

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Neudorf: — Thank you very much, Mr. Speaker. Once again it's a pleasure for me to present petitions on behalf of people of Saskatchewan, and I'd like to read the prayer:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

And as in duty bound, your petitioners will ever pray.

Mr. Speaker, petitioners come from such places as Estevan, Torquay, Lampman, and so on, Mr. Speaker. I lay these petitions on the Table.

Mr. Martens: — Thank you, Mr. Speaker. Petitioners that I have a petition regarding have come from Gravelbourg, Palmer, through the south-west part. And the prayer says this:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

As in duty bound, your petitioners will ever pray.

I present these to the Assembly today.

Mr. Swenson: — Thank you, Mr. Speaker. Once again, Mr. Speaker, it's my pleasure to rise on behalf of Saskatchewan citizens and present their names to the Assembly today. I'll read the prayer, Mr. Speaker:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

As in duty bound, your petitioners will ever pray.

Today, Mr. Speaker, I have citizens from the communities of Peebles, Windthorst, Kipling, Glenavon, people all up and down . . . it appears the east side of the province of Saskatchewan, Mr. Speaker.

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, I as well have a petition with respect to the NewGrade Energy Inc. corporate governance and financing arrangements. Mr. Speaker, these petitions come from

the Kindersley, Saskatoon areas, and I note one gentleman is the defeated NDP (New Democratic Party) nominee in the constituency of Kindersley.

The Speaker: — Order. I know the member knows that he's out of order by reading individual names or referring to individual people. The member knows that's not proper. You may continue and read the prayer.

Mr. Boyd: — Thank you, Mr. Speaker:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

And in duty bound, your petitioners will ever pray.

I'll present that now, Mr. Speaker.

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, I'd like to read the prayer on my petition as well:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

And as in duty bound, your petitioners will ever pray.

And this petition is signed mostly by individuals from the community of Gravelbourg.

Mr. Britton: — Thank you, Mr. Speaker. I too have a petition I would like to present today. Mr. Speaker, on behalf of the petitioners I will read the prayer.

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

As in duty bound, your petitioners will ever pray.

These petitioners' names are from the Kelvington-Wadena area, Mr. Speaker. And I would be pleased to lay that on the Table.

Mr. D'Autremont: — Thank you, Mr. Speaker. I too have petitions today. The prayer reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

And as in duty bound, your petitioners will ever

pray.

These petitions, Mr. Speaker, come from the Vonda and Saskatoon areas. I present them now.

READING AND RECEIVING PETITIONS

Clerk: — According to order the following petitions have been reviewed, and pursuant to rule 11(7) they are hereby read and received.

Of citizens of the province praying the Assembly defeat any legislation introduced to redefine the NewGrade Energy Inc. corporate governance and financing arrangements.

ORAL QUESTIONS

Property Tax Increases

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Premier. Mr. Premier, in the first 19 months of your office we've seen your government cripple the economy through tax increase after tax increase. You've increased the income tax, sales tax, gas tax, to name a few. In fact you've increased taxes so much that the average Saskatchewan family will pay over \$3,000 more in taxes this year than it did last year.

And now we are seeing another major tax increase as a direct result of the policies of your government. Mr. Premier, many Saskatchewan home-owners will be paying their property taxes over the next few days, the highest property tax in all of Canada, and they will have seen those property taxes increase by over 11 per cent in one year, thanks to the massive offloading of your government. Mr. Premier, that's an average increase of over \$300 per family.

Mr. Premier, when are you going to stop piling up the tax burden on the Saskatchewan families? When are you going to stop offloading your responsibilities onto property taxpayers?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I want to make the comment to the member opposite from Kindersley that the answer to the question of why the need for tax in Saskatchewan should be better put to those members that sit in the front benches of that opposition. We need taxes to pay interest of about \$800 million a year on the debt that you people brought about in the last 10 years. Now if you translate that to the provincial sales tax, let's use that as one example. At \$70 million per point, we could eliminate the sales tax in total — in total — if it were not for the interest on the debt and have a surplus of close to \$100 million.

An Hon. Member: — Just on the interest.

Hon. Mr. Lingenfelter: — Just on the interest. And you sanctimoniously stand in your place and say, why the taxes in the province of Saskatchewan? Well simply

put, it's to pay for that interest that is piling up and has been piling up for the last 10 years.

Think about it. Totally eliminate the sales tax in the province and have a \$100 million surplus if it were not for the interest on the billions of dollars in debt that you ran up in the last 10 years.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Premier, Mr. Premier, here are some of the things you used to say about provincial offloading onto municipalities and school boards. In April of 1990 you said: the government is passing the buck from Regina right on to the ratepayers and the local property taxpayers. They're cutting back on their responsibilities and loading it up onto the local property taxpayers, and that's wrong. Those were your words, Mr. Premier. That's what you said back in 1990, back when municipalities were still receiving funding increases every year.

Since you've come to power, municipalities have seen their total revenue sharing and capital grants cuts by more than a half. Mr. Premier, you are the one offloading your responsibilities right onto the backs of Saskatchewan taxpayers. When are you going to stop that offloading, Mr. Premier, and heed your own words?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I want to say to the members opposite, there's one line that I remember very well from the member from Estevan, the former premier, who said: the deficits are deferred taxes. You people will remember that comment that he made some years ago. He said deficits are deferred taxes.

