

April 1, 1993

## EVENING SITTING

## COMMITTEE OF FINANCE

## Motions for Interim Supply

**The Chair:** — Order. The House should come to order. Before the Committee of Finance is the resolution moved by the Minister of Finance:

That a sum not exceeding \$340,881,000 be granted to Her Majesty on account for the twelve months ending March 31, 1994.

**Mr. Swenson:** — Thank you, Mr. Chairman. Mr. Chairman, I notice in the budget document the Department of Finance has allocated a significant sum of money to deal with budget analysis. Now the minister yesterday told me that advertising was included in this Appropriation Bill, that indeed there was a twelfth allocated that would cover off advertising.

So what I'd like to know from the minister is that in this twelfth, this 430 million-plus that we're dealing with here in this Appropriation Bill, if that would include the budget analysis that they budgeted for this year.

We've been asking a lot of questions about studies and impacts and what would happen with increases in sales tax and that sort of thing. I would presume with that much money allocated — 4.3 million for budget analysis — that some of this twelfth would be dedicated toward that, and I wonder if the minister could identify that for us.

**Hon. Mr. Penner:** — Yes. A portion of the advertising is included in the \$4.6 million, the one-twelfth portion.

**Mr. Swenson:** — Thank you, Mr. Minister. Now that we know that you advertise, what I'd like to know is, of the four million three hundred — not four million six hundred — four million three hundred that is budget analysis, how much of that analysis obviously would be being dealt with in this \$430 million. You've just brought your budget down, and I would presume that you're doing some impact studies and that type of thing. Would you tell us what portion of this is . . . is it one-twelfth of the four million three or is it larger? Is it smaller? Could you tell us what's going on there?

**Hon. Mr. Penner:** — Mr. Chairman, of the 4.6 million that we're voting today, 4.616 million which is . . . represents one-twelfth of the amount to be voted, the 55 million, a portion of that will be used for advertising, or was used for advertising and was also used to print the vision statements.

**Mr. Swenson:** — And I appreciate that, Mr. Minister. You've been forthcoming on this advertising thing. I'm talking about budget analysis. There's an item that talks about budget analysis, okay? And that budget analysis is ongoing as I understand, by the Department of Finance on a yearly basis. And you

must be doing some now and you must be paying for it. I'm wondering what portion we've got. Is it a twelfth or is it more or is it less? Tell us what portion we're at and then we'll get into the details of what exactly you're doing there.

**Hon. Mr. Penner:** — Mr. Chairman, of the one-twelfth portion . . . and I understand what the member is talking about. He's talking, I believe, on page 57. I believe you're on the item number 6 where it talks about analysis.

Now that doesn't necessarily mean that one-twelfth of this analysis is used in the month of April. It could be more or it could be less, but it's a portion of the 4.3 you were talking about.

**Mr. Swenson:** — Would you like to share with us tonight who would be undertaking that analysis, given that we now have established that you are into the process, that you are spending money out of this appropriation on it? And would you tell us who is doing what for you and in what forms, what things they might be looking at in the way of analysis?

**Hon. Mr. Penner:** — The budget analysis, Mr. Chairman, is done by the officials at the Department of Finance. And as to the nature of the analysis, that will be dealt with in Committee of Finance.

**Mr. Swenson:** — Well, Mr. Chairman, we're running up against the reluctance again of this minister to answer for the money that's being asked for.

We've established that there's budget analysis going on. There's advertising attached to that analysis. There could be polling attached to it. There could be all sorts of things. But anyway, it's ongoing and the money is coming out of this \$430.811 million that we're dealing with, okay. So we've established all of those things but then when we ask the minister exactly what is going on, he doesn't want to talk about it. He wants to shove it off.

And that's the problem we're having here, Mr. Chairman, is that it is quite legitimate. Given my review of *Hansard* over the last 10 years and the types of questions that have been answered in this Assembly . . . even last year the member from Dewdney was more forthcoming than what we're getting here today. And it's quite legitimate I think that in this twelfth the taxpayers are having to come up with to pay, that this Department of Finance — not anyone else, the minister says it's only his department — is conducting this budget analysis.

And I suspect that that analysis, Mr. Chairman, has to do with some of the questions that we've asked previously. I mean all the minister has to do is stand up and say the Department of Finance is doing some analysis on the impact of 9 per cent sales tax versus 8 per cent or versus 7 per cent and what it's doing to things like cross-border shopping and what it's doing to the retail sector in the province. And is this analysis showing that their projected revenues are going to be

in place so that we can meet the other eleven-twelfths of the year?

And I don't know what the reluctance is of the minister to indicate that they're out in the field at least and doing that. I mean if he says that he won't share that data with us until a later date we may have to be satisfied with that. But we want to know that he's out doing that. Or if he's not doing that, is he studying the raise in the gasoline taxes or is he studying corporate capital taxes?

Is he studying the fuel tax on diesel locomotives in the province for CPR (Canadian Pacific Railway)? People in Moose Jaw asked me about the costs of diesel locomotive fuel and how it impacts on our community. Now if this analysis is touching those kind of things, I think it behoves the minister, seeing as he's asking for the money to spend on it, that he would want to fill in the Assembly and the taxpayers of this province what he is doing. If he's trying to tell me the Department of Finance is in the budget analysis and there's no goals in mind, then I think we've got a serious problem here that we would spend \$4.3 million on analysis with no goals. So we just want the minister to assure the House and the taxpayers what those goals are, what projects he's working on, and so that at a later date maybe we can ask questions on the results.

Well, Mr. Chairman, the minister refuses to even answer that.

**An Hon. Member:** — There was no question.

**Mr. Swenson:** — I asked the minister specifically before what budget analysis his department was undertaking with the portion of the \$4.3 million dedicated to budget analysis. And he has said there is advertising and there is ongoing work by his department. I have now asked the minister exactly what is the nature of that ongoing work that he is dedicating this money from this Appropriation Bill toward. Would he care to share that with the House?

**Hon. Mr. Penner:** — Well, Mr. Chairman, I answered the question as to the advertising. I've answered the question as to who does the analysis, and that's the Department of Finance. I've answered the question whether it's just temporary or ongoing, and it's an ongoing analysis. As to the details of that analysis, Mr. Chairman, I will repeat for the umpteenth time, that that is a matter for the Committee of Finance, and we will not discuss that here tonight.

**Mr. Swenson:** — Mr. Chairman, I'm not asking for details. I don't really care about what they find out on next Thursday. All I'm asking the minister is, are you studying the global impact — okay, global — of sales tax increases on the population of Saskatchewan? Are you studying other areas that affect government revenue? Nothing specific. I don't want to know about my neighbour down the street and how much he's paying.

I'd like to know what the Department of Finance is

doing with the money that they're asking for. They have budgeted a significant sum of money for analysis. Is it polling? That's very broad. Polling covers the entire province. What exactly are the Department of Finance involved in when they're spending our money that they're here asking for in this legislature tonight? Not specifically, globally if you wish, Mr. Minister?

**Hon. Mr. Penner:** — Mr. Chairman, globally I think I have answered it. Unfortunately, maybe I haven't answered to the satisfaction of the Leader of the Opposition, but the Department of Finance is studying all areas of the budget and all the implications. And as far as the specifics are concerned, I will stay with my answer, Mr. Chairman, that we will deal with that in Committee of Finance.

**Mr. Swenson:** — Well, Mr. Minister, that's not good enough. It's not good enough. You cannot deny Saskatchewan taxpayers the right to know that as you come in here and spend their money that there aren't certain things going on in your department that you would think would be beneficial to them.

There's a lot of people out there on Main Street, Saskatchewan, are saying that these things have very significant impact on me. I would think they would want to know from their Minister of Finance or their Associate Minister of Finance that his department was out studying some areas of taxation, that he was studying things like our GDP (gross domestic product) and how it grows or recedes with exports.

We've had the Wheat Pool and other companies marketing directly in the United States for the very first time. It must be affecting the GDP of the province, okay. There are things with fuel tax occurring because of the large movement of grain by truck.

Mr. Minister, are you studying those things. I mean, give us some indication that as we provide supply here, some indication exactly what you're up to when you're spending the money, not just simply come in here and say well, we're spending it, trust us. That's not good enough. There are a lot of issues out there on the minds of the public, and I think it's appropriate that you categorize those issues in the minds of the public and be a little more forthcoming as to what you're analysing in Department of Finance.

**Hon. Mr. Penner:** — Mr. Chairman, the Leader of the Opposition talks about us denying the taxpayers of Saskatchewan information. Well I'd like to say to the Leader of the Opposition that if we don't get interim supply passed within a reasonable length of time, then they will be denying some taxpayers of Saskatchewan some income. So I think he has to be careful of who is denying the taxpayers of Saskatchewan anything.

There are lots of issues on the minds of the people of Saskatchewan, all kinds of issues. The biggest issue that is on the minds of the people of Saskatchewan is the horrendous debt that the people opposite left us. That's the biggest issue on their minds and they have entrusted us with the responsibility to try and

eliminate that. That's what's on the minds of the people of Saskatchewan.

The people of Saskatchewan understand, I think far better than the members opposite, that what we're dealing with here is an interim supply Bill, a supply Bill which simply says that we need one-twelfth of the estimated amount, the amount to be voted. We need one-twelfth of that in order to operate for the month of April so that we can get through the month of April. And during the course of the month of April we will have plenty of time to discuss the details of the budget and all other details that members opposite would like to talk about.

(1915)

**Mr. Swenson:** — Well, Mr. Chairman, I say to the Finance minister that if you're simply going to accept the advice of the Government House Leader, the member from Elphinstone, as to how you're going to handle this debate, it's going to be a long, long, frosty debate. The Government House Leader had ample opportunity to bring this interim supply Bill in days ago and chose not to, chose not to.

So if there's somebody out in our province tomorrow or the next day that goes without, there's only one person to blame, Mr. Finance Minister, Mr. Associate Minister of Finance, and that's the member from Elphinstone. He's the guy that controls the flow in here. So if you want to keep talking to him and getting advice from him, it's going to be a long, long time before people maybe get their pay cheques. Because he's the last guy in the world you should be talking to, believe me, the last guy in the world.

Now, Mr. Minister, I think it is very, very legitimate to explain to people in a broad way if you wish, in a global way if you wish, some of the issues that you're doing your budget analysis on. I mean you have had the budget down for several weeks now and we're seeing a very broad-based reaction across the province of Saskatchewan to a lot of the initiatives.

And yes, people are concerned about the debt. But they're also very concerned, Mr. Minister, of how they are going to keep themselves whole long enough to keep contributing to the society they live in to pay off that debt. And they're very concerned that you're shoving them very close to the edge, that they may not be able to contribute any more. And that's why they're asking us . . . They're phoning in. They phoned in between 5 and 7 o'clock tonight and they said ask the Minister of Finance exactly what he is studying. Are they serious about looking at the impact of some of these tax increases on our ability to function?

I'm not asking you for specifics, Mr. Minister. You come in here, you ask for a certain amount of money to do budget analysis. Why don't you run through the list and tell the folks out there exactly what you're analysing, how you're analysing it. Give them some feeling of security that you're on top of the game, that you're not abdicating your responsibility.

So once again, Mr. Minister, forget about the political advice of your House Leader and just stand in your place and tell the folks exactly what your department's up to. And do it in a global sense. I mean if you want to go from Lloydminster to Swift Current to Estevan, I mean there's lots of room out there for you to work, Mr. Minister. Just tell the folks what this analysis that they're paying for tonight is up to.

**Hon. Mr. Penner:** — Thank you, Mr. Chairman. I'd like to refer the Leader of the Opposition to the budget address, the booklet *Securing Our Future*. And on page 26, from page 26 to page 41, there's a fairly detailed description as to how we propose to balance the budget, showing our fiscal plan for not only this year but for the next four years.

And if they would turn to page 40 of the same document, we show very clearly what we believe is the Saskatchewan economic forecast, indicating the numbers that we think that we're going to be dealing with in the period from '93 to '96. The information is there. If the member opposite wants to look at that information and needs it, it's there for him to see.

**Mr. Swenson:** — I appreciate that, Mr. Minister, and I appreciate the answer. We're getting somewhere now. We've got a number of areas here. Now you've already spent the money to come up with these numbers. Now what you have done is you have budgeted for further money. You've said, over the next year I got to have X number of dollars in order to continue this process on in all of these line items here. See how close you're going to get to what you've projected back here on page 26. I presume that's the process that . . . the outline on page 26 gets us to page 40. And you're going to track those things.

Now you've come in here and asked for a sum of money to do that tracking, to be involved in determining whether these numbers are false or true. Now, Mr. Minister, would you mind going through here and telling us right now because obviously you're spending money; you've admitted that. And you're advertising; you're doing things. Would you go through here now and tell us which of those items you're presently involved in, which ones you're working on because I don't think you've got the manpower to work on them all at the same time. I mean go through here and . . . we got sales tax. You know, these various sectors here, we got to know what exactly is shaken out.

