed. Everybody I talked to said: that's a really good idea, to create that economic activity. And they said: well if the NDP can do it without it and also cut taxes and balance the budget, I'll vote for the NDP.

Well you're back here tonight and you can't do it. You have to raise all these taxes and you've given up a very productive system, that whether you're a fisherman, a farmer, pulp and paper, no matter what you're into, mining, you could have been sales tax free in the province of Saskatchewan.

So we just make this point, Mr. Minister, that tonight when you're asking for this 15 per cent increase in sales taxes on everything, that it's a heavy hand of taxes on all Saskatchewan people, whether you're low income or not. And you can acknowledge tonight, Mr. Minister, that even the poor in Saskatchewan have to pay 15 per cent more for their vehicles, their home supplies, their furniture, the tables and chairs, their blankets. All of those things, Mr. Minister, are increased as a result of this Bill.

(2145)

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, let me try to get the member understanding on another issue. First of all, I want to simply ask this one question. Well I want to ask this question: if the member from Estevan is so convinced that what they were doing is right, the question is, why is he and nine other members seated on that side of the House as a rump opposition rather than on this side of the House as a government?

You know why, Mr. Chairman? Because the people of Saskatchewan said they wanted a change. People of Saskatchewan said they wanted some integrity. People of Saskatchewan said they wanted accountability, so they changed the government.

Now I want to say something to the member on straight fact, and I want him to listen carefully. And I don't want to exaggerate or pretend. There is a tax increase in this budget. There is no denying that. It's necessary to get the debt and the deficit under control.

And because of the measures we took in reducing expenditures, and because of the measures we took on the revenue side, we have reduced the deficit by \$800 million in one year. We reduced the deficit by \$800 million in one year, from 1.3 billion, which it would have been, to \$517 million, which it is going to be.

What happened in the case of a family with two children, two income-earners, making \$40,000 a year between them? Well I'll tell you, Mr. Chairman. Believe it or not, they actually will have a tax decrease because of the way the tax system is set up. Because under the former administration, the provincial GST, they would have had to pay an increased tax of \$650 on everything that they had to be. They would have had an increase of \$650 in their tax load.

Under the tax regime which we're proposing, including the surtax and the E&H tax, their tax increase is only \$170. Therefore if you compare the provincial GST, which was their taxes, with the proposal taxes that we have, they are getting a saving of \$400, Mr. Chairman.

Mr. Devine: — Mr. Minister, if you believe that and you think it's true, why didn't you tell the truth and campaign on it? Why didn't you just come out and say, we're going to reduce the PST, and we're going to increase all these other taxes, and you're going to be better off? Do you know what? You don't believe it now, and you didn't believe it then. You said, why are you sitting there and we're here. You told people that you were going to cut taxes and balance the budget and have more help for farmers and low income people. And you promised that. And people said, well by gosh that sounds pretty good. I'll vote for it. And then what happened? You got elected, and you've done the opposite. You've done the opposite.

And you said, well the people must have been right. The people believed that you were telling the truth, and now we find out that that wasn't the case. You didn't campaign on what you've just said. You didn't tell them that you were going to raise taxes on everything else. You didn't tell them that you're going to cut off the farmers, raise the deductible.

Second point, Mr. Minister. What we did and was honest with the people . . . and you're right; they don't like tax increases. We said harmonization is a fair tax recommended by even your people, saves us \$5 million, and it's necessary there because of the economy to balance the budget.

And we campaigned on that. And people said, well I don't like it; maybe there's a better way. And you said, yes we can cut that. So we had the courage to go to the people and say we'll bring in a budget with harmonization. We'll campaign on harmonization which is a tax increase, and it's the most effective way.

And people had to look at that and then they said, no these people promised. The NDP promised no taxes, tax cut, and they'll balance the budget anyway. And guess what they got. They voted for you, and you gave them the opposite: more tax increases than they've ever seen in the history of Saskatchewan.

That's why we're debating this tonight because you didn't tell them the facts. So if you had to do this all over again, if you went to the people today with what you said tonight, do you know what would happen? The people would reject you and say I don't buy that because I don't want the sales tax up on my appliances, and I don't want the sales tax up on all these things.

And they're telling you that in the country. They're telling you that in the cities. And you're plummeting like this. So what we're pointing out, Mr. Minister, is you've got yourself a problem, an economic problem, a \$500 million deficit.

And you've got yourself a political credibility problem because you didn't tell the truth, and we're catching you on it.

We're reminding people that you're in here asking for 15 per cent tax increase on everything we got in the province of Saskatchewan, and you campaigned on the opposite. So I campaigned on tax increases to balance the budget, and you said no, we don't need them, and you're back here saying you now have to flip-flop.

So we're just drawing to your attention, Mr. Minister, that on all of these items you have raised taxes, and you have raised them 15 per cent plus a surtax, and you've cut the support for seniors, and farmers, and people all across the province at the same time.

You've cut the Agriculture budget by a very large per cent, 50 or \$60 million, and on top of that you're raising taxes on farmers, and you're foreclosing on farmers, and you're foreclosing on people who are losing their homes, and senior citizens who had a heritage program, you're cutting it off. And then you're going to those people and say, if you shop for blankets we're going to raise the tax. And you call yourself what, a socialist, a protector of the low income?

You've got them lined up at food banks, you've got more and more people on welfare, the low-incomers are hurting, and you're raising their taxes. And then if they go to pay for their telephone bill, their SGI insurance, or their

power bill, that's up to 30 per cent increase. Thirty per cent increase. And you're sitting there saying you would have won the election running on that?