And what we are doing today in Saskatchewan . . . And if you watched *W5* last night, everyone in Canada now knows that the deficit in this province, unless we get it under control, is going to break all of us. And that's what we're doing. We're attempting to get the deficit and the debt that your government set during the 1980s, your debt under control.

These are your taxes that you deferred from the 1980s, plus interest of \$800 million. I say again, we could completely eliminate the sales tax in the province of Saskatchewan and have a hundred million dollar surplus if it were not for that cursed \$15 billion debt that you people left to the people of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Minister, in light of all of that then, why did you campaign the way you did, promising everything to anybody that would take the time to listen to you and your campaign promises? You were promising increased spending in education, health care, agriculture, every other area in Saskatchewan government. That's what you were planning on doing.

Your offloading has increased property taxes by 11 per cent this year alone, and municipalities are saying next year will be even worse. Mr. Premier, when your government is offloading responsibilities onto local taxpayers, when your government is decreasing funding, increasing costs to municipalities, do you even consider the impact of the actions that you are taking on property taxpayers in this province? The average Saskatchewan family will pay \$3,157 in property taxes in 1993 — \$400 more than the next highest province, Ontario.

Last year your offloading resulted in 11 per cent tax increase, property tax increase, Mr. Premier. Can you tell us how much more of an increase it will be in 1994?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I want to indicate to the member opposite, just to get the record straight, what we campaigned on in the last election. I have here the card that went out to thousands of homes in Saskatchewan that says clearly:

First Things First — Common Sense Financial Management

Open the books . . .

A comprehensive review of all PC privatizations . . .

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

That was our plan, that is our plan, and we're on track.

But what I want to say to you, to the member opposite, that he should get in touch with Senator Berntson to get the real reason why we are in the position we are in. I want to quote from *Hansard*, February 3, 1988, the Hon. Mr. Berntson; this is from a Crown Corporations Committee. And he says, and I quote. I want it to be accurate, and I'll read it:

I think that (what) can happen here as well. (Doesn't make . . . not good English, but then that was a problem.) We're going to do what we can (do), though, to make it very difficult for you people (referring to the NDP in opposition) to take it over again when you get back into power, if that ever happens, because our desire is to have these things as broadly distributed as possible so that it's very difficult for you folks, if you should ever get back into power.

That's the line. That was the plan. Now I can tell you . . .

The Speaker: — Order, order. Next question. Next question.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. That seems to be the problem with this government; they're more interested in discussing what happened in the past than they are with what their plans are for the future of Saskatchewan. The people of Saskatchewan are interested in what you are going to do to them in this province.

You don't seem to think that your offloading has any bearing on local ratepayers. Let's just refresh your memory a little bit. Next year's revenue sharing is going to be cut by 8 per cent. You're offloading 7.5 per cent in SAMA (Saskatchewan Assessment Management Agency) funding. You're already taking away millions of dollars in municipal fine revenues. New environmental regulations are going to cost municipalities millions more. Bill 55 and 56 are going to cost municipalities millions more again. Funding cuts and increased teacher salaries are going to cost school boards millions more. And worst of all, you are offloading your responsibilities for health care by offloading core services at the same time you refuse to repeal the hospital revenue tax.

Mr. Premier, when are you going to stop offloading your responsibilities, and when are you going to start paying some attention to the damage your policies are creating to Saskatchewan people?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I want to say to the member opposite that, oh, if we could only forget those years between 1981 and 1992. Many people would like to forget it, but it's impossible to forget because there's \$15 billion that hangs in the balance as a result of that history. And as you know, those people who don't understand history, the Tory history of this province, would be doomed to repeat it, and that's why it's very important for the public not to forget it even though you will urge them to forget that mess you left.

I want to say to the member opposite that this all started back when your previous leader, the member from Estevan, went to New York and said that Saskatchewan is so well off that I can afford to mismanage it and still break even, as well he did. But he proved himself wrong — there isn't a province around that can stand that kind of mismanagement, and it led to \$15 billion in debt. That's why the strategy to get out of debt and to get this province back on target. And that's what we're doing.

Some Hon. Members: Hear, hear!

Court House Closures

Mr. Toth: — Thank you, Mr. Speaker. As we've noted time and time again, the government certainly likes to be very selective in what they refer back to. I remember a comment made by a former minister of Health a number of years ago where it talked about . . . I think the comment was, waiting-lists are a sign of an efficient health system. And at that time there was a lot

of hurt taking place in the province of Saskatchewan, and again we see additional hurt. And where's the hurt coming from? — coming from an NDP government.

Mr. Speaker, as my colleague has just indicated, there is a further attack on property owners in Saskatchewan communities, and this continues. My colleague outlined the offloading of services and taxation being heaped on towns, villages, and cities in rural Saskatchewan. Mr. Speaker, not only are the government increasing taxes and utility bills, the government is drastically reducing their services, closing facilities, and cutting jobs.