So maybe you could stand up and go through these sectors here and tell us exactly where you're spending the money you're asking for tonight and tell us how it's going.

**Hon. Mr. Penner:** — Thank you, Mr. Chairman. I believe that the Leader of the Opposition probably underestimates the capabilities of the Department of Finance, the officials over there. The Department of Finance is doing exactly what you will see in the blue book on page 57, item 6. The Department of Finance, it says there:

Develops and analyzes revenue, expenditure, economic and compensation policies to assist Treasury Board and Cabinet in developing and implementing the Government's fiscal plan.

Page 57, item 6. And these are ongoing and the Department of Finance is involved in all of them simultaneously.

**Mr. Swenson:** — Well that's nice to know, Mr. Minister, that your department is that efficient. I think the taxpayers appreciate that. But I don't think any one of us are so naïve to expect that some particular one or other in the short time frame since the budget isn't drawing a little bit more attention than the other. I mean Treasury Board's got decisions to make. That's the way Treasury Board operates. I've been around the Treasury Board table the odd time, Mr. Minister; understand the process quite well.

Since your budget came down I suspect you're doing some tracking. I mean we gave the provincial seal carrier here another 800,000 bucks to handle the polling and the advertising and the politics. I mean either the seal is weighing a lot more these days than it used to, or else something else has been added to the mix, so I suspect there's some tracking going on and you've said there's advertising. And I suspect that you're tracking one, two, three major areas.

As I said last night or yesterday, your officials always have options for you. There's that law of diminishing returns on booze and cigarettes and those types of things and I would think that you'd be watching your laws of diminishing returns in certain areas.

So why don't you, Mr. Minister, now come clean with the folks and say that we're doing some analysis. Maybe you're going to fool me. Maybe it isn't on something that I've mentioned already. Maybe you're analysing something entirely different. But why don't you, in a global sense, talk about the work that's ongoing now. Pick out of the whole bunch and tell us about a few that you're spending our money on.

**Hon. Mr. Penner:** — Mr. Chairman, the items I listed before for the Leader of the Opposition still hold true and I'll go through these again and then I'll give him a little different information that he may be looking for.

That we develop an analysis of revenue which is fairly broad, expenditures, economic and compensation policies, and I won't read the rest. The things that are not listed here that maybe would help the member in his understanding of this is, we're always studying federal-provincial relations. We're obviously tracking the federal budget when it comes forward. We've been tracking provincial budgets from other provinces and we've had several of them now. And we're certainly tracking the federal offloading to see how it affects us.

**Mr. Swenson:** — I appreciate that, Mr. Minister. It sounds like that there's a number of operations ongoing at once and certainly I can see where the federal budget and other provincial budgets would

have an impact on what we might . . . what might happen here.

There's a particular item that is of interest, Mr. Minister, that is affected all across the piece, I would suspect, and it's the whole area of federal transfer payments. And in your main budget document there was an item there with about a \$106 million, I believe, that was overpayments — transfer payments that were overpayments — that because of the change in your accounting methods, you didn't have to start paying on immediately. Would that be one of the items that you would currently be tracking and be concerned about, given the federal budget? Would that be a type of item that you would be dealing with?

**Hon. Mr. Penner:** — Mr. Chairman, the answer is yes; we certainly are tracking that one in dealing with that item.

**Mr. Swenson:** — Would you explain to me then what the process will be with that \$106 million? Because there is some difficulty with the way the accounting methods have changed here from last year to this year in the way that that is dealt with.

And would you mind explaining to the House how the province of Saskatchewan then is dealing with that \$106 million and what the time lines are? It has a different connotation attached to it now than it had before. Would you mind doing that?

**Hon. Mr. Penner:** — If I could refer the member probably to the budget address again on page 67 where it talks about accrual accounting, and there's several pages there that talk about the accrual accounting, but on page 69 where you have the "impact of accrual accounting on the accumulated deficit" and the fourth item — I believe it is — down the row there where it says "Equalization": \$106.4 million. What that does . . . it simply has an impact on the accumulated deficit of the province of Saskatchewan.

**Mr. Swenson:** — Thank you, Mr. Minister. Would you mind informing the House what the presumed payment schedule will be on that? Does the federal budget that's coming down influence that payment schedule in any way?

**Hon. Mr. Penner:** — There are two questions there, Mr. Chairman. The first one, I think, was whether the federal budget had an impact on this. The answer is no, and our repayment schedule would start 1994-95 and it's five years.

**Mr. Swenson:** — Am I to presume, Mr. Minister, that those payments will all be in equal parts over that five-year period of time?

**Hon. Mr. Penner:** — The answer to that is the payments will be approximately equal but there's no reason to believe that they'll be exactly the same — close.

**Mr. Swenson:** — Did that number change, Mr.

Minister, or is there interest accruing to that as it's spread over a period of time?

**Hon. Mr. Penner:** — Mr. Chairman, this amount is interest free.

**Mr. Swenson:** — So we're to understand in the '93-94 figures there's no money allocated at all to this repayment schedule?

**Hon. Mr. Penner:** — In the "to be voted" on the sheet or the "statutory," the answer is no, nothing in the '93-94.

**Mr. Swenson:** — Okay, Mr. Minister, now that we've established that equalization is not part of this particular vote, I wonder if you might be forthcoming on some of the other items that you talked about that you are currently engaged in. Obviously this was an area of involvement with the federal government. You mentioned to me compensation policy, revenue projections. You said you were tracking other budgetary movements around the country. I presume that would mean the B.C. (British Columbia) budget, the budget in New Brunswick, and that type of thing.

Would you be sharing, Mr. Minister, information for instance with the province of B.C.? Would you be sharing any tracking information or anything like that with them?

**Hon. Mr. Penner:** — Mr. Chairman, the Leader of the Opposition is right. We are tracking other provinces and — I think I mentioned that earlier — that we were looking at other provincial budgets. Are we sharing this tracking? The answer is no.

(1930)

**Mr. Swenson:** — Back to the revenue side, Mr. Minister, which obviously is very important part of your financial picture. I wonder if you might tell us on the revenue side — and I presume that you're talking once again about your projections here that you've made for '93; you run through about 10 items there — I wonder if you might tell the House now which ones of those items you're currently most involved with.

**Hon. Mr. Penner:** — I think, Mr. Chairman, I mentioned this earlier, that we were involved in the revenue side and that we were working on all of them simultaneously. It's not that you work on a couple this month and a couple next month. You work on them on a continuous basis for the entire year.

**Mr. Swenson:** — I wonder, Mr. Chairman, and Mr. Minister, given that you're tracking all of them, would you — and you've allocated some significant money here to do this — I wonder if you might tell us . . . I'll just give you a for instance, and then you can tell us how you managed that.

Let's go to personal income here. How would your department go about tracking that particular item on an ongoing basis? How would you track personal income?

**Hon. Mr. Penner:** — Mr. Chairman, the answer to that question is we would be tracking this by checking the orderly receipts that we receive from Ottawa based on the income tax.

**Mr. Swenson:** — Mr. Minister, could you further explain orderly receipts. I mean the majority of the people in our part of the world only pay their income tax — for instance in the farm sector — once a year, usually at the end of April. How do you know that you're not getting a skewed number because we haven't hit the end of tax time sort of for rural Saskatchewan? What do you mean by that, and what's further to the process?

**Hon. Mr. Penner:** — Just to elaborate a little bit on the orderly receipts, Mr. Chairman, Ottawa issues a schedule to the province, a forecast schedule, and what we do is we track the actual receipts against that forecast.

**Mr. Swenson:** — Would that, that schedule you get from Ottawa, Mr. Minister, would that be considered public information or is that something that only would be viewed by cabinet? Is that the kind of thing that you could share with the House, table so that the opposition could have a look at it?

**Hon. Mr. Penner:** — Mr. Chairman, the only way this could be shared is with Ottawa's permission and we would have to consult with them, and if they grant permission to share it, we would have no trouble sharing it.

**Mr. Swenson:** — Well thank you, Mr. Minister. I would respectfully request that you ask Ottawa if they would share that with us. I think that would be a very interesting document.

I notice another area that is here, Mr. Minister, and I'm wondering if it deals with my area. I'm a farmer by profession, and I notice one of the things that you track in here and it has a real minus attached to it, and it's called real machinery and equipment investment. I'm wondering if that's simply the industrial sector or if that includes my sector which is the farming business because it has a negative 5.8. It obviously must be an area that you would have some concern about if it has dropped off that dramatically. I wonder if you could tell us exactly how you track that particular item.

**Hon. Mr. Penner:** — Mr. Chairman, we certainly have the farm machinery included in this. As the words imply, it's real machinery and equipment investment, and that's all machinery and equipment sold in Saskatchewan. And we use Statistics Canada information.

**Mr. Swenson:** — Mr. Minister, does Stats Can do this on a monthly basis, or quarterly, or how do they report that? How would your department be tracking that on a . . . Where they would be using money, say from this allocation? How would they be doing that?

**Hon. Mr. Penner:** — Mr. Chairman, we're finding

now that we're getting much more detail in the questions here than we have the information here for the . . . tonight for the interim supply. I would suggest that the member opposite, the Leader of the Opposition, if he wants these answers, if he would give us written notice, we'd be prepared to send him the answers.

**Mr. Swenson:** — Well I appreciate that, Mr. Minister, but we were doing so well here, Mr. Chairman, I thought there was going to be some real progress, because we had determined a number of things. We'd determined that there was some money being allocated out of interim supply for this type of thing. We know that the government's engaged in a very broad-based technical analysis of all sectors of our economy and the minister has been forthcoming about a couple of them.

And it's been fairly enlightening to understand this process that the government's currently going through as they verify the figures put out in the budget document. And I think that's the kind of thing people are really interested in; that these projections here are in fact legitimate, that the money being allocated by the Assembly in interim supply is going to a worthwhile endeavour.

Now, Mr. Minister, I think given that you seem to have a fair wealth of information in most of these areas here and we know you've established that your people are working hard and they're doing this on a daily basis and you've got the waterfront covered, that perhaps we could go to an item on here which is a real, a real big item, we know, on the Saskatchewan economy, and that says retail sales. Now that's a big item. I understand from your budget projections here that you're talking about . . . out of the \$190 million increase in taxes that approximately 120, 130 million are coming out of retail sales.

Now I'm wondering, Mr. Minister, if you could tell us, on this projection here for 1993 of 4.2 per cent, if you could tell us what the process is that your people go through to determine and watch this. Like how do they . . . what's the . . . I don't want the . . . maybe the numbers; I want to know what the technical process is that your people go through and how they determine the ebb and the flow of retail sales. If you could do that for us, Mr. Minister.

**Hon. Mr. Penner:** — Mr. Chairman, I certainly can do that for the Leader of the Opposition. We use StatsCanada statistics, and these come out on a monthly basis. The numbers are available on a monthly basis which shows the retail trade in Saskatchewan as well as retail trade in other provinces. And that's how we track those.

**Mr. Swenson:** — All due respect, Mr. Minister, we're spending \$4.3 million on analysis and I understand and appreciate that StatsCanada does good work and they probably pay their people well too.

But you have some fairly well-paid folks that you tell me are — the deputy minister, I can appreciate, works

hard for his money — you have folks that you just told me and told this Assembly and told everybody, you were covering the waterfront. These people were all working hard doing this analysis, okay, and you're . . . you got a big chunk of money here, Mr. Minister, to work with and you're doing it all the time.

Now you can't tell me that StatsCanada is having to do all the work on retail sales. Mr. Minister, if you want the folks out there to believe that none of your officials do anything except offload on StatsCanada, then you're going to have to look at your complement that you've budgeted for in PYs (person-years) here, Mr. Minister.

Could you please explain to me the process that your people do, beyond StatsCanada, to track retail sales in the province of Saskatchewan to meet the projection that you've done here?

**Hon. Mr. Penner:** — I'm sure that the members of the Finance department appreciate the commendation from the Leader of the Opposition that they work hard, and I think it's evident here that they're working very hard again this evening and I'm sure there are others as well.

Let me just explain; maybe I didn't say it very clearly before. The information, the source of the data that we have, comes from StatsCanada. They gather the data. What the Department of Finance does is the analysis, and the analysis takes time to come up with the correct conclusion. So we get the source, the source of the information is StatsCan, and the Finance people do the analysis.

**Mr. Swenson:** — A couple of questions, Mr. Minister. Do you . . . First of all, is there any remuneration goes back to StatsCanada by the Government of Saskatchewan out of this vote that we have here as far as gathering that analysis?

And . . . Well I'll let you answer that one and then we can get on to another one here.

**Hon. Mr. Penner:** — No, the information from StatsCanada is published data and it's not only available to Finance departments but it's available to anybody, so there's no direct cost to us to get that information.

