

EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Expenditure  
Executive Council  
Vote 10

Item 1

**Mr. Swenson:** — Thank you, Mr. Chairman. I think, Mr. Chairman, it was . . . perhaps the Premier wasn't quite understanding what I was getting at prior to the supper hour, and now that we've had a couple of hours to refresh ourselves and watch the news from Melfort, I'm sure that we can go on with these estimates in a new vein.

Mr. Premier, the point I was trying to make that I need you to sort of square with this Assembly is the fact that on October 5 you said the provincial deficit was \$14.2 billion, during the leaders' debate. Now on page 61 of your own budget address the number used by the Minister of Finance is, say, twelve eight, to round it off.

Now that leaves you over a billion and a half dollars to play with, Mr. Premier. From what you were telling the people of Saskatchewan on October 5 what the debt of the province was, to what your Finance minister delivered on budget day, there's a discrepancy of about a billion and a half dollars that you could do with as you wish. Now at the same time we have seen unprecedented tax increases, tax increases that you campaigned very vigorously against in the province of Saskatchewan.

Now being that you knew what the deficit was on October 5, I would like to know how you are squaring with the Saskatchewan taxpayer the fact that you knew the deficit was at that point, yet you could promise all of this tax relief, all of this change and still be truthful with people. And that's the simple answer that I'd like you to square with us tonight.

**Hon. Mr. Romanow:** — Mr. Chairman, I have given the answer to the hon. member several times now. He won't accept it from me; he won't accept it from the Saskatoon *Star-Phoenix* editorial board or the other various commentators. I don't believe there's anything I can do to convince him obviously.

He knows what the deficit was, although I'm not so sure that he did. I'm not sure whether or not in that former administration it was limited to two or three people, and I don't mean to be diminishing of the hon. member opposite, but he might have been excluded from the inner cabinet there that had that information.

None the less, the figure which the Gass report revealed and the various arrangements which came out as total surprises to us, I've made these points before the dinner break and I think there's not much more I can usefully add to the observations which we make.

**Mr. Swenson:** — Well let's get right down to basics here then. Mr. Premier, on October 5 did you say that the provincial deficit was \$14.2 billion? Yes or no?

**Hon. Mr. Romanow:** — I don't have a copy of the transcript. But if I did say it, I say I predicted it to be there.

I say what I said to you before. You and your government hid from me and the Leader of the Liberal Party and the people of Saskatchewan the true number. You hid it. Not only did you hide it, but the minister of Finance, the former minister of Finance said that it was only a \$250 million deficit, which turned out to be an absolute, blatant misrepresentation.

So if anybody is playing politics or misrepresenting, it is you, sir, and the former minister of Finance in the administration. That's what I said.

**Mr. Swenson:** — Well, Mr. Chairman, I'll have to read it into the record again. This is the words of the Premier on October 5, that evening, in the leaders' debate on province-wide TV. And I'll only go the last sentence here: There was no debt. That's the point. The debt was 3.2 billion on the Crown corporations and it's now 14.2 billion since 1982. That's not our fault. That's the fault of Liberal and PC (Progressive Conservative) policies that's put this situation into this circumstance.

Now were these your figures and your words or not, Mr. Premier, on the night of October 5, 1991?

**Hon. Mr. Romanow:** — Mr. Chairman, the member can continue to ask and I'll continue to give the answer which I've given to him. I simply will say the figures which the former administration failed to give the people of Saskatchewan, the shocking cover-ups, whether it's in the Crown corporation side or on the regular side, are all documented after we assumed office and Mr. Gass and Ernst & Young uncovered it. Now that member either knew, or if he didn't know he should have known, and he was part of the cover-up in not telling the people of Saskatchewan the true state of finances.

**Mr. Swenson:** — I find this kind of incredible, Mr. Chairman, that a statement made by the now Premier a short 10 months ago, made in the presence of . . . The member of Saskatoon Greystone is here tonight and she was the next person on the . . .

**The Chair:** — I think the member should know better than to refer to the presence or absence of other members in the House.

**Mr. Swenson:** — My apologies, Mr. Chairman. I'll let the member from Saskatoon Greystone speak for herself.

The figure used by the Premier was \$14.2 billion. Now he seems to want to deny that figure tonight in his estimates in this committee. And I think it's incumbent, Mr. Chairman, if we are to understand the government's financial direction and the broken campaign promises of last October, that we have the Premier tell us if this is the numbers he was using or not.

And it can't be all that difficult for the Premier because, I mean, that was a province-wide debate. It was all recorded. I mean hundreds of thousands of people heard

the debate. I don't know why the Premier would be so hesitant to say that this was the number that he used. I can only speculate that if he tells us that that was the number that used it will put in some jeopardy the promises that were made that evening and other evenings all across Saskatchewan.

And I ask you once more, Mr. Premier, was this the number that you used in the debate? Was this the number that your people had derived for you in preparation for that debate, that the province's debt was \$14.2 billion? If I have a transcript that is incorrect please tell me and we will go and try and dig up the proper transcripts of the debate.

**Hon. Mr. Romanow:** — And I asked the hon. member, was the number of the deficit for '91-92 \$250 million as you told us on the eve of the election or was it in your knowledge that it was \$900 million? What's the truth of that?

**Mr. Swenson:** — Well, Mr. Chairman, it appears the Premier has forgotten that we have switched roles in this legislature and that he is now the Premier and I do the questioning. A short 10 months ago it was the other way around but we have a reversal. And it's the Premier's election promises that secured the votes of Saskatchewan people that we now are examining here in committee tonight.

And I'm asking the Premier if this is the number he used, because obviously this number is different than what he gave earlier. This is a number that appears to have had some research attached to it. Obviously one would not go on province-wide TV and use a number like that loosely when one was wanting to be the premier of this province. You wouldn't want to use numbers loosely like that. So I'm just asking the Premier if this is the number that he used that night.

**Hon. Mr. Romanow:** — Well I'll tell the hon. member, you sure wouldn't want to use numbers as loosely as your administration did through nine years, including on election night, and the implication that the debt for '91-92 was only 250. It's even shuddering to think it, just to say, only \$250 million. So you're right about not using it loosely.

But I said to you before the dinner hour, and I repeat again, what our position is. We did the best that we could to calculate what the picture was fiscally. And you and your leader kept on taking the position that that number was not right, that debt wasn't all that high. Oh no, we were misstating things. I can cite back to you the letter that your minister of Finance gave to me, saying that I was misrepresenting the numbers. That's what he was telling me. The number that you're referring to, the \$14 billion, that was a misrepresentation from your point of view. They write to me. You wrote to me. You didn't sign the letter but you're part of the government that did that.

And then you say — incredibly, I might add — to the whole public that when we come to office to find out what the real true situation is, that somehow we ought not to have been surprised? How illogical is that? That's totally incredible.

**Mr. Swenson:** — Well once again, Mr. Chairman, the Premier does not want to answer the question. And I find this kind of incredible. I kind of find this incredible. The statement made on province-wide TV, 10 months ago, seems to cause the Premier so much difficulty in saying yes or no. If he used the number 14.2 billion, why not own up to it? What's the problem here? He keeps wandering off onto other topics. I think, Mr. Chairman, if the Premier can tell me yes, or no, then we can get on with the questioning here. I mean I think it's fundamental that, if you say something on province-wide TV, that you'd want to own up to it.

**Hon. Mr. Romanow:** — That member is telling me that when you say something on province-wide TV you should own up to it? Well where in the world have you people been for the last nine years in your government, talking on province-wide TV, and owning up to it?

You told the province of Saskatchewan in nine successive budgets, and you were off by 200 per cent on average in those years. How about owning up to that? I said to you before the dinner, and I repeat again, the \$14 billion figure — I said in fact just a few moments ago — is the best figure that we could figure out was the size of the debt. You people said that I was wrong. You people said that I was scam-hungry.

You people said that that wasn't as bad. Your minister, or former minister of Finance said it was only \$250 million. And the member from Moosomin says that all of that was inaccurate. And here, this member from Thunder Creek, is trying to paint out the picture that it was accurate, and that I knew it. And I shouldn't have made the promises. And his member right here from Moosomin says that all that I said was inaccurate. Come on fellows, get your two stories straight.

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

**Mr. Swenson:** — Well, Mr. Chairman, it appears that the Premier now is back in his number of \$14.2 billion. That's fine. I mean it was his words that said that his promises were irresponsible, given that high a debt load. Those aren't my words.

Well, Mr. Chairman, to the Premier, how is it then you say that the debt was \$14.2 billion — obviously with some research. Your Minister of Finance comes in with 12.8. Now, Mr. Premier, given that you had predicted the debt at 14.2, your Finance minister comes in at twelve eight. How do you square the fact that we have had so many tax increases, why we have had our health costs go up, why our education costs have gone up, our university students are paying more? Gasoline is up. Sales tax is up. Personal income tax is up.

How is it we've had all of these increases when you said you wouldn't? The Finance minister is over a billion and a half dollars low on his estimate of where you pegged the debt at in your election campaign. How do you square all these tax increases then?

**Hon. Mr. Romanow:** — The hon. member still lives in the fairy dream-land that he lived in 10 months ago. He either

refuses to acknowledge, or if he acknowledges it, doesn't want to admit it publicly, that what he has done is that he has brought this province to the verge of bankruptcy. Nine years, sir, has brought this province to the edge of bankruptcy. Those are the facts. I'd like to have you stand up and deny that.

And this government was elected in an attempt, as I indicated in the platform card to the hon. member from Arm River, to open up the books and get a proper accounting and to take control of the finances of this province in such a way that we would not saddle our children and their children with the debt as a result of nine years of waste and mismanagement and profligacy. We had to start taking the first steps in this budget in doing so.

(1915)

Now let me just repeat. Your average yearly increase in expenditures on average was 6 per cent growth every year in expenditures when you were in office. Our first budget cut that by minus 3. That's a turn around of 9 per cent — virtually unprecedented by any other provincial government standards.

And because of the size of the debt that you racked up in those nine glorious years of having fun, because of the size of the debt, even with a minus 9 per cent turnaround it was inevitable that some of the taxes would have to be implemented. You put on a party for the people of the province of Saskatchewan; we have the hangover now and we have to pay for it.

And we have to do it in the most sensible, sensitive way that can be done. I'm not saying that what we've done is perfect about this. There are suggestions for corrections, perhaps different taxes or different emphasis on cut-backs is a combination that you can have.

But if the member up here is advocating, as he is . . . by the way, a very contradictory message. Before dinner he still wants to harmonize which is the biggest tax-grab, by the way, in the history of Saskatchewan — the biggest. Harmonization, he still wants to harmonize. Let the legislature and the people of Saskatchewan be absolutely clear that the Conservatives want to harmonize. That's the biggest tax-grab in the history.

Now if you want to still tax on the one hand and on the other hand just turn around a few seconds ago and criticize this government for increasing taxes as a result of you putting the mountain of debt on us, I tell you you have no credibility. Why don't you just fess up to what you did to this province for nine years. Admit the mistake and then proceed from there and say look, your tax measures are not in the right combination, or your cut-backs are a little bit too harsh or perhaps not in the right combination. Then we've got an intelligent debate.

But you want to have it the best of both worlds. You neither admit the huge mountain of debt nor do you admit the solutions which we try to achieve to tackle that problem. How in the world is this a credible exchange of ideas and debate in the legislature on the direction of tax policy and fiscal policy? Please, Mr. Member, will the

Conservatives come to the conclusion that you lost the election and you lost it in large measure because you brought this province to the verge of bankruptcy. Will you admit that, and if you admit that then we can have a sensible debate as to whether or not the solutions we're taking are the right ones or not. Because for sure if we admit that, if and when you ever become government again, you will have to follow the same course and make the same choices and trade-offs. But you can't continue to live in the dream-land and the Alice-in-Wonderland approach to politics that you have been adopting for the last nine years.

**Mr. Swenson:** — Thank you, Mr. Chairman. Well, Mr. Premier, maybe we've both got some fessing up to do. But tonight I'm asking the questions and you're doing the fessing, so let's get on with it. I just want to remind you, Mr. Premier, a few of the comments you made that night on province-wide TV. . . (inaudible interjection) . . . Oh, you bet I did. I was enthralled. I even took a night off campaigning to watch that.

We'll ease the tax burden for ordinary families and kick-start our economy. A concerted war on poverty, that's what I'm committed to. The debt was 3.2 billion on the Crown corporations and now it's 14.2 billion since 1982. Did you say yes? We have never put politics before people. Our position is that the alternative equivalent employment is available, uranium mining will be shut down.

The premium rates, GRIP (gross revenue insurance program) are high. The premium rates are unacceptable. I've been getting all kinds of notices by farmers where the premiums indicate higher than the cash advance. I think there was about 4,000 people talking to the member from Rosetown-Elrose about that earlier today.

And you were very, very blunt about things that night, Mr. Premier. I mean we squared a lot of stuff. The other thing that I want to say about deficits is this: from time to time, in a resource-based economy such as ours, there may be — I understand the word maybe — the need for a deficit to meet the urgent needs of farmers or working people or whatever the crisis. And finally, the PST (provincial sales tax) is not going to be around after October 21.

Well you did keep one promise, Mr. Premier. Now the fact of the matter is you said the provincial deficit was \$14.2 billion. You obviously made enough promises here to spend several billion dollars. Now which was it, Mr. Premier? Were you sticking by the 14.2 in the face . . . made all those promises in the face of that 14.2 — or were you simply using the 14.2 to try and scare people and hope that they would not do an analysis of all the promises that you had made that you obviously couldn't pay for? Which was it?

**Hon. Mr. Romanow:** — It's neither. Neither of your assumptions are accurate, nor are your statements accurate. First of all we campaigned and I've given the . . . take a look at the program card, please. I mean again, if we're going to have a reasonable attempt at debate, let's begin with some base facts. Take a look at the program card which I gave to your colleague, the member from Arm River. You should have it in front of you. I wish I had

another one to give to you. You'll see what our promises are: open the books, seek to balance the budget, examine the privatizations — which we're in the process of doing. Then we talked about . . . That's first things first, that was the very first thing on the platform card. I could recite them to you. Told them about the quality of life and the directions we were going and all the areas we were heading.

We have gone a long way to accomplishing our promises. That's exactly what we're doing. I don't understand this line of questioning which on the one hand says that we knew the \$14 billion figure and somehow couldn't square it; and on the other hand, that the \$14 billion figure was some sort of a scare tactic. I suppose you could argue with both from your point of view but again, with the greatest respect, Mr. Member — and I hold you in high regard in this House, too, for whatever it's worth — I think it's not credible.

**Mr. Swenson:** — Well, Mr. Chairman, Mr. Premier, I suppose I might be able to put some credibility in what you say if I hadn't heard you and your Finance minister in the months since the election use at least a half a dozen different deficit figures on any given day, use a half a dozen different deficit figures on any given day; use a half a dozen different figures as far as Crown corporations' debt. I mean, Mr. Premier, every time that you or your Finance minister went to some type of public event prior to the Gass Commission coming down, we heard a different number. And they're well documented. I mean it was 600 million one time and it was 900 million another time and then it was 1.2. It's well documented and you know it. And the simple fact is that I believe last fall, in your hunger to achieve political power, that you were knowing full well what the provincial deficit was, still out promising several billion dollars in promises to people that you couldn't keep.

And I suppose it really should come to no surprise to people when the budget came down that you were going to break those promises. But I think it has come to a lot of shock to a lot of people in our province that they have faced such massive tax increases, that they've seen their medicare system assaulted. I mean it was one of the things in the leaders' debate that you accused the former premier of having a secret agenda on. Your own comments, you were talking about 30 per cent co-payments for chiropractic services, 30 per cent co-payments for optometric services, raise the drug plan. I mean you were talking about further privatizations. It's all here, Mr. Premier. It was all on province-wide TV, further attacks on Indian and Metis people, social issues, health care, education. I mean you were talking about it all, Mr. Premier.

And now, a few short months later, those attacks have occurred but they didn't come from a Conservative administration. They came from an NDP administration that said we won't do that. And in the very same speech you used deficit numbers that are almost identical to what Gass came up with many months later. Now some people might say that's a coincidence. I don't think it was a coincidence at all. I firmly believe what Donald Gass said in his report at the end. He said there was no hidden deficit; the numbers were there for anybody to find. And I

suspect the Premier's staff at the time went and looked them up and found them, to make sure that when you went on province-wide TV, in front of all the voters of this province, that you used the proper number. But at the same time you promised them so much that you could never deliver, knowing where the province's finances were. And that is the part, Mr. Premier, that I find reprehensible, and why perhaps our dialogue tonight isn't the way you would like it to be.

But I'm saying to you, somehow you're going to have to square this with people, that on one hand you knew what the deficit was and on the other you could make all these promises knowing full well that a few months down the road you would tax the living daylight out of them. And, Mr. Premier, I don't think that washes with Saskatchewan taxpayers or Saskatchewan voters, because you're the one that's trying to have it both ways.

And I need you to tell me tonight, given that you knew that the deficit was 14.2, higher than what your Minister of Finance even brought in for a forecast on page 61, how you could square all of those election promises with Saskatchewan people and expect to pay for them without all of the tax increases which you've now implemented. That's what I'd like you to square.

**Hon. Mr. Romanow:** — Well, Mr. Chairman, I will never square to the satisfaction of the hon. member opposite; I know that. No I won't even give it a try because it's . . . Look, you people couldn't square the budget when you were in government, so I doubt, with the greatest of respect for the member from Thunder Creek, that I could square it when he's in opposition.

I want to make two points very quickly if I can. First of all, the accusation that you say I made about a secret, hidden agenda — that is right. And I tell you why I based that allegation in the election campaign. Because going into the 1986 general election campaign you budgeted for a deficit of \$389 million. That was going into the campaign. You remember that budget. Were you a member of the cabinet or not at that time? I don't know, but none the less you introduced that budget in the spring of 1986.

And then the election took place in the fall of 1986. You got re-elected. And lo and behold, what did the actual budget deficit turn out to be? Not \$389 million but 1.2 billion, or an error of 216 per cent. And then will you remember the 1986 budget and what you did with the 1986 budget? Remember the lotteries tax and the used-car tax, and did they do away with the gas tax in that '86 campaign or not? Aided the gas tax.

You had the secret agenda of coming in with a relatively low budget deficit to sneak by the election, then reveal the true numbers and then really sock it to the people. And that's why I wrote that letter before the election, this last election, saying look, you did this to us in 1986. Surely to goodness responsible political debate would dictate that we know what, through an independent audit, would be the forecast. And lo and behold, wouldn't you know it? Wouldn't you know it?

Supposing if you had been re-elected, what would have happened? Your forecast for the election budget was

\$265 million. But what did you come in with? Well what we came in with, actually, 851 million, four times the projection. Same pattern as '86. And if you had been the government today, you know what you would have been doing? You would have been doing exactly the same thing that you did in 1986. You would have just socked it to the people with all kinds of new taxes.

So when I said there was a secret agenda, I hope you can understand why I said there was a secret agenda, given this pattern of behaviour.

But I repeat again, as to the second aspect of your question, the so-called promises that we made, the promise we made was that we were not going to harmonize the GST (goods and services tax). When people said, where would you find the money, we said we would hope to find the money by cutting out government waste and government mismanagement and trimming the government expenditures. That's what we said we'd try to do.

And we said we'd try to find enough money to redirect priorities away from the GigaText investments toward those on food banks and on social services, the neediest of our people. We said we wanted to do that and we wanted to do those two things. But we said, first things first. We said we would have to open up the books to find out what the true picture was, because talking about numbers, we knew from past record that your numbers not only did not jibe, but were wildly off the mark.

Now that's the sum and the total of the promises and how we did it and how we squared the circle.

Now it turns out, when we got to office, that lo and behold, the numbers are as I've told you. And then having come into office and done the thing that we said we were going to do first, namely open up the books, first things first, and get an assessment, we took the responsible actions. We still found money for those in need; still on those on food banks, and too many of them, and growing. We've got to come with the proper policies, whether it's job creation or whatever, social services programs.

But by golly, we have found money for them and we've said, no more GigaTexts. And we're looking at the other privatizations to see what else we can do to uncover some of the money which has been spent by you people. And we have done a responsible thing in having cut-backs, minus 9 per cent.

(1930)

And unfortunately, because of the size of the debt, I remind you, sir, \$750 million on interest charges — interest charges alone. Third-highest expenditure. First, still health care; second, education; third, interest payments to New York and to Zürich and to London — money which could have been kept here at home. That's where your tax dollars are going, thanks to you folks.

Well I tell you, under the circumstances of being put in this strait-jacket, I think most people know who caused the problem. And while no one likes a tax increase — I don't like administering it any more than I like paying it,

and no one likes the cut-backs any more in administering it than suffering it — I know in my heart of hearts that the people of the province of Saskatchewan know that we're in a mess created as a result of nine years of a government that was simply out of control and they know we can't get out of it in nine months, and they're going to be with us, and they're going to be pulling together. That is the basis of the budget and the squaring of the circle of the campaign in October of '91.

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

**Mr. Swenson:** — Thank you, Mr. Chairman. Well it was a nice piece of fiction with a little bit of ancient history, but we're dealing with 1992. And the only secret agenda, Mr. Chairman, that I can find in the last little while is the one that the Premier perpetrated on Saskatchewan people a short 10 months ago. And I say that because I remember very well campaigning on a platform of raising taxes, decentralization, strong farm policies — all of which cost money. And quite frankly, I suspect, Mr. Chairman, we're quite easy to shoot at politically.

One does not go out and campaign on raising taxes and find it particularly easy. But at least it was a little more honest, I believe, Mr. Chairman, than on one hand saying the provincial deficit was \$14.2 billion and then promising people massive tax cuts, more for Health, Education, Social Services, knowing full well that they couldn't be paid for it.

I would like, Mr. Chairman, to have run a campaign based on what I've seen in the Premier's budget this spring. I would have loved to have had that as the platform of the NDP (New Democratic Party) and put that platform against the one that we ran on last October. I think it would have been an interesting match.

So the only dishonesty that has come I think, out of this whole conversation, at least in recent history, is the fact that the Premier knew about \$14.2 billion, admitted it on province-wide TV, promised tax cuts and more for everything else, and now in office doesn't deliver them.

And if he refuses to square that with Saskatchewan people I guess some people watching tonight and as we go on in time, people will start to figure out what the charade was all about. Because you can't perpetrate that big a switch on people in this short a time and not have questions asked.

And if he doesn't want to answer them tonight, so be it. But I can assure him that lots of people are asking how you could know about a \$14.2 billion deficit, make all those promises, and then tax the living hide right off of them a few months later.

There's one other point, Mr. Premier, that I think we need to discuss along this line is that the deficit projections that . . . in the current account and in the Crown corporations that you keep talking about and have talked about with people, used many different numbers. It's also mentioned on page 61 of the budget address. And I'm wondering how you justify taking a billion and a half dollars in government guarantees and claiming them as debt the way that the Finance minister has done?

**Hon. Mr. Romanow:** — Mr. Chairman, the answer here is quite easy, in my judgement. A government guarantee is as much of a debt as an actual borrowing out, going to the bank and borrowing the money. You might say it isn't quite because it's contingent. It's contingent, for example, to give you one example . . . as you know, you folks entered into a deal with Cargill. We have a sole government guarantee of \$305 million, if my memory serves me correctly. We, the taxpayers, the farmers — \$305 million sole guarantee on that loan.

Now surely the member's not suggesting that we should pretend that that's somehow an asset. Heaven forbid. We want to see that thing work obviously for a whole number of reasons, especially given the financial commitment that is out there, but if in the eventuality it does not work, what is proper accounting practice tell you to do?

You have to put aside an accounting for that as a liability, contingent or otherwise. It's got to be there. That's part of the picture of opening up the books and painting the true, complete story to the people of Saskatchewan. That's how we justify it.

**Mr. Swenson:** — Well, Mr. Premier, in your own CICA (Canadian Institute of Chartered Accountants) Handbook . . . this is the manual that is used by CICA to determine certain things. This was last editorially changed in 1978 when you were the attorney general of this province. And I'll send a copy over to the Premier, if I could have a page.