Mr. Speaker, when you just think about it, the former government's policy of . . .

The Speaker: — Order. Does the member have a question? I want the member to put his question now.

Mr. Toth: — Mr. Speaker, the member does have a question. My question is to the Minister of Justice. Mr. Minister, last year you closed judicial centres in 10 rural communities; in today's orders in council, I notice you plan to close the centres in Shaunavon and Gravelbourg on July 1.

Mr. Minister, can you tell me how many people will be affected by those further closures?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — The member is correct that the court houses at the two centres were scheduled for closure and have in fact closed. I don't have the information with me, but I believe that the job losses is something like 1.5 person-years.

Some Hon. Members: Hear, hear!

Mr. Toth: — Thank you, Mr. Speaker. Mr. Minister, I find it truly amazing how little your government knows or cares about our small centres. People are hurting in rural Saskatchewan; people are struggling to live there. Hospital closures, school closures, bus routes gone, farm safety net programs gone, SaskPower offices in jeopardy, and now more provincial court circuit points gone. In fact it just appears to be a death by a thousand tiny cuts to rural communities.

Can you tell us how many other judicial centres you are planning to close in addition to these two? How many other communities will have another tiny cut, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. Mitchell: — We have no such plan, Mr. Speaker. I might mention that the two centres that were closed had arrived at the point where they were very, very lightly used. Neither of them have a resident judge and hardly any trials take place there at all. Any business that is transacted from that judicial centre — those two judicial centres — for the most part was

being conducted on the telephone with a judge sitting in Moose Jaw or Regina. And it just didn't seem to be worthwhile to try and maintain those court houses. And for that reason, they're being phased out. But there is no other plans such as the member suggests.

Some Hon. Members: Hear, hear!

Mr. Toth: — Mr. Speaker, the minister has indicated there is no further plans. And it seems to me the other day the minister . . . one of the other ministers also indicated that there were no further plans — I think it was Energy and Mines — regarding further closures and of SaskPower services in rural Saskatchewan.

And I just want again to ask the minister: are we going to find out after the House closes that indeed maybe there were further plans, Mr. Minister? Can you confirm that there are no further plans, as you've already indicated? Will you make a firm commitment that you won't make plans after the House closes to put further closures, Mr. Minister?

Hon. Mr. Mitchell: — There are no further plans, Mr. Speaker.

Some Hon. Members: Hear, hear!

Inflation Rate

Mr. Swenson: — Thank you, Mr. Speaker. Mr. Speaker, my question today is to the Premier.

Mr. Premier, we've seen how your high taxation policies are driving economic growth and jobs out of this province. Now usually when we get into that situation, Mr. Premier, in a stagnant economy, such as your government has brought to us, benefits such as low inflation usually help out citizens. Under your economic policy we get to experience the worst of both worlds — zero growth and high inflation.

Mr. Premier, Regina's inflation rate of 3.4 per cent is the second highest in Canada, and both Regina and Saskatoon are well above the national average. When are we going to realize in this province, when is your government going to realize, Mr. Premier, that high inflation and a low growth rate are a direct result of your taxation policies?

When are we going to see your government to start taking some action which will increase the real incomes to Saskatchewan families instead of decreasing it?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I want to indicate to the member that when he refers to the inflation statistics for Regina and Saskatoon, really you have to look at the underlying reason for inflation, the large part of which, or at least part of which, is the debt of the province of Saskatchewan.

I wanted to say as well though, Mr. Speaker, to the members opposite, that if you look at the economy in

Regina and compare it to the rest of the cities across Canada, the unemployment rate in Regina is 8.3 per cent — the third lowest, I believe, in Canada. It's not a bad place to live. In fact I think if you talk to the Regina Economic Development Authority, they are going to be very disappointed at this incessant whining and snivelling by the members opposite about how terrible a place it is to live in Saskatchewan.

In fact in today's paper the headline is: "Success hints at better times ahead." This is based on the Farm Progress Show where the international . . . (inaudible interjection) . . . I wonder, Mr. Speaker, if we could have some order in the House or whether the members are just going to shout from their seat.

But the headline in the paper is: "Success hints at better times ahead." And it goes on to indicate — and I want to quote — that they are predicting that the rural economic development in Saskatchewan is improving and is turning around. And I want to quote:

"I think we are experiencing a rural economic turnaround not only in the farm economy, but (in) the entire rural community," says David Fiddler, manager of the show.

And he talks about how many more people are at the show and the improved economic development in the province of Saskatchewan.

That, tied with the lowest unemployment rate in Canada, one would wonder why the gloom and doom by that rump party opposite.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Thank you, Mr. Speaker. My question will be to the Minister of Economic Development, seeing as the Premier doesn't find this very important.

Mr. Minister, if you walked around that show as I did — and I'm sure you did — you would have realized that there was an awful lot of people there from outside of Saskatchewan, in the same article. And I would suggest to you that farm progress stopped in this province when you became the government.

Some Hon. Members: Hear, hear!

Mr. Swenson: — I can see why the minister doesn't think that 3.4 per cent inflation is a big problem, because they just gave a bunch of ministerial assistants 30 and 40 per cent raises.