Mr. Minister, Mr. Minister, we are just going to make sure the public knows, if they're watching television tonight, you've raised utilities 30 per cent, sales tax on everything 15 per cent, cut their programs, closed their hospitals, cut their roads up, cancelled the pension plan, took away the FeedGAP, wrecked GRIP, and at the same time changed the entire nature of Saskatchewan and cancelled the AECL (Atomic Energy of Canada Ltd.) agreement so we can't have economic development, cancelled other projects, backed out of saving 5 million a year, and you're in here for more tax increases.

Well, Mr. Minister, it's a beautiful opportunity for the opposition to point out to the public the hypocritical nature of your entire campaign. So we're going to keep doing it. And the minister says keep doing it, and keep doing it. Well, I'll remind the minister the people expect some degree of honesty in a campaign. And when you said that you were going to cut taxes, they believed you. And now, Mr. Minister, they're going to hold you accountable because every time they go to shop, to buy something and those taxes are up, they're going to say, well now I remember what the NDP did.

Mr. Minister, could you tell this Assembly tonight what percentage of this increase that you're asking for from all the public in Saskatchewan, you're prepared to contribute to the farmers of Saskatchewan and the crises they're in today?

Hon. Mr. Tchorzewski: — Mr. Chairman, the budget is clear. There's a budget for the Department of Agriculture which is in the budget. The former premier has it. There's money allocated for the GRIP program. There's money allocated for the crop insurance program. The budget is there.

This Bill is not dealing with those items, but it is in the budget. All the member has to do is pick it up and read it.

Mr. Devine: — Mr. Minister, would you give us any idea tonight, after this huge tax increase, where you might be allocating the majority of that money. And if you go back and say that there's no crisis in agriculture, where it might be going, so that in fact we know where your tax increases are being allocated to, and then we can go back into how you drummed up this deficit number or we can go back into those figures, so that in fact the public can have some idea of what you're up to.

Hon. Mr. Tchorzewski: — All the revenues that the government raises go into the Consolidated Fund and then they're allocated by department according to their needs. The budget speech outlines very specifically where that money is allocated.

Mr. Martens: — Thank you, Mr. Chairman. I want to ask the member how much the tax is going up on the manufacturing of mobile homes and the payment of homes that are movable. How much of that tax is going up?

Hon. Mr. Tchorzewski: — Going from three and a half to four per cent.

Mr. Martens: — Mr. Chairman, I have a letter here from a gentleman not in my constituency. Although he lives in my constituency, his manufacturing plant is in Swift Current and he manufactures the metal for mobile homes in the province of Saskatchewan. I think we only have one manufacturer in the province — maybe not even that, I'm not quite sure. But what he does, Mr. Chairman, is that he provides employment for a number of people in the city of Swift Current.

What he wrote me a letter about, and he wrote the Minister of Labour a letter, is that he said if the labour laws change to the extent that they are, coupled with the increase in his economic impact on the manufacturing in his small business . . . He sells his metal into Ontario, British Columbia. That comes back and the people of Saskatchewan have to pay that increased tax. Where are they going to buy the metal to supply their mobile homes from? That's the question he asked me. On the bottom he has this very simple statement in PS (postscript): Havre, Montana is calling me. And that, Mr. Minister, is exactly what we're talking about. He becomes non-competitive in complying with the taxes that he has to pay in dealing with manufacturing. He can't get any of those taxes back.

Under harmonization all of the inputs that he would have in his manufacturing he would be able to get back. And now you're going to take and say: no sir, you're not; you're going to increase the costs in labour; you're going to increase the costs in manufacturing; you're going to increase his costs in doing business, in his insurance, and his telephone, and his power.

And how is he going to stay competitive? He can just pack up his business and leave and move into Medicine Hat; and he has got one better — free trade. Free trade with the province of Saskatchewan. He will put that into manufacturers in Saskatchewan cheaper out of United States than he will out of any part of Canada. So why is he choosing Havre?

An Hon. Member: — Is that what you're promoting?

Mr. Martens: — I'm not promoting it. You're promoting it, Mr. Minister. And the member from Humboldt is promoting it. And that's what's wrong with the whole program and the whole process. That, Mr. Minister, is exactly what we're talking about.

Well I want to point out, why is there a problem in Impact Packaging? If you'd have given them an opportunity to deal with some costs back to them in their manufacturing costs, they would be able to start doing business. If you'd have done it with Saska Pasta, they would do the same thing. And that, Mr. Minister, is a fact.

And that, Mr. Minister, is why we argue that harmonization in manufacturing would have provided jobs. You, Mr. Minister, are responsible and accountable for 18,000 jobs lost in the province of Saskatchewan in one year. Last year date-to-date it's 18,000 jobs less, Mr. Minister, 2,000 in agriculture and 6,000 in young people. That, Mr. Minister, is a fact. And that is why we are

complaining about the fiscal responsibility that you have in presentation in your budget to this Assembly. And that, Mr. Minister, is exactly why we have a problem with your government.

And as the people move out, Mr. Minister, you will have less and less tax-paying people in the province of Saskatchewan each day as we go. And I want to say one other thing. Each day as you make the people of Saskatchewan pay more taxes, as they leave, your payments from the federal government are reduced on a per capita basis every day they leave. And that, Mr. Minister, is a fact.

And that's why we say your economic plan in the province of Saskatchewan is absolute garbage. And that's why we are arguing the case for harmonization in dealing with the concept. And that, Mr. Minister, is why the member from Churchill Downs said over and over again, that he was in favour of harmonization. In fact he stood right over here, speaking on the fact of harmonization being a benefit to all of . . .

The Chair: — Order, order, order. Order. Order. Order. Order.

The committee reported progress.

The Assembly adjourned at 10:02 p.m.