And in that handbook and manual that was used by the Allan Blakeney government, it was used by our government, and I presume it's still being used by the current government, it gives certain criteria for write-downs, measurement of uncertainty, accounting treatment, contingencies. It goes through a number of these. I'll refer the Premier to the page numbered 3290.08, .12:

The amount of a contingent loss should be accrued in the financial statements by a charge to income when both of the following conditions are met:

- (a) it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements; and
- (b) the amount of the loss can be reasonably estimated.

And then on the preceding page it gives the various categories that a particular entity must fit into for certain things to happen. Now it appears to me from reading the financial statements prepared by your government, Mr. Premier, is that you're saying that all of the guaranteed debt of the province of Saskatchewan falls into the (a) likely, category which means that the investment in the fertilizer plant, the paper mill, bacon plant, all of them will be complete and utter failures and write-offs for the government of Saskatchewan.

According to the CICA Handbook, the one that was used under the Blakeney administration, under our administration, and I say to you is probably used today,

the criteria for taking that type of write-down has been jiggered by your Finance minister. And I say it was jiggered in order for you to cover some more of your electoral tracks in October of last year.

Now if these guidelines that were used by your predecessor, Mr. Blakeney, on write-downs weren't good enough, I would have thought at the time of the Gass Commission that you would have said, Mr. Donald Gass, CICA's manual is no good any more, wasn't good enough for Mr. Blakeney; it's not good enough for me. When we're doing these write-downs we better use a different criteria.

Mr. Premier, given that CICA has very definite recommendations, the last time of which were updated under an NDP government under Mr. Blakeney, why weren't these conditions followed when your Minister of Finance was writing down, taking provincial guarantees and assigning them over to the debt side when they didn't fit the criteria of your own organization? How do you square that, sir?

**Hon. Mr. Romanow:** — I've got so many circles here that I've squared that . . . Let me just give the member one little quotation from the Gass report, page 16:

In our evaluation of Saskatchewan's current accounting practices and financial statements, we have concluded that they do not meet the previously-mentioned PSAAC objectives and do not provide sufficient information to fully understand the Province's financial position and to evaluate the Government's financial operations and management. They do not report in a convenient and easily understood manner the combined position of all government-owned entities. They do not include full information on the financial activities of all of the organizations which are owned or controlled by the Government. In some instances (I ask the member to really pay attention to these words, in some instances) which will be identified later in this report, the accounting treatment has resulted in misleading information which has served to understate the Province's accumulated deficit.

By the way, I could give you those instances identified later in the report, but you're off that line of questioning, at least for the time being, about you know, how come we knew the debt and how come we had to open up the books. These instances, which were not reported:

. . . resulted in misleading information which has served to understate the Province's accumulated (debt).

Served to understate it. And I could give you many quotations.

The Commission is of the view that the financial reporting in Saskatchewan is among the weakest and least useful in Canada from an accountability perspective.

And on it goes. And so we took Gass and we said, okay we

think that's a good report. I'm not blaming your administration with respect to the accounting measures in its totality, but as the next plateau of government, the thing to do is to make the full reporting changes. And thus we have.

**Mr. Swenson:** — Well, Mr. Chairman, the province of Saskatchewan wasn't on PSAAC (Public Sector Accounting and Auditing Committee) standards in 1978 when Allan Blakeney's government last brought this document up to snuff. It wasn't in place in 1982 when we took power, and it is not in place in the province of Saskatchewan today. And matter of fact, any time that the Minister of Finance is pushed these days on adopting PSAAC standards, he begins to fudge and hesitate and say, well it'll take time and we can't get there. And the simple fact of the matter is that Mr. Gass is talking about a whole different method of accounting that isn't in place anywhere in Canada. In the same document, Mr. Premier, page 3290.18 it says:

The existence of a contingent loss at the date of the financial statements should be disclosed in notes to the financial statements when:

- (a) the occurrence of the confirming future event is likely but the amount of the loss cannot be reasonably estimated; or
- (b) the occurrence of the confirming future event is likely and an accrual has been made but there exists an exposure to loss in excess of the amount accrued; or
- (c) the occurrence of the confirming future event is not determinable.

What you have determined by your statements to cover up your electoral tracks is that they are all failures. And by doing so, if any one of those entities in the future returns dividends to the province of Saskatchewan, you will be able to use the proceeds as a capital gain and say, aren't we good managers; haven't we done well?

And if you had followed your own CICA Handbook and manual, you would have not been able to make those particular financial statements that you made to the people of Saskatchewan in your budget address. And I say the only time that you in all honesty can adopt what Mr. Gass has said is when you switch your government's accounting methods totally to the PSAAC (Public Sector Accounting and Auditing Committee) standards. And when you do that, you will be the first in Canada to do so. But until that time, I think, Mr. Premier, you should live by the operating manuals of your own departments.

Now, Mr. Premier, the fact is that your own manuals, written under an NDP government, disagree with what you've done. How can you justify taking those write-downs, when a government guarantee clearly specifies in here certain criteria that have to be met before you can take that write-down?

(1945)

**Hon. Mr. Romanow:** — Mr. Chairman, I have indicated

to the member before and I repeat again, the document he is referring, by his own admission, is 1978 or whatever. The document I'm referring to is the Gass Commission document of 1992, just a few months ago. We haven't implemented all of the recommendations of Gass with respect to accounting; I readily admit that. But we're making strides and doing what I think is the right thing in making the proper accounting measures and taking proper accounting practices in order to make sure that what Gass recommended for future governments, including ours, will be the case; namely, where the liabilities are, actual and contingent; how the money is raised; how the money is spent; and it's open. And this is part of the practice of doing it.

Believe me, you won't believe what I'm saying, what I'm going to say, but I'm going to urge you to carefully think about it. You know we're not that Machiavellian. I wish we were that clever to have this great, grand design to take all of these contingent liabilities and rack up the debt and then make us look good. You know we're just not that politically clever. That's too clever by half. We're just simply trying to follow what we can do by way of the Gass Commission reports and by what we think is the best direction to head in this area.

**Mr. Swenson:** — Well, Mr. Chairman, I suspect that if you've got a tender part of your anatomy in the wringer, because the taxpayer is a little bit upset with what you've just done to him, you might think of all sorts of ways to try and wiggle out from underneath it; and especially after you've made a whole lot of promises and you broke them a whole short time later, that when that tender part of your anatomy is in the wringer, that the public is pressing down hard, then I think I would believe just about anything.

And the simple fact is the auditor has already started to twig on it. And I refer the Premier to July 16 of Standing Committee on Crown Corporations. And the auditor's onto the first one of them. And he's talking about the Water Corporation, and he says:

We have, in our examination, we have not yet seen sufficient or appropriate evidence to support those write-offs, and we're discussing that with the appointed auditors.

Well I suspect, Mr. Premier, there's going to be more of them. Because the CICA Handbook is very specific in how government should handle these types of transactions.

Now, Mr. Premier, you have taken a whole lot of write-downs. You have brought the debt up to your self-fulfilling prophecy of \$14.2 billion. And you've done that to get away from the wrath of the taxpayer, because of the promises you and your party made a short 10 months ago.

Now I guess, Mr. Premier, given the fact that it's starting to unravel, I think it's time, Mr. Chairman, that we had some assurances from the Premier tonight in his estimates that he's either going to commit to take this province to a full accrual accounting method, to PSAAC standards that Mr. Donald Gass talked about, or he's to go back and follow

the rules that have been in place since the Allan Blakeney administration in 1978. And if he goes back and follows those rules, then the Minister of Finance is going to have to rewrite the budget document because what we have before us will be a falsehood.

So you've got a couple of choices here, Mr. Premier. You can either commit to the PSAAC standards, and commit to them now, or you can go back and come forward with a true budget document. Because one way or the other, it's your only hope of squaring anything — or drawing a circle around it, in your language — with Saskatchewan voters who you led down the garden path a short 10 months ago. Because you can't have it both ways, sir.

**Hon. Mr. Romanow:** — Mr. Chairman, the government's position has been articulated many times on this matter — and initially it was at the time of the Gass Commission report — that we intend to implement as much of the Gass Commission recommendations on accounting and the principles of accounting as is possible. Did we complete it in this first budget? The answer is no, we did not. We got the Gass report in mid-February. We had to put together the first budget by mid-April in order to be ready for presentation in May.

Are we proceeding in this way? The answer is yes. I don't know if the member wants to continue this part of the debate, but I refer you to page 38 of the Gass report talking about NewGrade Energy Inc. This is an enterprise that was involved at the time of your government. And the Gass report reads the following quote:

As at October 31, 1991, the Province has invested approximately \$232 million in this project and has guaranteed \$334 million of debt.

That, Mr. Member, is over \$550 million. Through the Crown Management Board, the government has already written down virtually all of its \$233 million. And this write-down is reflected in the province's accumulated deficit as reported on October 31, 1991.

Now it goes on to say that largely because of a significant decrease in oil prices, significant operating losses are being recorded by NewGrade. And here we have a guaranteed debt of \$334 million. And this situation which at least at the time of Gass, is being reported as such.

Well I guess there's a difference of opinion between you and me, you and us, whether or not we tell the people of Saskatchewan that we're on the hook for this if it doesn't come about, doesn't work out, or whether we don't. And you are apparently critical of us that we are doing it, that we're moving in this area, and I disagree with you. I think that it is a proper way to do it and I believe that the Gass report is showing us the right way to go.

And if I may say, again, not to be provocative, I would have thought that a recently chastened opposition, a chastened government now fresh opposition with this kind of a report which for sure was not political, would be saying okay, keep moving in this direction. In fact you're not doing enough of it. And what are your steps? But you don't seem to be wanting us to do that. You want us to presumably be sticking to 1978 rules and other

procedures. And this is another area where we agree to disagree.

**Mr. Swenson:** — No, you've got it all wrong, Mr. Premier. I'll try and lay it out for you in simpler terms then. What I'm saying is I have no problem with PSAAC standards and accrual accounting. If that's the way we're going, then we need the commitment and we go. But if you're going to stay and you're going to use the CICA Handbook, then we've got to use that methodology. You see, we can't mix and match, Mr. Premier.

And what you have so artfully done, you and your Finance minister, in order to cover your electoral tracks is you have mixed and matched. Because if you follow the criteria in this pamphlet, your budget's wrong. If you're going to full PSAAC standards, fair ball. Then make the commitment and do every last bit of government accounting from this day forward by PSAAC standards. And I welcome it. It will be much easier in Public Accounts, much easier in Public Accounts for the opposition to follow your government — if you want to go to those standards.

But what you have done, Mr. Premier, is you have mixed and matched to try and cover your tracks, and that is what is not acceptable to the opposition or the taxpayer because you can't be taking write-downs in one manner and still operating your government on another manner. That simply isn't good enough.

It all goes back to the point that I made earlier, Mr. Chairman, to the Premier. You predict a budget figure during the election of one thing and then you say it's different later on. You bring on a whole raft of tax increases that you promised you wouldn't do. So we're always using two sets of numbers here, whatever satisfies your political agenda not what satisfies the economic agenda or the people of Saskatchewan.

What I want from you tonight is some commitment. If this handbook is redundant, it's no longer used, that the criteria for write-downs in it is void in the terms of the member from Rosetown-Elrose in his GRIP Bill — he's voided things back to January of '91 — perhaps you could void the CICA Handbook back to January 1 of '91 and we can get on with something new.

But if it's not void and it's being used today, and I would challenge the Premier to prove to me that if he went over there this evening that that isn't the manual that will be in use, then he better stick to that until he's ready to go to the other method. So maybe we should get some commitments from you tonight, Mr. Premier, in your estimates, for the taxpayers of this province, exactly which system you're going to use, which system the taxpayers can expect to follow in the future, which system Public Accounts will be using a month from now, and stick by it. Then we can get down to rejigging your budget document so that it fits the appropriate one.

**Hon. Mr. Romanow:** — Well, Mr. Chairman, the commitment I give to the House and to the member is the one that we've been giving since Gass and before Gass that we think . . . well certainly since Gass. We like the thrust and the direction of Gass, and we want to try to



follow as best as we can those accounting principles.

I want to close on this point if I can. Well at least this is my last comment on this guaranteed debt matter. I refer again from Gass, the hon. member to page 44, where the Gass Commission talks under the heading about guaranteed debt.

In recent years, the Province's total amount of guaranteed debt has increased rapidly. The Government has demonstrated a growing preference for providing financial support to private sector commercial ventures through loan guarantees, rather than through equity investments, direct loans, or cash grants.

... The recent guarantees appear to have played a critical role in attracting various economic diversification ventures to Saskatchewan (Gass writes). However (Note this, Mr. Member — however), they have also exposed the Province to financial risks. By guaranteeing a loan, the Government has decided to accept the risk that other (notably, private sector) institutions are not prepared to bear alone. The Government's accountability is not only with respect to the magnitude and appropriateness of the transaction, but also with respect to the risk that the project will not be able to meet its financial obligations and that the loan will be called.

I'm just going to close by reading this:

The largest loans to commercial ventures which the Government of Saskatchewan has guaranteed (Mr. Member) include \$334 million for NewGrade ... \$355 million for HARO ... \$261 million for Saferco ... \$51 million for Weyerhaeuser ... The Province also has the following significant debt guarantees against program loans: \$306 million ... Home Improvement Loan Program ... \$38 million for the Mortgage Guarantee Program.

And these are the words I want you to remember, sir:

We are concerned about the total amounts of debt guarantees which are now in effect and about the ability of the Province to meet these guarantees if they are called.

And then it goes on to say in summary and conclusions that this risk exposure should be identified.

Now by the way, moving away from the question of accounting practices, just, Mr. Chairman, what I have cited here by way of the list of loan guarantees speaks to the financial health or ill health of the province. To the member opposite, I again ask you. These are your arrangements — 334 million, 3-plus, 355 million-plus, 261 million-plus, 51 million-plus, 306 million-plus, 38 million. And that isn't the complete list.

And the member then asks, why are there tax increases? Why did you have to make some cut-backs, the member asks. It's right there for the people of Saskatchewan to see.

**Mr. Toth:** — Thank you, Mr. Chairman. Mr. Premier, and Mr. Chairman, some of our staff have gone through a number of the answers, the quotes ... or the questions that were posed, and an indication that some of the answers haven't been directly ... or given according to the way the questions were presented.

Question 2 dealt with Saskatchewan Executive Council, and we asked for a list of all space rented, leased, and owned by the department and the purpose for which the space was being used.

Now I believe a list was given regarding the space rented and leased. But the understanding we have is that the department didn't really indicate the purpose of the space, what it's being used for, and who occupies the space and for what purposes.

(2000)

**Hon. Mr. Romanow:** — Well, Mr. Chairman, if the hon. member wishes to get greater clarification, I'll endeavour to do this. Attached, I hope, at least in the copy that I have before me, is additional data and information about space. Ottawa office, for example, \$26,000. SEDCO (Saskatchewan Economic Development Corporation) office, Regina, storage. Regina Legislative Building — you'll see it, the accommodation charges.

And then '92-93: Ottawa office; Legislative Building; trade and convention centre; Saskatoon Premier's office charges; Roll-o-flex Building, accommodation charges; School Trustees Building in Regina; and so forth. Those are the purposes that seem to be set out there. I would have thought that it had been sufficient for the member, but if he wants greater clarification, we'll be prepared to provide that to him in writing.

**Mr. Toth:** — Well I realize that, Mr. Premier, that yes, it says Regina Roll-o-flex Building, but who is leasing the building and for what purpose is the space being leased? Saskatchewan School Trustees: does the province lease that building and the province provide the building for the school trustees? Is that what's being indicated by the answer, Mr. Premier?

**Hon. Mr. Romanow:** — Actually, Mr. Member, if you will look at the top of the third page — it's the second page on the two-page attachment — you'll see accommodation charges, Electoral Office. These pertain to the Electoral Office. It's storage of ballot boxes and the like.

**Mr. Toth:** — And the indication then is that both of these buildings are being used by the Chief Electoral Officer. Is that the understanding I have?

**Hon. Mr. Romanow:** — Yes. The offices are located in the School Trustees Building. There's no change. We've made no change on anything that has existed with the Electoral Office. In fact, I think with respect to all of these accommodations, we have made no changes at all thus far from what you had, and the arrangements that you had. Not to mislead the member — with the exception of the closure of the P.A. (Prince Albert) Premier's office. Except for the closure of the P.A. Premier's office at a

saving of some considerable funds for the taxpayers.

**Mr. Toth:** — I notice that the Premier indicated that to close the P.A. office. The Saskatoon office, is this a new space or is that the same space that was rented by the previous government?

**Hon. Mr. Romanow:** — So far, same space.

**Mr. Toth:** — On question 1(a), Saskatchewan Executive Council, the question was asked, and we asked for titles, salaries, job . . . (inaudible interjection) . . . question 1(a).

**An Hon. Member:** — 1(a)?

**Mr. Toth:** — That's right. And this is regarding your own staff, Mr. Premier. And what we have here, we do have titles, salaries, but we're looking for any indication of the job descriptions. And we look at . . . I believe early in the afternoon you indicated some of the job description for one Mr. Garry Aldridge, but we have Vonnice Kaufmann, Shelley Nelson. Any other descriptions or any other positions that would be filled by these individuals.

**Hon. Mr. Romanow:** — Mr. Chairman, again we could undertake to provide this written information for you in due course. But I'm advised that over the years — it doesn't necessarily make it right — but over the years there has never been a job description for example, the principal secretary, Mr. Pringle. We call Mr. Aldridge chief of staff, the same functions more or less — communications, media relations, media purchasing and the like. So we could draft those all right for you, but they never have been provided. And we simply have taken that and given you the name, the title, which carries with it the functions, the salary, and so forth.

**Mr. Toth:** — Well I believe this, Mr. Premier, that in a number of the estimates we have been discussing so far, I guess a number of ministers have indicated that maybe over the years it hasn't always been followed, but certainly we find that a number of ministers have provided, where possible, as much as they possibly can, listed a job description of the individuals. So what we would ask, Mr. Premier, is that any of that that is possible, and if you want to do it in writing, certainly that would be appropriate.

**Hon. Mr. Romanow:** — I'll certainly ask my staff to see if we can expand on the job descriptions.

**Mr. Toth:** — Mr. Premier, I'm kind of going in random because of my questions here all over. But going to question no. 32, a question was posed regarding department manuals, procedure manuals, policy manuals. And I believe all the departments have a human resources manual that spells out how prospective employees are to be interviewed, on what basis they are judged, and how successful candidates are to be selected. It also includes policies and procedures on discipline, promotion, use of department equipment and vehicles, and so on. And we were wondering, Mr. Premier, if indeed such manuals exist, if the manuals would be provided for the opposition.

**Hon. Mr. Romanow:** — The manual does exist, and I

think it's item number 2 under the key, manuals, in the response — Human Resource Manual, Public Service Commission — the point that you refer to. So we'll provide a copy to you.

**Mr. Toth:** — Well I know you have a list here, Mr. Premier. Are those available in any public forum, like the library? But certainly if they're . . .

**Hon. Mr. Romanow:** — They are public documents and you'd be entitled to them, but they would have to be gathered from various departments and agencies, which may not be an overnight task, to put it bluntly. But in due course you can have them, and again feel free to contact either my deputy minister or Mr. Wincherauk, but preferably to the deputy minister or myself, and we can arrange them. Do you want all of these? You do? You're joking, for sure. Okay. No, fine. If you want them all, we'll try to make them available for you.

**Mr. Toth:** — It seems, Mr. Premier, that we don't have enough reading material yet.

Mr. Premier, regarding your staff in Saskatchewan Executive Council, on question 26, question no. 26, we're looking at a question which is looking for . . . a question asking the value of business done with any travel agencies since November 1, '91; on what basis the agency was selected; what format was used to select the agency or travel agency; whether or not there is any contractual obligation on the department's part to use the agency.

**Hon. Mr. Romanow:** — I'm not sure I got the last part of the question. But you will know, of course, that if we use a travel agency, which we do, that they get paid from the carrier. So thus the value is not listed there. But was there a second part of the question, or another part that I missed?

**Mr. Toth:** — So what you're saying, Mr. Premier, the two agencies . . . to date these are the two agencies that you have used for travel arrangements?

**Hon. Mr. Romanow:** — Yes. It's the same two firms that we used during your term.

**Mr. Toth:** — And is there a contractual arrangement, or they are just chosen at random? Basically what the Premier does, or the staff, or the government does, looks at the ability of this agency to provide the necessary services without being very specific?

**Hon. Mr. Romanow:** — The answer is no, we do not have such contractual arrangements yet. I'm not sure that it's possible to do it, although I like the idea because it's a setting of a standard against which you can measure success or failure. But in the nine months that we've been around, we've not done it. We've simply continued in the same practice and procedure which was the practice of your administration for the last nine years.

**Mr. Toth:** — Mr. Premier, regarding committees, question no. 27. Now if I understand correctly, we do have Saskatchewan Order of Merit advisory council that was appointed since November 1?

**Hon. Mr. Romanow:** — That's right.

**Mr. Toth:** — The Board of Internal Economy?

**Hon. Mr. Romanow:** — That's right.

**Mr. Toth:** — We have the Standards Council of Canada? Is that correct?

**Hon. Mr. Romanow:** — That's right.

**Mr. Toth:** — And the advisory committee on standards for consumers, terms of reference?

**Hon. Mr. Romanow:** — . . . terms of reference.

**Mr. Toth:** — Are there any other agencies, Mr. Premier, that have been appointed? Agencies or I should say committees or councils that you have appointed such as . . . Would you have appointed a Premier's council on the economy or any other councils such as this, Mr. Premier? The councils that have been appointed and the make-up of those councils.

**Hon. Mr. Romanow:** — The answer is we have not made any new appointments from the Premier's office, but it is no secret that I will be soon — I hope — announcing the establishment of, for example, the Premier's economic action committee. Actually it's Premier's Action Committee on Economic Development, or PACE for the acronym.

But we have not . . . I have not had a chance with the legislature and the other constitutional matters to go through that and get the cabinet's approval of the names, but that will be one immediately. There may be others that will follow, but not too many more.

But the economic one is the priority one right now.

**Mr. Toth:** — Well I can appreciate the fact that the economic council would be one that you would call a priority in view of the financial difficulties that this province faces itself in, and other provinces. In fact, there isn't a place in the world that doesn't have a problem regarding finances and debt financing.

What I'm wondering, Mr. Premier, as you look at this committee on the economy, appointing a committee on the economy, what rationale or what format will you be using? Will you take into consideration of maybe looking at individuals who have a lot of knowledge in the financial field, a lot of knowledge in the accounting field, Mr. Premier, rather than . . .

It would appear to me that when we look at the budget of this province and the deficit we're facing and the relationship to other provinces, it would be appropriate certainly to have some men and women who may not have a lot of experience in the financial field, but it would also be appropriate to have individuals who have some fairly sound financial experience to sit on your committee. I take it that you will be appointing them so that you can sit down with them and get some advice from them. They will become an advisory to the

government and to Executive Council. So what I'm just asking, Mr. Premier, if you would indeed look very carefully at the type of people you choose and if you have a format that you're looking at.

**Hon. Mr. Romanow:** — This of course is one of the delays in the actual announcement of this body, but let me just tell you briefly how I visualize it, envision it, and it'll be set out in writing of course and the names then will also be announced.

I'm not looking at necessarily a body whose main function it is to be advisory. It should be advisory but if that's its main function we haven't got the time for that. What we really want is a body which is advisory but action oriented, thus the acronym PACE, Premier's Action Committee on the Economy.

We think that we have a pretty good handle of where the economic opportunities exist. What we need now is the business acumen, the financial acumen, and by the way I think as well some trade union acumen involved as well, in the hopes of building a nice consensus of directed activities for the pursuit of economic projects, and doing it immediately and meeting regularly and announcing our objectives and seeing whether we're succeeding or not succeeding.

But what we also want to do, and I'll finish off on this, is we want to preface this or at least put it out at about the same time that we would put out an economic blueprint. Now we've put out a blueprint, as you know, on wellness in health care. For good or for bad, it sets out a direction.