But I would suggest to you, Mr. Minister, if you are one of the 12,000 people on the welfare rolls, Mr. Speaker, since this government came to power, you would find 3.4 per cent inflation something to worry about. And if you're a farm family with a net income of around \$5,000 this year, you would find 3.4 per cent inflation something to worry about. If you're a senior citizen living on a fixed income with all of your rates going up, Mr. Speaker, 3.4 per cent is something that you worry about.

Now as my colleague from Kindersley pointed out and the minister seems to take light of, the very fact that Saskatchewan property owners, families, have a \$3,000 a year increase in their property taxes, Mr. Speaker, means that 3.4 per cent inflation is something that you worry about.

Mr. Minister, when are you going to realize that it's your taxation policies that are giving these people the inflation they have to worry about? When are you going to do that, sir?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, it's that very simplistic analysis that the now Leader of the Tory Party uses that got us into the problem we are presently in. He says it's taxation that is causing the inflation. And then he doesn't go on to say and the reason the taxation is high here is because of the \$15 billion debt that we built up over the last 10 years when things were in fact better.

Now I'll make a deal, and maybe what we can do is offer you a deal. I will not mention your record during the rest of this question period if you get up and apologize for the fact that you ran up \$15 billion in debt that is causing the problem.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Thank you, Mr. Speaker. My question to the same minister. Mr. Minister, what we would like you to do is keep the deal that you promised in the fall of 1991

Some Hon. Members: Hear, hear!

Mr. Swenson: — You made a deal. Your Premier said, no PST (provincial sales tax). Remember it — \$200 million — it's gone. More for health, more for education, more for agriculture. Do you remember, Mr. Minister, the deal you made with the farmers? You got on a plane and you went to Ottawa and you said, I'm going to bring home a bunch of money. Mr. Minister, instead of a deal, instead of a deal what we got was a broken promise.

And now, Mr. Minister, we've got inflation rates such as 7.7 per cent, Mr. Speaker, in Saskatoon, when the national average is 0.4, on clothing. We've got 4.2 per cent inflation in transportation in Regina, when the national average is 2.6. Food, 4.3 and the rest of the country, it's below zero. Mr. Minister, when are you going to keep the deal that you made with Saskatchewan people in October of '91?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, the member opposite still is refusing to accept the fact that the reason the tough decisions are being made in this province — I say even though people across Canada understand and people in Saskatchewan know — the tough decisions are being made as a result of your

debt.

But within two questions the minister . . . or the member has flipped from saying there's too much taxation to now saying what we need is more taxation. Now this inconsistent leaps in the cogs of the mind of the member opposite is the part of the reason why we are at this difficult point in Saskatchewan we find ourselves at. It's true there is a \$15 billion debt. The question is, what do you do with it? Do you continue to hide your head in the sand the way you did for 10 years? Or as the member from Souris-Cannington did when he was in government saying, we are going to use the scorched earth policy in this province so that no matter who gets elected, the province will be ungovernable. That's what Senator Berntson said and we are now dealing with that issue.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Thank you, Mr. Speaker. Mr. Minister, the problem is the choices you make, the choices that you make. It's the 30 and 40 per cent increases to your assistants. It's all of the Premier's friends that we've seen appointed to government. You know, they all come with about a hundred thousand dollar tag attached to them, Mr. Minister. It's those choices, when you said you wouldn't do it.

Mr. Minister, when your government decided that it was going to attack rural Saskatchewan to make sure that rural Saskatchewan paid their political debts to you, you took away the ability of this province to generate income and pay its bills, Mr. Minister. When are you going to get off the political agenda because you couldn't fulfil your promises in '91 and move on to making economic development happen in this province without taxing us to death? When are you going to do that, sir?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — What always surprises me, Mr. Speaker, is the audacity of that member to get up and talk about economic development and what they would do if only the people of the province hadn't unceremoniously kicked them out in 1991. The people of the province said they didn't like your style of economic development. Billions of dollars for projects like the Rafferty. You remember the Rafferty? The Joytec and Supercart? You remember the GigaText? You remember the Pocklington deal of \$20 million in grants to that deal?

I say to the member opposite that if they believe the public is going to trust them in terms of economic development, they are sadly lacking until the day comes when they first admit the mistakes they made between 1982 and 1992. You just have to admit that you were wrong.

All one has to do is go down to the Rafferty dam if you want to use the best example of Tory economic development, and look at that boat ramp up on the side of the hill that people come and marvel at as they drive along the

bottom, in the dust bowl along the bottom and gaze up at the boat launch. They know what Tory economic development is about and they don't like it.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Mr. Speaker, a question to the same minister. What's obvious here, Mr. Minister, is the fact that your government is a dismal failure because the numbers are in. The numbers are in and Saskatchewan families are suffering an inflation rate for one reason only, and that's because of your government's policies.

Mr. Minister, you can't stand in here and give the Harris speech. I mean your Premier goes off to New York and the things that you just rattled off in condemnation he stands up, and I repeat again, Cargill, Hitachi, IBM, Northern Telecom, Weyerhaeuser, he goes through the whole litany when he's in New York and he says these are wonderful things we have in our province. You can't stand in this legislature and give the Harris speech, Mr. Minister, just to get your feet from the fire.