**Mr. Swenson:** — Are you saying to me, Mr. Minister, that you don't use any polling information? Your department does no polling or interaction with private sector groups, like the chamber of commerce or the independent business association or any of those people, when you put together your projections, an analysis to come up with a retail sales figure of 4.2 per cent for 1993, that you don't do any of that besides StatsCanada?

**Hon. Mr. Penner:** — That is correct. We do not survey retailers in Saskatchewan; we rely on the StatsCanada figures.

**Mr. Swenson:** — That almost makes one wonder, Mr.

Chairman, if the entire analysis and sort of watchdog role for the small-business community in Saskatchewan, the retail community, is sort of all exclusively handled by the federal Department of Finance, that we might not be really worthwhile to let them collect all the taxes in the province of Saskatchewan and simply integrate our tax system with theirs and we could save the taxpayer even more money because it seems that we rely on them exclusively to fulfil that function, Mr. Minister.

Have you ever . . . maybe do you think that's a bad idea that we should carry that integration even further, seeing as that you don't actually do any of that analysis yourself?

**Hon. Mr. Penner:** — Mr. Chairman, I think I answered this question earlier, but I will . . . Just to make sure that I did, I will say it again.

StatsCanada gathers the data; that's their job. And they have huge departments that do nothing but gather information. The analysis of that information — and it's a pretty large volume of information — is done by the Department of Finance.

**Mr. Swenson:** — Mr. Minister, in your budget you have an initiative in a particular area, and that's the area of manufacturing or processing. It's very broad based, I understand, across the province. It's an initiative where you are rebating to the manufacturer any of his provincial sales taxes that he might accrue in that process from April 1 until the end of December of 1993.

Is it StatsCanada that will garner all the information from that particular initiative to see how well it panned out? Because I presume you put a sunset on it of December 31 because you might terminate the program at that point and say it didn't work out or it didn't do what we expected or something like that. Is that the reason, Mr. Minister? And will the federal people be the ones that monitor that or will it be you?

**Hon. Mr. Penner:** — Mr. Chairman, on this question, Revenue Canada will supply the data for this and we will do the analysis. And I'm sure I caught this correctly, is that you're talking about the 8 per cent rebate on manufacturing, new manufacture, new initiatives.

**Mr. Swenson:** — Well I understand from your budget document, Mr. Minister, that it's at the rate of the provincial sales tax or that was my understanding. If I'm wrong, correct me. And that anyone doing something different in the manufacturing and processing sector would be eligible to have their input cost, vis-a-vis the provincial sales tax, rebated to them from the time of April till December?

(1945)

**Hon. Mr. Penner:** — On page 57, on page 58 of the budget speech, I think this is clearly outlined here, that this is a rebate. And I read on the second bullet on page 57, near the bottom of the page there, it says:

. . . Saskatchewan will introduce a temporary credit, the Manufacturing & Processing Tax Credit, equal to 8.0% . . .

and so on. I don't think I need to read the rest. I think the member understands it.

**Mr. Swenson:** — Okay. Mr. Minister, I'm glad you corrected me, but when I look at this, I find this a little strange why your analysis would show that you should give them a manufacturing and processing tax credit equal to 8 per cent and still then you're having to go out and collect 1 per cent. I mean, isn't that rather . . . you must have a terrible administrative cost there, Mr. Minister, involved with . . . I mean they're paying 9 per cent on their sales tax and you're giving them a tax credit for 8 per cent which leaves 1 per cent. Isn't that a little time consuming and exhaustive, Mr. Minister, that you would leave 1 per cent hanging out there? Is it that valuable to you in this situation, that you would want to burn up administration for 1 per cent?

**Hon. Mr. Penner:** — Mr. Chairman, the way this works is that the person will pay the 9 per cent sales tax, we'll collect the 9 per cent sales tax and then we will give them an 8 per cent credit. So I don't think that's got any relationship to the sales tax. It's basically a credit of 8 per cent based on a purchase of material, as it says here, for manufacturing and processing.

**Mr. Swenson:** — I understand that, Mr. Minister. That's the way I do my GST (goods and services tax) on the farm. We pay the GST and then we send in our forms and then they rebate it back again to us. And as a business person I guess . . . I actually have a processing licence. I'm a registered seed grower who has a certified plant. I suppose if I want to take it one step further, I could maybe be eligible for this 8 per cent, if I create a new job or two and start processing a product that I've never processed before. Is that the type of thing that you're aiming at here?

**Hon. Mr. Penner:** — Mr. Chairman, I'll say to the Leader of the Opposition that now we're getting too specific for interim supply. Up to this point we were willing to go along with it, but now he's getting too specific and he's getting into a very particular area here which he will have to deal with in the Committee of Finance.

**Mr. Swenson:** — Hey, I didn't want to get into the specifics here, Mr. Chairman. I think it's important though that we understand the process of how this is being tracked, because that's the issue that we're dealing with here. The minister's department is spending the money on doing the tracking. And I wanted to understand the process very carefully here because I want to know, as he tracks with this \$4.3 million, how when we get to the end of December here on this eight-month initiative where the government is going to issue tax credits worth 8 per cent, how it's all going to shake out. Okay?

He's upped the sales tax from 8 per cent to 9 per cent

for the manufacturing and processing sector. They pay one more per cent of provincial sales tax — okay? — and for eight months the provincial government is going to give them a tax credit on those initiatives. Okay? So you pay in nine, you get eight back.

And they're tracking this and they're analysing it, and the minister tells me that StatsCanada does that for them. Now he also tells me that StatsCanada are slow. StatsCanada don't come up with the information very fast so, Mr. Minister, let's envision the process going down the road and it is now December 31, 1993 and everybody out there that is ascribed to this process of yours has hired some more people; and I've gone out and I bought some more machinery; and I'm into this mode here for eight months because you told me to go out and create some jobs. Now bang — December 31st comes and you're telling me that StatsCanada is where you get your information from but they're slow.

Now I've gone out and made a big capital investment and I've done some things. How do I know, Mr. Minister, that you aren't just going to slam the door in my face and leave me high and dry? I mean what . . . surely, Mr. Minister, you're not going to have a process that's that slow that you're not going to be able to tell these people what's going to happen here. So I think, Mr. Minister, you need to enlighten people here because I suspect there's people out there already planning to do this.

**Hon. Mr. Penner:** — Well certainly we would be hoping that people would be taking advantage of this opportunity. Two things I would want to just say to the Leader of the Opposition. Just to clarify the 8 per cent . . . I mentioned we collect the 9 per cent. The rebate would be 8 per cent of \$1.09, if I use that analogy, so that in essence the person will get back 8.72 per cent of \$1.09. Just to clarify that process. So it will get the 8 per cent of the purchase of the product plus the 9 per cent tax that he pays.

Revenue Canada administers this at a minimal cost to the province. And on December 31st, or after December 31st, Revenue Canada will report to the province the income tax that was payable, that they collected. And on that basis we will do the analysis and have a handle on how much it cost us and what manufacturing actually took place.

**Mr. Swenson:** — Okay, Mr. Minister, they are . . . they do this for you and they're going to report to you. But that report won't be available till you've got all the results in, right? Because your people don't do that. You rely on others to do that. You only analyse what they give you. So obviously what . . . I guess what you're saying then that, that this thing has a definitive end come December 31st. That there's no chance of this proceeding on into the future. Is that what you're telling me today?

**Hon. Mr. Penner:** — Mr. Chairman, the current plan of this government is to have this expire on December 31, 1993.

**Mr. Swenson:** — Will that analysis that the federal

government does for you, Mr. Minister, also include . . . you have a number of items on page 40 that obviously are affected by this. We're talking about employment with your projections there, real GDP, real consumption, of course the machinery and equipment investment. There's a whole number of those areas that will be affected by this initiative potentially. And just to make sure, Mr. Minister, the federal government will be doing all of that analysis for you and then your people will throw it all in the hopper and sort of come up with whether you're on these numbers or not?

**Hon. Mr. Penner:** — Mr. Chairman, Revenue Canada will do the collection of the data and some of the analysis. Most of the analysis is going to be done by the Department of Finance in Regina.

**Mr. Swenson:** — I'm sorry, Mr. Minister, there was a bit of noise. You were saying that the federal government does part of the analysis but you do some in some of these areas that I outlined here, because there's a real impact across the piece here because of this type of a program. Now which parts then do you do without assistance from the federal government?

**Hon. Mr. Penner:** — Revenue Canada collects the data and tabulates it, puts it in a proper form. And that's their analysis. And then we pick it up from there and we do the analysis as it affects Saskatchewan.

**Mr. Swenson:** — And Revenue Canada is collecting the 8.79 per cent of \$1.09 for you again. Is that correct?

**Hon. Mr. Penner:** — I'll just run through the process again, and I think this may clarify it for the Leader of the Opposition. On this particular tax credit, Revenue Canada administers the credit, Revenue Canada pays the credit. Revenue Canada does the audits, collects the data, and we do the analysis in Saskatchewan.

**Mr. Swenson:** — Okay so as I understand this then, this isn't like a regular part of the PST (provincial sales tax), this is an agreement totally with . . . I mean the federal government appears to be doing everything related to this program. You just said the federal government collects the tax, they pay the tax credit, they do the audit, and they will compile the data and then you will do the analysis on it. Is that what I understand you saying? And the federal government does this all for you for nothing? Is that . . .

**Hon. Mr. Penner:** — Mr. Chairman, we're a long ways into the questioning here. And I think earlier I said that there was a minimum cost from Revenue Canada and I'll just repeat that again, that Revenue Canada does charge us a minimum charge for doing this. It's like an income tax credit. As Revenue Canada collects the income tax from the people in Saskatchewan, this is just going to be part of that process.

**Mr. Swenson:** — Are you telling me, Mr. Minister, that the correlation between the level of provincial sales tax and what is being collected for you by the federal government have no relationship? Because I



remember distinctly the Minister of Economic Development here talking about his dealings with the people at IPSCO and his dealings with the people at Sears and others where he was tying the level of provincial sales tax directly to the ability to garner a tax credit of equivalent amounts for those organizations so that they weren't faced with the problem of PST. Are you telling me that this is an entirely separate deal from these other ones that are happening out there?

**Hon. Mr. Penner:** — The answer is yes, Mr. Chairman, this is a separate deal. This is an income tax credit. This is not related to the sales tax. I believe the member's referring to some other tax initiative. This is not a sales tax. This is an income tax credit.

**Mr. Swenson:** — Well that's very interesting, Mr. Minister, because as we've established here, these numbers in a number of areas are potentially affected one way or the other by the success or failure of this particular program.

If you are getting analysis on this then, because of its potential effect on the federal government, would you not be getting analysis on the increase from 8 per cent to 9 per cent in the provincial sales tax as to how it will impact this particular program and others?

(2000)

**Hon. Mr. Penner:** — It seems to me, Mr. Chairman, we're getting much of the same question that we've already gone through once, but I'll try and answer this question again. That in this case, Ottawa collects the data and we do the analysis.

**Mr. Swenson:** — I understand that, Mr. Minister. You've been very helpful to me in explaining this process involved with this particular sequence of events. What I want to know though is as part and parcel of that, obviously because it impacts so many areas here in your projections, that wouldn't there be some analysis — I don't care if you get it from StatsCanada or federal revenue or whoever — on the effect of going from 8 to 9 per cent with the provincial sales tax and its possibility of affecting these figures.

I mean you've got real consumption here at 2.8, you've got employment at 442, real GDP at 2.8. I would suspect . . . exports at one. I mean all of these things potentially are affected by the impact of this program. For eight months you have a very significant part of our sector potentially influenced that people jump in with both feet.

And obviously some of these numbers are predicated on the success of that or you wouldn't have done it. You wouldn't announce that in the budget if you didn't think it was a worthwhile venture. Okay? You're hoping to do certain things to the Saskatchewan economy by putting it in there. You didn't put it in there just to fool anybody.

You say that this is a positive economic indicator for the province of Saskatchewan, and your analysis and

your tracking will be attuned to it whether you use all federal resources or some of your own.

Now, Mr. Minister, what I want to know is because we're into that, applications . . . I mean people must be doing things. Now that we're into that, I want to know who is going to provide you the analysis that shows the jump from 8 to 9 per cent in the provincial sales tax. I mean there will be some of that. Who will show you that so you can justify the viability of the program at the end of December?

**Hon. Mr. Penner:** — Well, Mr. Chairman, the Leader of the Opposition is now starting to mix sales tax with an income tax credit. They're two entirely separate and different things, and you cannot compare apples to oranges. They're not the same thing.

I have answered his questions concerning the manufacturing incentive tax. And we hope, as a Government of Saskatchewan, that many people will take advantage of this; that's why we put it there. We want people to take advantage of it. And if a lot of people take an advantage of this, it will obviously have some impact on our numbers. We're prepared for that. But we also believe that if many people take advantage of this that it will also have a significant impact on the income level of people in Saskatchewan.