What we intend to do in economic activity is to set up a blueprint and stick with it for the next three, four, five, six years with PACE as an advisory, action-oriented, economic pursuit body which will assist the Minister of Economic Development and the Premier and the Minister of Finance in helping us grow out of this deficit and of course provide jobs for people.

**Mr. Toth:** — Mr. Premier, another question I have here and it's regarding the . . . Since the October 21 election, there have been a number of individuals that have been released from government, released from Executive Council, and in many cases, many of these individuals have been released with cause and I believe that a number of individuals have also taken the government to court or are in court proceedings. I'm not sure how many. What I'm wondering is how many lawsuits is the government currently engaged in regarding claims of unjust dismissal or other litigation related to termination of employment with the Government of Saskatchewan or its Crown corporations, boards, commissions, or other agencies?

(2015)

**Hon. Mr. Romanow:** — We will have to check to provide you a complete . . . because I think your question is all encompassing but maybe it isn't. If it isn't then I can give you the answer. With respect to the Executive Council, the Premier's Executive Council, there is only one outstanding lawsuit. That pertains to the employment contract and relationships with Mr. Stan Sojonyk.

**Mr. Toth:** — Yes, you're right, Mr. Premier. The question is all-encompassing because it affects every part of government. And I'll, just for the sake of the department, read the question again so the department can get it. How many lawsuits . . .

**An Hon. Member:** — What question number?

**Mr. Toth:** — This isn't on a question that . . . this isn't a global question so it isn't something you've had a chance to really gather before. How many lawsuits is the government currently engaged in regarding claims of unjust dismissal or other litigation related to termination of employment with the Government of Saskatchewan or its Crown corporations, boards, commissions, or other agencies?

And what we're asking, Mr. Premier . . . And we'll certainly give the department time to pull this information together; we don't expect that it will all be at their fingertips when we talk about all the commissions, the Crowns, and government agencies. And so we'd ask, Mr. Premier, for that information.

And I'll finish by reading the rest of . . . a second question here just so we've got all the information and don't have to be coming back. Mr. Premier, also will you undertake to have a list of all such legal action since November 1, '91, including the names of the parties to the litigation, the date on which the action was started, an itemized list of costs associated with each action, and the current status of each action including, if resolved, the final settlement.

I know there are individuals out there, Mr. Premier, who are in the process of going through, in many cases, court action, because they feel they were unjustly treated. I'm thinking also of the director of Whitespruce. And so no doubt a number of these individuals' names will appear before us. And we'll give the department and your office the opportunity to respond to those questions.

**Hon. Mr. Romanow:** — We'll undertake to provide that information to the member.

**Mr. Toth:** — Thank you. Mr. Premier, you talked about the fact that certainly if this province is going to be able to get its debt under control, one of the main things that is going to have to be done, certainly going to have to be worked with, is building a more sound economy.

And we talked this afternoon about the fact of the difficulties that we have faced within the province regarding the agricultural sector. And we've gone through the scenario of the problems that many producers will be facing because of changes to the GRIP. But changes to the GRIP for people who are unemployed don't really mean anything. And I look back to the economic forecast, I believe, the economic review statement made by the Minister of Finance in December of 1991, where the minister says:

Saskatchewan's manufacturing sector is small but the construction of a second heavy oil upgrader, a fertilizer plant and a pulp mill will help support

economic growth in 1991 as well as offer opportunities for more growth in future when these new facilities come on stream or reach full capacity production.

And then we also see that your commission, the Gass Commission, when they presented their report to you, indicated that in the case of Saskferco:

. . . we identified the Province's investment in the Saskferco fertilizer plant and the privatization of the Prairie Malt plant as transactions where clear business and public-policy objectives were documented as part of the decision to proceed:

Now just the other day on the news, Mr. Premier, I believe a spokesperson for Saskferco indicated that they are just in the process of starting to run the plant — I believe will be producing fertilizer this fall — and he left us with the indication that there is already quite a demand on the market-place for fertilizer products, and would indicate to me that, as the Gass Commission has indicated, that this certainly is a plant that in the long run is going to be very beneficial to not only the economy in the province but also to both large urban centres of Regina and Moose Jaw, as we see a number of people employed in that plant from these two large centres. And it's going to create . . . or have a fairly significant impact on the employment factor in our province.

And, Mr. Premier, I've been listening very carefully. On a number of occasions you have, if you will, reprimanded the former government for some of the decisions they made regarding economic activity. There's no doubt that I think in a lot of ways the ability to establish construction plans or the abilities to establish some kind of manufacturing depends on two climates: a climatic condition where a government allows a business to operate without totally hindering its ability and placing limits on its ability as to what it can do; the second thing, Mr. Premier, in some cases, is governments working hand in hand with the private sector to develop and to build on our economy and to help some of the private sector to develop and build and put forward their ideas.

And we can look back over the last nine years, Mr. Premier, and we see a lot of small businesses that have grown up. They've been helped, Mr. Premier, by the government; they've been encouraged, they've been helped by local people who have invested in community bonds. And what I would like to know, Mr. Premier, is what ideas or what kind of vision do you have for the province to work with small businesses or larger businesses as we have seen over the last few years. Yes, we can point to the ones that haven't done well. We can point to businesses where there weren't sound financial business decisions being made. But there have been a lot of investments made, Mr. Premier, as well, where sound businesses have got on their feet, and we see employment right across this province. But we're going to need more. We're going to need more value added processing in this province, especially a province where we produce so much of the raw material.

What vision does the Premier have in light of this and in light of the unemployment situation we face in this

province?

**Hon. Mr. Romanow:** — Well, Mr. Speaker, I definitely share the member's concerns about job creation. This is one of the great challenges facing this part of the world and facing our province. I can tell the hon. member that of necessity, if not by perhaps general approach, we are not into the matter of attracting industry by way of what I call megabucks for megaprojects.

The member opposite will recall, if he will remember, the response I just gave the member from Thunder Creek about the number of loan guarantees which are out there. And our financial position doesn't allow us to attract industry in those numbers, that fashion, that kind of a commitment. And therefore we will not be entering into that form of economic development that we saw in the 1980s.

Rather we believe that our strengths are based in small entrepreneurs, in the co-operative sector. We believe that our vision is based in community. We believe that our vision is based on being practical. We believe that economic development can take place pursuant to an economic game plan, not one that hopscoches back and forth over every so often every so few months, but over a longer period of time, one that we stick with. We'll have our successes and our failures, no doubt. And that we will be as much of a helping hand as we can to the business and the co-operative sector.

At the heart of it, I guess, is our vision of a mixed economy. And I do think that there are some good signs. I don't pretend to say that the turnaround is on full steam, but we do have some encouraging statistics — housing starts for the first six months are up by about 60 per cent compared to the same period in 1991. The employment rate figures are not quite always indicative because sometimes out-migration may give answers there, but none the less, unemployment does remain at a level lower than other parts of the country.

You will know that IPSCO has made an expansion, basically the result of a sensitive change in tax policy. The expanded activities of Saskoil as a result of the legislative changes that were introduced and, I gather, enacted — those are some of the indicators of some positive things which are taking place.

I close by saying to the hon. member, and this really is good news, I'm advised by our economic people that economic activity in rural Saskatchewan — I'm not talking about farm gate, which of course remains a major worry for all of us — but in the non-farm-gate areas, directly farm-gate areas, that as of August 12, 1992, the most recent reporting date that we have, there's something like 270 active projects, economic projects, Mr. Member — 270 outside of Regina, Saskatoon, and the 10 cities. There are another 91 projects, additional, in the 10 cities. In total, 40 per cent of economic projects are rural, or at least outside of these areas which we have talked about.

As I say, I don't think this is a total and complete answer, but there are some silver linings which we can now see. And I think that once we table our white paper on

economic development, establish our PACE, our Premier's action committee on economic activity, hear your thoughts and ideas and those of others, and with a lot of luck, we should be in good shape.

**Mr. Toth:** — Mr. Premier, I'm sorry, I missed the number. You had indicated a number of activities that have taken place, some in the city and some outside of the city. I'm wondering if you could share that number. Are these new activities or new businesses that have started up since November 1991, or are these businesses that have just started up through '91, say 1990? And if you could, Mr. Premier, would you let us know which businesses you're talking about. Could you give us a list of these businesses?

**Hon. Mr. Romanow:** — I cannot give you the list of the businesses for obvious reasons, since a lot of these are tied into financial arrangements with SEDCO and Economic Development, but I can give you the numbers in total. There are, as of August 12, 1992, 270 active projects outside of Regina, Saskatoon, and the 10 cities. There are 91 additional projects in the 10 cities. In total, 40 per cent of the active economic projects are rural.

And some of these are very small, but they provide for employment. There are custom car cleaning operations, pheasant hatcheries, welders, auto glass repair, retail, motel lounges, oilfield service. Here's one which is interesting, manufacturing of mustard sauces and salad-dressing which has I guess one full-time person. And on it goes.

And we try to keep an inventory of these. And it's that kind of activity in rural Saskatchewan which I think holds some prospect for some meaningful growth opportunities for us.

**Mr. Toth:** — Well thank you, Mr. Premier. As I listened to you going through the list of small businesses, and certainly I don't think it matters how large the business is, I think it's important, if a person has an idea, if it's a family putting together an idea and deciding that they're going to put an idea that they've used in the home and to form a business around it, such as the individuals who started making sandwiches . . . And there was . . . I believe there was one where a lady who decided doing perogies. And a lot of good ideas have gone forward. And I see the Premier's being doing well. He's been feeding on lots of perogies.

But, Mr. Premier, you also talked about the job force and the labour force. And there again, labour statistics may not always reflect what is taking place in our province or the problems that we're facing, whether it's in our province or another province or in all of Canada.

But I just want to bring to your attention, the other day in question period the Minister of Economic Development and Trade talked about the increase in the number of people working from, I believe it was July of '92 from June of '92, an increase of some 5,000 individuals. And yet when you take a look at the numbers, it's still 14,000 people less than from July 1991.

And no doubt we can look at the unemployed people in this province — 5,000 more than there were in July of

1991. And I suppose if we looked across the country, we would find that other regions of the country have the same type of problems.

(2030)

So as my further question . . . my previous question was indicating, I think, I believe, Mr. Premier, it is imperative that as governments we create climates. And you talked about the climate you had been creating, that allows IPSCO to expand its milling capacity, Mr. Premier.

And a lot of times, what people are looking for is the ability to work in a fair and competitive market-driven environment. I believe, Mr. Premier, what can become very detrimental, and certainly any regressive labour legislation you referred to would create a very negative impact for a lot of small businesses in this province.

So I think, Mr. Premier, as much as we would like to see the figures higher, we would like to encourage you and your government to sit down and look very positively at wealth creation, if you will, or any kind of job creation, or any individual that is willing to put forward an idea, and give them the same opportunity that you would give, say, a large company. Because I think it's imperative that we work with not only the large businesses, Mr. Premier, but our small businesses as well, to generate the economic activity in our province.

**Hon. Mr. Romanow:** — I totally agree with . . . I shouldn't say totally, but almost, almost totally agree with the member in what he says. I think that the job creation really is in small business and you know, in my experience it doesn't much matter what a government does by way of putting down a thumb on some entrepreneurial idea. People can't be suppressed too badly and our objective is not to do that. Our objective is to make sure that there are jobs, that there are good paying jobs, that workers are treated fairly, that the jobs are meaningful, and we want to try and work in a co-operative environment where government, business, and labour together are goal setting for economic projects and we can progress. And I think the best approach of course is in the area of small business, and that's our direction as I was saying in response to one of your earlier questions.

**Mr. Toth:** — Well, Mr. Premier, a while back you were discussing the issue of harmonization of the sales tax. And certainly we can sit here and discuss the philosophical differences and viewpoints that we all have, whether we should have harmonized or whether we should have gone the route the present government has to not harmonize the provincial sales tax and indeed add to the E&H (education and health) tax just to expand it. But I believe, Mr. Premier, when you look at small businesses, and in a lot of cases a number of businesses across, in fact all of the businesses across this province, are facing added financial difficulty. Since the election of October 21, Mr. Premier, they've seen increases in power rates; they've seen increases in telephone rates; they've seen increases in their natural gas rates, Mr. Premier. And even today, as we saw in question period my colleague, the member from Wilkie, just noted a number of large businesses facing difficulty and in some cases possibly

closing the doors. And part of the problem they're facing is the increases they're facing and direct taxation that they have no control over.

Certainly the economic activity in our province is . . . the financial problems we're facing, not only the provincial government but businesses, plays a major role as well as to how well businesses do. And I'm wondering if the government is willing to at least review some of the difficulties small businesses face, looking into the cost of their power and their telephone and their gas. And another question I would have while you are on your feet: I wonder if the Premier could update us on what is happening with the Saska Pasta plant in Swift Current.

**Hon. Mr. Romanow:** — I'm not sure I can update about Saska Pasta. Have Economic Development estimates been up yet, Mr. Chairman? In any event, I'll try to find out. If not the minister can answer.

But the question is about the question of utility rates and this, Mr. Chairman, I can only say the following. We want to make sure that our utility rates reflect the cost of the utilities, the cost of doing business, but not to the point where it obviously kills the small-business people who are struggling to keep a profit line which looks black. It's not an easy task. But I don't think that it helps very much for us to subsidize in what I would describe falsely low rates for utilities, only at the end of the day to have the Crown corporation deeply in debt, in red, and then having the small-business people having to pay the piper at some later date. There has to be an appropriate balance.

I would close by saying to the hon. member that we've taken into account even in this horrendously difficult fiscal picture that we find ourselves in, we try to take into account the interest of small business. The small business corporate income tax was reduced from 10 to 9 per cent July 1. To improve the manufacturing and processing industry we have direct agents phase out which will be a saving of some considerable millions to the manufacturing and processing industry.

Other areas of change relate to video lotteries, liquor pricing practices and so forth which we hope will help out our hotel and other industries. So we're doing what we can in this very first budget to stimulate the small-business community.

**Mr. Toth:** — Mr. Premier, the other day in question period . . . and I'm going to raise a concern regarding the agricultural industry. This one won't be on GRIP. But what I . . . I guess we'll have to speak louder; it's hard to . . . I can see the . . .

**The Chair:** — If I might, there are many other conversations taking place in the Chamber. That's fine, but members should do so quietly so that the main business of the committee can proceed uninterrupted.

**Mr. Toth:** — Thank you, Mr. Chairman. I can appreciate some of the difficulty even the Premier is having, and I haven't turned my hearing aid up that loud yet.

Mr. Premier, the other day in question period . . . or it

wasn't in question period. It was a statement made by the Minister of Economic Development and Trade and as I indicated just a moment ago, I've got a question in agriculture that this one isn't dealing with GRIP.

But one of the problems that is facing our farm community as well and was alluded to by the Minister of Economic Development and Trade . . . And the minister got up and made a statement in this House and asked the House to join with him, opposition members included, to lobby the federal government to extend the cash advance for grain producers, cash advance on grain and to extend it for grain producers. As you may or may not know, Mr. Premier, I believe it was last year or the year before the federal government set a cap on it And also at the end of the crop year your cash advance is due. If you didn't have enough quota available, sometimes you can end up in a position where you're short and you've got your cash advance due. You have the grain in the bin, but the quotas weren't open.

What we're also wondering, Mr. Premier, it's all fine and dandy for us to go and ask Ottawa to extend the cash advance and to extend it into the new crop year so producers can indeed deliver the product they have on hand, to pay off that cash advance without having a penalty on it, but we would also like to know what your feeling is and your viewpoint is regarding the livestock cash advance in this province where the government, your government, Mr. Premier, has now put a significant interest regarding the livestock cash advance.

And to the livestock industry of this province, the livestock industry that are facing . . . have had a couple blows, first of all, the feed grains program. Although we will acknowledge the fact that the Minister of Agriculture did sit . . . either he sat down but at least did reverse government decision and extended it for a year to allow a process of consultation. What we're asking is if the government would also reconsider their stand on the livestock cash advance to help the livestock sector of our province.

**Hon. Mr. Romanow:** — Mr. Chairman, again I think the member makes a very good point. The livestock sector of our economy is very important. And you know that we have entered into discussions with aspects of the livestock industry with respect to FeedGAP (feed grain adjustment program) and the like, and there have been some changes announced.

May I just make this point. We are endeavouring — and I want to underline the word endeavouring — to have a six-month reporting statement made to the legislature, or at least to the public, on how we're making out in the year '92-93. We quite don't know the form and the nature of this, but it's one of the recommendations of the Gass report. And we will at that time be assessing the impact of the budget — its cuts, its tax increases — on various people in the province of Saskatchewan.

And while I'm not holding out much hope of change in many areas — we have made some adjustments already — we certainly are going to be looking at all of the implications of our budget whether it's rural Saskatchewan or urban Saskatchewan, keeping in mind

our overall objective which is to stick within that \$517 million projected deficit which is going to be a tough target to reach.

So I would simply say that our hope is mid-course adjustments or reports perhaps and possible adjustments by about November.

**Mr. Toth:** — Mr. Premier, you're talking of trying to keep within your \$517 million projected deficit target for this year. I'm wondering, Mr. Premier, if you wouldn't have taken and transferred a fair bit of the debt from the Crowns to the Consolidated Fund and increased the debt in the Consolidated Fund for the year 1991, if you wouldn't have left yourself in a better position to, even within the next two or three years, balance your budget rather than transferring so much debt to the Consolidated Fund and building up that Consolidated Fund rather than just leaving it and working at the Consolidated Fund level where it was.

As the auditor had indicated, he has difficulty even in his office trying to establish whether or not sound business and accounting practices were done, where funds were taken from the Water Corporation, transferred to the Consolidated Fund, and then written off as non-recoverable.

It would seem to me, Mr. Premier, some of these funds would have just . . . especially the long-term, amortized debt would have been allowed to continue to be recovered as much as possible in the Crowns, it would have then simplified the process to meet the budgetary projections that you had put down for the Consolidated Fund.

**Hon. Mr. Romanow:** — Well of course the hon. member will know what I say is genuine when I say we would love to have done that, because no government wants to be in a position that we find ourselves in. But the reality of the matter is, as in my discussion and exchange with the member from Thunder Creek, this was the position of the Gass report and the direction which we're heading. So that was the decision that we took. Again I repeat, we'll see in November where our adjustment or what our situation looks like and make the appropriate adjustments at that time if we can.

**Mr. Swenson:** — Mr. Chairman, on question 33 that was given to your officials earlier, Mr. Premier, you were asked some financial figures dealing with various law firms, legal actions, that type of thing. There's a couple of questions I want to ask. The law firm of Olive Waller & Waller, obviously one very friendly to the government, I see here has a sum of \$4,030, and the thing beside is MLA (Member of the Legislative Assembly) benefit package.

Now my understanding of MLA benefits and anything associated with them are dealt with by the members of this legislature and only the members and the officers of this legislature, and not outside NDP law firms. And I find it strange that we would be expending money in that area without members of this legislature so directing or so wishing.

**Hon. Mr. Romanow:** — Actually I think the member has

not a totally valid point, but none the less a partially valid point. What we endeavoured to do here as part of our package for the reform of the Legislative Assembly — I'm talking as a government because we campaigned on that and as you know, we had many white papers issued before the election campaign on reform — is the question of what the MLA benefits packages ought to look like and how they look with respect to the legal, statutory requirements now, in order to advise the government and to assist us in the overall package of legal . . . sorry, not legal, but of legislative reforms.

This is not anything which is imposed or otherwise. This will be done, if it is done, only if the Board of Internal Economy decides to take whatever courses of action it does. But what it does or what it implies is advice to us with respect to the aspects of the MLA benefit package, to government.

**Mr. Swenson:** — Are you saying, Mr. Premier, that that type of information and guidance is not available from the officers of the Assembly, the Legislative Law Clerk, others here who have long experience in MLA benefit packages, that we need to pay \$4,000 to an NDP law firm to advise the government on something that should not be presupposed in the Board of Internal Economy?

(2045)

**Hon. Mr. Romanow:** — No, I think that my answer to the member would be that these are not watertight compartments which are mutually exclusive. I don't think that the government is denied the right to obtain information as it may require, legal information and advice, any more obviously than say the Board of Internal Economy is. It's a question of both and if it is desired. And in our case here, we felt that this was a matter which needed to be looked at from a legal point of view and that was the reason for the engagement.

**Mr. Swenson:** — I'm wondering if the Premier would be willing to share that information with all MLAs, seeing as it may affect all of us in some way. Would the officers of this Assembly perhaps be provided with that information?

**Hon. Mr. Romanow:** — Again, Mr. Chairman, the answer is this. The member has to understand, as I'm sure he does, that any changes will only be effected if and when the Board of Internal Economy suggests changes should be made. Individual members on all sides, back bench and on all sides, all MLAs will be free to decide on issues if and when they arise if they would want to arise. And we will only act on the Board of Internal Economy's recommendation. This is in effect internal information for us, for the government, on . . . I'm not even quite sure what the opinion was all about, but on the matter. I know it was related to the part of reform, legislative reform.

So I think we have the right to obtain such advice if and when necessary, but without being at all pre-emptory of your role as a member of the House, to set in concert with your colleagues here, the MLAs' benefits package.

**Mr. Swenson:** — Well once again, Mr. Premier, I think we have spent \$4,030.50 of the taxpayers' money on something that obviously has traditionally been under the

purview of the officers of the Assembly and its members. And I consider anything that is done with public money in that regard should become the property of the officers of this Assembly and the members.

And I seriously believe, sir, that if you are talking about an open and accountable government where you have spent that kind of taxpayers' money on a study that obviously may have some effect on this Assembly, that you should be prepared to table that study with the officers and the members of this Assembly.

**Hon. Mr. Romanow:** — Again it's the question that is slightly misdirected, Mr. Member, in my judgement. I'm not saying it's offensively or aggressively.

Nothing has effect until the Board of Internal Economy should so decide. The Board of Internal Economy will be making its decision on whatever information it seeks to command for itself, legal opinions or no legal opinions. So there's nothing here that we can do to bind you. This is a question of us, as part of our reform package, the legislative reform package, a consideration of a variety of things, this being but one of them.

This is a government initiative. It's not exclusively a government initiative. As I said, it's not water-tight compartments. They are not mutually incompatible or mutually exclusive. They're complementary. And as I say, we have a right, we believe, to do that, if we're serious about reform to sort of know what is doable, what's not doable.

But in terms of MLA benefits, that is going to be decided by this Chamber upon the debate and the recommendation of the Board of Internal Economy. I give you that assurance. And you don't need my assurance. That's the way it works.

**Mr. Swenson:** — Well, Mr. Premier, will there be more money spent with Olive, Waller & Waller on examining the benefits of MLAs in the future?

**Hon. Mr. Romanow:** — We have no plans and we've made no contractual engagements with them for additional studies. I don't want to close the door for the future but I don't see anything like that coming up.

**Mr. Swenson:** — Well I can assure you, Mr. Premier, that it'll be something that we will watch very closely that . . .

Now on . . . There's another item here. And that deals with that piece of legislation that we dealt with in December that took away the contractual rights of civil servants. And I see the same law firm, the same friends of the government, here in for just about 20 grand. And I would like to know how many of the outstanding contracts that fell under that particular piece of legislation have been settled by the law firm, and so we know what sort of value for our buck that we're getting vis-a-vis per settlement type of thing from your friends in Olive, Waller & Waller.

**Hon. Mr. Romanow:** — Well actually, they should be your friends too because they're saving the people of Saskatchewan a lot of money in their advice to us on this matter of the contracts which your government entered



into, contracts which were quite frankly, in our judgement, quite unconscionable. And so therefore they should be your friends as well.

But in any event, without being argumentative or too debating oriented — but the member will understand I have to get these small little peripheral comments off from time to time — what I want to say to the hon. member is that I indicated to the member from Moosomin a short while ago that we would undertake to provide in writing for you, a complete status report on any outstanding legal actions with respect to dismissals. I don't want to be held to this, make this caveat, but I believe it's something in the order of 10 or 11 or 12, somewhere like that.

In any event we'll provide the information. And when you get it in writing, as soon as we can collect it, that'll give you your answer.