Now, Mr. Minister, the fact is, and you haven't answered yet: why is the inflation rate so much higher for Saskatchewan citizens compared to all of the rest of Canada if you're doing such a great job? Why is that, sir?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Well I want to say to the members opposite, when they talk about economic development and you talk about Saskatchewan, you're missing the point that we now have an unemployment rate in Saskatchewan, this 7.3 per cent — 2 percentage points below any other province in Canada. Doesn't matter . . . (inaudible interjection) . . . No that's not true, it wasn't always that way.

I want to say to the members opposite that if they would look and talk to people out at the Farm Progress Show they would know there's a great deal of optimism. Those of you who were at the oil show in Weyburn — and a couple of you were there — great optimism in gas and oil in the province of Saskatchewan. Now there are problems. There are problems.

The biggest single problem is \$15 billion in debt arrived at as a result of GigaText, Rafferty, Joytec, Supercart, High R Door, Peter Pocklington, and the list goes on and on. I say to the members opposite that if you expect the public to trust you, you really should get a handle on the fact that they still have not forgiven you for the mistakes you made in the 10 years you were in government. Admit you were wrong and you may work your way back up.

Some Hon. Members: Hear, hear!

MINISTERIAL STATEMENTS

Reopening of Fort San Training and Convention

Centre

Hon. Mr. Lautermilch: — Mr. Speaker, I rise to inform the Assembly of a further example of this government's *Partnership for Renewal*. The Echo Valley Centre or Fort San holds a special place in the hearts and the minds of many Saskatchewan people, Mr. Speaker, so it gives me great pleasure to announce the reopening of Fort San training and convention centre.

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — An anchor tenant, Mr. Speaker, is critical to the success of the new Fort San.

Mr. Speaker, the Department of National Defence has recognized the tremendous potential of this facility to serve its training needs. I'm therefore pleased to announce the cooperative effort between the province of Saskatchewan and the Department of National Defence to relocate the western Canadian sea cadet training program from Gimli, Manitoba, to Fort San.

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — Mr. Speaker, on July 1, 1993, one week from Thursday, approximately 250 cadets and their officers will begin their two-month session at Fort San. It will be the first of a long-term commitment — a minimum of five years — between the DND (Department of National Defence) and the Government of Saskatchewan.

The fact that the Defence department picked Fort San as an ideal base for the sea cadet program is evidence of how working together we can achieve success. They would not have chosen Fort San if they did not have the support of the community, the native people of Star Blanket, and the many heritage groups who fought so hard to preserve this historic site.

Mr. Speaker, another government might have lost out on this tremendous opportunity to create jobs for Saskatchewan people and to stimulate our rural economy, and at the same time retain government interest. We have captured this opportunity, Mr. Speaker, and as a result, today 43 people are working at Fort San in preparation of the sea cadet arrival.

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — And, Mr. Speaker, more jobs will be created and maintained as a result of the more than \$2 million of projected spin-off to the local economy. This is good news for the valley, and good news for the province.

Mr. Speaker, I want to thank my colleague, the member for Qu'Appelle-Lumsden, who chaired the advisory groups that brought together the official groups from Fort Qu'Appelle, the Star Blanket Reserve, the various heritage groups, and the union representatives. That advisory group told us any solution had to involve the community and not be a

further drain on the public purse; it had to be financially viable.

Mr. Speaker, I'm pleased that in addition to finding a new use for the historic property, Fort San will be financially viable when fully operational and there will be no net cost to the taxpayer. Mr. Speaker, this is part of Saskatchewan's new spirit of renewal and representative of the government commitment to the partnership with Saskatchewan people.

In conclusion, Mr. Speaker, we took a losing proposition, fundamentally re-examined it, and with the cooperation of many local groups, we found a solution that is economically viable, retains Crown ownership, and produces economic, training, and community benefits. Mr. Speaker, this is a vivid demonstration of Saskatchewan's *Partnership for Renewal*, the Saskatchewan spirit at work. Thank you very much.

Some Hon. Members: Hear, hear!

Mr. Swenson: — Thank you, Mr. Speaker. Mr. Speaker, I would like to also pass on my congratulations to the people of Fort Qu'Appelle and area that have obviously worked very hard to put together an accommodation that keeps the historic Fort San functioning in Saskatchewan. One only has to live in this province and know someone that's spent time in that particular institution while recovering from tuberculosis . . . knows that it is a historic part of our heritage here and that all people would like to see it continue on in some form or other.

I would also like to congratulate the federal Minister of Defence, the Prime Minister to be, for working with the province of Saskatchewan and Fort Qu'Appelle in bringing this about. And that, I think, is a positive aspect for that particular new Prime Minister, to present Saskatchewan with something such as this in the beginning days of her prime ministership; now in contrast, Mr. Speaker, to the leader of the federal NDP who would have shut the Defence department down a long time ago and we wouldn't have had this opportunity.