So many of these things are going to be analysed once the program is done. All of these things will be analysed once the program is done because we do not have any figures. The program started today, so obviously we don't have any numbers, and we will not have any numbers until the end of the year, till December 31st, till the program is finished.

But we cannot mix the 8 per cent credit with the sales tax. They're two entirely different and separate things.

**Mr. Swenson:** — Well, Mr. Chairman, I can appreciate the minister's reluctance to mention anything in the way about sales tax that might be construed with — we'll use the kind word — integration with other tax systems so that he doesn't have a visceral reaction that would not allow him to answer any more questions in this House now.

Mr. Chairman, Mr. Minister, on page 58 of your budget address you talk about E&H (education and health) taxes and their phasing out and how this phasing out over a period of time on . . . How do you phrase it here?

Direct agents are those materials consumed or used for the transformation or manufacture of a product by contact or temporary incorporation into the raw materials being manufactured or processed.

You must have, Mr. Minister, had somebody with a very large dictionary to get all of that in there so that you wouldn't have to use the word harmonization. But anyway in here you have a schedule of phasing out PST in the manufacturing process, if I can put it

bluntly. And you have combined that with your manufacturing and processing tax credit of 8 per cent and you will ensure the Saskatchewan manufacturing and process industry is in a stronger position to take advantage of the province's economic recovery.

Well I can appreciate that, Mr. Minister. It seems to me seeing some analysis several years ago that talked about this same type of thing. But anyway . . . You have some very specific numbers there, Mr. Minister, in your budget address: 6.9. The phase-out of E&H when implemented will be 11.3 million per year for Saskatchewan's manufacturing and processing industry.

Mr. Minister, you are doing some very, very good tracking, I would say, to project . . . I mean you're going here from the summer of 1992 to the end of 1994, I believe. And you've got some pretty darn good data here on what eliminating the sales tax, the PST, on manufacturing and processing will do, that along with your 8.79 per cent.

Now, Mr. Minister, if you're that accurate, you must be able to tell me what the effect on that sector is of moving the sales tax from 8 to 9 per cent. I mean we're getting into some pretty tight time lines and money lines here, Mr. Minister, and you're phasing it out, and you're combining it and you're doing lots of things.

Now with those kind of numbers which obviously affect these ones on page 40, you should have some analysis that tells me what the potential is between 8 and 9 per cent or 7 and 9 per cent.

**Hon. Mr. Penner:** — Again I must say, Mr. Chairman, the Leader of the Opposition is mixing the two different tax incentives. The first one is a rebate or phase-out of the direct agents, and the phase-out of the E&H. And it's an entirely different structure than the 8 per cent credit which is an income tax credit.

The numbers that were used, that he was reading from the budget address, are numbers that are based on past history. Those numbers can obviously vary somewhat but they are projections and they're based on past history.

**Mr. Swenson:** — Well I can appreciate, Mr. Minister, you projected a whole bunch of things here. You took great pride in it that you went out into 1996 and said this is the way it's going to unfold. And you're saying that a combination of these things is going to make it unfold like that. Right?

But you did say this initiative, combined with the introduction of the manufacturing and processing tax credit, will help ensure that my projections are on line? That's what you're saying in the budget address here, that a combination of phasing out of E&H tax on direct agents occurring over the next three years bumps the numbers around in your favour. That's what you're saying in it, that with selective integration in certain industries you are able to achieve certain results, and those results are outlined here, Mr. Minister.

Now what I would like to know, if you can be exacting enough to show the employment in this province going from 442,550 or 452,000 in the next four years, that you should be able to tell me what the difference would have been on sales tax between 8 and 9 per cent or between 7 and 9 per cent, that the impact . . . there has to be an impact, Mr. Minister.

You can't sit there and tell me that all of this tracking that StatsCanada does for you and all of the analysis that this Department of Finance does for you and spends \$4.3 million doing it don't have those kind of numbers, Mr. Minister. Come on now, we've gone a long way down the road here, and we've established a lot of things. You must have that kind of analysis. It's got to be ongoing, or you can't come up with this number. You can't project it out at four years.

**Hon. Mr. Penner:** — Mr. Chairman, this is a fairly lengthy answer probably to also a lengthy question.

First of all, let me assure the member that there's no integration. It's not there. No integration.

An individual analysis on the various budget components is obviously done, and we had to undertake that individual analysis on some of these components but we don't do it on all of them.

What we do is we take the totality of the various components, and we have the estimates, we have the Canadian dollar, we have international prices, we have inflation and we have interest rates. And when you take that in total, then you come up with the numbers that we have on page 40.

And I think it has to be noted very clearly that these are forecasts and forecasts can change as circumstances change. But these are the forecasts that we have based on the things that I have mentioned, the Canadian dollar, international prices, the inflation and the interest rates. And this is the combination or the totality of that analysis.

**Mr. Swenson:** — Well I can appreciate that, Mr. Minister, because you're pretty darn definitive. In page 59 of your budget address, in this particular area, you're saying 118.1 million extra revenue on sales tax, okay. I mean, we're not just 118 million, we're 118.1. I would say that the sharp pencils were out over there and they've got her screwed down here to the last \$100,000, okay. Now what that tells me is that you feel pretty confident in the analytical stuff that's coming back from StatsCanada for you to analyse in order to get down to the nearest \$100,000, okay.

Now as I would look at this, Mr. Minister, when I changed from 8 to 9 per cent, there's more than \$100,000 involved on the total sales tax volume in the province of Saskatchewan. I think it's a little bit more than that.

Given that it is such a large number and you are capable of crunching down to a very small number when setting your projections here, all I asked you

was what your analysis showed as far as the effect on . . . and I mean if you don't want to talk about anything except the manufacturing and processing industry, I'd be quite happy to just leave it there. We don't have to get into retail or other areas. I mean just the effect of increasing from 8 to 9 per cent in that sector because it's a very large number. Your analysis obviously gives you that capability because you've shown it here.

(2015)

And I'd just like you to enlighten us about that.

**Hon. Mr. Penner:** — Mr. Chairman, I think the hon. member from Thunder Creek is wandering a long ways from interim supply and I think we've been pretty lenient in letting him wander and giving him the information, but we're getting into far too much detail here. And if he wants to get the exact numbers and the specifics, he's going to have to wait for the Committee of Finance.

I will however give him the answers to this question: 118.1 million is the best estimate that we could get, the best estimate possible. And as I say, I'm sure he understands that this is an estimate. If he wants it broken down, I'll give you some rough numbers to break it down. And again, these are estimates and it's 70 million on the E&H and 48 with the addition of adult clothing.

**Mr. Swenson:** — Well thank you, Mr. Minister, for those numbers. I was quite content to just get it on the manufacturing and processing industries, not the entire amount because I didn't want to deviate from our discussion because we were moving down this track in this one particular area and it dealt with a number of things that obviously have fairly detailed analysis. So I appreciate that answer.

You don't have much leeway, Mr. Minister, unfortunately, when you make your projections with some people that rate you and can cost you a lot of money. And I suspect that's why the people in your department have got it down to the nearest hundred thousand. They feel that they need to show the folks in the bond-rating agencies that they're dead on the money and they don't want to be out by several dozen million dollars because that does terrible things to your rating and the interest rate that you may potentially pay. So you want to be pretty well on the money.

Given that, Mr. Minister, that you want to be on the money and you've signed . . . you told me \$70 million generally and there was 48 on clothing, I believe. That 70 million, what portion of that accrues to the area that we've been discussing which was that manufacturing and processing area which is where you do your analysis?

**Hon. Mr. Penner:** — Mr. Chairman, none of the 70 million would accrue to that. I'd just like to comment on some of the things the member mentioned regarding the rating agencies and so on. I think the member will agree, if he takes a look at page 30 of the

budget address and reads through some key assumptions, and I think he will agree that the assumptions we've taken there is a very cautious, realistic approach to the price of oil, for instance, and the price of potash. And a cautious approach to the interest rates, who are at short-term 7 and long-term 9 per cent. Obviously these are not definitive. These are assumptions we make and we base our budget on those assumptions.

**Mr. Swenson:** — Well I can appreciate that, Mr. Minister, that you want to be fairly small c conservative when you're dealing with people that lend you money. There's no doubt about that. And I might take issue with some of the numbers here but I guess we'll just have to let them shake out.

But I think the point that I've been getting at is that you have made some very definitive projections here over a four-year period of time — 1993, '94, '95, '96. And you have a fair chunk of money tied up in analysing how you get there.

You've asked for \$4.3 million to do that. You've explained the relationship that you have with the federal government in a number of areas now: that they do a lot of your analytical work for you; that they collect taxes for you; that they do rebates for you.

Now, Mr. Minister, I ask you one more time in this particular area. You have attached a number here to retail sales — 4.2 per cent growth in 1993. Given your analysis that the federal government has provided to you for 1992 when the sales tax rate was at 8 per cent, surely to goodness you could tell me what going to 9 per cent does on this number.

At 8 per cent would it have been at 4.2, would it have been at 4.3, would it have been at 3.9? I mean there's that law of diminishing returns in there some place, Mr. Minister, that somebody came in and said: you can't go there because you'll get stepped on. Okay?

You've had that analysis and I just would like you to share that with us because we've come so far and it would be such a shame for us to stop now when you're so close to telling the taxpayers of this province some of things that they're very inquisitive about. Very, very inquisitive about.

There's all sorts of people ask me the question all the time, you know. I mean what would the difference have been if I'd left it at 8 or at 7 and I done some other things? That's what we want to know from you, Mr. Minister.

**Hon. Mr. Penner:** — Mr. Chairman, the member opposite is referring to page 40, the retail sales of 4.2 per cent. That 4.2 per cent includes the 9 per cent sales tax: 8 per cent for three months and 9 per cent for the balance of the year. I must correct the member opposite again, as I've had to several times now. The federal government collects the data. They do not do the analysis. We do the analysis. They collect the data.

I believe that yesterday the Leader of the Opposition

asked for some people that we had consulted on external forecasts and so on, and I'll just read these into the record so that it'll be known as to whom we have consulted in preparation of the provincial forecasts.

On the international outlook, Mr. Chairman, we consulted the International Monetary Fund, *World Economic Outlook*. We've consulted the Organization for Economic Co-operation and Development, also for an economic outlook. On the North American outlook, we've consulted the Conference Board of Canada, the U.S. Conference Board, Data Resources Incorporated, the Wharton Econometric Forecasting Agencies, the Royal Bank of Canada. On the Saskatchewan outlook, we have consulted again the Conference Board of Canada, Data Resources Incorporated, the Wharton Group and also the Royal Bank of Canada.

**Mr. Swenson:** — Thank you, Mr. Minister. That was an even better list than what your associate gave us yesterday as far as your ability to forecast. So that's good information to have.

There's one other sector or one other component of this that obviously would have a great deal to do with the numbers that you've projected here on page 40 that you would be involved in tracking with and spending this \$4.3 million.

That on the "Saskatchewan's Small Business Climate" you once again on page 57 are talking about, and fairly definitively, about lowering the tax rate from 9 to 8.5 and then to 8 per cent in subsequent years. And you're saying that taken together, these things will lower the small business tax rate by 20 per cent. Okay? So it's a combination of things. Obviously we've got a reduction in the PST and then we've got the 8.79 per cent potentially for eight months on the tax credit, and then we've got this lowering going on here.

So what we've done here is we have come up with a basic package that's going to lower their business tax rates by 20 per cent. And surely when you're going through all these machinations and you're cooperating with the federal government that you would have some analytical results, Mr. Minister, that would show the difference between 9 and 8 or 7 and 8, 7 and 9, that type of thing. I mean I know you track other provinces because you just told me a while ago you did. You watch their budgets. You know what the income tax rate is. You know what the sales tax rate is in British Columbia, and you know what it is in Newfoundland and New Brunswick, so you're tracking all that stuff.

And you're spending a lot of money on correlating the data that the federal government collects for you. You just said that. They collect it; you analyse it. You put your spin on it. You very definitely put your spin on the data that they collect for you, okay.

Now, Mr. Minister, you must have some data given all of this other stuff that you're doing, showing what the

changes would be between 7 and 8, between 8 and 9, or between 9 and 7. I know that you've got that, Mr. Minister, because you've shown me that you are correlating an awful pile of stuff that the federal government collects for you, and you're putting your spin on it.

**Hon. Mr. Penner:** — Mr. Chairman, the member opposite referred to the page 57, Saskatchewan's small-business climate, and obviously what we're trying to do here — and I think it's fairly clearly outlined here — is to give the small-business people in Saskatchewan a break. We've reduced the corporate income tax from 10 to 8 per cent over a three-year period. It's 10 to 9 to 8.5 to 8. That's a 20 per cent reduction, and that's no small feat when you can reduce somebody's corporate income tax by 20 per cent.