**Mr. Swenson:** — Perhaps you didn't understand, Mr. Premier. I don't want the outstanding ones; I want to know how many have been settled. I want to know how many of the contracts this firm has gone out and settled on your behalf.

**Hon. Mr. Romanow:** — We'll undertake to provide that as well.

**The Chair:** — The members are agreed to a recess. The committee will reconvene at 9 p.m.

The committee recessed for a period of time.

(2100)

**Ms. Haverstock:** — Thank you, Mr. Chairman. It's a pleasure to have this opportunity to pose some questions to the Premier regarding the Executive Council estimates.

Mr. Premier, it is my understanding that we're in the closing days of this legislative session that's been rife with partisan conflict. Indeed, some observers say that everything which could possibly happen in a session has happened in this one.

Given the political game playing and what many have termed the sand-box politics of this House, the people of this province more than ever, I believe, are expecting democratic reform. Mr. Chairman, this leads me to ask the Premier why we have yet to see his long-promised committee on democratic reform or his code of ethics for public officials and MLAs.

I'm wondering if indeed the people of the province will be able to have some indication how committed you are, sir, to democratic reform when our session has almost ended and there's still no sign of this committee and there still is no sign of a code of ethics.

**Hon. Mr. Romanow:** — Mr. Chairman, I think the hon. member raises an objective with which I totally share her concerns.

But to answer your question specifically, the code of ethics, the total package, will take place in, we hope, the forthcoming session.

I want to make two points if I can in further explanation of my comments. And I don't want to rile anybody up, but as you will know, I thought we had agreed to a pretty good set of reformed rules in the House which, for example, permitted members' statements and things of that nature to take place, as a beginning of reform. Those have been shelved. I hope that we can, after the session is finished, with the consent of everybody, put them back on the table. So there were some modest gains.

Our biggest problem is that we simply did not have the time this session to do it. And to be very frank with you, the preoccupation of the government from about November 1 to, well, almost now, but for sure from November to about February, was simply getting a handle on the immediate reins, the Executive Council and cabinet appointments. Our next preoccupation was getting the Gass Commission report, and then our next total preoccupation and the caucus's was getting the budget prepared.

The budget is normally, as the member will know, a six-month operation to do it properly. We did not have the time to do it. In the mean time, we did introduce a lot of legislation — a lot of legislation. The question of conflict of interest, filing of reports, codes of ethics, that needs a lot of time and thought and care, which is now being undertaken, and above all, consultation with the members of this House.

So I am hoping that we will sometime in the fall, early fall or winter months, have a package to present to you and to the committee and to hear from the public if you so choose, tear it apart, and make suggestions for corrections, amendments, and the like. We are very committed to the reform of the Chamber.

**Ms. Haverstock:** — Thank you, Mr. Premier. Mr. Chairman, Mr. Premier, I concur that you had an enormous amount to undertake in taking over and forming a new government, but it seems to me as though the foundation that should be laid is one that begins with democratic reform. I think the people of the province want to know, in fact, that their government, their elected officials, are going to be subjected to a mechanism by which conflict of interest can be measured, that there will be a code of ethics, that there will be consideration of anti-corruption legislation, that in fact they can look forward to such things as set budget dates and the like, that there could be more predictability.

And I would like to have seen this as a priority, primarily because I see it as one of the things that should be a first step, not something that is done later on and added on. What we have had so often expressed is from people a sense of misuse and abuse of the system by their politicians. And yourself, you've commented on many, many occasions that people feel very cynical. In part the reason they feel cynical is because they don't trust what their politicians say. And I think the time has come for us to say that perhaps the agenda for this legislative session was far too ambitious and far more time should have been spent with something like democratic reform.

You are not required to comment on my comments and I

shan't go into rules and procedures and the great disappointment I had at changing history in the province where everything had been reached in unanimous agreement rather than majority rule. And that's in part why some of the, I think, important and significant changes that affected myself are now gone by the wayside, and I hope that they will be brought back. I truly do.

Last December, Mr. Premier, I asked you why you had not yet created a committee to review order in council appointments made by the Executive Council. At that time your government had already made many appointments, indeed had dismissed a significant number of civil servants, often for unknown reasons. Now despite the NDP caucus's approval for creating an all-party committee to review these appointments, you have not done anything to set up this committee at this time and you still have yet to do so.

Mr. Premier, I'm wondering how the people of the province can be given a sense of assurance that you are committed to democratic reform and that you are committed to getting rid of patronage when your record to date demonstrates little commitment to your own party's promises to give the public and this Assembly better tools to prevent you from using patronage.

**Hon. Mr. Romanow:** — Well the member raises some good points and I'm not sure that I'll be able to satisfy her question totally. But I will try by saying that in some way we have to measure whether or not we have been somewhat successful by our record as compared to the record of the previous administration. One might jokingly or seriously dismiss that by saying that's not very much of a yardstick because, if I may be permitted, almost anybody could be better.

But I think that — leaving that little comment aside, caustic comment aside — our record with respect to the question of patronage in government contracts, political hiring, the open-the-books process which itself was basically revolutionary, is like night and day from the last nine years.

Have we gone where we need to go? The answer is no. I think the member is dead right on that; we have a long way yet to go. But what we have done is quite, I think, remarkable. And I'll spare you, unless you want, the specific matters that I point to, to contrast.

I want to make two points. We are headed in this way. Number one, we want to amend The Provincial Auditor Act for earlier and improved accountability and access to the books. Secondly, we have amendments to The Financial Administration Act which have been passed requiring, compelling, early release of *Public Accounts*. Thirdly, we are working on a code of ethical conduct for MLAs which will be tabled to an all-party committee for review and study. Something has to be initiated. We want to initiate it and then the members can tear it apart, accept it, reject it, or amend it.

We are also working on a members of the Legislative Assembly conflict of interests Act. I might add that in the mean time I have put out some directives dealing with the

conduct of cabinet ministers in a few areas of lesser importance, but none the less still important, the acceptance of goods and services and gifts, that kind of thing. But it's got to be made open and legislated. We hope to establish a special select committee on democratic reform to look at these initiatives which I'm talking about.

I could discuss the question of the Human Rights Code, and I think that's part of the democratic reform because our idea here is to have a Human Rights Commission which will be basically reporting to the legislature — am I right, Mr. Deputy? — rather than reporting to a government minister, like the Ombudsman.

Now other ideas which you have — and I do know that you have ideas because you've spoken about them and written about them — would be very welcome and when we get the committee and the documentation ready, we want those inputs. And even if we didn't want them, we'd get them.

So you ask, how will we know? I guess the real answer is whether or not, by the end of the next session, there will have been enacted a series of these reforms. I firmly believe that there will be enacted a series of reforms. In fact that's a commitment that we make; it is a top priority.

I don't want to debate with you unless you want to pursue it, whether or not this should have been the first priority, or the finances. I wish we could have done both. I just look back at it now. We have had too much on our plate as a government, we really have had. I think we've tried to chew off too much too quickly, and we've not been able to digest some of the things we've initiated. The number one priority in our judgement was, and still remains, the question of financial accountability and bringing the deficit . . . economic development, and we may want to talk about that in the right way.

One last point, and it's a small debating point, but it's also a factual point. This isn't the first time that rules in the legislature have been changed so-called unilaterally. Rules have been changed in this Assembly unilaterally before. They were changed for sure, I recall, in 1970 when I sat in opposition, actually about where you're seated. At that time there was an all-party committee. And the rules were changed in effect by the government not accepting the committee's reports.

I think we have to strike a balance always between the government's right to govern and the legislature's ability to govern its own proceedings. But at some point or other, at the end of the day, the government is held accountable for what it does or doesn't do. We all are, but the government ultimately is held accountable.

This is one of the problems of an OC (order in council) appointments reviews committee. It's a great idea, but you have to right away start to delineate in what areas are the OCs going to be reviewed. Are they going to be reviewed on, for example, the appointment of senior personnel, like deputies? Or are they going to be reviewed in the areas of order in council appointments to boards, agencies, and commissions, or everything?

I think boards, agencies, and commissions, we've made a small step forward there too. We have a . . . What's the name of the panel, the internal panel, the appointments . . . public appointments secretariat. And people are applying for various appointments. And I think if you take a look at the number of OC appointments that we have made, they reflect a great cross-section of people who are not necessarily of any political persuasion.

But do we extend that to order in council appointments, that top 1 per cent of the civil service — if the top's the right word to use — who are the direct advisors and the most immediate managers in senior personnel to the government, I don't think that that is odd. Well I don't want to be definitive about, but I don't quite see how we do that without sacrificing the government's right to govern.

So these are not easy questions I would submit. And I think we're better off being committed to the objective. I hereby repeat my commitment, taking more time . . . And I think the real test will be, not a year from today, because I hope we're not sitting in the summer a year from today, but the test will be at the end of the next full, complete session.

**Ms. Haverstock:** — Thank you, Mr. Premier. I'm particularly pleased that you gave a commitment. And I do want to make one thing clear. I'm not saying that democratic reform is something that should have taken precedence over dealing with the economic issues of the province. But I do think that they're integral enough, related enough, in fact interdependent enough, that they should have been done at the same time.

And I shall probably please you by saying that I shall leave for another evening or discussion, rather than estimates, talking to you about rules and procedures and things that transpired in the legislature.

Mr. Chairman, Mr. Premier, in the last month, your government finally appointed a new Chief Electoral Officer. And I must commend the Executive Council on advertising this position. This civil servant will continue to be an official of the Executive Council rather than an independent officer answerable to this Assembly. Why did you not make an effort to give this office more autonomy? I'm very curious about it.

And if I may, I will ask a second question in connection with this. We not only have had an opportunity at this juncture to have a more independent officer, but I really do believe and have made mention on several occasions the need for an objective body to examine the electoral boundaries of this province in perhaps a 10-year projection, something that would be very much removed from the governing party of the day. I'd like you to comment on both of those if you would.

**Hon. Mr. Romanow:** — The appointment of Mr. Kuziak as the Chief Electoral Officer, which was advertised and was on an open competition and we had many very good applicants, I think was a very good choice as a person. However it is not correct to say that in doing it the way we have done it, namely by way of appointing this individual to the current structure and mechanism, is the way that

we are committed to keeping the office.

(2115)

We think the notion, and I recall when I was in opposition early, the notion of a more independent Chief Electoral Officer is a very good one, one which would report to the Legislative Assembly. What we'd like to do is to get the thoughts of Mr. Kuziak and others — I'm not even sure that he's even arrived on the job, on the scene yet — to advise and to recommend as to the form and the nature and do a little bit of a survey of what happens in other jurisdictions.

As for the boundaries, the electoral boundaries, and again I don't mean this in any argumentative sense, but the first independent Electoral Boundaries Commission was established in 1972 or 3. Prior to that time, in the history of the province of Saskatchewan, it was always done by a committee of cabinet or politicians or back-room people.

And we appointed a chief justice, and I think it was the president of the University of Regina, and I think it was the Clerk of the Assembly, Mr. Barnhart, who was there, and boundaries were set always in that category. Now my predecessor, the member from Estevan, did the same thing.

One of the problems, however, as I see it on boundaries, since I think we have left behind the days when three or four people in the back rooms can draw the boundaries, one of the problems, however, remains as to the mandates that you give to this independent body in drawing the boundaries. And without going into history, and the member knows this full well, so I won't take much more time of the Assembly, the last boundaries Bill which was submitted by the former administration to an independent body, set guidelines with respect to levels of tolerance between rural and urban, and numbers of urban seats and rural seats which prompted the legal actions and the subsequent decisions and the like.

That's always a problem. That's a problem going to be for us too. And whether the Chief Electoral Officer's an independent officer or however it works out, somebody is going to have to put in legislation what the rules are going to be.

Now let me close by saying, the ideal rule is rep by pop — representation should be based on population. But in Saskatchewan, we have to break that rule because by the changing demographics of rep by pop, we find ourselves in a situation where there's a growing urban representation, perhaps to the detriment of the rural. It's the question of the balance and where the balance is drawn. And this is always a matter, unfortunately, of some subjectivity and therefore some high political debate. I don't know how we get around that, but we intend to try to do it as best as we can. And there is another census coming up, I think — is it next year? — which requires us to do this and to table the appropriate legislation to reflect rep by pop, and have an independent group of men and women draw the new boundaries. You'll be able to judge then whether or not we are doing it as fairly as we are committed to trying to do.

**Ms. Haverstock:** — Thank you, Mr. Premier. I actually do have some ideas on a derivation of rep by pop that I think would be quite valuable for the province, and there's a considerable amount of information about such a proposal. So I'm more than willing to send it to your office.

Mr. Chairman, Mr. Premier, in April of this year the Provincial Auditor submitted his special report to this Assembly, and this report contained a long list of examples where Crown corporations and departments, even including Executive Council, received services and employees from other agencies without paying for them. These, what I deem unscrupulous actions, as we all know, not only undermine the sense of proper process, but they do make a mockery of public accountability. What policies have you put in place to prevent the recurrence of similar, unapproved, unaccounted for raids of the public purse in future?

**Hon. Mr. Romanow:** — I want to first of all begin by saying that I agree with the hon. member's description of the practice which she describes, and that practice as set out by the Provincial Auditor. And as an example . . . And I really don't want to . . . Time doesn't permit because of my commitments in P.E.I. (Prince Edward Island) and the like . . . Perhaps the Leader of the Opposition will want to get in some questions. So I don't want to rehash on a political basis totally, but just to give you the example of what did take place, in the 1991-92 blue book, the amount set aside for the department of the Executive Council was, according to the blue book if you check it, 5.85 million, and it was 67 person-years. That's what PY means. Then, when the provincial special auditor's report came out, the true number was not 5.85 million, but 8.73 million, and not 67 person-years, but 97 person-years, a substantial increase with a variety of secondments and the like.

Now there may have been good reason for the former administration doing this. I don't know. Sometimes in the rush of moving into government you tend to sort of say, I'll grab this person because he or she can handle a project for me, or I've got a little bit of a GRIP dispute so how am I going to bring somebody over from Finance to settle it. You need a little bit of that flexibility to do it. But I think in this context, this is what we do not want. None of us want this because it's not accountable. The question then is, what do we do? And there is only one answer to what we do. We simply take the auditor's recommendation and we go down the list. And we have a list here of where we're at in those recommendations. And very quickly skimming the paper which I have provided here before me, we have agreed to virtually all of the Provincial Auditor's recommendations, 15 of the 18, Mr. Clark advises me. And I could take the time of the House to tell you what they are but they are set out.

So we have taken steps to follow these and the check that what I say is true, of course, will be the Provincial Auditor himself. Because when he audits our department of Executive Council or any other department, and having followed the transcripts of what I'm saying here, if it turns out not to be the case, we know from what he did in the '91-92 blue book we'll hear about it for '92-93. So the implementation is simply to implement it. It's a matter of

will, and we've taken those steps.

**Ms. Haverstock:** — Thank you, Mr. Premier. I'm to take it then that you're believing that the way of having a check and balance in this system is to wait until the Provincial Auditor's report comes out? Or is this something that you see as imperative enough to have someone charged with overseeing this kind of policy — in other words that damage can be prevented, instead of being analysed in a sort of after-the-fact autopsy.

I'm wondering if you have established within Executive Council an official or officials who are going to be responsible for ensuring that public monies are not going to be wasted because one agency has decided to pay for, you know, employees, or they're not paying for employees as the case may be, who actually are working for them; that goods and services are not following proper process or submitting to proper authority.

I guess what I'm wanting is to not have to wait until the Provincial Auditor's report comes out, and that I think that it's important for the public to have some assurance that we're not leaving the fox in charge of the chickens.

**Hon. Mr. Romanow:** — Yes. The answer is, it is important, and the specific answer to your question is, for the Executive Council, my department, the deputy minister, Mr. Clark, has designated Don Wincherauk who is seated behind us, in his official capacity as the administrator of operations, to monitor.

And on little things like ministerial expense accounts, for example, they can get ministers into lots of trouble. I have taken the position that . . . Mr. Clark really has, but on my authority and support, that Wincherauk's role is to examine everything that comes through and if there's anything improper or otherwise it goes bouncing back.

And we're trying to do the same thing on the Crown Management Board side. What we're trying to do on the Crown Management Board side by analogy is to make the Crown Management Board kind of the equivalent to our Treasury Board on the ordinary operation side so that Crown corporations have the freedom to operate as Crown corporations in the commercial and other activity, but they do it without a situation where the right hand doesn't know what the left hand is doing. But the system is not fully into place. We have named people there too to do the kind of examining.

However, the checks and balances, I would also submit to the member, are complex. Question period, newspaper stories, defences and explanations, Provincial Auditor's report, which is the autopsy — very colourful way of describing it — all of this is part and parcel of the approach my directives, people designated, put together. We hope to put into place a matrix where this is eliminated.

And we have for sure made significant reductions. I would hope we have eliminated it, but we've certainly made significant improvements in this in the nine months we've been around.

**Ms. Haverstock:** — Thank you. Mr. Chairman, in April of

this year after the publishing of an article in the Regina *Leader-Post*, there was really a great deal of uproar over the perks that two well-known former NDP officials were receiving at SaskPower. And it appears that Mr. Messer and Ms. Carole Bryant, whose NDP credentials don't really need to be recited here, were given cars and generous office renovations as well as lucrative expense accounts.

And I would like to ask you, Mr. Premier, whether you knew that these officials were receiving these perks before that date, and if so, why it took six months before they were finally dealt with.

**Hon. Mr. Romanow:** — Well the answer is that I did not know personally, but that's not an answer in politics. At the end of the day the buck stops somewhere, and it stops at the Premier and the cabinet. And that's the way it works. But I did not know personally.

But I do want to say this — that the cars were engaged in pursuance of the existing policy for car allowances and car leasing. In fact, in an explanation provided to us subsequently by Mr. Messer, I think it was actually a saving in the way that they did it. The car, a Lexus, of course rings all kinds of bells and whistles and does put off a bad image, in my judgement. But it was done totally within the Saskatchewan Power Corporation guidelines as they had heretofore been.

Quite frankly, at the time that this came to light in April, we hadn't gotten around to the point centrally through the Crown Management Board people of taking a look at these generous car allowances in order to make some adjustments and changes.

So what Mr. Messer did was, pursuing the manuals and the guidelines, took his decisions and got the cars. Everything is going along swimmingly until it's reported in the press, which is when I find out about it, and then the remedial action is taken for the change in the programs and the policies. That is the way it took place.

So again, we are involved, but this is not a new policy. In fact that policy has been thrown out the window and it is a brand-new policy which is a much reduced car allowance policy for our senior personnel. That's the explanation.

**Ms. Haverstock:** — Thank you, Mr. Chairman . . .

**Hon. Mr. Romanow:** — By the way, it was reduced by 50 per cent and . . .

**Ms. Haverstock:** — Thank you. Mr. Premier, there's been a lot of concern in the last couple of weeks about the constitutionality of certain pieces of legislation of your government. And as you're well aware, I, along with many others, were in Melfort today with people who are deeply concerned about one piece of legislation, the GRIP legislation.

I have a question for you, and I really wish to have an understanding of this: why have you not used The Constitutional Questions Act of the province of Saskatchewan and referred this very, very contentious

piece of legislation to the Saskatchewan Court of Appeal for its opinion?

**Hon. Mr. Romanow:** — The answer is, in my judgement, a simple answer on a complex issue. If the government has a doubt, a reasonable doubt, then an argument can be made that a piece of legislation should be referred to the Court of Appeal for a constitutional reference. But what a government must not do is pass off what might be described as a political hot potato onto this Court of Appeal.

Our opinions, which the Minister of Justice has indicated to the House and I have reviewed personally, both in-house opinions and external opinions say that what the government has proposed and enacted and Royal Assent was given to today is constitutional. In my judgement, as a consequence by my theory of responsible government, you take your action and you pay your price for it, for good or for bad. And we have taken a position.

**An Hon. Member:** — There were 4,000 people in Melfort that didn't agree with you, Roy. Did they Berny?

**Hon. Mr. Romanow:** — Now the hon. member from Rosthern is back in the House and I'm sure he'll want to get in and have his questions when his appropriate time comes.

**An Hon. Member:** — Mr. Chairman, can he say that? You can't give out the presence or absence of members.

**Hon. Mr. Romanow:** — But that is the reason why we have made the . . . yes, I'm sorry, I withdraw . . . is in the House and wants to take part . . .

**The Chair:** — Order. Members should not refer to the presence or absence of other members in the House. Also, members should not interrupt other members when they're on their feet.

**Hon. Mr. Romanow:** — Thank you, Mr. Chairman, I apologize to the hon. member. I meant nothing by it.

That was the decision that we took based on the constitutionality. So the two issues here involved: public policy which you may agree or disagree with, and secondly, is it constitutional? If it is, the government proceeds. It acts.

(2130)

And we are satisfied on both counts. Not totally on the policy. I've said that changes to GRIP '92 are not the final answer. Quite obviously. But we think they're an improvement from '91. Now that's our decision. Opposition has mounted a case against it, but reference of this issue I think is simply delegating it upwards or delegating it somewhere, where it should remain here.

I would also say that at the same time, since decisions were already made with respect to the farmers' economic matters — planning what they were going to seed and the like — all that this does is just continue the uncertainty.

**Ms. Haverstock:** — Thank you. Mr. Chairman, in the last

six months, the people of this province have witnessed a number of turn-about as far as policy is concerned. Your government's brought forward, for example, a comment about what would happen to highways, and they seem to have gone from blacktop to gravel to blacktop.

And the individuals throughout the province have seen the changes to the Saskatchewan Pension Plan, first of all believing that it would be decimated and then seeing some kind of resurrection, although albeit a very thinly disguised version of the one previous.

They've seen the FeedGAP program disappear, and now miraculously it's reappeared in a different form, and again albeit with a different title.

I'd like to ask you, please, sir, how much all of this indecision has actually cost the people of the province of Saskatchewan. Were studies actually done that produced some analysis on each of these matters before the initial decisions were reversed? And if so, how much did these studies cost? To whom were they distributed? And were additional studies produced that eventually led to the policy flip-flops on the likes of FeedGAP or gravel highways or Saskatchewan Pension Plan for that matter?

**Hon. Mr. Romanow:** — In the instances that the member, the hon. member raises, the process has been a process which I think is a thoroughly democratic one. You introduce a budget, then there is a fall-out from that budget. You then see whether or not you can make adjustments to the budget to take into account, if the complaints are legitimate, the complaints.

In a particular instance, let's say the pension plan aspect, various suggestions were made for changes which would — how should I put it — at least save aspects of the former pension plan. These were then forwarded to Treasury Board and the Department of Finance, in concert with the appropriate ministry. They're analysed by the internal analysts. They are debated. They are then referred to Treasury Board, which is a committee of cabinet. A recommendation is made by Treasury Board to the cabinet and then it is either accepted or rejected.

Now the overall and overarching policy is a policy of trying to stick at the end of the day to the \$517 million projected deficit which we have set out for the '92-93 budget. We are in such a financial strait-jacket in this province, and given the economic uncertainties and other problems, we have to be careful to maintain the expenditure ceilings that we have set for ourselves.

Now maybe we can shuffle some of the chips on the board, rejiggle them around, but at the end of the day it is my hope that we come in at 517 or less, because the consequences of not doing so could be very drastic in terms of our borrowing, in terms of our credit rating, in terms of the objective of getting out of the financial morass that we're in. So you take that into consideration.

And it's a question of whether or not one tries to be responsive. And I would admit, as I've admitted to the member opposite a few moments ago, that in the period from the Gass Commission, mid-February, to the period when the budget was more or less put to bed, mid-April,

which is only 60 to 75 days, this was too rushed a time. I hope never to have to be in a position to put together a budget in that compressed period of time.

We are now starting the budgetary process for '93-94. We hope, as I have indicated to one of my colleagues from the official opposition, to have a mid-course report, perhaps a mid-course adjustment if necessary, based on what the revenues are doing and what the expenditures are doing.

But for the overall, long-term health of this province, we've got to try to maintain the 517 million and make adjustments for economic and social and compassionate reasons as mounted by the opposition and by groups, as best as we can.