So it's nice to see the provincial New Democrats working hand in hand with the Minister of Defence and now Prime Minister to bring about what is something unique for Saskatchewan, to have a sea cadet training area here when we are a land-locked province. And I think hat off to Ms. Campbell for her diligence in working with these New Democrats and pulling this about.

Some Hon. Members: Hear, hear!

The Speaker: — Why is the member on her feet?

Ms. Haverstock: — I'd like leave to make comment, if I may.

Leave granted.

Ms. Haverstock: — Thank you, Mr. Speaker. I would

just like to commend all of the people involved in this. Gimli, Manitoba's, loss is Saskatchewan's gain. And I do think that it really is a great pleasure for people who have participated in the retreats at Fort San; not only, as the Leader of the Official Opposition has stated, that there are historical stories from Fort San, but there have been many, many stories created at Fort San because it's been a writers' retreat and very well-known and important Saskatchewanians such as Lorna Crozier and Patrick Lane, Gertrude Story, Anne Szumigalski, have all written many, many stories from Fort San. It is indeed good news, not just for the people of the valley; it's good news for Saskatchewan.

Some Hon. Members: Hear, hear!

CONDOLENCES

Hon. Mr. Romanow: — Before orders of the day — I believe this has been arranged with the leaders of the other party — I would seek leave of the Assembly at the conclusion of a few remarks to move a motion respecting the Assembly paying tribute to the memory of the late Honourable Frederick William Johnson, 16th Lieutenant Governor of the province of Saskatchewan.

Leave granted.

Hon. Mr. Romanow: — Thank you very much. Mr. Speaker. Mr. Speaker, we were all saddened and I might say certainly in my case shocked by the untimely passing of Frederick William Johnson, 16th Lieutenant Governor of the province of Saskatchewan who died on June 20, 1993.

Frederick William Johnson came to Canada with his parents as a child at an early age. He was born in England in 1917. Prior to the Second World War, he was a school teacher in the Balgonie district and in Grenfell, Saskatchewan. He joined the Canadian Armed Forces in 1941 and served overseas in Normandy, Belgium, Germany, and Holland with the artillery battery from Moosomin. In 1946 he was discharged with the rank of major.

After the Second World War, Mr. Johnson came back home, and he took his law degree at the University of Saskatchewan and practised thereafter law right here in the city of Regina. Although he was a busy practitioner, he found time to be active in what turned out to be a lifetime of community work. He found time, for example, to be elected trustee of the Regina Public School Board for two consecutive terms, beginning in 1956. And in memory of his recognition there, later a high school would be named in his honour.

In 1960, Mr. Johnson was elected as a bencher of the Law Society of Saskatchewan, which is of course the governing body of the legal profession. And then in 1963, he was named a member of the council of the Canadian Bar Association on a national level.

In December of 1963, he was appointed Queen's Counsel. After serving another term as provincial

bencher in 1964, he was appointed chairman of the royal commission on government administration in Saskatchewan to examine government reorganization in the province, having been appointed by the former premier, the late W. Ross Thatcher.

In 1965, Mr. Johnson was appointed to the Court of Queen's Bench. In fact, I believe that my first contact with Mr. Justice Johnson, as he then was, was during this period when I had the obligation of defending a client on a charge of murder. It was my first defence of this magnitude and the Justice was Fred Johnson, who presided, as I now recollect back, with the kind of civility and courtesy and firmness which characterized his years on the bench. Later — 12 years later — he was elevated to the position of Chief Justice of the Court of Queen's Bench in the province of Saskatchewan.

As I say, while serving on the judiciary, he was noted for his compassion, his civility, courteousness, and respect for the truth, which of course is the ultimate purpose of any court proceeding — to get at the truth.

At that time, as life would have it, when he was Chief Justice, I was the Attorney General for the province of Saskatchewan. And so our paths again intertwined in regular and frequent meetings concerning the administration of the court and the obligations of the court and the requests that he would make on the Attorney General and the Attorney General's office, in his capacity as Chief Justice.

(1445)

We had many interesting problems to deal with. To me, the one that sticks out the most was the initiative of the government of the day that I was very honoured to introduce, and that was the merger of, what was at that time, the district court with the Court of Queen's Bench — amalgamating them and making it one Court of Queen's Bench.

This clearly was a somewhat controversial move, I would say, amongst some members of the judiciary and certainly amongst some members of the Bar and perhaps even some members of the public. But Fred Johnson realized its worth and he immediately took to heart the task of convincing his colleagues that it should work; that it was in the best interest of the administration of justice, and he sold it.

More than selling it, he made it work in his position as chief judge. This was, in my judgement, one of the most significant legal reforms in the province of Saskatchewan again to be associated by the name and with the name of Fred Johnson.

As I indicated earlier, throughout his very active life, Fred Johnson was extremely busy and active in community service work. Together with a small group of Regina citizens for example, he spearheaded the Centre of the Arts planning and building committee as part of the city of Regina centennial project for 1967. And we now have of course the very wonderful Centre of the Arts in the Wascana Centre Authority.