As I mentioned to the member before, we do not do an individual analysis of every item, but we do show in totality what the impact of all these incentives will be on page 40. And I think it's fairly clearly indicated what we think the projected forecasts are going to be. In '93, if we do the retail sales, and that's the one we seem to be hung up on right now, 4.2 per cent; '94, 3 per cent; '95, 2.9 per cent; and '96 there's an expectation — and this is a forecast — going up to 4.4 per cent. And this is in totality; this is not giving you the individual ones, because as I indicated earlier, we do not track the individual ones.

**Mr. Devine:** — Thank you, Mr. Chairman. Mr. Minister, you have said in your . . . the Minister of Finance has said on page 57 and page 58 that your objective was to improve the competitiveness of small business. This will, and I quote: this will improve the competitiveness of the Saskatchewan manufacturing and processing industry by reducing the sales tax.

And you've said that you were . . . you've just finished saying that if you could cut their taxes by 20 cents . . . 20 per cent, it would really make them more competitive. And that's no small thing, 20 per cent.

Now what we find in the province of Saskatchewan is two things, Mr. Minister. The general public is concerned with the 29 per cent increase in sales tax — from 7 to 9. That's just the general consuming public. And as we talked about this afternoon, people in Moose Jaw or Swift Current are saying, that's a big jump — 29 per cent in sales tax.

At the same time the business community is echoing what the consumers are saying, and saying look, we think it's rather silly that you'd increase sales tax from 7 to 9 and have this partial break when in fact you could have had 7 cents across the board fully rebated. Business would have been much happier and so would the consumers.

In other words, Mr. Minister, have you done any analysis to show how your 9 per cent sales tax is: (1) better for the consumer; and (2) better for the business community than a 7 cents harmonized sales tax where obviously it's lower for the consumer and obviously

it's 100 per cent rebated for the business community? Do you have any analysis to show why your system is better than the 7 cents harmonized?

**Hon. Mr. Penner:** — Well, Mr. Chairman, I think we have to correct one thing again — I know the member from Estevan was out when I was answering the questions of the Leader of the Opposition — that the manufacturing and processing incentive tax credit as outlined on page 57 is not a sales tax credit; it's an income tax credit. And we cannot mix the two. We cannot put the two together. One is an income tax credit and has nothing to do with sales tax. So I just want to make sure that that's clearly understood.

(2030)

I want to just comment on one other thing. The member talks about the 29 per cent increase in sales tax, from 8 to 9 per cent, and he's asking me if I am concerned about what people say and what people are thinking and how it affects people. Well I think it's almost obvious that everybody's concerned how any tax affects people.

I would just like to remind the member opposite that when he was premier of the province in 1987, he jumped the sales tax from 5 to 7 per cent, which was a 40 per cent increase. And I'm sure he was concerned about how that would affect people in the province, as we were, as everybody else was. So it's not a matter of whether we're concerned or not; it's a matter of having to get the deficit down and get a balanced budget. And we think that this is the way to go.

**Mr. Devine:** — Mr. Minister, maybe you weren't listening when I went through the question. You've complimented yourself on the 20 per cent reduction with this income tax credit and then you went on to say on page 58 that the removal of the sales tax was a big benefit to business.

What I'm pointing out to you is that the consumers are saying the 29 per cent jump in sales tax from 7 to 9, number one wasn't promised; you said you'd never do it, but it hurts. And number two, the business community says that's pretty silly when you could have harmonized the 7 cents across the board and got 100 per cent reduction in sales tax and a much lower sales tax for consumers.

Now what I'm asking you is, why is your system better or why do you think it's making the consumers happier and the business people happier than a lower rate generally across the board, completely in cooperation with the federal government, having them administer it, having them collecting it, so that there's a lower general rate for everybody, and indeed 100 per cent rebate for business?

So if you think it's a good idea, when you eventually say here finally, you're going to phase it out altogether in manufacturing and processing. That's a good idea, so you must know that it's a good idea. Why didn't you just complete the job and do it across the board so you would have major economic incentive in the

province of Saskatchewan plus lower sales tax?

**Hon. Mr. Penner:** — I'd like to comment to the member from Estevan on the direct agents, and he, I think, referred to that on page 58 where we're phasing out the E&H tax on direct agents. It's a very targeted phase-out of a tax and that is to provide an incentive for people who are buying these products to improve their productivity in manufacturing. That's why it's targeted specifically to that group and we make no apologies for that. We think that's the right way to go and we've phased that one out completely and it will be gone in 1994, July 1, 1994.

When the member from Estevan talks about promises, to say that we would never do these kind of things, I must remind the member that I was around in 1982 and I paid attention to what was happening in 1982. And I recall the member from Estevan then camped out on the campaign trail saying to Saskatchewan people: I will reduce your income tax by 10 per cent. And the people of Saskatchewan found out that that 10 per cent reduction ended up with a substantial increase plus a flat tax that was added.

I also recall the member from Estevan on his platform in 1982 saying to the people of Saskatchewan: elect me and I will eliminate your sales tax. Didn't happen. He kept the sales tax at 5 per cent until 1987 and increased it to 7 per cent. I also remember the member from Estevan saying in 1982 that: elect me and you'll never pay gas tax again. Well we had a short reprieve on the gas tax and then it came on higher than ever.

So when we say never, I want to remind the member that he also said never many times and didn't live up to it. What you project at one point may not be possible at another point. What we did not know, how bad the financial situation of Saskatchewan was. It was not obvious until after we had opened the books and the Gass Commission reported. And once that was obvious, it became very obvious to the members of this government that we had to take some drastic measures to get the deficit under control so that we would remain financially viable in this province rather than become strictly a basket case in Canada.

And we are on that track. And if members opposite would take the time to read the budget address, I think they will find that this is a very forward-looking budget which will target expenditures and revenue on a four-year tracking which the people of Saskatchewan are telling me is one of the most important things that they think that any government's ever done in Canada. We have given them a four-year outline. We have put numbers on this and we are prepared to live by those numbers.

I can remember Finance ministers from the previous government promising balanced budgets — every one of them. You had three different Finance ministers; every one of them promised a balanced budget but none of them ever had the courage to put numbers on it. It says, trust me, we'll do it. We have put numbers on this.

We have also indicated that the difficult times that we've had in the first year and in the second year are going to stand us in good stead in years three, four, and five. We're looking four years down the road. They will stand us in good stead because the savings you make early in your term help you in the out years of your term so that you don't have to put taxes on people and you don't have to cut programs because it will track itself.

These are the kinds of things I think that the member from Estevan ought to remember when he accuses us of saying never would we raise a sales tax. The word "never" comes back to haunt people, and in this case I think it's come back to haunt them.

**Mr. Devine:** — Well, Mr. Minister, what we've asked you is to explain, if you're so proud of the fact that you can reduce the sales tax on these agents to zero, these manufacturing and processing agents, and you think that's logical, why wouldn't you think it's logical to reduce them in other industries so that in fact you could have economic development? Why is it only logical in one sector and not other sectors of value added because that's the whole logic behind all the chambers of commerce and the boards of trade from 1991 on and still today who say, for heaven's sakes cooperate with the federal government and balance your budget, provide the tax breaks for business — small business, manufacturing, processing and services — and at the same time provide lower interest rates and sales tax for the consumer.

So I ask the hon. member again: you said you wouldn't have to raise taxes. Now you've raised them. We said why didn't you just . . . If you wanted money and you wanted incentive which you say you want here and you want consumers protected and you live close to Alberta, why is it better to have 9 cents sales tax when Alberta none, than 7 cents when 7 is lower for the consumer and harmonized would provide a 100 per cent rebate for business? Could you have any analysis that you could provide us that would say . . .

Well I'll just start with this. On page 58 you say this is a very good idea; 100 per cent reduction on the agents of processing and manufacturing stimulates value added. If that's true, could you show us the analysis to that state and that statement? Could you show us that? And if we do and if you can, then we'll look at the rest of it.

**Hon. Mr. Penner:** — Mr. Chairman, just in response to the comments and also the question of the member from Estevan, I want to remind him that the direct agents with phase-out came last year already. We started this last year so that's not a new incentive for this year, it's just a continuation of that incentive.

The reason we targeted specific things in our elimination of the E&H, and also the income tax rebate of 8 per cent on the manufacturing, is because number one, that's all that's affordable in Saskatchewan right now. We just don't feel that we can afford any more of those. We think that doing these are administratively feasible, and we think that

by targeting them specifically to those areas we will get the maximum stimulus to get the manufacturing sector of our province going. Those are basically the three reasons: it's affordability; it's the administrative feasibility; and we think we're going to get the maximum stimulus by doing those taxes.

**Mr. Devine:** — Well in terms of affordability, Mr. Minister, would you tell us then why it's more affordable to generate your taxes this way as opposed to harmonization? Would you tell us which way you'd make more money, harmonizing at 7 per cent, or raising your sales tax to 9 and going through this exercise, this convoluted mishmash of targeting?

**Hon. Mr. Penner:** — Mr. Chairman, I think I have tried to answer the member from Estevan's questions as carefully as I can as they relate to interim supply. What we're getting into now, Mr. Chairman, is into Committee of Finance and we're not going to get into that. I'm not going to be led down that garden path. I think we've answered this as far as we're going to answer those particular questions here tonight.

If he wants to talk about the costs of a 9 per cent sales tax versus an 8 per cent versus a 7 per cent versus all kinds of different options, he'll have to take those to Committee of Finance, and I respectfully submit that to the member from Estevan.

**Mr. Devine:** — Mr. Chairman, you'll recall — and we can look up in the record — last year when we did this, and we were cooperative past interim supply, we got into the Committee of Finance, the minister didn't answer them anyway. He absolutely refused to answer and he just stonewalled. So you're not going to get off the hook.

The people of Saskatchewan have now seen the sales tax go up 29 per cent and they're paying through the teeth. They see their income tax go up, their utilities go up, and business has said it's no big break for them; it's doom and gloom, and you say you're not going to answer.

Well it's not good enough, Mr. Minister. Why can't you simply give us the analysis why your system is evidently smarter than 7 cents or 6 cents across the board that balances the budget because it generates more income . . . (inaudible interjection) . . . And the hon. member from Prince Albert says that you can't do it that way. Well let him speak up and explain to the House why a lower tax rate, harmonized across the piece, would not be better than raising the rate 29 per cent. Taking away the senior citizens' heritage program, taking away the drug program protection on prescription drugs, taking away the GRIP (gross revenue insurance program) program, closing hospitals, closing nursing homes, raising utilities, why is all that smarter than just 7 cents harmonized across the board and balance the budget? Why wouldn't he explain that to this House?

If he's done analysis, and he said he's done it, that shows that this provides major economic incentives to the business community, by removing the E&H on

agents of processing and manufacturing, why wouldn't it make sense for agriculture, mining, processing, services, and all of those things combined. He's got to be able to explain that to this legislature and to the public in Saskatchewan.

**Hon. Mr. Penner:** — Mr. Chairman, I indicated earlier that I'm not going to get into the details of this because I think that should be for the Committee of Finance, and I think the chairman has ruled on that earlier, that this type of questions are not to be specific. So I will take the chairman's ruling on that.

The member opposite however wants to insist on getting into the rhetoric here about which is better and which is worse, and sometimes I get the feeling that the member opposite has some rather simplistic solutions to some rather complicated problems. And the rhetoric doesn't solve the problems, and we've heard a lot of rhetoric. But in the nine and a half years that he was premier of this province, we didn't see too many solutions. We had a lot of talk and we had a lot of rhetoric, but the people of Saskatchewan in 1991, in October 1991, rejected your solutions. They said they're not the right ones. And they saw the impact of those solutions that you were suggesting so they rejected those.

And I believe, as the people on this side of the House believe, that the people of Saskatchewan are always right. They're always right. They were right in '82. And I won't deny that. They were right in '82. They were right in '91.

They rejected the policies and the projections that our party put forward in 1982, for whatever reason. But they had their reasons. And they rejected those. And they rejected yours in '91. We're embarked on a different path. But I think we're embarked on the right path, the right path. We're going to have a balanced budget in four years and it is clearly outlined how we're going to get there. We have put numbers on it. And we say to the people of Saskatchewan, and we say to the people sitting opposite, that judge us not by what we say but judge us by what we do in the next three years. And that's going to be the true test of whether we're successful or whether we're not.

(2045)

**Mr. Devine:** — Mr. Minister, what you say today and what you said in '91 are two completely different things. You say the people are always right. The people believed you when you said: no PST; no more taxes; no raising of utility rates; we'll put more money in health and more money in education; and we'll protect seniors. That's what you said. Now you aren't doing that. So people are asking me and my colleagues here to say: what did you do?