That's the process, and whatever the cost is, is the cost occasioned by the fact that men and women are working for the civil service whose job it is to do these things when requested by government to do so.

**Ms. Haverstock:** — Thank you. Mr. Premier, am I to take it then that what you're saying is that all of these changes that have occurred in policy have really been at no extra cost at all, other than the fact that the people of the province have been faced with what appears to be indecision, what appears to be sort of a schizophrenic approach to things. So that what we have are hundreds upon hundreds upon hundreds of people who were enrolled in the Saskatchewan Pension Plan, who were in great distress, contacting my office and I'm sure the offices of most of your colleagues in this legislature, being in great distress.

And I guess part of what I'm wanting to understand here is what you're saying is this has not had a financial cost to the province although my sense is with the way people feel about a government, the way they feel about perhaps a sense of a lack of direction, or the way they may feel about a lack of hope in the province, may lead them to not want to stay here, may not want to invest here, might not want to believe in future kinds of programs that may be brought about by your government. So you can correct me if I'm wrong, but I'm hearing you say that this really didn't have an impact on anyone except the longer hours that your civil servants had to put in. Am I correct in that analysis?

**Hon. Mr. Romanow:** — Well essentially what the member says at the end is correct. We will know of course at the end of the '92-93 budget when the accounts are all in whether or not we're at 517 million, higher or lower. And as I've said, something which we will part of democratic reform by the way, we'll be giving a mid-course report to the people of the province of Saskatchewan.

Hopefully — we don't quite know the form of it yet because it's never been done, this is a major reform — we'll be saying at the end of six months, look, we're on target or off target, here's where our problem areas are. What we have done in the adjustments is take into account overall objectives. And I would say the hon. member that listening to people doesn't show a schizophrenic behaviour; what it shows is, I think, a responsive government.

And with the greatest of respect to all the members, we can't be whip-sawed both ways. We can't be whip-sawed on the arguments that you do nothing because you don't listen and you don't consult and you close your ears, and then when we do listen and we make changes, to be criticized that we make changes. I think in government it's a question of all these choices and acting as pragmatically as we can and that's the basis of it.

And I would say, as I mentioned to the one of the hon. members in the official opposition some time ago, that there are some signs that things may be turning around in some areas. We obviously have a large farm gate problem which I think requires the help of the federal government in some substantial numbers and fairly quickly. But notwithstanding that, we do have some signs of economic activity even in rural Saskatchewan which is — I'm not overstating it — but is a little bit of a light at the end of the tunnel.

I'm told by our economic development people — I'll just give these numbers one more time — that as of August 12, 1992 EDT, Economic Development and Trade reports that there were 270 active projects, economic projects, some new, some extensions, some expansions, outside of the cities of Regina, Saskatoon and the 10 cities, and another 91 projects in the 10 cities. Of all the active economic projects, 40 per cent in the rural areas — rural meaning outside of these big cities configuration.

And while I am unable to give you the names of the corporations and the companies involved, some very fascinating matters. Some are new, some are old; archery making supplies, pheasant hatchery. I mentioned one here which struck me as interesting — manufacturing of mustard sauces and salad-dressings. Some are the traditional ones that you might believe, the opening of a hair salon, the opening of a bakery in small communities. All of these have taken place since November 1 and they are creating jobs.

Now as I say, I don't say that's the answer and that we've turned the corner totally, but we are headed in the right direction and there is cause to be optimistic, I think, by these kinds of figures. So maybe it is a slight overstatement to indicate that there is desire to leave the province, or hopelessness. I don't think so. I think people are really committed to this province, and I do think that the best climate conditioner is to show a government which is trying to fiscally ride this tiger down that we've inherited, that we're on now, to try to ride it down so that we can provide more room for economic activity.

By the way, I also said — I might as well get this off my chest — I also said to the member from Moosomin, I think you were here at the time, that we'd be putting forward an economic development blueprint as we did in health care. You can accept it or reject it, criticize it. We welcome your comments. And also we're going to establish a Premier's Action Committee on Economic Development, PACE, very shortly, as additional momentum, additional thrusts to keep the momentum going.

I think these are all very exciting. They're not spectacular;

they're not the big fertilizer plants at Belle Plaine, or any of those big projects, but they are real jobs for real people in small communities, and they are being done by the people themselves without taxpayers' bucks, free enterprise doing what it can do — free enterprise.

**Ms. Haverstock:** — Thank you, Mr. Premier. I hope you haven't misunderstood what I stated when I made comment about the approach that's been used on these flip-flops, okay. I actually think that government deserves some recognition and applause when what it has done is to recognize when it's done something that perhaps was not in the best interests of the province, i.e., the FeedGAP program, and chooses to rectify that. And I would like to see more recognition when a government has stated, I don't think that this is what we should have done and therefore we're going to do X.

My concern is this, and that is when it appears as though for budgetary purposes that all of a sudden a pen's gone through and arbitrary decisions are made and therefore FeedGAP is gone, or Saskatchewan Pension Plan is gone, and people aren't looking at the repercussions of these kinds of things and therefore that's why the flip-flop has to take place. And I'm equally concerned when something that is very similar to FeedGAP is brought back with a different kind of name, but all of a sudden we look at where the resources have come from and we no longer have an ag development fund that's worth anything in this province as far as research and development is concerned in agriculture. I have those kinds of concerns because I think it's going to have a deleterious effect, not only on the credibility of governing in this province, but on the kinds of things that are going to be necessary to get us back on track.

Now I know that you've been kept for some time, and I only have two or three questions left, if I may, rather than having you . . . Do you care to comment on that or . . . Okay.

**Hon. Mr. Romanow:** — A brief comment. I do want to repeat this. It seems like ancient history, but it would put the debate which, if I might say so, is a very good debate, into proper context from my point of view. We were told by our Department of Finance people that if we did nothing in '92-93 on the revenue side and on the expenditure side, from the way we inherited the books of the province, that the debt for the end of '92-93 would, on projections — I mean, who could tell — be \$1.2 billion for that one year alone. And then we were told, and I believe this advice, the ramifications with respect to credit rating, money, capacity to do things, would have been . . . well eroded is putting it mildly. It would have evaporated. So since \$1.2 billion was not an option, we then had to find what was the option. And the only other option was a deficit, which even at 517 million is not my preferred choice by a long shot.

(2145)

And what we tried to do first was to tackle expenditures. I make this point. On average for the last nine years, on average, each year expenditures grew by 6 per cent in the last nine years. This year, our expenditures were reduced by minus 3 per cent, which is a turnaround of 9 per cent in

one year. And at that we were left short. We then had to go to the tax side, the revenue side, in order to come up, even as it is, with a deficit figure of 517 million, which by all accounts none of us would be very happy with.

Now you can shuffle — not you, but one can shuffle — what taxes should or shouldn't be placed, or what cuts should or shouldn't be placed, but I tell you that when your first expenditure is health care, yearly, your second expenditure highest is education, your third is interest on the public debt at \$750 million, and your fourth is social services at \$450 million, that's four-fifths of the provincial budget. No provincial government's got, say, a department of defence to chop as a peace dividend. The options just are not there. Gass has written about it, everybody else has written about it.

Now you ask, how does the debate take place. Now what happens is we spent, I think it was, about seven days in cabinet, endless hours, debating studies prepared for us internally by officials on the impact of eliminating FeedGAP. At the end of the day you have to make a decision. Given the financial circumstances, whatever decision you make is going to be a tough one.

When we make the decision, and it didn't work out or hasn't worked out because it's had a negative economic impact or the people don't want to accept it, then you have to try to readjust it, which is what we're trying to do, but again — I'll close on this point; sorry to be so long-winded — within the overarching guidelines of the 517 million. Because if we allow that to balloon up, then we're right back to the 1.2 billion, and if we're right back to 1.2 billion, and I tell you it doesn't matter who the premier, the next premier, or the next political party is going to govern the province of Saskatchewan, it will not matter. We will simply never have the financial capacity to stimulate business, or putting it very bluntly, support the social programs which I hold dearly and I'm sure you do too — most members do — and we simply will not have the capacity. We had to take the choices, had to take choices.

By the way, I said I was going to close on that comment, but I really should close on one last comment. The other party of the strategy, the vision is trying to get out of this deficit by wealth creation. Thus my modest pointing to the numbers about the activity in rural Saskatchewan. With a lot of luck, a lot of hard work, and a lot of Saskatchewan ingenuity, I think we can see some light at the end of the tunnel in the next year or two. But those are the hard numbers.

**Ms. Haverstock:** — Thank you, Mr. Premier. I do hope that I understand that you have used the term PACE, what is ever forthcoming. I hope that that's reflective of what I've requested on several occasions to be a Saskatchewan economic development authority that would not have politicians as its core. Maybe we'd have some significant economic development if we didn't have politicians involved.

Prior to the campaign and during the campaign and even shortly after the election, I recall that you had indicated that you would not carry out any witch-hunts in the civil service. And I do have a lot of concerns. One of the things

that I've raised several times in this legislature is about how credible an employer Saskatchewan can be, how credible the province is perceived as far as a signatory on contracts, etc. And unfortunately, the way in which the civil service was handled is something that I've had some concerns about.

Late last year we saw a minister fire many in the civil service and actually take away their common law rights, all on the premise that every single one of those civil service employees had a George Hill type of contract. And I think that the public was misled and I think actually the way in which civil servants were painted was unconscionable.

Earlier this year, the Minister of Community Services fired about 20 people from SPMC (Saskatchewan Property Management Corporation), at least one of whom was replaced with a campaign worker. Another NDP party VP was appointed as director of occupational health and safety by the same minister. And all of these actions are taken with one individual, by one individual.

I'm wondering what kind of message you think that that sends out to people. First of all, a civil service that I think longed for a return to a sense of being able to be professional and then being faced with the fact that their rights were taken away. We now see other people in the province feeling that they don't have a right to go into courts as well.

And I'm wondering if you would just comment please to those people who have called me, many of whom, sir, were hired under Premier Blakeney and in fact to quote one gentleman: all I have left to show for my 25-year career is a box in my basement. And I think they deserve some comment because you were very articulate in stating that this was something you would not do.

**Hon. Mr. Romanow:** — Again, two or three points if I can in response. We've been through this debate but I have to respond because you raise it in my estimates. I guess we have a fundamental disagreement here about the contract Crown employments legislation which we introduced.

You used the phrase common law premise. I believe that the common law premise in the private sector on unjust dismissal or dismissal with cause — well without cause, with cause is a different issue but without cause — roughly would have approximated, depending upon the length of service, something in the neighbourhood of 12 to 18 months compensation for people, perhaps even not that much.

What we found when we came to office were contracts which belied the common law premises. I don't think the Court of Appeal of Saskatchewan — I'm not a lawyer for these purposes and I haven't cited the law lately — but I don't think the Court of Appeal of Saskatchewan, Madam Member, in the recent history, I don't think in fact I will say, ever, I could be corrected wrong but just off the top of my head, I don't think the Court of Appeal of Saskatchewan has given more than 18 months to any unjust dismissal. That's the common law in the private sector.



If I'm in the private sector and I get fired unjustly and I've got to go and I've got to sue, depending upon my lengths of service, that's where I'm at. The contracts that was entered into by the former government belied that common law premise. There was a common law premise, the so-called sanctity of contract. If the contract was not injurious one could support it ... or unconscionable.

I think contracts of employment which give the civil service a fatter advantage by a long measure than what you get out there in the private enterprise world are unconscionable. Now we either lived with them and paid them out enormous sums or we established a principle which said, by law, when you join the Government of Saskatchewan you're going to get the common law premise in case of unjust dismissal.

Now as I say, we've debated this and we find disagreements on it, but that's the basis of the policy decision and the rationale that we took. The Public Service Commission chair was hired after open competition. Again I think a very positive step in terms of the reform, and we are very committed to a Public Service Commission being the arbiter, the protector, the shield, the sword, for an independent, professional civil service which exists. There is no other way that a government can function. I do not believe in Jacksonian democracy. I do not believe in the American notion that if we're in, our people are in, and when they're in, their people are in.

In the United States what happens when the President of the United States leaves, every shred of paper and every person goes with that president and there is no corporate memory. That's American Jacksonian democracy. I never believed in it. I didn't believe it in 1982 when my predecessors started on a spate of firings which are unparalleled in the history of the province of Saskatchewan.

But having said that, I do believe that at key positions in the civil service, the advisors must be advisors who understand the philosophy and the direction of the new government. And I also believe that there are many competent New Democrats, as there are many competent Conservatives and Liberals who, as long as they are committed to the common cause of benefitting the people of the province, the purse of the province, the policy of the province, could and should be hired.

It's the idea that happens in the press. I'm now going to pick on the press. I don't know if they're watching; doesn't matter. But the idea that the moment you hire one New Democrat, that is patronage. Jack Messer is a New Democrat; it's patronage; he can't do the Power Corporation job. By the way, we contributed to that attitude when we were in opposition ourselves, perhaps unfairly now that the roles are reversed. There can be people of all persuasions serving and doing so on an independent civil service.

Now the last comment I make is in a mode — I hate to use the word mode — but in the current mode of reduction that we're in, there will be long-time civil servants, I hope few, through seniority and the like will be protected, who will be affected as we reduce government. If they're not,

then we're not reducing government which we have to do by virtue of the budget. So we try to do it as sensitively as we can.

We haven't been perfect. We have hurt people, wrongly hurt them. Apart from apologies, hopefully courts and remedies by way of settlements will settle and solve them. But I think we've done a pretty good job for any government in transition by any yardstick which is measurable in the province of Saskatchewan.

**Ms. Haverstock:** — Mr. Premier, I actually agree with the majority of what you've said. I guess I don't agree with the latter part because I'm someone in whom a lot of people have chosen to confide. And there are many people who truly wish that they had been handled in a very, very different way. And your government has in fact made victims out of people who did not negotiate many of their contracts. Some of these individuals were told, this is the contract. And they had to sign that contract. And I guess what I find so distasteful is the fact that these individuals were painted by your government to somehow be people who were ripping off the public. And that's the part that I'm saying is unconscionable.

I don't disagree with anything that you were talking about. I don't think that people should have overly lucrative packages. I don't think that people should think that they're somehow different from those in the private sector. I don't think that it's unreasonable for people, whether they be a New Democratic government or otherwise, to hire people, whether they be New Democrats or anybody, as long as they're competent.

I agree with you in all of those things. I just want this comment to be made on behalf of people who felt that they were treated very, very badly. And in fact, the way that they were treated is something that has sullied the reputation of Saskatchewan. And a lot of these individuals were the ones — by the way — the ones who were saying that they were waiting for an NDP government to return so that there would be a more professional civil service. And they have not found that, and I think that that's a tragedy.

Do you wish to comment? Because I have one final question for you. Okay.

**Hon. Mr. Romanow:** — You raise an important issue. I have to comment on this. And again, I've done something which I shouldn't be doing very often because they're not my fans of great note — the *Star-Phoenix*. But in the November 20, 1991 edition of the *Star-Phoenix*, in an editorial on this problem, this topic, rich severance packages, I don't think that I could have put it any better.

The government does plan to pass (I'm reading now from the editorial) a law changing the contracts of senior administrators in government departments and Crown corporations with good reason. The former administration made sure that its hand-picked buddies would be well compensated if they were released from the high-powered positions. Taxpayers can't afford such a hefty bill. The new government has every right to do what it is doing to reduce this financial

burden.

And let me just say in terms of the financial burden, that if we had left it the way the contracts were, and had settled out, theoretically, on all of them, that burden would have been \$13 million. Now that is a very huge burden.

Now your argument is, does everybody have to be caught in the net? The answer is no, not everybody has to be caught in the net. And this was not the policy or the intent of our operation, to catch everybody in the net. All we wanted to do was to restore the common law — fair and just compensation. That's my answer.

**Ms. Haverstock:** — Thank you. Mr. Chairman, Mr. Premier, after speaking with a wide variety of people across the province, as you do frequently, I'm sure, people are concerned about what future awaits, not only themselves, but their families, their neighbours, who are considering leaving. There's a great deal of uncertainty about where Saskatchewan is going. And I've been struck by the many people with whom I have spoken who have stated that they really don't understand what the vision is of your government.

They're confused about what your government's vision is for social services. They're concerned, and these are individuals who are in the social work field, I'm talking about. Those involved in economic development said that they're waiting to see an overall economic development strategy for the province, and I appreciate your comments tonight about some directions you're taking in that.

Others in education are waiting to see what the government is going to do as far as universities and community colleges and the like. And still others in health care are quite disappointed with what they see as a lack of substance in the wellness plan, although a concurrence with the view that there need to be substantive changes in health care.

(2200)

Many people are very worried about what might happen. And they want to know whether there's anything more to your economic strategy than more taxes. They want to know how you intend to prepare us for the future.

And, Mr. Premier, you have commented on different occasions in the Assembly about your many years in this House, that you have 25 years experience prior to becoming Premier. You've had many years as Leader of the Opposition, and all the person-years of experience in Executive Council, why are the people of our province still saying that they don't know where the province is going, that they don't understand this.

And I'm wondering how it is and when it is that you will be conveying to the people of the province what the vision of your New Democratic government is, and how they can then feel more satisfied that they can lay some of their concerns to rest?

**Hon. Mr. Romanow:** — Well I say to the hon. member with the greatest of respect, that I do not accept the

fundamental premise of the question which is that there are so many people who don't know which way they're going. It may very well be true but I do not accept that premise.

I believe that the people of the province of Saskatchewan know what we have inherited. And they know that we didn't create it, and they know that it took nine years to get here, and they know that in nine months we can't get them out.

If I was to sum up the vision which I have summed up in speeches after speeches to chambers of commerce and everywhere I go, I put it in two words: we're rebuilding Saskatchewan. And we have basically three cornerstones to doing that: number one — fiscal integrity and independence; number two — job creation and the preservation of rural Saskatchewan. There are two dimensions of that, there's the federal component and the local component, we've talked about. And number three — improving the quality of life, occasioned by the initiative that we've taken on the wellness model.

Now the wellness model may not be a perfect paper. That it is a radical, new step, bold step in health care, I don't think anybody can deny. Tommy Douglas always said, said to me, said before he died, that the first step in medicare was to remove the financial barrier between the provider and the recipient. He said the most important next step was the reorganization and the restructuring of Saskatchewan's health care system into a new direction. We're trying that with the wellness.

In some ways we're in uncharted territory. This is going to be unsettling because we are comfortable with our ways. But we think, at the end of the day, we are going to have a better health care system based on wellness, based on something which can be the basis of a pioneering approach perhaps for other provinces.

I can talk about education and treaty land entitlements and environment matters, the business that we started off talking about. All of this is an agenda to reform the parliament, reform the legislature. But the essence of it is rebuilding Saskatchewan.

Unless we can get our financial house into order, and I think people in Saskatchewan know that, there isn't going to be any rebuilding. We have to get the financial house in order, and I think we've taken a big, giant step in that direction.

I think most people, they don't like the taxes. I don't like paying them, as I say, any more than I like imposing them. But I think they understand where we're at, and I do believe that they are supportive of the government.

**Ms. Haverstock:** — I'd just like to thank the Premier for responding to my questions this evening, and his officials. Thank you very much.

**Mr. Devine:** — Thank you, Mr. Chairman. I'm not quite sure where to start, Mr. Premier, with respect to several things that I would like you to address and knowing that it's relatively late in the evening. Your last comments are a good place to begin.

You said your objective is for fiscal independence, jobs, the revitalization of rural Saskatchewan, and the quality of life particularly on the wellness model. And you put them in those three areas. With great political respect, you may have those as your objectives, but as you can imagine, we probably have some difference on how you get there. I want to touch on some things and get into some of the differences because I'm not so sure that your plan is working.

In fact I'm quite sure it's not working and it's causing great harm, great problems in confidence. The lack of confidence is evident everywhere. The pain is severe; the pain is deep. The crisis, particularly in rural Saskatchewan, is deepening. It is not only deepening from last fall when you campaigned to fix it, but it is deepening by the hour as we speak as a result of serious climatic conditions, but most particularly, Mr. Premier, as a result of the fact that you have changed the rules. And they have serious, serious consequences on rural people. And we saw that today.

And I'm sure your cabinet colleagues, the member from Melfort and the member from Rosetown have informed you about several thousand people who got together today to say that they absolutely, fundamentally, and sincerely — people that voted for you — disagree with what you're doing in terms of ripping away the protection for agricultural people.

And for several reasons. And I'll just quickly summarize those and then I want to get into specifics. Number one, we find — and people found out today — that the coverage and the protection for people who signed contracts in Saskatchewan is less than in Alberta or Manitoba. Saskatchewan has always been part of a national program. And under the Saskatchewan Crop Insurance for farmers, they join the national program. It's tripartite — it's farmers, it's the province, it's the federal government

And lo and behold, we find that the protection in Saskatchewan is now significantly less than it is in Manitoba or Alberta. And they can't justify . . . they don't know how you can justify that. Why would you do this to farmers in the middle of a crisis. That's very, very important.

And secondly, what they don't understand is when they sign the contracts and you decided to change them, why you decided that you had to make the legislation so miserable and so tough that they couldn't even go to the courts to protect their rights. And they don't understand that. They want '91 GRIP for '92. They want the same coverage as their neighbours in Alberta and in Manitoba. And they want access to the courts because they don't believe they've been treated fairly. Other people get access to the courts, but Saskatchewan farmers have been denied that.

Now we had thousands and thousands of people come out today. Some of your MLAs were there, lots of farmers from across all of northern Saskatchewan. And tonight as you know, it gets worse and worse. And all your advisors knew that in the event of drought or frost, you had a

serious, serious problem in the Saskatchewan economy.

So that lack of confidence is going to show up, the sales are going to show up, the lack of income, and now the lack of protection. And all they did . . . they weren't even asking for a subsidy. One fellow stood up and said, we don't want subsidies, we just want the insurance contract that we bought and paid for. But they couldn't have that.

So they felt very, very disappointed in that the new administration that they voted for has denied them access to a contract they bought and paid for. They knew they could get 150 to \$250 an acre locked in. They could buy it — bought and paid for as you can in Alberta and as you can in Manitoba. And it's gone, and only in Saskatchewan. They said why would they treat us that way when the real farm crisis is here in Saskatchewan.

So they don't understand this Bill that was proclaimed today. They don't understand why you've made the Bill so mean-spirited so that they can't even protect their own rights and take the government to court. And they don't understand why, in the midst of a crisis, in the midst now of drought and then on top of that frost — and we saw acres of acres of green canola that is obviously going to be hurt, thousands . . . probably hundreds of millions if not a billion dollars worth of problem, and it gets worse hourly. If it's a clear night tonight, you've even compounded it.

They don't understand that. And I don't understand it. For somebody who went and talked to a lot of rural people last fall and stood up and said, I'm going to be for farmers; I'm here to protect you, give you the cost of production, more money from Ottawa, lower your premiums, give you help . . . They don't understand that and I don't understand it.

And the public doesn't understand. They say, well why would you abandon us? These people are in desperate straits. They're going broke. The foreclosures are up. Towns and villages are dying. Businesses are closing. And it's going to get worse through this winter. Because they bought and paid for a contract and you took it away. And you substituted something else that, as you know, is very unpopular. It may be unconstitutional. It may violate the Charter of Rights and Freedoms. He's used every trick in the book to pass it in this legislature. You finally cut off debate. They don't understand that either.

So the questions that I have are the general question of why you would do this to farmers and to rural people when they really needed confidence, and you talked earlier about confidence in the economy and confidence in your new administration — they really need confidence, if they could have security, suffering from drought and \$2 wheat and all the problems they've faced over the last decade — why you would take this away from them.

And secondly, why you would do it in a Bill like this. And I want to ask you, and I've asked the Minister of Agriculture and he wouldn't answer directly. The Attorney General may or may not want to answer. But in the Bill, which you said you've looked at and you got good legal advice, why in this Bill did you think it was necessary to put in section 10.1 that goes on to say:

No action or proceeding lies or shall be instituted or continued against the Crown or a Crown agent based on any cause of action arising from, resulting from or incidental to . . . (what you've done).