In 1971-1972 he was chair of a committee established by the minister of Public Health to study the cancer care issues and problems pertaining to cancer care in the province of Saskatchewan. The implementation of a large number of the recommendations from that report by Fred Johnson has greatly benefited those who suffered and are still suffering from cancer and benefited their families as well.

In the mid-1950s he was deeply involved with the organization of an umbrella association for care homes for senior citizens. And that provincial organization still continues as the Saskatchewan Association of Special Care Homes. And later he was very active in the organization of the Clare Parker House, a group for physically challenged young people.

So as you can see, this was a person who was very, very active in a very productive and positive way to the activities and the needs of his community.

For almost 40 years he and his wife Joyce were members of Westminster United Church. And during this association Mr. Johnson held key positions in all the committees of that church and continued to serve as an active elder right up to his death. He also was a member of the advisory board of Martha House for a number of years. And was an active member of the Salvation Army advisory board, also here in Regina.

I suppose in some ways the culmination of this very outstanding, sterling career of devotion to public service came in 1983 when Mr. Justice Johnson was appointed as His Honour Lieutenant Governor for all the province of Saskatchewan. Being the representative of the sovereign here in this province from 1983 to 1988, he enhanced and strengthened the position of the Crown, the role of our parliamentary system of democracy in this province at a time when all Canadian institutions were in question and to some extent still remain in question. He demonstrated in his role here a keen understanding of the subtle but vital duties, functions, both constitutional and ceremonial, both legal and ceremonial, as the monarch in Canada and as the Queen's representative in this province.

Fred Johnson also served as the first chancellor of the Saskatchewan Order of Merit in 1985. He ensured the success of the new provincial honour by his wise counsel, his independence, and his firm support. And fittingly, he received the Order himself in 1991, in November of 1991, and he was made an Officer of the Order of Canada in 1990.

Now, Mr. Speaker, throughout this very active citizen's contributions stood his gracious, intelligent, and attractive spouse, Mrs. Joyce Johnson. Much can be said about her. I would simply like to say that in my judgement the highest tribute to a relationship that I can give is that they complemented and supported each other, no doubt in the good times and the bad times, but in all of their various activities.

They put people at ease. I know this from my personal experiences. In fact last night when I found out about this sad loss when I was in Saskatoon, my wife Eleanor and I were reflecting back about the number of occasions when Mrs. Joyce Johnson — not that Fred Johnson wouldn't — but if there was a little bit of a glitch in the ceremonies or the proceedings, how she would make you feel very much a part of the proceedings. Gracious, intelligent, attractive, and strong. I spoke to her this morning and she shows that strength and that grace which has made her such an important part of the Johnson family.

Mr. Speaker, I want to close by saying we have here in Fred Johnson a person who demonstrated above all — above all — his commitment and love for Canada and for Saskatchewan. A commitment and a love for Canada and our province, our people, our institutions, our opportunities. We have here a person who had a zest, a love of life, which matched if not surpassed his love for Canada and the province.

He was forceful, he was determined, he was honest, he told it like it is and was. He was friendly and witty. He was in many ways larger than life. He'll be very sorely missed by those of us who met him and knew him. There are thousands in the province of Saskatchewan who have had that experience. He'll be missed by us.

On behalf of the Assembly, on behalf of the government of the province of Saskatchewan, and I would say on behalf of the people of the province of Saskatchewan, we pass on our deep regrets and sorrow to Joyce Johnson, the family, to tell them that we're thinking of them in this moment of sorrow.

And so therefore, Mr. Speaker, I would like to move, seconded by the member from Thunder Creek, the Leader of the Opposition, by leave of the Assembly:

That this Legislative Assembly unites in paying tribute to the memory of the Honourable **Frederick William Johnson**, 16th Lieutenant Governor of the province of Saskatchewan, who died June 20, 1993.

Mr. Johnson was born February 13, 1917 in Sedgley, Staffordshire, England but moved to Canada when he was 11 years old. After graduating from high school, Mr. Johnson attended Normal School in Regina. He qualified as a teacher in 1935 and took a position at the New Ontario one-room school near Balgonie. Two years later he moved to Grenfell where he taught until the Second World War began in 1939.

Mr. Johnson joined the militia and, until being called to active service, he attended the University of Saskatchewan. In May 1941 Mr. Johnson was accepted into the officer training school at Victoria, British Columbia. He was commissioned as a second lieutenant in the Royal Canadian Artillery Regiment and served overseas until being demobilized in 1946.

When discharged, Mr. Johnson had attained the rank of staff major.

In 1946 Mr. Johnson enrolled in the College of Law at the University of Saskatchewan. He earned a Bachelor of Arts in 1947 and graduated with a law degree in 1949. During his articleship in Regina, he married Joyce Laing of Stockholm, Saskatchewan. In 1950 he was admitted to the Bar and practised law in Regina for the next 15 years.

In 1963 Mr. Johnson was made Queen's Counsel and in 1965 he was appointed a Justice of the Court of Queen's Bench for Saskatchewan. He became Chief Justice of that court in July 1977.