Mr. Minister, the reason we're going through this is that the people think that you didn't tell the truth. Because the Gass Commission and other commissions have all said: yes the deficit was approximately \$14 billion; yes you have to have some cuts; and yes you have to have some taxes to balance

the budget.

We proposed in '91, 7 cents across the board and balance the budget. You said no, we don't need to do that; we got a smarter way; you can cut taxes. That's what you said. And you campaigned on the \$14 billion deficit. The whole province knew it was 14 billion and Gass said it was 14 billion. And now you come on and you say: well we were wrong; you got to do it differently. We've got to raise the sales tax from 7 to 9; raise the utilities way up; raise sales tax for business without any tax breaks — and then you identify a small one here.

And you know what, Mr. Minister? You've added a billion and a half to the debt. You went from a \$800 million deficit, then a \$580 million deficit, now almost a \$300 million deficit. You've added 1.5 billion to the debt and you still have a deficit. And you've raised taxes. And you've raised utility rates. And you promised that you would balance the budget and you wouldn't have to raise taxes.

So people are asking the question: why are you closing my nursing home? Why are you closing my hospital? Why did you cancel GRIP? Why is there no more pension plan? Why do seniors have to pay \$800 every two quarters for prescription drugs? You didn't promise that. And the debt is no different from the day that we closed the election to the day that you opened it up afterwards. And the Gass Commission has said that.

All I'm asking you here tonight is, why is your fancy system and all this pain smarter than the 7 cents that you campaigned against? And you know what the truth is? It isn't. If you had to take this to the people in '91 — what you're doing compared to the 7 cents cooperating with the federal government — there'd be no comparison. That's the truce. You make more money. It's more incentive for business.

We've got lists of businesses and chambers of commerce and boards of trade who said, cooperate with the federal government, balance the budget, harmonize this way because we have no sales tax; we're sales tax free for all economic activity in Saskatchewan. Now you can compete with Alberta, compete with the United States, and compete with the others. You said, no we won't need to do that; we'll do it our way.

Well your way doesn't make sense for any business organizations I talked to, in Swift Current or Regina or Prince Albert or any place else, for the potash industry, pulp, paper, livestock, anybody else. So we're asking you, where do you get your numbers? Where do you get the numbers that justify that your way — which still has deficit, still adds to the debt, that has resulted in a BBB credit rating on the NDP (New Democratic Party) shoulders — why is your way smarter than the 7 cents? Harmonized, it's lower; it's across the board.

And if you can't answer that — and you didn't last year — then obviously the answer is you're doing this for

just political reasons. You promised you'd do it differently, so it's going to be different whether you pay through the nose or not. And the people are going to know that. The senior citizens, the public that is watching Saskatchewan television tonight, they're going to know that the NDP is going by no plan at all, just raise rates, cut programs, and cancel. And they've got a bigger deficit than we had, and it's growing because the 1991 budget says we would balance in '93-94, harmonized, and still maintain the senior citizens' heritage program and the pension legislation for seniors and maintain health care. So there's some legitimate questions going on.

You can read headlines like this across the provinces, towns uniting against your legislation. They're asking, they're asking, why are you choosing it to do it this way? Why don't you just explain to the public — and that's what we're asking you here — but why don't you explain to the public why this system you have forecasts more revenue and is better for business than what was proposed in 1991, because it was lower rates for consumers and better for business?

So, Mr. Minister, I don't need, we don't need a political lecture from you on what you left us in '82. You lost in '82 because you're doing the same things you're doing now. You're hitting people. And if there was an election today, you'd suffer the same consequence. You have no compassion for people. Ten years ago tonight, the interest rates were 22 per cent. You've got them at five and three-quarters right now. You've got an exchange rate that's excellent. You've got no inflation, and you're hitting people between the eyes because you said there was a deficit and you campaigned against it. Big surprise.

Ten years ago tonight we said we're going protect people against interest rates, we're going to protect them from the gouging, and from the Saskatchewan family of Crown corporations that were ripping them off like you're doing now. Look at the utility rates. Look what you're doing in utility rates. So it's the same thing all over again.

We got \$3.5 billion of your debt and we ran it at 23 per cent interest rates. You take it at 15 per cent and you end up with \$14 billion in debt that you dumped on the province of Saskatchewan, hidden in Crown corporations. That's what we had, and you've got yourself a little over 5 per cent interest rates.

**An Hon. Member:** — Fantasy figures.

**Mr. Devine:** — Well some members over here, Mr. Minister, say fantasy figures. Your Minister of Finance told us that. That's what you had, 3.5 billion. You try that at 15 per cent for 10 years and see what you get. You get \$14 billion in debt. Even if you balance the current account every year, that's what you left here. That's what you left. And they laugh. Well you can't laugh because that's the figures. And the interest rates were 22 per cent.

Now what we're asking today is, if given those difficult circumstances in the 1980s, at the end of that

day we say, and the end of that decade, we can balance the budget and provide the kind of services you like here in terms of health care and agriculture, why haven't you got any analysis to show that your plan of raising sales tax to 9 and raising income tax and raising utilities and still ending up with an almost \$300 million deficit is smarter than cooperating with the largest government in the country, which is the national government, and balancing the budget?

Are you saying tonight, Mr. Minister, you have no analysis to justify what you've done compared to what consumers and the business community is asking for today, which is lower and harmonized rates?

**Hon. Mr. Penner:** — Well, Mr. Chairman, I'm not going to answer the last question, but I will respond to some of the things that the member from Estevan has said. I won't get quite as excited about it, however, as he did.

I want to remind the member from Estevan, it was his tax policies during the 1980s that got us into this trouble. It wasn't the tax policies of the '70s or the '60s. It was the tax policies of the '80s. It's the way they managed the government, the way they mismanaged the financial situation and the fiscal situation in this province that got us into this problem.

It's interesting to hear the member from Estevan say that the \$800 million deficit in 1990 . . . '91-92 is ours. It was based on his budget. It was based on his projections. And this is a deficit that we do not accept and the people of Saskatchewan do not accept. This was your deficit. It was just one more part of the legacy that you left our children and our grandchildren. And our children and grandchildren will not easily forget the legacy that you left us.

The credit rating downgrade is not ours. It was based on the \$800 million deficit that you left in 1991-92. It didn't come after we put our first budget out; it came before the first budget came out. And it was based on the legacy of deficits that you left us. So I think we have to keep that in proper context.

The member from Estevan says that in 1991 the people believed us. They did. And I think they did the right thing. In 1982 — and I've already gone through this once tonight — the people believed you. And they made a mistake. And we're going to pay for it for the next 50 or 60 years, a mistake that they made in 1982 in electing you and allowing you to run up deficits and a debt that is insurmountable.

It is almost mission impossible to ever get that debt under control. And the member from Estevan and the Leader of the Opposition know that, that it is almost mission impossible to get that debt under control. That's the legacy we're faced with.

The people believed us. The people believe us now, that we've got a four-year plan to balance the budget. And we have laid it out clearly for everyone to see, for the whole of Canada and whoever else wants to look at this. This is for them to see that we have a plan for



four years and we are going to balance the budget.

And we are not just saying this; we have put numbers on it. And I said . . . And I'll say again as I said before: judge us not by what we say, but judge us by what we do. We will accomplish this.

I said this earlier and I'll repeat again: we had three Finance ministers in the '80s, and every last one of them promised a balanced budget. Trust me. At one point when they promised a balanced budget, they came in with a deficit of \$1.2 billion — 300 per cent higher than it was projected.

The next time they said they would balance the budget, it was a deficit of over \$800 million, another almost 300 per cent under-projection. These are the kind of things that the people of Saskatchewan remember.

And when you say you'll balance the budget, there's no credibility, none. There was no credibility in your Finance ministers when they said they'd balance the budget, and there's no credibility when you, sir, say that you're going to balance the budget. The rhetoric that we've been hearing now since 1991 about this wonderful way you're going to balance the budget by taxing people to death and your prospect of saying that the 7 per cent harmonization that you keep talking about is not a tax, people don't buy that.

Why don't you talk to the people that ran restaurants? Why don't you talk to the kids that went and bought ice cream, the kids that went to McDonald's or to A&W? Why don't you talk to these people and see what they thought of that 7 per cent tax? Why haven't you talked to the people that bought used cars? Used car tax seemed to be one of your favourite targets there for a while. You gave it up because the people forced you to back down on that one.

Your policies, sir, have brought this province to its knees. And for you to stand there and lecture us, to lecture anyone, on how to run the affairs of this province is bordering on the ludicrous. Nobody on this side of the House believes that. Nobody in Saskatchewan believes that. And in 1991 the people said in spades that we do not want the policies of the Conservative Party, and we do not want the policies that the member from Estevan was proposing.

He said, we're going to get rid of those policies, and we are going to embark on a new path, a new path where they can see the end to the deficits, and we're going to see some prospects of some growth for the future. That's what the people voted for. We'd love to have that \$850 million that we're putting out in interest payments every year. We'd love to put that into hospitals. We'd love to put that into schools. We'd love to put that into agriculture and farm programs, manufacturing programs.

But when you have to pay 18 to 20 per cent of your budget to the bond dealers of this world, you are strapped to the ground. You have absolutely no leeway. The member opposite knows very well that

our largest expenditures come from health, education, and social services. Those are our three largest expenditures. He knows that very well. If we're going to have to make cuts to pay for that \$850 million, that's where you have to cut.

As the Premier mentioned in one of the question periods, you could do away with all of government, with all of government, and you'd only save enough money to pay the interest for a couple of days. The only place we can cut in this province is in the major areas where we have the high expenditures.

This government takes no great pleasure in raising taxes for people, but we have to do this because of the legacy that you left us and because of the economic policies that you followed. And the people of Saskatchewan will never forget that.

And I suggest that we get off this topic and we get on to something that deals with interim supply.

(2100)

**Mr. Devine:** — Well, Mr. Minister, you have talked at length about what you're going to do and you say, just watch us. Well we are watching, and what you have is larger deficits. Accumulated debt is growing. You abandon a plan that would have balanced the budget in '93-94. And I'll go back and I'll point out to the hon. member . . . back up to the hon. member.

We forecast a \$365 million deficit in 1990, and would the minister check and see if we met that forecast. Yes, we did. Then we forecast 265 with harmonization, which was even tougher. And as the minister likes to say, we had figures and it was written down, 265, which is a tough measure, 7 cents across the board.

And do you know what? This is what you had in economic analysis — Saskatchewan gets an A for economic growth with that budget. Provincial debt level not considered alarming because you had the capacity to balance a budget with harmonization and a big stimulus to the business sector. That's what the rating institutions are saying. That's what they said.

And you came along and you said: no, we'll do it simpler. That's what you said: we'll do it simpler. And we've looked and we talked to the business community and they said . . . And this is the Canadian hoteliers association, the Canadian Federation of Independent Business, chambers of commerce, boards of trade, and others. They said the best way to do it is to harmonize because you'll encourage economic growth, you can balance your budget, and you can provide protection for the consumers because you won't have to raise sales tax to 9 or 10 per cent.

That was the rating institutions at the time, consumers at the time, the economic indicators at the time said our provincial debt level was not considered alarming by the rate institutions because we had a strategy to meet the needs of the province plus the stimulus — not the doom and gloom — the stimulus to provide

economic incentives here so we could grow.

And the minister said well . . . the minister said well but we ended up with an \$800 million deficit. I'll tell you, Mr. Minister, we forecast 265 which was with harmonization — with harmonization, with dividends. And you know what you did, Mr. Minister? You said no we won't do that. We'll just let it all go. We won't implement any of it and I wonder what'll happen. Well guess what'll happen? You won't have the revenue. And then you can say to everybody, oh we opened the books, we didn't do any of this stuff, and look what's here.

And you know what happened to you? The rating institution says well that was pretty silly. You just took the province from an A down to a BBB credit rating because you failed to even do anything. And then you blame somebody else. Then the year later you say well we're going to have to raise taxes; we're going to have to do this. And it was all a political exercise. It was a bloody sham. Just a sham . . .

**The Chair:** — Order. I just want to remind the member that the language we use should be appropriate for the House.

**Mr. Devine:** — Thank you, Mr. Chairman. It was an awful sham. You've ended up now with an \$800 million deficit, which is 500 million more than was forecast with harmonization. Then another 500 million-plus. Now another almost \$300 million. So you got about a billion and a half you've added to the deficit with your plan. And you said watch our numbers.

Well, Mr. Minister, the public are watching your numbers. And you know what they see? They see a mess. They see the credit rating going down, and the debt going up, and taxes going up. People leaving the province. Doom and gloom in the business community. The construction association in here and suing you. Farmers suing you. Pensioners upset. Indian and native people upset. Farmers upset.

We're watching the results all right. We're watching the numbers. We watch the political numbers, the economic numbers, the number of rural hospitals, the number of farmers, and the number of businesses, and the number of cars going west and going south.