Why, if you're so confident that you've done the right thing for farmers and you think that it is really the proper thing to do, would you have in here in clause 10.2:

Every cause of action against the Crown or a Crown agent arising from, resulting from, or incidental to anything mentioned in clauses (1)(a) to (d) is extinguished.

Why would you put that in here? If you're so confident that your legal advice inside and outside is accurate, why have you said to the farmers, well actually we're not that confident; we think we're going to get sued and we probably are going to be, you know, pretty vulnerable here. We'll just put in a clause that says that we can't be sued. And you can't do anything about it. Why would you put that in there, if you're so confident that you're right and doing the right thing in section 5, which you go on to say that you voided the contract and it wasn't there and pretend it wasn't there and we'll go on, which I can understand you might want to do. I don't like it. And they signed a contract but you said the contract was void, it wasn't even in existence. Fair enough. But then afterwards, knowing that you were on shaky ground, you put in section 10.1 and you say, well I don't know, but maybe they'll sue us. We better hide behind this legislation. Why is that there?

Now when you finish explaining that, you may understand why we say, if you think you're so right, why don't you pull that part of the Bill, if you're so confident that it's accurate? Or if you still think that you have confidence in it, why don't you refer it, make a reference to the Court of Appeal, and then we'll all know, and the thousands and thousands and thousands of farmers that were out there today, plus tens of thousands of them that have their contracts violated and perhaps the Charter of Rights and Freedoms, their rights and freedoms violated, could say well at least he has a reference; he's being fair. Because sincerely there is a real, real financial crisis and it's as large as we've seen since the 1930s.

So here we are, less coverage than they do in neighbouring provinces, contracts broken — and you admit that yourself, and I can give you the quotes where you say, and you're worried about their rights. And you say that's the valid part of the PC argument. You then bring in a Bill that takes away their rights to even get access to the government so you say, but the government is beyond the Charter of Rights and Freedoms. And then you say, well I don't have to refer it because we think we're absolutely valid and we're safe and it's a good piece of legislation.

You put all that together and you're an experienced enough politician to know you've got yourself an unbelievable story in coffee row or on the main street any place in Saskatchewan, or for that matter any place in rural North America. They don't believe it. They said,

well is he doing this because he has a deficit? How much is this crop insurance going to cost? Is it all that bad? And today we heard it's maybe 23, \$24 million and the feds put up \$40 million and the farmer can get . . . top up his insurance. And we've had estimates here that it could range in something . . . it's less than one-half of one per cent of your budget, which is about \$5 billion.

So from a very honest and sincere point of view, you know that there are people who are in serious financial problems. It is a crisis and it's fair to say, as well, you campaigned to help fix the crisis and you would be there.

(2215)

They've got less coverage under your administration. They've got, frankly, an ugly piece of legislation. You have, and I've got legal authority or legal advice and views here that say that very serious concerns about constitutional rights and violating the charter of rights of individuals, and then they have no place to turn.

So again I would have to ask, one, why you treat farmers this way. Number two, why this section in the Bill? Number three, why won't you refer that so that we all know what it means? And that doesn't cost you, if you're really confident that it's there. And give the people some sense of hope, some sense of hope that in fact they can have, and stay in touch with, the Minister of Agriculture and a new Premier who has some compassion for individuals.

Because what we see here in this legislation is not compassion, it's hard-nosed legal whereas's, a bunch of whereas's in the front that deal with the constitution, and retroactively rewriting history, and then a bunch of legislation that says, well I guess we're probably a little vulnerable here so we'll protect ourselves.

So why treat the rural people this way, which is much worse than in neighbouring provinces. Why this Bill? Why the way you've got it? And why not the reference to clear it up and let people know that you're not afraid of your legislation. Let's start there, please.

**Hon. Mr. Romanow:** — Well, Mr. Chairman, we have heard the Leader of the Opposition on this point quite frequently, and I don't mean to start off that way by diminishing the sincerity with which he feels the arguments. However, I start off this way by saying that we have here clearly a difference of approach and a difference of policy.

There is a farm crisis. There is no doubt about that. The farm crisis was evident in September, October of 1991 where I think if the Leader of the Opposition was to admit, the people of Saskatchewan simply in the farm gate rejected '91 GRIP. They wanted change.

I mean who knows in an election what prompts votes to be cast in a certain direction. But I know at the farm rallies that I attended, they wanted change. They felt that GRIP was too complex, it was not too market-oriented. There were all kinds of pamphlets out there — you call them contracts — 40, 50,000 of them, subject to interpretations by individuals. And they wanted change.

And when we were elected in pursuit of that promise that we would seek change, we did what we thought was the logical thing. We didn't set up our own political advisory committee. We went to the same advisory committee which you set up, sir, with the exception of adding three people who did not change the thrust of the recommendations, still headed by people like Barry Senft. This committee came across with its set of recommendations, which recommendations are incorporated in the legislation, and they all agreed to that, including SARM (Saskatchewan Association of Rural Municipalities). I note your member from Morse keeps on using the SARM argument because I see him from time to time on television and the radio debating this. They all agreed to this, and we introduced the legislation on this basis.

And we did the legislation because, Mr. Leader of the Opposition, there had to be put into place a set of . . . a framework, a framework, a starting point from which the questions of rights and obligations could or could not be determined. And that starting point pertains to the sections which you are referring to, that is the legal advice which we have obtained and that's the legal advice upon which we proceed.

You say, if you're so confident about the Bill, why not pull that section or this section? What will happen with the Bill, if it's challenged, ultimately will be decided by the courts. I can only tell you what the Minister of Justice has advised me and the cabinet. And I have had a chance to study both of these opinions myself, for whatever that's worth, to satisfy myself that the Bill is constitutional and that it is valid and it is within the jurisdiction of the province of Saskatchewan in its every component.

You may not have a legal opinion that shares that point of view. That's the legal officers, both internal and external's opinion. We are implementing the policy changes recommended by the advisory committee. You may not share that view. We did, based on the consultation. This group had 300 submissions, this advisory committee — 300 submission — oral, written submissions, which led to these suggested changes. And that's where the changes were implemented and put on that basis.

So the question of referring to the section or the Bill or any variation of that, apart from having the unfortunate side-effect of delay at this stage in the game and further confusion, which I think certainly doesn't help people who are worried about their farm situation, is undesirable, but this is a matter of shirking responsibility. If we had doubt from within our own legal advice and advisors as to the constitutionality, we might very well refer it, but we don't and we take our responsibilities.

Let me close by saying this: we also have another difference, which the Leader of the Opposition and I have debated in question period, and we may as well talk about this . . . well it depends on what he wants to pursue, but I'll just get my point of view out. I believe that the third line of defence is exactly set up to take into account the kinds of things that the folks in Melfort and in other parts of Saskatchewan or Alberta are worried about, where there's been lots of snow and lots of frost as well. The third

line of defence definition in 1990 talked about unforeseen circumstances of this nature.

The second line of defence and the GRIP was contemplated in an entirely different situation. What you are doing, for whatever reasons, are blending the two.

What we need to do, I submit in a non-partisan fashion, is to work to improvements to GRIP — which I would argue were flawed to begin with because they're not based on cost of production and I would admit we have not succeeded in changing in 1992 — but work for changes to make GRIP as the second line of defence more responsive along those roles.

But what we also need to do is to have the federal government come onside with its treasury to defend the farmers of the province of Saskatchewan. As they defend the cod fishermen, they should defend the farmers in unforeseen circumstances of this nature. I believe that that is the proper constitutional position.

More importantly, I believe it's the proper fiscal position to take. I think it's the right thing to do and I think that we've got to do it in the position from the starting point that this is the responsibility of Ottawa's to try to fix up. I mean it's closed, but I take my chair and invite obviously your comments or rebuttal.

I would close by saying that we intend fully to sit down with the federal officials — in fact those negotiations are beginning I think tomorrow and Wednesday — on the crop disaster, third line of defence arguments to see what if anything can be arranged, given the hurt that has taken place already, and Heaven forbid, the additional hurt which may take place tonight, over the next few nights.

But in our judgement there is the clear delineation, and the mix and match which has been so much a part of the official opposition's attack here I think is not correct, not logical. It burdens unfairly the province of Saskatchewan, and by the way, the farmers who are the taxpayers of the province of Saskatchewan.

The solution is for the Leader of the Opposition to join us in our submission to the federal people to come up with the monies required to look at that particular difficult situation in not only Melfort but other circumstances.

**Mr. Devine:** — Well, Mr. Premier, that argument is so full of holes it's unbelievable. If a rural municipality came in to you and said, I'm not paying my taxes because I've got a disaster, then you say, all right, well I'll pick up your tab, guess what the neighbouring municipality would do. Well I guess we got a problem so you'll pick up our tab. And another one and another one and another one.

Are you going to treat municipalities like that? So if you've got an RM (rural municipality) that's near Nipawin or Carrot River or Melfort or The Battlefords or Turtleford and it's got a severe problem, they don't have to collect their taxes? If they've got a problem, you're going to pick up the difference? That's what you're saying about a national crop insurance program or a third line of defence.

Any Finance minister from Manitoba or Alberta or B.C. (British Columbia) then worth their salt would say, well let's get out of GRIP, let's back out of it, because the feds will come in and pick up the tab.

You've got more experience than that or else you don't think that the average person that was in Melfort today has any sense of logic. You can't do that alone. Any federal minister worth his salt, or federal cabinet or provincial cabinet wouldn't let that happen.

There is no justification for what you've just said. If there's a third line of defence it goes across Canada, shared equally among farmers. Crop insurance in Manitoba, Alberta and Saskatchewan is for weather problems. And you know that and I know that. You have opted out of a national program. Only Saskatchewan people have been stuck with the problem and that's clear.

So you can't expect Dick Johnston, or a Finance minister from Ontario or some place else to let you opt out and the feds pick it up and not them. And they sit there and say, well gosh, that was nice. That doesn't wash. It isn't valid at all.

Secondly, other jurisdictions don't have this, frankly ugly piece of legislation where you cancelled contracts. You've retroactively done that, which you think is fine, and then you've got this awful part here which even the Legislative Law Clerk says is unconstitutional. It violates the Charter of Rights and Freedoms.

You've isolated yourself a long ways from being normal in terms of crop insurance across Canada. And now farmers are asking me, well how do we challenge him. He's removed our right to challenge him. What do we do now? You've kept saying, well it will be fixed up in the courts. So what do they start all over again? So we've got a serious farm crisis here and you've changed the law with your huge majority and you have no way out of it.

And the farmers are now figuring that out. You won't change your mind. You won't refer it and you know that you can't get the kind of program that you had before. So you're in a difficult situation, because how does a federal minister respond to you? How does the federal cabinet respond when one province alone decides to opt out of a program? That's the problem.

So the third line of defence argument doesn't make any sense at all. You have first line where farmers do what they can, second line where you co-operate with the national program and the third line is the federal government under emergencies, which is across Canada, and that, assuming provinces agree to help participate and co-operate and so forth.

So would you just explain this a little further. How do you expect to have a federal treasury just stick up for Saskatchewan because the Saskatchewan government decides to pull out of a program? Do you think the feds can easily just back-fill for your decision without consequences in other jurisdictions? How do you expect them to do that?

**Hon. Mr. Romanow:** — Mr. Chairman, I believe that the

first cause of the problem, with the greatest respect to the former premier, was the way in which you negotiated the cost-sharing arrangements with respect to agriculture support programs. That is our very first problem — and I might say without being too argumentative but perhaps argumentative — symptomatic of not only agricultural programs but the whole plethora of commercial transactions that you entered into. So much so that today the provincial share right here out of the tax pockets of the farmers in Melfort on agriculture has risen from zero per cent on these kinds of programs, to 41 per cent, and the federal government's share from 100 per cent has fallen to 59 per cent.

And that is somehow justified in the face of the fact that the produce of agriculture from this part of the world feeds the people in Montreal and Toronto and Ottawa and Vancouver, and it is cheap food or inexpensive food, and as part of the quid pro quo the Ottawa government couldn't come through with their heretofore until 1988, 100 per cent of the responsibilities. That was the arrangement which was negotiated by your administration, sir.

And now you argue — that's the package of the off-load — now you argue that not only should we maintain that burden on top of all the other burdens that we face financially, but we should add to that burden. That we should add to that burden. Well frankly, I don't accept that as the approach that should be taken in this regard because for a province which is so dependent on agriculture, this is a mug's game.

We will end up sharing so much of the cost, in the words of my colleague the Minister of Agriculture, it will be like giving ourselves a blood transfusion in the one arm while we're hemorrhaging on the other arm.

(2230)

To get the tax money out of our provincial coffers means going back to the farmers in Melfort, and if they haven't got it, we haven't got it, and I can't contribute. You couldn't contribute, sir, if you were the premier of the province of Saskatchewan at this time.

And the reality is, and the reality is that all of the first ministers, including the Prime Minister, have acknowledged this point. In March 1992 the first ministers met in Toronto. I raised this issue and there's a communiqué issued. I've given a copy. I can find perhaps a copy and still forward it to the member if not tonight, a later night.

All first ministers said that in recognition of provinces like Saskatchewan's whose economy is dependent upon agriculture, to ask them in this hurting economy to contribute more to federal-provincial cost sharing was wrong. They all said that.

In fact the way the original memorandum was set up it was Saskatchewan, and the Premier of Manitoba, Premier Filmon said hold it; strike Saskatchewan, I'll put my name into that. There's a principle here involved that simply says you can't go back asking where you cannot ask.

But the other answer is as well, I mean they've done it in the Newfoundland situation for the cod fishermen. The federal government didn't come to the Government of Newfoundland using your RM analogy and say to Mr. Wells, we want you to pony up 41 per cent for the fact that the cod stock, through some unforeseen natural disaster, has run out.

Why should they say to the farmers of Saskatchewan, because there's a frost or an early snow, or for Alberta for that matter, and unforeseen, we're going to get you to pony up, even though you're on the verge of bankruptcy. They don't do it for Newfoundland. They shouldn't do it for the province of Saskatchewan or for the province of Alberta, or for the province of Manitoba. That's the rationale.

And I simply say, if you want to negotiate a situation which for ever sinks the province into an absolutely impossible abyss . . . an abyss, a financial abyss — financial abyss. I mean the member from Morse keeps on saying about the farmers, where am I going to get the money? You criticize me when we raise the taxes. Where do you want me to go? If I can't tax the farmers, where do I go?

**An Hon. Member:** — AECL (Atomic Energy of Canada Ltd.).

**Hon. Mr. Romanow:** — Yes, AECL. This is the level of the Conservative approach. The AECL deal. Another \$50 million sweetheart deal, like the Weyerhaeusers, and like the Cargills, and like every . . . and the Crown Lifes, and every other \$2.9 billion that you blew on your large corporation friends. That's where the money went, and not to the farmers of Saskatchewan. Why didn't you pony up the money to the farmers then, instead of giving it to the big multinationals? Where were your principles then?

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

**Hon. Mr. Romanow:** — And when you were in Melfort, and when you were in Melfort did you tell them about the \$2.9 billion that you gave to your big corporation friends? Did you tell them that? Did you tell them that you bankrupted the province by giving that amount of cash? I bet you you didn't. I bet you you didn't tell them about the money that you gave to Weyerhaeuser and to Cargill and the like.

And you come to the legislature and say, now having given this money to these people, to these needy Cargills — that's what you did — to the needy Cargills, and you get up in the House now and say to the farmers of Saskatchewan . . . Believe me, Mr. Former Premier, that's why you're sitting with a lonely band of 10 in this position. I say to you, sir, I say to you, sir . . . First of all I apologize for losing my temper; I really do. But I say to you this, sir: the answer has got to be in having a co-operative and workable relationship between the federal . . . (inaudible interjection) . . . It isn't. You're right, it isn't. I acknowledge it isn't. I don't know whether it's our fault or whether it's the federal government's fault, or whether it's a combination of both faults. I acknowledge your point there. There's no doubt about that.

But I say to you, at least I have backing me, at least I have backing me the principle of the 10 provincial governments and the Prime Minister saying that this question of disasters should not be looked at to provinces whose agricultural economies are hurt by them.

Now why are you advocating the federal government cause? I'm going to sit down and give you a chance for rebuttal, obviously, but to say this: I don't think Mr. Mazankowski, with the greatest of respect, notwithstanding your rhetorical eloquence, I don't think he needs your support to tell us about his so-called problems. You're a Saskatchewan politician. What I need, what we need, is the Saskatchewan people standing together to approach Mr. Mazankowski together. We don't need another voice for Mr. Mazankowski in this House. We need help from a government which has a AAA credit rating and we need help from a national treasury, a treasury which is paid by the taxpayers of all this country who have benefitted from the work of our producers. That's the quid pro quo. That's what we need.

And we'll do the best that we can in the face of the fact that we're now picking up 41 per cent of the costs — 41 per cent of the costs. But to say, as you do, sir, that we have no right, notwithstanding what they did, the federal government did in Newfoundland, or what they do as part of the national responsibilities, that we have no right is, I say, sir, not the right way to proceed. And my pitch to you, in as non-partisan terms as I can, as a person that's contributed a lot to the province of Saskatchewan . . . yes, a person who's contributed a lot to the province of Saskatchewan. I disagree with your ideology, and I have, but you've contributed a lot. We don't need this kind of political division. What we need is us saying this is third line of defence. Let us unite in coming to the defence of the farmers. Let us not divide on political grounds which, if I may say so, unfortunately has been the case taken by the official opposition.

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

**Mr. Devine:** — Mr. Chairman, it was a pleasure to watch the NDP Premier lose his temper a little bit as a result of some pointed questions that he has to address. And I'll go back to go to the pointed questions, and the Crop Insurance minister can respond if he likes. The question is simply this: how do you expect to get money into the hands of farmers when you break a contract with the national government? How do you expect the Minister of Finance from Alberta and the Minister of Finance from Manitoba to let you do this? Don't you think they'll want more money too? You didn't address that. You didn't talk about it at all.

Then you start to talk about fish in Newfoundland. You should better confine your arguments to the province of Saskatchewan and the people here. The fishermen in Newfoundland can't fish cod for two years. They got a serious problem there. They can't fish. It's like not being able to farm or grow durum wheat or spring wheat for two years. And they got \$500 million. We get that every year. We got \$14 billion from the federal government, as you know. More than any jurisdiction anywhere at any time has come into the province of Saskatchewan to help

farmers.

That's why they signed up for GRIP '91. It's not perfect but they knew if they grew canola and they grew wheat and they grew lentils and they grew speciality crops and barley, they could be guaranteed 2, 3, \$400 an acre. And you took it away from them.

And you say, well Saskatchewan shouldn't contribute, we're only into agriculture. The program costs per capita in Saskatchewan is \$160. In Ontario, it's 4. And you've complained about that. And he says, he does. The program benefit in Saskatchewan is \$1,090 per person. The program benefit in Ontario is \$27.

So you have just turned down in the neighbourhood of \$1,000 per capita because you decided not to co-operate and not to participate. And you figured it out. You said, oh this is really something. We won't participate; we'll renegotiate. And number one, the feds will change a national program just for Saskatchewan; and number two, for \$160, you're turning down \$1,090.

And you won't do that for farmers. And you won't do that for all kinds of people. And he says, well how can I afford to do that. You know as well as I do, SGI (Saskatchewan Government Insurance) is a separate company, based on insurance and probabilities. Crop Insurance has been running independently for a long time. And with its changes, it's at a 20-year average. Some years there's a frost, some years there isn't. Some years it collects money, other years it pays out.

And you're saying no, we have to balance the budget this year on Crop Insurance. It's a multibillion-dollar, separate company, and you are putting all of these lives in jeopardy because you say I have to haul the money in from crop insurance and put it in the treasury here. That's what you're telling farmers; they say I'm not buying that. Number one, we contribute. We normally contribute 25 per cent in crop insurance. And we contributed more on the understanding the feds will kick in more. And the kind of benefit we get here is over \$1,000 a person for \$160 investment. And you say that's too much? It's too much for the people of Saskatchewan? It's a tremendous return — 5, 600 per cent on their money, 700 per cent. Ontario only charged costs and four and they only get \$27.

Let me also say, Mr. McKnight is a federal minister, sits on the federal treasury, warned you: don't mess with '91 GRIP like you're doing because I don't agree with it. In the event of frost or drought you have got a disaster on your hands, and I'm not picking up the difference. And he told you that.

And the Minister of Agriculture whispers from his seat saying that, oh he told you this and . . . I'll tell what he told you: he says . . . He said it today and he said it again: If you change GRIP like this so there's no coverage in drought or frost, I'm not back-filling for you, because every other jurisdiction would ask to do the same, then what would the national treasury do?

And the people on the advisory committee, the SARM, didn't agree with it. The Minister of Agriculture speaks from his seat again. And I quote from the SARM so that

you've got it on the record one more time. After the committee report had been drafted, the SARM voiced five major concerns with the recommendations of the report. And by written letter as well as a meeting with the minister February 13, 1992, that point the five concerns the SARM were added to the GRIP review committee report. So you had them.

The SARM, which is the broadest-based group in Saskatchewan agriculture, that got 4 or 5,000 people to meet today, warned you, the federal minister warned you, farmers warned you. And what did you get to do . . . and they said, these concerns were time limitations; give us another year to work through this; don't cut us off when we are in a crisis. And that's what you've done — cut them off in a crisis.

Number two, lack of broad-based producer input and significant change violates the contract. The bankability of the program — you can't take your program to the bank. And the bankers know it and the credit union people know it. They didn't like it. Native people were in to see us and said, that's a violation of treaties, for Heaven's sakes. On our land we can't use treaty land as collateral, with GRIP we could. And you took that away.

And you were warned by the SARM, you were warned by the federal Minister of Agriculture, warned by farmers. And maybe you don't have much time for the members of the legislature warning you, but the public warned you. And today you have a serious, serious rural financial crisis on your hands. And the federal government told you it is not going to back-fill for your stubbornness and warned you. And these people could be out not only hundreds of millions of dollars, but in the neighbourhood of a billion dollars-plus.

And you know it. As I sit here tonight, that could happen. And today . . . my colleague says, you know, isn't it interesting today not one word in Melfort about moral hazard? Nobody mentioned it. The Minister of Agriculture didn't mention it, nobody else mentioned it. And all the way to Melfort people are growing lentils, not because of your program, it's because they need the money and they're drought resistant. And they're worth more than wheat. Anything, anything at all.

And you stand up here and say that you are . . . well that's why I ask you what you leave the farmers to do? What are they going to do? They're going to be out all kinds of money. Talked to a farmer today, has 2,500 acres of canola and he's going to plough it up. That's his life, that's his whole farm life. People in the community don't know what to do.

The stubble crops between here and Melfort aren't worth feed. They're going to be bailing some of them that they're swathing. The stubble crops are not . . . well, and even Professor Furtan told our caucus and has told you and others, if there is a drought or a frost in this 1992 NDP GRIP, I don't want to be anywhere near it. And you can't find him to defend it today. Go find him and he'll tell you, under a drought it is absolutely disaster. And you stand in here and say, well we're doing this, it's going to be good for the farmer and good for the public, good for the community; we'll balance the budget with it, take the



money out of crop insurance. That's what you're saying. You'll have to take it out of crop insurance — because you can't have any other interpretation.

(2245)

If in fact you're doing this to save money, you means that Crop Insurance money is now going to be allocated to the Consolidated Fund, or you're going to have to use it here because you won't let that company stand as an independent insurance company. It's a multibillion-dollar operation. It's no rinky-dink, inexperienced operation, runs on 20-year actuarials. And it is sound, 20 years. Over 20 years, it goes in cycles.

So you're boxed in, and I'm worried for Saskatchewan people. I don't know what they're going to do.

The Premier says, I bet — I bet. Another member says it's the \$15 billion debt. Okay. Well look, you campaigned on it, you campaigned on the 14 or \$15 billion debt, and you said it's terrible, we'll fix it. We'll first of all cut taxes, and then we'll do all these other great things for people — more for farmers, raise the cost of production.