So you say watch our numbers. Well, read my lips. We're watching your numbers and people don't like your numbers because: one, they don't make any economic sense; two, your forecasts are out of line. You're not going to make these forecasts. You have no analysis to say you can raise taxes this high and expect to gain economic activity.

**An Hon. Member:** — He's got it. He just don't want to share it.

**Mr. Devine:** — Well if he's got it, he should share it. If he doesn't have it, then you are just playing a dangerous, dangerous political and economic game with the province. Either share the numbers or admit

that you don't have any, and it's just a political agenda.

No, you can't get away in here by saying, well, you've got a magic plan where your deficit's going down. The debt and deficit is going up. Three years ago it was 265, and now you've got it down to 290; plus you've added a billion and a half to the debt.

You should tell the seniors that and the farmers and anybody watching television tonight. The NDP have added 1.5 billion to the debt, and they're raised taxes and raised utility rates, and they tell us that they've got a plan. And their credit rating is down to a BBB.

I think maybe you could remind us again why this plan with your analysis is the right thing to do. And if you have no analysis to show — as my colleague from Thunder Creek said — if you have no analysis to show that your package of raising these kinds of sales tax rates to 9 per cent, a 29 per cent increase in the sales tax rate, is better than what was there, then obviously it's just political because you said, well, I guess we can't do it the way they did because we promised not to. And even though the business community and consumers are saying that that would be the right thing to do, we'll have to do it differently. What my colleagues and I are asking, is do you have any more analysis to show that a 29 per cent increase in sales tax will not hurt the business community and will not drive consumers into the province of Alberta.

**Hon. Mr. Penner:** — Well, Mr. Chairman, the member from Estevan keeps talking about analysis. We have published our analysis on page 40. We have published an analysis which gives an economic forecast for Saskatchewan from 1993 to 1996. So I don't think that we're short of an analysis. That's what we think is going to happen with the taxes and the cuts that we have made in the budget of last year and the budget of this year.

The member from Estevan shows these news clippings, and he doesn't show the date on them, so obviously I suspect that they're fairly old. He's living in the past, living in the past. We're looking to the future. That's the difference between you and us. You're living in the past. You're trying to relive what you thought might be a success story, and it was a desperate failure. We're looking to the future, and we're optimistic about the future.

In '91-92 you brought in a deficit of \$842 million. The member from Estevan obviously has quite a bit of trouble with his arithmetic. He says that our deficit is going up from 600 to 300 — in his estimation that's going up. That's why he was in trouble all the way through the '80s. He said our deficit's going down and it's going down from 400 million to 1.2 billion. The mathematics and the analysis of the member from Estevan are absolutely wrong. We find here a bunch of rhetoric, like I said before, no substance. People don't believe him. And I think, Mr. Chairman, we'd like to get on with interim supply.

**Mr. Martens:** — Thank you, Mr. Chairman. Mr.

Minister, earlier on in the discussion you were talking about the volume of dollars in equalization that the federal government had overpaid the province. And I was wondering just in what area that was. Was that in the area of an overpayment on what they had assumed to be paid with income tax or was that an overpayment on health payments that should come to the province or was it social services or education?

**Hon. Mr. Penner:** — In answer to the member from Morse's question is that the 106 million — I think that's what he's referring to — the overpayment was on equalization based on population. And we'd be pleased to send over — we're just looking for it over here — we'd be pleased to send over Mr. Mazankowski's statement.

**Mr. Martens:** — Mr. Minister, that equalization payment was an overpayment based on the population, on the curve down of the population moving out is what was contrary to the trend that would have been set by the federal government in its analysis on saying the trend is upwards or flat. This volume of money is due to the people moving out of the province and equalization based on the reduction in population.

**Hon. Mr. Penner:** — I'd just like to explain how this population works. In 1991 the federal government adopted a new methodology of calculating the population. It's not just a matter of raw numbers. It's a ratio and if one province grows very rapidly and another one remains stagnant or grows more slowly, the ratios change. And as a result of those changes in ratios, we have had an overpayment in two years of \$106 million.

This 106 million is for '91-92 and '92-93. It's a two-year overpayment and it's because of the methodology. It's not raw numbers. If it was straight raw numbers it would probably be an entirely different equalization payment, but it's a ratio of the population in the various provinces of Canada.

**Mr. Martens:** — Mr. Minister, is this a common occurrence or is this the first time that's ever happened where this overpayment has occurred?

**Hon. Mr. Penner:** — Mr. Chairman, this change in ratios occurs during census time obviously and '91 was a census year. That's why it goes back to '91. So it happened in '81, it happened in '86 and again in '91. I have the numbers here for all the provinces that were overpaid. And in Newfoundland, and I'll give you totals here because I don't want to do it on a per capita basis, but the totals: Newfoundland was 31.2 million; P.E.I. (Prince Edward Island), 25.4; Nova Scotia, 77.6; Quebec, 230.2; Manitoba, 139; and Saskatchewan, 106.4. On a per capita basis, P.E.I. (Prince Edward Island) got the biggest hit, Manitoba got the second, Saskatchewan was third. So this happens after a census year, and those ratios will change again, I assume, after the next census in '96.

**Mr. Martens:** — Mr. Minister, you said that 1981 was the other year that it had adjusted itself. Would you be

able to provide those numbers for us?

**Hon. Mr. Penner:** — Mr. Chairman, I want to repeat again we're dealing with interim supply. We don't have those numbers here. We just don't have them.

(2115)

**Mr. Martens:** — Thank you, Mr. Minister. I recall that number, and I believe it was 130 million. We had to make that same adjustment in 1982 that you are making in 1981. Am I correct on that number or am I . . . Is it 100 million, or was it 120 or \$130 million?

**Hon. Mr. Penner:** — My assistant here has just told me the 1981 figures were roughly 120 million, and the overpayment was due to two things: and one was the census and the other was on the new tax data. There was a new way of tabulating this, and it was repaid over a five-year period at \$24 million a year.

**Mr. Martens:** — Thank you, Mr. Minister. I thought I recalled that as a part of that equalization, and I also recall that . . . I believe I'm accurate, that you mentioned the population but there were other things added into the formula that changed the way the formula worked on the basis of natural resources, and it's not the volume of production out of those natural resources but out of the content of the full volume of those natural resources like the full volume of uranium, all of the oil. It changed the formula because it didn't deal with a use factor. Is that correct?

**Hon. Mr. Penner:** — Mr. Chairman, I will try to answer this question, and then, Mr. Chairman, I'm going to ask you if your ruling that you made earlier this afternoon still applies and whether we should limit our questions to interim supply or whether we're allowed to go far afield right now. I will answer the question.

I answered part of it before and said that there were two components to census and new tax data. And the member is partially correct on the information that he offered here, but basically it was on the strength of the economy. Saskatchewan's economy in 1981 was stronger than the federal government had anticipated or forecast and as a result there was an overpayment.

I'd ask you to rule, Mr. Chairman.

**The Chair:** — The Chair has been asked to rule with respect to the questions that are put with respect to interim supply. I will remind members of rulings that had been made over the years. And I quote in this case from a ruling of May 10, 1990:

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

**Mr. Neudorf:** — Mr. Chairman, I guess this would be on a point of order, pursuant to the request by the Associate Finance Minister. I've been very carefully listening over the course of the evening, the discussions by our leader and by the member from Estevan.

Mr. Chairman, the discussion leaves no doubt but that it was wide-ranging and that it was detailed. It was detailed such as talking about page 57, for example, item 6; page 57, item 4. The minister opposite was discussing in detail these items that I can recall just on the spur of the moment. Now if the minister chooses to answer detailed questions when it is in his favour and when it is in his political judgement expedient to do so, then, Mr. Speaker, why, when he suddenly gets himself into a corner, he can call upon the Chairman to bail him out?

There has to be, Mr. Chairman, I would suggest to you, some consistency here. And if we're going to be delving into generalizations and into specifics from time to time, that is the precedent that has been well established, well established over the years in interim supply, ranging in wide-ranging debate over the years, and we have ample evidence in the material that we have collected on that basis.

So, Mr. Chairman, I would ask you to rule that, although there must be a semblance of order that follows precedent, then we are still well within those regulations and with those guidelines that precedent has built up in this House.

**The Chair:** — Order. I want to respond to the new point of order raised by the member for Rosthern. The Chair does not determine whether a question is in order. It is up to the minister to decide which question the minister wishes to answer. When the Chair is called upon or asked to rule as to the purpose of the committee and generally as to what sorts of questions are in order, the Chair will make that ruling.

But again it's up to the minister to decide which questions the minister chooses to answer. So the point of order is not well taken.

**Mr. Martens:** — I would just make a response to the Chairman's ruling, if I may, and that would be to . . .

**The Chair:** — Order. Members should not debate the rulings of the Chair. I accepted the new point of order from the member for Rosthern. I did not view his comments as debating the previous ruling of the Chair and accepted it as a new point of order. And the Chair has made his ruling and the Chair will not accept any debate or questions on that ruling.

**Mr. Martens:** — Mr. Chairman, and Mr. Minister, when you ask the Chair the next time to make a ruling, I'm going to ask for the Chair to rule you out of order for the very fact that you did not ask for a point of order to ask the Chairman to make that point of order.

And so, Mr. Minister, when you ask for a ruling from the Chair, you needed to do it on a basis of point of

order. And if the Chairman on his own volition responds to that, then I will raise a point of order.

I want to just ask a question, and the reason that I ask the questions about the equalization payment, Mr. Minister, is, on the accrual accounting basis, should the 100 . . . Well the portion of debt accruing to the 1991 year, '91-92, should that have accrued to the year under review? And should the deficit have gone up by that amount in that period of time rather than under the period of time that it is scheduled to come under accrual accounting for this year? The second year, should that accrual accounting have been designated to the previous year rather than to this year as a part of your accrual accounting method?

**Hon. Mr. Penner:** — Mr. Chairman, on the advice that we have received that the amounts of money are properly accrued to the accumulated deficit, and it is a one time charge to the accumulated deficit. That's the advice we have received, and that's what we've done.

**Mr. Martens:** — So, Mr. Chairman, and Mr. Minister, that applies to the accumulated deficit but does not apply to the deficit for 1993-94. Am I to assume that?

**Hon. Mr. Penner:** — Mr. Chairman, I wonder if the member would maybe clarify that question a little bit. There seems to be a little confusion as to what he's asking.

**Mr. Martens:** — The accumulated deficit would get the thrust of the \$106 million, but it would not accrue to your cash-in, cash-out on an accrual basis for '93-94.

**Hon. Mr. Penner:** — I think we have the question right, and if we haven't the member will certainly ask again. What happens to this money, it goes to the accumulated deficit. It is not on the '93-94 deficit; it's the accumulated deficit. Is that the answer you were looking for?

**Mr. Martens:** — So it's everything up to '92-93, March 31, yesterday. That's all in . . . that 106 million goes into that accumulated deficit to that point; '93-94 does not have the accumulated deficit and nor does it appear anywhere in your sheet here for the '93-94 fiscal year.

(2130)

**Hon. Mr. Penner:** — Mr. Chairman, that's correct.

**Mr. Martens:** — Thank you. One other item on that that I'd like to talk about a little bit, and that's the one on page 69. The item just above that is grants, 153 million. Can you tell me whether all of these numbers accrue to the '92-93 year and don't appear in this calendar year. They will all be accumulated to the previous history of the province's financial accumulated debt and from 1993-94, April 1, we start a new accumulated deficit.

**Hon. Mr. Penner:** — Mr. Chairman, the answer again is yes on that.

**Mr. Martens:** — I have another question that I wanted to ask you about the interest on the public debt. You have . . . at no point is it to be voted — and I'm going to ask you some questions about that yet too — but there does not appear to be any money that we have on interim supply appearing for interest on that debt and I'd like to know why.

**Hon. Mr. Penner:** — Mr. Chairman, the interest on the public debt, the \$847.5 million over here, as I indicated earlier in the day, this is statutory by law and these payments are made as they come due. They're not on a one-twelfth basis because these payments don't come due on a monthly basis. So as those payments come due, we make them.

**Mr. Martens:** — So I take it, Mr. Chairman, and Mr. Minister, that in April there are no payments due from the statutory payment on interim supply for April of 1993.

**Hon. Mr. Penner:** — Mr. Chairman, the fact that there is nothing shown here doesn't mean that none of them come due in April. They're just not voted. That's statutory by law and some of them could very well come due in April and we'll pay them as they come due. But they're not voted and that's why they don't show. They simply show as a lump sum figure, an estimate of 847.5 million, and as they come due we'll pay them. And what portion we're paying in each month, I don't have those numbers for you. But they're not voted and that's why it doesn't show.

**Mr. Martens:** — Thank you, Mr. Minister. On the 847 million, that is 112 million more than your estimate of spending for last year. Is that correct?

**Hon. Mr. Penner:** — That's right.

**Mr. Martens:** — Okay. Your anticipated expense is \$112 million on interest for the current year that is over and above what was last year. Your volume of debt increase is \$300 million. In the book that you gave us, you said your long-term debt was at 9 per cent and your short-term debt was at 7.

Can you tell me what the debt cost on an accrual basis of that 112 million, what that accrues to in relation to the \$300 million that you anticipated as the increased volume of debt for the province of Saskatchewan?

**Hon. Mr. Penner:** — Mr. Chairman, I'd say to the member from Morse, on page 55, if he would turn to that page, at the bottom of the page there's a footnote which explains how the interest is calculated — the bottom of the page there. I won't take time to read it into the record. I'm sure the member will read that.

**Mr. Martens:** — Thank you, Mr. Minister, I'll go through that later on. So, just for . . . as you understand it and as the deputy understands it, is that summarized into \$112 million of interest payments that are going to accrue on an accrual basis for 1993-94, based on that 300 or \$296 million.

**Hon. Mr. Penner:** — This may help with the explanation in order to get this clarified. In 1993-94 we show 847.5. The comparable figure in '92-93, using accrual accounting, would have been 776.6. So 735 is a modified cash. The comparable figure to compare to 847 would be 776. It's a difference of about \$71 million, roughly.

The 1992-93 deficit is 592 million, which we've announced. And roughly at 9 to 10 per cent, in that range, runs you anywhere from 55 to \$60 million. And we've taken for 1993-94 the \$300 million deficit, half of that, and that would run you another \$15 million. When you add the 55 . . . 56 million to the 15, you get the 70 million.

So we can't quite use the 735 figure in comparison to the 847 because it's a different accounting method. But the equivalent accounting method for '92-93 would have given you 776, a difference of \$71 million.

**Mr. Martens:** — Okay, that's helped a lot. On page 69, Mr. Minister, you have a \$273 million interest costs in accrual accounting. That is a part of what you just described to me in the whole change in the method of cash accounting to accrual accounting. Is that correct?

**Hon. Mr. Penner:** — Mr. Chairman, I understand from my officials that this is a rather complex thing to explain here tonight. And I say to the members opposite that an invitation was sent out to them on March 11, I believe it was, to attend the seminar with Finance people and they would go through this. This is not something we can do in a few minutes, this is a fairly complicated explanation. And my officials say that if you're interested in having an explanation, they'd be willing to have a meeting with you and explain that particular number to you at a time when it's convenient to you.

**Mr. Martens:** — Thank you. The chairman of our Public Accounts is the member from Thunder Creek, was invited to attend and we had a meeting that was going on at the same time that he was not able to be there. However, if you have an opportunity to do that or could you send an explanation more than just what appears on the bottom of page 55 to go through that. Or do you want your deputy, Mr. Wright, to visit with us about how that works and then explain it to us, and would it be in place, Mr. Minister, for us to communicate that with him?

**Hon. Mr. Penner:** — The deputy of Finance tells me that he and the controllers would be pleased to meet with you or with any number of your people to explain this.

**Mr. Martens:** — Thank you, Mr. Minister. On dealing with the public debt on \$847 million, I want to just talk about that a bit, a bit more as it relates and I see it under the "Authorized by Law." Can you give me a definition of what that is? That isn't a statute. That's your agreements that you have with your agencies and your creditors to make these payments on

agreements. Can you give me a definition of what that means?

**Hon. Mr. Penner:** — What the authorized by law means, it simply means it's authorized by statute. That's in a law. There's a statute; we believe it's under The Financial Administration Act where this is authorized. It was passed in the legislature, so this isn't something that somebody makes up. I could probably compare this to the payments that we make to the Wascana Park, to the Meewasin Valley, to Wakamow, and to the Chinook Park in Swift Current. These are authorized, and they're simply paid out on a regular basis. The interest payments, as we mentioned earlier, are paid as they come due. The payments to the urban parks are not paid on that basis. They're probably paid on a semi-annual basis; I'm not sure how they're paid.

**Mr. Martens:** — The financial Act gives you the authority to borrow. Does it give . . . We don't pass, for every borrowing that you have, a Bill in this Assembly to provide for financing for the government. So my question then becomes: is it an agreement that you've reached with whoever you have the money borrowed from that, at that point in time, that agreement under the financial Act, whatever you call it, that comes due and payable on those accounts on the basis of authority given under the financial and planning Act?

**Hon. Mr. Penner:** — Mr. Chairman, the answer to the question. New borrowings are done by OC, by order in council. We don't have to come to the legislature for new borrowing. But once the borrowing is done, obviously there's a repayment schedule set up. And the interest is simply paid on the dates that fall on that repayment schedule. And that's by statute.

(2145)

**Mr. Martens:** — Okay, I think I understand that. I want to go back to the discussion the member from Thunder Creek had on the agents for — and I just can't find the page here now that it relates to, page 58 — where the direct agents . . . I wonder if the deputy minister and the minister would be able to send over a list of those items that are excluded from taxation. I wonder if that would be available and if he would be able to provide that for us? Maybe not today but send it over. Page 58.

**Hon. Mr. Penner:** — Mr. Chairman, in response to that question to the member from Morse, I've got last year's budget speech here. I don't know, you may not have yours with you, but on page 34 of last year's budget speech. I will read them to you just for the record, but I'm sure you can find them.

Direct agents include (but are not restricted to):

- dies, jigs, moulds, patterns and stencils;
- chemicals which come into direct contact with the product being manufactured; and,
- typeset products, negatives, engravings, artwork and other items consumed in the

printing industry.

That's page 34 of the '92, and the member may want to check that.

**Mr. Martens:** — I'm going to make an observation and have a response on page 57 on the manufacturing and processing tax credit initiative that you've provided.

In meeting with the agencies who very likely would be involved in this — in the construction and the small business, federation of independent business, these people throughout the province, chamber of commerce — they are viewing the changes in the labour laws and the anticipated changes in the labour laws in such areas as deeming to be far more detrimental to the employers than anything that you could provide either in this kind of a tax credit or in any other kind of a tax credit or a moving of the items off of the taxes payable portion for industry.

And so I'd like to have the minister respond to that because I think that we have to take this industry incentive to provide manufacturing and secondary manufacturing and processing in the province, we have to take that and build the framework for this business initiative all into one complete package, and I'd like to have you respond to that or comment on that, Mr. Minister.

**Hon. Mr. Penner:** — Mr. Chairman, I respectfully suggest that this goes under the field of labour legislation and it's really too far afield. I will respond only on the one aspect of it, that this item that he's referring to on page 57 is a manufacturing and processing tax credit. It would not apply to construction, it would not apply to small businesses unless they were specifically in the manufacturing and the processing business. So in general, construction would not be included in that. But I will not range into the labour aspect of this. It's too far afield on interim supply.

**Mr. Martens:** — Okay. Can I ask you what kind of areas are included in the benefits, or who will be having an opportunity to get a benefit under the manufacturing and processing tax credit? Will it be agriculture people who are building a hog barn, or will it be people who are building an alfalfa plant, or will it be people who are building a seed-cleaning plant, or any of those kinds of things? Would they be able to participate in this sort of venture?

**Hon. Mr. Penner:** — Mr. Chairman, I would just answer that question by saying it's manufacturing and process and that can have a fairly wide range. We will be tabling a Bill in the next few days to give the details of this, but at this time I don't have the details.

**Mr. Martens:** — Well I definitely will be looking forward to the details of that because I think that the people of the province need to know exactly what it is that they're involved with there.

I have a question as it relates to reorganization in your first line, and that's Agriculture and Food, on the basis

of reorganization in Crop Insurance and Ag Credit Corporation and in the Department of Agriculture as a whole. How has the apportionment of funding in relation to those entities, how is that going to be delivered in the future? The Department of Finance has the initiative to manage the financing in each of those areas where you have had the amalgamation of those Crown corporations.

The reason I ask the question is this: you take one-twelfth of the payments in crop insurance, and this isn't the period of time generally when crop insurance payments are made. So are you going to move the money into the Department of Agriculture to leave it sit there until the requirements later on some time? Are there payments that are going to be made out of this \$26 million to the farmers? Is that what's going to happen?

Because there's two sorts of things that you have to think about, Mr. Minister. One is the payments by the department and the payments by the corporation. And if the corporation doesn't exist any longer as a corporation but as a Department of Agriculture, a branch in Department of Agriculture, then I'd like to know how you plan on doing that. And can you give me an explanation of that?

**Hon. Mr. Penner:** — Mr. Chairman, the member is ranging into the agriculture field in too much detail, and I'm not prepared to talk about the details. But on page 26 of the blue book, the breakdown for the Department of Agriculture and Food, voted number, \$319.4 million is listed over there and we're asking one-twelfth. And how the Department of Agriculture allocates this is not something that Finance is going to determine. It's something that the Agriculture and Food Department will determine.

**Mr. Martens:** — Yes, Mr. Minister, I understand that. However there are certain functions that occur in relation to the Department of Agriculture that are not an administrative function. They are a payment function similar to what you would apply to payments to municipalities, payments to other agencies in third-party grants. Is the Department of Finance providing to Department of Agriculture the volume of dollars required to make payments in crop insurance on the same basis as they would be in payments to municipalities, urban and rural municipalities. Is that the process that you're going to use? And that's what I wanted to know.

**Hon. Mr. Penner:** — Any payments that are required by Agriculture and Food are either included in this one-twelfth, the 26 million — 26.6 million — or else they're statutory in nature.

Now when we allocate one-twelfth to the Department of Agriculture and Food that doesn't necessarily mean they're going to spend that in the month of April. That is the maximum amount that they will get during the month of April. Once the budget is passed, obviously the whole \$319.4 million is available to them to make payments as they have obligations to do.

**Mr. Martens:** — So then I would assume that under GRIP '92 that there are no payments going to be made in April for farmers who would normally qualify for this payment. Farmers are not going to receive any money in April for payments under the crop insurance '92, GRIP '92.

**Hon. Mr. Penner:** — Mr. Chairman, those questions will have to be directed to the Minister of Agriculture. We're not prepared to answer those on interim supply.

**Mr. Martens:** — Well, Mr. Minister, the Department of Finance, as I understand the Department of Finance and have worked with the Department of Finance for quite a few years, have management control over all of these decisions. And I know that they plan and they have to plan with their borrowings and their repayment schedules on a very systematic way.

And to have you come here and say that the Minister of Finance doesn't know whether he's going to make payments in 1993 in April or May 1 is not a legitimate observation to make. I will say that if he hasn't planned for that already, it isn't the same person that I knew in the last 10 years. That is the way I would put it to you, Mr. Minister.

If the minister is assuming that if we are in this Legislative Assembly in May 1 of this year and another \$26 million comes for agriculture, I will be assuming that the recipients on eligibility under GRIP '92 will not receive their payments either in April or in May. And if it happens in June, they will not receive them in June either. Can I assume that that is the way it's going to work?

**Hon. Mr. Penner:** — Mr. Chairman, the explanation for that question is this: that if those payments are required to be made — and that's the key word here — then if we have to go to another interim supply, if that happens to be the case and we have to do it again, then they will be included in that. In this particular interim supply the most that Agriculture and Food can spend during the month of April would be 26.6 million. But if payments were required by law or through some agreement then they would be included in the next interim supply, if we have to go to another interim supply. If the budget is through by that time, then obviously the entire amount is available to them.

**Mr. Martens:** — That's exactly what I figured, Mr. Chairman, and Mr. Minister. I will assume then that those people who were anticipating payment for GRIP '92 in March will not get it and nor will they get it in April. That's what I'm assuming, because \$26 million would not cover the payments to be made in the Department of Agriculture from Crop Insurance under GRIP.

I guess if you want to provide me the answer in a way that is reasonable, is there a difference on — that's why I asked the question in the first place — is there a difference in how you're going to manage the payments out of Crop Insurance as an entity of the Department of Agriculture rather than as a Crown

corporation in relation to the responsibility it has for payments?

That's the question I want to have you answer, because I'm not sure that what we have here is an answer to a question that I asked you. The \$26 million that is issued here, is that the volume of premium payment that is going to be addressed to the Crop Insurance Corporation, or is the Crop Insurance Corporation no longer in existence?

Those are the kinds of questions we need answers for in order to even begin to start to ask questions on estimates. And that, Mr. Minister, is the reason why we are detailing some of these questions. I know that you have been forthcoming on some of the questions we've asked on accrual accounting versus cash counting because we're making the major changes this year.

So I appreciate the opportunity that we've had to discuss them. But we need to understand as well as you need to understand that the public don't know what the difference is. And many people in the accounting field that we've asked have not completely understood all of the details that you have put together. And therefore, Mr. Minister, we are asking these questions in order to be . . . not to be obstructionist but to know exactly where you're going with your Department of Finance.

**The Chair:** — Order. It being 10 o'clock, the committee will rise, report progress, and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 10:01 p.m.