But I'll tell you tonight, we have a serious, serious problem in Saskatchewan, and it ain't going to go away. It's here tonight and it's going to be here six months from now and it's going to be here years and years from now because they have nothing to go back on. And they know if there's a national program and third line of defence, it is national and it can't all come to Saskatchewan. And you know the provincial government is boxed in, boxed in so deep they don't know what to do.

So the public today sees \$800 million deficit last year, \$517 million this year, credit rating going down, severe drought and frost across the province of Saskatchewan, the lack of confidence and you're saying, well the wellness model and jobs and the quality of life and this independence is going to do it all. And they're saying, it's not ringing too well.

So I just left, as your cabinet colleague from Melfort did and others. Your Minister of Agriculture and the federal minister was there, thousands of people who don't like it a bit. They want to know, what do they do?

Let me give you a specific. With this piece of legislation that you have here in GRIP, how do the farmers, how do the farmers take it any further? What are they supposed to do? Would you recommend the farmers . . . how do they take it to the Court of Appeal? How do they get into the Supreme Court? Where do they get the money for it? How do they do it?

You've said this will be settled in the courts. The Attorney General said it's going to be settled in the courts, the Minister of Agriculture said it's going to be settled in the courts. How do they settle this in the courts and how do they get their money out of the courts?

You're a lawyer, you've been Attorney General, you're now the Premier responsible for this Bill, maybe you could get into that. How does a farmer use the courts to get his money back because you've said, your minister

said, the Attorney General said, this can be settled in the courts? How do they do that?

**Hon. Mr. Romanow:** — Well, Mr. Chairman, I think nothing is more graphically illustrative of the differences between myself and the Leader of the Opposition than his last little speech here.

First of all I do want to say that I do believe he is genuinely concerned and interested about the farmers of Saskatchewan, and I would withdraw any suggestion to the contrary. I do believe that you have the interest of the farmers at heart as I'd like you to think that we do too. But we do have differences as to approach here.

Let me give you the answer to the question if I can in a moment. But I want to repeat very briefly the history of this. You make the allegation that these changes to GRIP were made somehow as if we had pulled them out of the air. That is not correct. You know that's not correct. We took the advice from the advisory committee. I've made that point with 300 submissions. We took the advice of the people who were there, Mr. Stabler and Mr. Hartley Furtan. We made these . . . but now the member from Morse says well now he's not talking about it. Well I don't know how that helps the debate. The reality is that we didn't pull them out of the air. We took them in the consultation and the advice of the farming community. That's point number one.

Point number two. The former premier says, the Leader of the Opposition says, you know that Mr. McKnight says he's warned you he's not going to act in these circumstances. He warned you. Well he may very well have warned us. I'm not admitting for the moment that he did or he didn't but I think that's almost a red herring. Even assuming what you say is right, I say the Minister of Agriculture Canada has no right to subvert the framework of the safety net analysis that he and you, sir, were a party to writing. And I have a copy of that report of ministers of Agriculture, June 30, 1990, and it said the following, the three lines of defence:

The first line of defence is primarily the farmer's responsibility;

The second line is this:

Second line programs are intended to smooth out fluctuations in net revenue arising from both production and marketing risks which are largely beyond the control of the farmers.

That is GRIP, second line. Nobody can argue against that. And then there is the third line:

Third line programs are intended to raise net revenue above some threshold level (above some threshold level) in the face of events which go beyond the scope of first and second line programs.

Now what is happening out there with the frost or the snow, are circumstances which are beyond the scope of first and second line programs. Well 1988 crop . . . well crop . . . 1988 they, in this report . . . well hold it. In 198

... I have a copy of an example that they used themselves in the 1988 program as a third line of defence on drought. You were the premier and the minister of Agriculture under third line of example ... They used that as an example of third line of defence.

And when you get up in the legislature and tell me that the federal Minister of Agriculture says I warned you, notwithstanding what I have put out to all the farmers and all the governments, I've warned you, I'm not going to honour this, I say I'm not buying it. He doesn't have the right to do that. He doesn't ...

**An Hon. Member:** — You don't have the right.

**Hon. Mr. Romanow:** — What do you mean I don't have the right to do this? We campaigned on making the changes to GRIP and we did it on these bases. And we have the right to rely on the words of you, sir, and the federal Minister of Agriculture on the third line of defence.

**An Hon. Member:** — What weasel words.

**Hon. Mr. Romanow:** — Well the member says weasel words. Did you or not author this? Am I misreading it? You can correct me if I did or not.

**An Hon. Member:** — ... correct you.

**Hon. Mr. Romanow:** — You doggone right you'd give it a try to correct it. You know full well that third line of defence is exactly in that position and that's exactly where we're at now on crop disaster. That's why I wrote to the Prime Minister on July 17. That's why we had that motion asking them to pony up the balance of the third line of defence, which by the way you people voted against and which you argued against. All of this, and the farmers are in serious trouble. They are in serious trouble. There's no doubt about that.

**An Hon. Member:** — And what are you going to do?

**Hon. Mr. Romanow:** — And the member says, what do you do? Well I tell you what you don't do. You don't hear in the legislature of Saskatchewan the echo of Mr. McKnight telling us why the federal government can't do something. What you hear in the legislature is the voice of the Leader of the Opposition with the Premier of Saskatchewan saying, Mr. McKnight, you must do something, as the rules that you wrote said you would do something.

Whose side are you on? You're telling me that a AAA federal government acting for the cod fishermen in circumstances, quote, in the words of third line of defence which go beyond the scope of first and second line programs, a commitment that they made, that that doesn't apply here.

And you're giving me that argument. You're giving that argument. You asked me what to do; I ask you what do you do. Did you tell, Mr. ... Did you ask Mr. McKnight about living up to the commitments on third line of defence or not? Did you ask? Have you written to Mr. McKnight? Have you written to Mr. Mulroney?

**An Hon. Member:** — I was with him today. Where were you?

**Hon. Mr. Romanow:** — Did you ask? Have you written to Mr. McKnight? Have you written to Mr. Mulroney? Have you sent ... What did you tell the farmers? You didn't tell the farmers at all what you said to Mr. McKnight, because what you do is defend Mr. McKnight lock, stock and barrel, 101 per cent of the time. Ten times out of ten if the choice is between this legislature and the farmers, you'll pick Ottawa, not the legislature in this province. That's what you'll do.

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

**Hon. Mr. Romanow:** — That's why you've got us in the 41 per cent jackpot financing it. And now you want us to finance it more, but when I say us, I don't mean us in the front bench, I mean us the people of Saskatchewan. Us the people of Saskatchewan. All of us as taxpayers.

**An Hon. Member:** — That's real good, real good.

**Hon. Mr. Romanow:** — Yes, well, the member says real good ... (inaudible interjection) ... Pardon me?

**An Hon. Member:** — It's really popular.

**Hon. Mr. Romanow:** — Really popular. Well I'll tell you one thing. I don't agree with your assessment about Melfort. I think the people in Melfort ...

**An Hon. Member:** — You weren't there. How would you know?

**Hon. Mr. Romanow:** — Well I wasn't there. That's right. I was doing estimates. I wasn't there, but I've had ministers there. I've got the reports. I'm going to get the full report. And we were there talking to them and listening to them and we appeared there. And I say the people of Melfort want the governments everywhere to come up and honour the commitments that they made in 1990, including the third line of defence. That's what the people of Melfort want. They don't want political speeches which cleverly or not so cleverly simply meld the two together as if they didn't exist. They don't want that.

So all I'm saying to you, sir, is that we have a difference. I start off my rebuttal remarks to you last. We have a difference as to what the obligation is. The fact that there is a crisis out there I understand.

The question is who and how is the help to be engineered. And I am saying to the people of the province of Saskatchewan, there is this in my judgement, a situation which calls upon this House to be acting unanimously in asking on the federal government for support.

And in any event, we're going to down to ask for support on the third line of defence, Mr. McKnight notwithstanding. Those were the rules and we expect them to be honoured by the federal government.

**Mr. Devine:** — Well the principals for the 1991 third line of defence initiatives include this, and this is the last

point. Third line of defence be funded by the federal government conditional on industry and provincial government commitments to address other initiatives and help industry adjust to the long term. Now do you think that includes breaking a contract with the federal government and the farmers?

I mean we've been in here . . . You're the person responsible for the problem, not the federal government and not the farmers. Farmers signed the contract; federal government signed the contract. Federal government says, if you change this contract, I wouldn't recommend it, but if you want to go . . . you're a newly elected government, go ahead, but you're not going to have good coverage. And you're not consistent with third line of defence which says you do your part. So you've got yourself and the people of Saskatchewan into a serious problem.

And now my concern is I don't know how you're going to get out from under it. I hope your officials do well. I encourage them to go down, co-operate with the feds. Hopefully you'll come up with \$25 million, they come up with \$40 million, and you can top up the farmers' income. But it's nowhere close to '91 GRIP. That's why the farmers, when we asked them today put up your hand, what would you like, '91 GRIP, they put up their hand. Because they could bank on it. They knew what it meant.

This was a significant change for them. They had confidence. They could invest in it. And people said, well it wasn't perfect and you had to change it. Well you can change it, but you knew very well that you gutted the program. And the excuse you used was, well we can save money from crop insurance. So you've taken money from farmers and the Crop Insurance Corporation to fiddle around in here with your books because you promised tax cuts and you got caught. That's it; you got caught.

You said, well there'd be no PST, \$14.5 billion, but we'll promise you 2 or 300 million in tax cuts and we'll balance the books anyway, and guess what happened? You got caught. Now the farmers . . . and he says, he says, I got caught? Well you promised something you couldn't deliver and now you wouldn't have a hope of having the same success leading people on.

Call a by-election, he says, call some by-elections in Estevan. Call some by-elections. Imagine, that's what he has in his mind. It's all a political game for you. It's all a political game. And the Premier says that agriculture is just a game for me. No, I'm saying that's what you said about me and agriculture. Agriculture's been part of my life since I can remember, all right?

Well he tries to make light of the fact that there is a significant crisis in Saskatchewan and he's responsible for it and he doesn't know what to do. I hope you are successful in Ottawa. But the problem is even if you are successful, even accepting the federal offer, you're going to be a lot short of '91 GRIP protection, and the good Lord knows that we need it. The province of Saskatchewan needs it.

And on top of that you have violated the very principles that initiate third line of defence because you have

broken the contract, you have broken the contract. You have not participated, you have not co-operated, you have not lived up to your share of the agreement.

And as a result no federal Finance minister is going to say, oh well Saskatchewan is doing really well. They have violated the contract. They broke it. We'll just back-fill for Saskatchewan, that nice little new NDP government that's broken harmonization contract, that's broken upgrader contracts, it's broken AECL contracts, they've broken GRIP and farmer contracts. Oh they're nice guys, we'll just back-fill for them.

You think you're going to do that? You think the feds are going to come up and put several hundred million more into this province because you broke this contract and you've got this ugly piece of legislation where you've even violated their rights under the Charter of Rights and Freedoms under the Constitution? You don't have any chance of winning on that.

Then he says, without my support. Well this is your Bill. I fought this Bill tooth and nail. It's a bad Bill. You cut out . . . (inaudible interjection) . . . he says I never went to Ottawa. I brought \$14 billion lobbying Ottawa into Saskatchewan. You've got nothing, nothing, nothing, nothing. They're 14 billion better off than they were without \$14 billion. And now you've cancelled the program. You've cancelled the program when you said you were going to get the cost of production and you were going to get more. You've got less. You've got less, and you've got them suing you. Now you've hid in the legislature so they can't sue you. Or they can't sue.

(2300)

I asked you, how would they get at you in court? You didn't even answer that. I asked you, you know, why this section 10.1? You didn't answer that. No you didn't. You say, well they kind of told us we had to have it in here. For what? For what? What's it in here for? To protect you from what? It's to protect you from farmers. Right? This Bill is about farmers. You have taken away their contract and then in section 10.1 you protect yourself from farmers in case they go after you on the contract that saves their farm. Holy smokes.

This is in the first few months of your administration. And you've got people suffering the worst crisis they've seen since the '30s and you campaigned to do better. Well they're waiting. They're waiting. Their taxes have gone up, their gasoline has gone up, you've taken away their rural roads, you're closing hospitals, you've taken away their pension plan, you're charging them more on deductibles, their bills are up and up and up, and their taxes are up, and their programs are cut. And now what have you got?

And you said, well vote NDP and we'll really help you out. And we'll get more money from Ottawa and we'll reduce your premiums and it'll all be good and economic diversification. You can't find any examples, Mr. Premier, of successes. You've done the opposite to what you got elected on — that's the problem — the opposite. And if you've had some successes, it's been building on things that were here before.

You're going to do bonds. Well, well, well, wasn't that nice? You're going to do bonds. You're going to allow Saskoil to expand with some offshore money. Good idea. Weyerhaeuser expands in Big River, \$2 million. Nice idea. Saferco's going to make . . . Saskferco's going to make a lot of money; farmers can work there. Probably you'll make 20 per cent on your money. Imagine — diversification.

Anything that you've done so far has either been negative that you've tried, or if it has been positive, it's things that are already there. The expansion of IPSCO: we harmonized, and harmonization's a lot better for IPSCO than what you gave and that's a fact. And you go expand out there in the Pelly riding, alfalfa plant, community bonds. Community bonds are a great idea; I like them. Using local equity, that works. Co-operative capitalism; good idea.

But we have, sir, a crisis in Saskatchewan right now and I don't know how you're going to fix it. I don't know how you're going to fix it. I don't even know how you and I collectively could convince the federal government that when you break a contract, you deserve more money in Saskatchewan than the provinces in Alberta . . . the people in Alberta and Manitoba. How do I do that? How do we do that?

Particularly when the contract that you broke returned \$1,090 for every \$160 we put into it. That's a pretty good deal. And it had confidence. Credit unions liked it, banks liked it, and you broke that agreement. Now we've got nothing. We've got your officials going down to Ottawa and they're going to say well, maybe we'll get this. And I hope you do. I hope you come up with \$25 million. The feds come up with 40. And the farmers can take it out after harvest. I hope. And that's still short. But it would be better.

Maybe the rally today in Melfort would cause you and your officials to even go that far. And I hope that you will do it. And the members say, well isn't that a great deal — \$6 an acre. Try it on canola. Try it on canola. Try it on barley. Try it on peas and beans. Try it on lentils. If you've got a thousand acres in, you can run up 15, 20, \$25,000 pretty quickly, particularly when it's all froze out. They don't even understand it. And that's in addition . . . That's . . . (inaudible interjection) . . . No, I'll tell you you don't understand it. You couldn't understand it or you wouldn't vote for this.

People had an opportunity to lock in \$200 an acre and more. And you took it away. And you took it away. Because you said, farmers have moral problems. The NDP said, farmers have moral problems — moral hazard. They grow lentils and beans and they grow all kinds of other crops, and you're going to blame them. Well imagine, lentils are up this year and it's all because of your program. Get out of here. Farmers know that you're an absolute fraud.

And anybody that can sit there and chirp from their seats and say that you are defending agriculture in rural communities . . . You said that you would look at decentralization and help rural communities. You

promised that. You just pull the rug out from under rural people. And now you're severely caught. The people of Saskatchewan are caught with your administration. And you got trapped in this and you can't get out.

And frankly, I don't know what you're going to do. I don't know how you get out of this. Because farmers need help and rural communities need help and you are stuck because you have this unprecedented piece of legislation — unprecedented.

The members opposite say and go to New York and borrow another billion to buy potash mines that weren't worth it. And you paid way too much for them. Phoney book values. I mean, boy did they ever take you for a ride. Yes. Did they ever take you for a ride.

Yes, and then the Gass quotation. I can read the Gass quotations as well as you can. Big phoney book values. Big phoney book values.

Well the Premier doesn't really have time for the crisis. But I'll tell you, when your own legislative Law Clerk says that you're unconstitutional, it's serious. It's serious. Well I'll read it to you . . . (inaudible interjection) . . . It's an opinion. Well the NDP Premier says that the views of the legislative Law Clerk . . . the views of the Legislative Counsel and Law Clerk are not a legal opinion.

Well they are hired by the Legislative Assembly to give us their advice. And what does he say? Has he ever said that laws here have been unconstitutional to the point that they violate your rights under the Charter of Rights and Freedoms?

I have carefully reviewed the provisions of Bill 87 with respect to the extinguishment of causes of action and the institution or continuation of such actions before the courts, and, in my opinion, these provisions — specifically (the following) . . . are contrary to the guaranteed legal rights which Canadians are "not to be deprived thereof . . ."

He's a lawyer. He practices law for a living in judging it and designing it, and then in his opinion this violates Canadians' rights under the Charter of Rights and Freedoms. And you've introduced this because you're afraid to help farmers.

And you want me to join you in Ottawa and say, well I've taken away the farmers' rights, I've taken away their contracts, I might have even violated the constitutional rights because the way I've addressed the contracts. But you join me and maybe we can get more money for Saskatchewan despite the fact that the Alberta treasurer and the Manitoba treasurer and Finance minister will be all over us.

Well you, sir, have said in the newspaper you're worried about rights. What did you mean if you were worried about rights? I can get you the exact quote. You were worried about rights of individuals. What does that mean? You must be concerned, and if you're worried about rights, why have you got this section in the Bill that takes away their rights? Just let them sue you. Maybe you were wrong.

Is it that awful to say, well maybe I made a mistake in the contracts. They have a right to sue. Give them their day in court. They can take their money. If the government wins, it wins. If the farmer wins, fair enough. But you didn't even have the courage to do that. I quote you:

I worry about contracts and all of that. I mean, one has certain rights. That's where the merit of the PC walkout is.

Now here's the new NDP Premier saying that's the merit of the PC argument, people's fundamental rights. And that's what I come back to in this Bill, Mr. Premier. Why did you take away their rights in this Bill? Because a lawyer said you had to do it? Where's your political will? Where's your sensitivity to people who are suffering from a crisis tonight? Why did you take away not only their contractual rights, but their legal rights and violated their rights under the Charter of Rights and Freedoms?

And you admit you're worried about their rights and you did it anyway. And you want me to join you, give you this support. We'll go to Ottawa despite this legislation, and we'll get it all fixed because McKnight and Mr. Mazankowski wants to give Saskatchewan and the NDPers a bunch more money because we have violated the Charter of Rights and Freedoms.

According to the Law Clerk here, Legislative Counsel, according to your own concern that you violated rights, your Attorney General and your Minister of Agriculture and yourself said, this will likely be settled in the courts.

And I'm supposed to join you . . . (inaudible interjection) . . . Well he says I'm not supposed to. You asked me to join you under these circumstances where you broke the contracts on third line of defence, where you broke the contracts for crop insurance and then . . . (inaudible interjection) . . . well he says I asked you to come once.

You failed. I know you're going to fail because you've got this awful attitude about helping people. Look at this. . . . (inaudible interjection) . . . My record of helping people? How about the pension plan? How about the pension plan for helping people? How about crop insurance for helping people? How about \$125 deductible for helping people versus your 380? Okay. How about the diversification for helping people? How about helping people against 22 per cent interest rates? How about helping seniors with a heritage program, seniors heritage program? How about helping those? How about building Wascana Rehab? How about building new hospitals, nursing homes, hospitals?

And he says, how about 14, \$15 billion. You campaigned, that was it . . . (inaudible interjection) . . . Well he comes back to that, you campaigned on that and you said you could fix it and help people. Do you know what? You couldn't perform that magic and you've been caught. You've been caught . . . (inaudible interjection) . . . Well it's exactly what you said it was. Yes, 14.2 billion, 14.2 billion, yes and Gass says the same thing, yes, same thing.

Yes . . . (inaudible interjection) . . . No that's what you

paid for it, you were way over book value. You made up the book value. You campaigned on, you can do all these things and help people and you didn't do a thing. You couldn't live up to it and you're in the . . . I'll tell you, Mr. Chairman, isn't it interesting that we finally got the Premier into the conversation. Finally. Finally he's into the conversation.

Look, there's a crisis on tonight. There was 4 or 5,000 farmers that told us that they want 1991 GRIP or equivalent . . . (inaudible interjection) . . . Well you just stand up and defend yours. That's what we're talking about here tonight. What are you going to do for farmers? What are you going to do for rural people and farmers who are going to be out hundreds of millions, if not billions, of dollars? What are you going to do about it? And that's a fact. It's a crisis worse than last fall, and all the rhetoric and all the promises that you've broken have made it worse. You've raised the taxes, cut their services, closed rural facilities, ripped up their roads, cancelled the pension plan, charged them more for health care, cancelled senior citizens heritage program, cancelled the rural gas program, cancelled their agricultural programs. And you said I'm here to help them. Well maybe you could start all over again. Mr. Premier, what are you going to do to help rural people in this very, very serious crisis?

**Hon. Mr. Romanow:** — Mr. Chairman, if there was ever any reason to justify why the people of the province of Saskatchewan have reduced the Progressive Conservative party to the rump that it is, and have left it at its popular support in single-digit numbers provincially, even at this moment, it is that last speech.

Believe me, Mr. Former Premier, I respect you as a person and in your office, and I am therefore going to bite my tongue and not get into — notwithstanding my chirping from the desk — the litany of stories about how you helped people and farmers. I'm going to avoid that because I don't think that that helps anybody at all; I really don't. But I do want to simply say in passing that that kind of a demonstration, this kind of a speech which you've just delivered to the House — by the way, so well practised and rehearsed — is why you are in this position that you're in.

Now you ask, how are we going to help the farmers of Saskatchewan? I am saying, we have to help the farmers of Saskatchewan by convincing the federal government that the federal government has a responsibility to help them just as much as it does for other producers and other Canadians in difficulties in other areas. I'm saying we help the farmers of Saskatchewan by convincing the federal government that the three lines of defence, the policy that you were part of setting out, is still valid, and this is a case for validity. I say we approach the Prime Minister, as we have on July 17 and numerous circumstances, indicating that we take that policy and approach.

I'm not even asking you to join us in this situation any more. I'm not. You didn't in November, even before the GRIP legislation was introduced. You voted against the third line of defence. You take a different point of view. You're totally entitled to do that. So I'm not even making that suggestion. I don't think I can count on your support.

What I can count on is speeches from you about some sort of a box that we are in — we are in.

**An Hon. Member:** — The Bill.

**Hon. Mr. Romanow:** — Yes, the Bill. That is it. That is all that you're interested in. Not that we as the people of the province of Saskatchewan are in, not because you negotiated the dilemma that you negotiated for the province of Saskatchewan. That is beyond your concern, sir.

Well look, all I can tell you is this is our policy. We're going to continue in this regard. We hope to get everybody's support, including yours. We listened to the farmers in Melfort. We will take their concerns very seriously into consideration, do what we can on a federal basis to produce this matter, and we'll see how we can get our way out of this crisis.

It's too bad that a man with your experience and obvious ability in this area is not prepared to assist for whatever reasons in your mind are there. I think that's a tragedy, sir, which doesn't speak to the government problem but to you. And I can make no more comment than that. Obviously we agree to disagree on the substance and the approach of this issue.

(2315)

**Mr. Devine:** — Well, Mr. Premier, you didn't respond. What are you going to do now when people are going to be . . . you're going to go to Ottawa. How do you think that they're going to come up with a lot more money for Saskatchewan . . . (inaudible interjection) . . . And you told me that. They're not going to do it

**An Hon. Member:** — Maybe you know something that I don't.

**Mr. Devine:** — Well I know that you've broken the contract, and that violates any agreement on third line of defence . . . (inaudible interjection) . . . A better plan? The Premier says, this is a better plan. Five thousand farmers today said they don't want your better plan. They don't want any part of it. They want 1991 GRIP — 1991 GRIP, that's what they want. That's what they want . . . (inaudible interjection) . . . They did. This Bill violates a contract so you have boxed the farmers in. They can't get the money from Ottawa, not the money that they are entitled to. That's the problem. You have caused the problem. You have broken this contract. You've broken the contract.

Did Manitoba break the contract? No. Did Alberta break the contract? No. Did NDP in Ontario break the contract? No. Is this a national program? Of course it is. Only in Saskatchewan is it broken. You're being sued in Saskatchewan. Only you brought in this law change. There it is. And then your Minister of Agriculture has the audacity to send this out to farmers. Listen to this: you've cut their budget, you've cut their programs, and you've cut their health care, and cut their roads, and cut your agriculture funding, agriculture development fund funding, and he says . . . This is to "Dear (Mr.) Producer"

from the Minister of Agriculture in Saskatchewan:

The province, in spite of its limited financial capacity, has taken on a dramatically increased role in providing income support to farmers.

End of quote. For Heaven's sakes, he says he's paying more for farmers. He isn't paying more to farmers. He's paying less to farmers. And he writes them and says on your behalf he's helping them out. Well they showed up today not because they think they're getting more from you, they're getting less.

So we have this piece of legislation that is historic. The way you rammed it through is historic. We've got a crisis that is worse than last fall. We've got farmers' rights being taken away. They can't even sue you.

You violate their rights under the Charter of Rights and Freedoms. You've got the Legislative Counsel and Law Clerk here say that it's wrong, you've got lawyers saying it's wrong, you've got yourself admitting that you're worried about rights, but you do it anyway. You say farmers should go to court, but you don't tell them how to do that. You've taken away their rights.

And now you say, well if I would only join you and go to Ottawa, we can get enough money to go . . . (inaudible interjection) . . . Oh, now he doesn't want me to go to Ottawa. Undermining everything. Fourteen billion dollars wasn't bad so far — 14 billion. You've got zero. No money, no money . . . (inaudible interjection) . . . Well a lot better than without \$14 billion. Isn't that the fact? Isn't that a fact? And he says that's why I'm sitting over here.

You promised to do more. You promised to do more. He says, let it drop. The farmers don't want it to drop. The farmers are in trouble. And they expect you in this Legislative Assembly to deal with them. We have no plan, no direction. You say, well if only the Leader of the Opposition would run down to Ottawa with us, maybe we could get some co-operation; we'll get some money. He's sorry he mentioned it. Yes, well I bet. Now he doesn't want me down there. Now he doesn't want me down there.

Well then what is your plan? You're going to go now and convince them that they can only give money to Saskatchewan and not Alberta and Manitoba. And they can compensate . . . (inaudible interjection) . . . Well sure they do. They got '91 GRIP plus they're going to get third line of defence. Oh yes. But they get 1991 GRIP plus third line of defence.

In Saskatchewan, if you're lucky to get third line of defence, you're not getting '91 GRIP. He still doesn't understand it. If you get third line of defence across Canada, Saskatchewan is still out what you get in Alberta and Manitoba. If you are lucky enough to get it, you're still having a problem in Saskatchewan. You've boxed the people in. They can't now compete with Alberta and Manitoba because of the mistakes you've made. That's the point. They can't compete.

So you have no plan. You have no idea what you're going

to do. And on top of that you've reneged on all your promises not only to make life easier for them, but to add more and more and more and more tax burden onto farmers and rural people — take the rug right out from under them.

So, Mr. Premier, do you have any idea how you can convince a federal Finance minister to pony up more money only for Saskatchewan when you have broken the contract with the federal government? How is he going to do that and not give the same amount of money to Alberta and Manitoba? Could you address that.

**Hon. Mr. Romanow:** — Mr. Chairman, I did not say that it should be only for Saskatchewan. I said a third line of defence program should be a national program. It's part of the third line of defence. I hope that they include Alberta who are also suffering, or Manitoba. That's what I hope.

And I have the first ministers' agreement. I want to push it; I want to advance it. We'll do the best we can. Our officials are there. And we hope that we have even some support from you.

**Mr. Devine:** — Well I'm sure all the farmers in Saskatchewan will appreciate what they've heard from you tonight. And they all will have copies of the Bill that takes away their rights. And they know that what they thought they were getting when they supported you was not valid and turned out to be hollow, absolutely hollow. And we heard some people say today — maybe it was some of your MLAs, maybe it wasn't — that well, in three years they'll forget. In three years they're not going to forget. They're going to remember and they're going to remember and they're going to remember. Because it's absolutely, absolutely a crisis out there in rural Saskatchewan, deeper and worse than you ever thought, compared to last fall.

And what you do once in a while in here is get upset with me and say, well that's why you're on this side of the House and I'm on that side of the House. Well I don't think that's enough. Well my speeches are enough. I'll tell you, these people are in real trouble and you have the responsibility, a moral responsibility to go for it, to back them up and do whatever . . . (inaudible interjection) . . . Well how am I supposed to stand up. If you had complete freedom in here, non-partisan freedom to vote in this legislature, your people wouldn't vote for this Bill. They wouldn't vote for this Bill.

And let me just tell you why — one more reason why. One more reason why. Farmers signed their GRIP contract. And do you know what they did when they signed it? They went to their banker because it was bankable, and their credit union, and they signed contracts to say I'll pay for my farm; I'll rent this quarter; I'll buy this swather; and I'll do that. And tens of thousands of them signed new contracts based on GRIP 1991.

And they assumed any normal government would honour the fact that they have contracts too. So you come along and retroactively you change it. You don't give them the time. Give them a year; work their way through

it. No, you said it's void.

Well the problem, as you can imagine as a lawyer, how do they void the contracts they signed on the basis of an agreement between the federal government and the provincial government? They had obligations to their credit unions, obligations to banks, obligations to machinery dealers, obligations to neighbours, obligations to ACS (Agricultural Credit Corporation of Saskatchewan). And they can't void those.

There isn't any court in the country wouldn't say, well that seems unfair to me. Tens of thousands of people signed a contract. They always sign contracts with Crop Insurance, knowing Crop Insurance didn't break their word.

And you take that to the bank. And with '91 GRIP, it was bankable. It means they have guaranteed income, they can pay some debts, they can make decisions, they can bring in a new budget.

And you changed that, and you force it through and then you can't be sued. And that's an agriculture policy? Well I mean we could, I'm sure, go here till 6 o'clock in the morning and for the next month. And I don't know why you let yourself get into this. I don't see any political gain for you. I don't see any economic gain, certainly none for the farmers and rural people. It's absolute folly. It might be just the silliest piece of agriculture legislation policy that I've ever seen, maybe ever. It goes exactly the wrong way. And for the little bit of money you're going to save out of this multibillion-dollar corporation that has 2, 300 million at a crack in it is beyond me.

So we'll certainly agree to disagree on that, Mr. Premier, because you've got — we have, we have, collectively, this Legislative Assembly and the people elected here have — a serious, serious financial crisis in rural Saskatchewan. It's going to affect a lot of people that we didn't think it was going to affect.

And I don't know how you're going to address it. We can talk about how you're going to address it, but I cannot conceive how the federal government can give one province more than others on a per capita basis. I can't conceive how they would do that and not have Finance ministers across the country say, me too, me too, me too, particularly when the province backs away. Now that's really difficult to comprehend.

Now I want you, just for the record, so that I can totally understand this . . . I obviously believe in putting the two tax systems together, federally and provincially. I believe harmonization is efficiencies and your own officials and your deputy minister will tell you that. It saves about 5 million a year. Clearly it's a big benefit for every farmer and every small business and every big business in Saskatchewan and I think you'd acknowledge that. They become sales tax free, federally and provincially. You get it all back.

Third, it significantly contributes to you moving towards a balanced budget some day in '93, 4, 5, 6 or whatever. And as your own estimates will point out, it's a new revenue; '92-93 is \$181 million and then it grows from

there, maybe a couple of hundred million dollars. It's built in; it's strong.

Fourth, it helps international trade dispute problems. Could you just take a minute or two and describe to me why, now looking at it, with the support of business community, farming communities, chambers of commerce, and others, in an internationally competitive world, why harmonization, harmonization itself, is not as good as your plan where you are taxing obviously all items in the province because you've raised the provincial sales tax from 7 to 8 per cent, which is a 14.5 per cent increase. You raised that and you've raised other taxes, surtaxes, and you've raised fees, and you've raised gasoline tax, and you've raised taxes all across the board, plus health care. You call them I don't know whatever they might be, user fees, utilization fees, costs of deductibles. But it's significant increases. And seniors, you removed their heritage program.

Why do you think, from a business and economic point of view, why do you think the removal of harmonization is so much better than what you're doing by increasing taxes on everybody? Plus, Mr. Premier, if you remember, the utilities — increasing the utilities so high when they've got huge profits and huge retained earnings.

Why is it better to take harmonization and not do it, and increase power rates by 30 per cent, or telephone rates by 15 per cent, taxes up, provincial sales tax up, the PST on all items. And as you know, the PST that you removed was on certain items. But why is that such a good plan for industrial economic development for farmers, for small business, and for the paper industry, the potash industry, the coal industry, and all of those?

Maybe you could just briefly tell us, from an economic point of view, why your plan is better than the harmonization plan.

(2330)

**Hon. Mr. Romanow:** — Well, Mr. Chairman, I will give this explanation one more, yet-again time. I will do so, however, by a small preface. I tell the Leader of the Opposition he's entitled in estimates to go any direction he wants, of course. But I will simply tell him that I'm not interested in debating the old battles and your old policies for some form of vindication that you might feel about this.

And you ask me bluntly, why do I think it's better. And I'll tell you bluntly why I think it's better. Because the people of Saskatchewan on October 21 said it was better. They voted for our position and not for yours. And I note that the Conservative Party of Saskatchewan still believes in increasing the largest single tax grab in the history of Saskatchewan on harmonization — even this date. That's an interesting position.

I do not believe that we should put the provincial tax on top of the federal GST, and by so doing cover a whole series of categories of items which are untaxed, whether it's books, or clothing, or restaurant meals. I do not believe in that. I believe that harms the economy.

I believe that what we should be doing to stimulate the economy is through selective tax rebates and selective tax incentives, much like we did with the indirect agents' rebate, which prompted the IPSCO expansion as an example. And to work for fair taxation based on concepts of ability to pay — that's what I believe in.

I believe the GST has got to be revised and rechanged and renegotiated. That's why I believe it. And I'm not alone, sir. Not only do I believe that but nine other premiers and perhaps even Premier Bourassa of Quebec, also believe it. Conservative premiers believe it; NDP premiers believe it; Liberal premiers believe it. Every premier believes it. I believe it. That's my position.

Now you don't believe that. That's the big battle of October 1991 like GRIP of 1991 is. I understand how you would feel this. I understand how you would feel this given the results of October. But look, that has been decided by the people of the province of Saskatchewan and for those economic reasons and as I say, it's tough because I think that . . . well in my judgement, it's up to you whatever you Conservatives do, but to hook yourselves into the massive tax increase again after the election, is . . . talk about boxing yourself in, that's a box-in.

**Mr. Devine:** — Well I appreciate the fact that you say that you won on this but the problem we're into and you didn't explain here is that then after you promised not to increase taxes, in fact decrease them, you increased taxes and you didn't tell people that. September 21, 1991 and I quote, these are *Star-Phoenix* and *Leader-Post* and others: The NDP Premier says he would cut (I guess this is before you're premier, September 21), Romanow says he would cut, not increase taxes. The party has also promised to abolish the provincial flat tax. But we're not going back to taxing people.

Moose Jaw *Times-Herald*. This is the NDP leader: Creating more jobs will also stimulate revenue without raising taxes. And it goes on in the *Star-Phoenix*: The NDP leader says he would cut, not increase taxes. We're not going back to taxing people — in Moose Jaw again. And on and on, and I could give you all kinds of quotes.

And all I'm asking is why do you think all these tax increases that you've implemented, that still leave you with huge problems, are not as good as a harmonized system that simplifies it? One tax, save 5 million a year and industry that creates jobs. And you just said one of your principles . . . when we started this tonight you said one of your principles was jobs and economic activity. Clearly, clearly, if farmers and businesses and others can be sales tax free in a province like Saskatchewan that can compete with Americans, they can compete with anybody, the Germans, the French, the Chinese.

And so that's what people are asking. I'm sure that they ask you, they ask others. Well hey, you pulled it off. Gosh. I promised that I wouldn't raise taxes and remove the PST. It was on hamburgers; it's on books. But then you raised taxes on everything else. You go to Canadian Tire, you buy anything, taxes are up there. You go downtown to a department store, you buy anything, taxes are up.



So I just . . . I guess, I mean it's more than just a political campaign. Do you have some studies and some economic analysis that would show the people of Saskatchewan that all your tax increases are smarter than the harmonized system which would remove all the sales tax for farmers and businesses and the potash industry and the oil industry and the coal industry and the pulp and the paper industry, natural gas industry here in the province of Saskatchewan?

If you don't have any, well fair enough, we'll leave it to politics. If you have any economic analysis to show that your taxation system is better, could you provide us with that? And I would think you'd have some because you were quick to say when you changed your mind on harmonization it cost all these jobs. You must have some indication how your system costs less in terms of harm or does more good and helps business or helps somebody. And if you've got any of that, would you be prepared to table it? And if you can't table it tonight, would you offer to table it, or could I get you to show me some sort of economic analysis that your new taxes, utilities and all included, are smarter and better for the Saskatchewan economy than putting the two systems together?

**Hon. Mr. Romanow:** — Mr. Chairman, what I'm going to do is I'm going to ask the page to deliver yet again what exactly we promised because . . . I'll get this really distributed, Mr. Chairman, and maybe one of these days some of the members of the opposition will actually read it and actually believe the words, all these promises they allege we make, we didn't make. There it is, you can just take it for the record. I've given the answer about our differences and that's the position I take. I don't think I can answer anything better than what I have in this regard.

**Mr. Devine:** — Mr. Chairman, you and I were in a debate on live television and you didn't have the weasel words in there. You said look, we're going to reduce the PST, we can balance the budget, and we're not going to raise taxes. And you're on the radio, you're on television, you're all over the place saying that. And you said, well there's a \$14 billion debt but we can cut taxes by \$200 million. So I just asked how if you had any economic analysis to show that your plan was any wiser. I mean we can talk about the politics of promising tax cuts and then coming and flip-flopping on it. But I guess you don't have anything or you'd offer it.

I want to just switch, Mr. Chairman, to a general question with respect to if you have some positive suggestions or some indications that you concur with your Minister of Energy that you have no philosophical problems with the memorandum of understanding between myself and Jake Epp that was signed with respect to doing research on energy, all forms of energy, and moving AECL to Saskatchewan.

We had quite a lengthy conversation here in Energy estimates and it was a positive one. It was good. And can we be as encouraged by his comments as I think we can, that it's possible to have research in all of these areas and move AECL into the province of Saskatchewan? Is that possible?

And I won't have to read you the memorandum. I'm sure

you've looked at it. He said he didn't have any problems at all with the memorandum of understanding and research. He said he had some problems with respect to the SaskPower and AECL agreement where they actually moved people here and it was a cost shared . . . and I told him I'd be glad to help in terms of cost sharing, in terms of ideas and suggestions.

I think their off-shore people, private sector people, maybe even the feds and others . . . but if we could move that here, I mean obviously it's a big benefit because it's huge demand, long-term demand for that kind of knowledge, and all of the energy options and all the fuel cycles and how you make electricity and how you make energy.

Is there anything that you would like to add that would confirm what the Minister of Energy said was accurate? Was it consistent with the cabinet's view and your caucus and your government's view that in fact it's not the memorandum that you have a problem with. It's a fine and fair enough memorandum. And you would seriously explore having this as the basis for moving that research body and all that means into the province of Saskatchewan. Was your minister in the ballpark here?

**Hon. Mr. Romanow:** — Mr. Chairman, we have always said that the so-called umbrella agreement which was negotiated by your administration is an agreement that we can respect and we think it's a pretty good agreement. And if that's what the minister said, I certainly endorse it. We have also said, however, that the specific MOU (memorandum of understanding) between the Power Corporation and AECL, for all the reasons I've articulated, we cannot go along with. As the member will know, we are discussing with Mr. Epp and AECL that specific agreement with a view to seeing if we can renegotiate a new one which would be more acceptable to our needs and to their needs. And those negotiations are ongoing and so far as I know are ongoing and reasonably hopeful, but what they'll produce at the end of the day I don't know.

**Mr. Devine:** — Just one last question with respect to that. Is there something that you can recall specifically that might have been the problem with the SaskPower agreement? It certainly wasn't moving people to Saskatchewan. That's part of the agreement. AECL moves here. We get the jobs like FCC (Farm Credit Corporation) and Crown Life. That probably couldn't be the problem.

The second one, I would imagine, is you're worried about cost sharing this initiative. In that agreement I believe that it does say that if you don't like the plan you get your money back. If it's a cost-sharing problem and some other things, would you be prepared to . . . if that's part of it, maybe we could go to work on that. And again I think it's very good diversification because it's research jobs, academic jobs. Certainly the university, the president of the university, and others certainly at the University of Saskatchewan in Saskatoon know that it is important. And I can tell you, from an international point of view it would be an exciting thing to have that kind of interest in the province of Saskatchewan and I'm sure you're familiar with that. If it's just putting the package together between Power and AECL, maybe we could open that up to more

private sector investment and/or other jurisdictions in other countries. And if that's the case, are you open to that?

And as you know, your Minister of Energy said he's open to private sector investment, he's open to offshore investment, other jurisdictions, whether it's American, Alberta, Manitoba, federal government, Japanese, whatever. We already know we have Marubeni-Hitachi in the province of Saskatchewan. We're looking for others to come in here. If you have no problem with the memorandum of understanding that Jake Epp and I signed, and it's only the agreement between power and AECL, and I'm sure you don't mind the jobs moving here, well maybe we can narrow it down and pursue it. And if that's where it is, then I think, and I believe as I did when the minister was on his feet, we're pretty close to doing this . . . to refashioning this with some genuine understanding of how to put it together. Would that be a fair statement?

**Hon. Mr. Romanow:** — Mr. Chairman, we objected to the agreement which wasn't negotiated, the MOU on Power Corporation and AECL, just for shorthand purposes, fundamentally because we felt it was a pre-commitment, an implied pre-commitment to the fairly quick construction of the CANDU 3. We came to that conclusion because the agreement talked about site location and storage and disposal of nuclear waste which we felt was implied that it carried with it the implication that there would be a CANDU. That's a cancellation for it. The cost sharing . . . we'd be prepared to reconsider cost sharing. We get research, design work, all of that, if we can get them sold in the world and Saskatchewan being the basis for it, perfect, no problems.

The other dimension of this was the level playing-field for Saskatchewan's needs. We wanted the assessment of nuclear generation to be weighed as against conservation or wind or solar. If those are options or not, I don't know — the level playing-field and thus the establishment of the institute.

Let's leave the institute aside for the moment. It's just got up and going. We are back dealing with AECL on the questions of whether or not we can come up with a new contract which would take care of our concern. There is no implied pre-commitment, or pre-commitment.

If we can do that I think that we could come up with an agreement, and I think you're right we're in . . . potential we're in the ballpark there. I must tell you, I don't want to prejudice the negotiations, but I've always worried that part of the dimension from AECL's point of view was that they had to have a CANDU 3 built somewhere in order to sell it to the world, the prototype, and that makes sense from their point of view.

I just don't think it makes sense from our point of view in Saskatchewan given the power demands, the power generation which is going to be coming on stream through Shand and Rafferty and all of the other things which are projected. We don't think we have to make that decision until '96 or '97 for the year 2003 or 2007. So what we'd like to do is from now until that time through the institute examine nuclear generation as one of the

options.

We're not ruling it out, just want to examine it as a level playing-field and if in the mean time we can get AECL or as much of it as we can on the design, engineering, research, all of that, we'd love to have them come here. I've said this to the minister and I've indicated this to anybody that's prepared to listen, and I say it publicly here. But if it means pre-condition, pre-commitment as we think the agreement is for the reasons I've articulated, we can't. So we're back at negotiating and we're hoping that we can work out something there.

(2345)

**Mr. Devine:** — Okay, I'm going to just walk you through this just very briefly. You've said that you don't have a problem with the agreement that was signed by Jake Epp and me, memorandum of understanding. That's the umbrella agreement. Okay? I'll read you the umbrella, just a sentence in the umbrella agreement. It says to work together to evaluate the feasibility of establishing a nuclear research and technology program in the province of Saskatchewan, including the list of things that we look at. Okay? He says no problem. The design and manufacture of CANDU 3 nuclear reactors. Well if you're going to do research you're going to have to look at the design. He has no problem with it. The construction and operation of a CANDU 3 nuclear power station in Saskatchewan. The applications of slowpoke energy systems. The opportunities for the safe, long-term management of nuclear fuel and fuel waste. Nuclear fuel cycle developments. Nuclear applications in medicine and agriculture. And so on and so on.

You have to . . . In other words the memorandum says, we research it all. We look at how the reactors work. We study fuel cycles. We look at them all. And we study just the feasibility of making CANDU'S and marketing them . . . (inaudible) . . . And if they were going to be here, how would you operate them?

Now so that the public knows and we know that you understand what the memorandum of understanding is and it's been read here now a second time, it says to evaluate the feasibility of establishing a nuclear research and technology program.

So it's feasibility, it's research, but it's research looking at all of it. And it's the same applied to coal, same applied to natural gas, same applied to co-generation. It's all in here. The same words. Like the same words for coal, the same words for energy.

So there's no pre-commitment to coal, there's no pre-commitment to wind, there's no pre-commitment to solar, and there's no pre-commitment to nuclear. It's studying it and research and have a very high-tech research program.

Now your minister says he didn't have a problem with that. And I said . . . I put some words in his mouth and said, well if maybe we could just strengthen the line as you said here, but we don't have to ever use it if we don't want to. I understand that. I don't have a problem with that.

And if that's the problem, then you can . . . we can put those in bigger letters. Say well you know, I'm going to study nuclear . . . or say nuclear medicine. I might not want to use some of the technology if I study it. Well that's fair enough. I might want to not use everything I know about the fuel cycle, but I want to study it.

So if that's the case, I'm not going to belabour it. I think that we're very close to having that come to Saskatchewan if you and your minister agree with the principles, this general, overall agreement of the MOU. And if that's the case, then I think it would be excellent news for you, your administration, the people of Saskatoon, the people of Saskatchewan, and for western Canada for that matter, and all of Canada, because we could really crank up on this. This is good research. It's coal, gas, oil, all the other options with respect to conservation, and nuclear. And we certainly have uranium and we're known for nuclear medicine and nuclear agriculture stuff. It's positive for northern Saskatchewan, southern Saskatchewan, urban and rural.

And I would make the same commitment I made the other night to the minister. I would be glad to help you. I mean, you may not want or need my help, but I tell you, you could find broad-based support for this agreement and having it implemented in the province of Saskatchewan, without frightening anybody. It's research. It's good for the university; good for all kinds of people.

So you may or may not want to comment on that, but I think people want to know that you're open-minded to the memorandum, as you said you were. And if the right kinds of words can be found, then I think we can get it home.

**Hon. Mr. Romanow:** — All I can say, we're definitely open-minded. The institute, we think, is one of the vehicles in which to assess, and we are actively negotiating with AECL. I repeat my words in this regard.

Item 1 agreed to.

Items 2 to 8 inclusive agreed to.

Item 9 — Statutory.

Vote 10 agreed to.

**Consolidated Fund Expenditure  
Executive Council — Electoral Expenses  
Vote 34**

Item 1 — Statutory.

Vote 34 — Statutory.

**Supplementary Estimates 1992  
Consolidated Fund Expenditure  
Executive Council  
Ordinary Expenditure — Vote 10**

Items 1 to 8 inclusive agreed to.

Vote 10 agreed to.

**Hon. Mr. Romanow:** — Mr. Chairman, I just would like to thank the members of the opposition, the Leader of the Opposition, the Leader of the Liberal Party, for giving me the tough questions which they did these last seven or eight hours. I mean this genuinely. I think this is what makes the debate in the legislature in Saskatchewan so hard, but interesting and good. And I simply want to thank them. And I particularly want to thank the Opposition House Leader, if I may, for accommodating me today, given the agenda of last week and this coming week. But I'll close on those words. Thanks.

**Mr. Toth:** — Mr. Chairman, on behalf of the opposition, we'd like to extend our thanks and appreciation to the Premier and to his officials for joining him today and responding to our questions.

The committee reported progress.

The Assembly adjourned at 11:55 p.m.