Mr. Johnson was involved in his community's affairs and served on numerous boards and committees. Since the 1950s, he was involved in the creation and operation of special care homes for senior citizens and group homes for handicapped youth. Beginning in 1956, he served two terms as a trustee on the Regina Public School Board. Mr. Johnson was an unsuccessful candidate in the 1960 provincial general election and in the 1962 federal election. In 1964, he was appointed as chairman of a Royal Commission which studied government administration. Mr. Johnson was also chair of the Regina Centennial Project Committee which worked towards the construction of the Centre of the Arts. In 1971 and 1972, Mr. Johnson served as chairman of a government committee which studied cancer care in the province. From July 6, 1983, until September 7, 1988, Mr. Johnson served with great distinction as Lieutenant Governor of the province of Saskatchewan. In November 1991 he was bestowed with the Saskatchewan Order of Merit. His Honour's commitment, energy and style in fulfilling his duties as the Queen's representative have endeared him to the people in every corner of the province.

In recording its deep sense of loss and bereavement, this Assembly expresses its most sincere sympathy with members of the bereaved family.

Mr. Speaker, I so move.

Mr. Swenson: — Thank you, Mr. Speaker. Mr. Speaker, I'm pleased to join the Premier today in this condolence motion to the family of the Honourable Frederick Johnson, former Lieutenant Governor of the province of Saskatchewan. I'm going to be very brief, Mr. Speaker, because I know there are other members that wish to say a few words.

Mr. Johnson was the Lieutenant Governor of the province when I was first elected in 1985, and I guess my first impressions of lieutenant governors were made by Mr. Johnson and Mrs. Johnson in my first few

days and months as a member of this Assembly. And as the Premier indicated, Fred Johnson and his lovely wife, Joyce, were a very gracious couple. Mr. Johnson's career was so long and varied with so many aspects of Saskatchewan society, and indeed contributions to our country, that I think he had the ability to make almost anyone feel at home and welcome.

And the Premier is absolutely right — Mrs. Johnson was always so gracious at formal occasions. If you were a little hesitant or you felt a little bit uncomfortable with the role you were expected to play, she never hesitated to give a kind word or that little nudge that made things flow along very smoothly.

And I think the Lieutenant Governor's contribution all across the province was always the same way, whether it was the school children or seniors or people that just love the idea of the role that the monarchy plays in our system, the fact that we do use the British parliamentary system and we do have a sovereign that Mr. Johnson represented so well in the province of Saskatchewan during his term here.

I think anyone that did as Mr. Johnson did by putting his very life on the line for his country during a time of war gives one an appreciation for all of the good that we have in our society, Mr. Speaker. Certainly from the time that Mr. Johnson was decommissioned in 1946 until he came to this untimely death a few days ago, we know that it was a life jam-packed with contribution.

I think Mr. Johnson's experience, as so many veterans' experiences were, made them very motivated and made them feel that they had to use each and every day to make that contribution to the society which they had fought for. And as one reviews Mr. Johnson's life, it was certainly one of contribution and dedication to his society.

With that, Mr. Speaker, I'll take my place and allow other members of the Assembly to express their words.

(1500)

Ms. Haverstock: — Thank you, Mr. Speaker. I too would like to pay tribute to the Honourable Frederick Johnson, whose long and distinguished career in public service was so capably outlined by the Premier and whose life exemplified dedication to Saskatchewan and to Canada.

On behalf of the Saskatchewan Liberal Party, my family, and myself, I'd like to pass condolences on to Joyce, to Bill, Royce, and to Sheila, their children, who are suffering pain at the loss of their husband and their father. I know that their pride in him and the astonishing memories that he helped to create for them will sustain them through this very difficult time. Fred and Joyce did a tremendous job of raising thoughtful and concerned children who are committed to serving others.

And I'm proud that Mr. Johnson had a long and dedicated affiliation with the Liberal Party until his appointment to the bench. Last summer I asked this great Canadian to make comment on the Charlottetown accord at a time when politicians and others were leaping to their feet to either attack or to align themselves with this pact. And it was most impressive that his response was that he would not make comment until after he had read the document in its entirety and digested its implications.

Mr. Speaker, the lives of our citizens have been enhanced by the works of Fred Johnson, and it is most appropriate that we celebrate his life and honour his memory in this Assembly.

Hon. Mr. Mitchell: — Thank you, Mr. Speaker. I want to take a few moments this afternoon to add my voice in memory of Fred Johnson. I want to speak both as the Minister of Justice and then I want to say a few words on a personal basis.

The Premier has highlighted Mr. Johnson's many contributions to this province and to the lives of all of the people of this province. Included in the Premier's remarks were recollection of the career of Mr. Johnson as a lawyer, then as a Queen's Bench judge, and finally as the Chief Justice of the Court of Queen's Bench. These were very distinguished elements of the life work of Mr. Johnson, a life devoted to serving his community as a teacher, as a lawyer, as a judge, as a Chief Justice, and then as a Lieutenant Governor. Fred Johnson was always known for his unfailing sense of fairness and for his compassion and his deep commitment to this province and to the people of this province.

I want to add a personal note, Mr. Speaker, based upon my personal experience with this man. I started out my career as a lawyer in Regina, and on first coming here I made the acquaintance of Mr. Johnson. And in the very competitive world of the practice of law, Fred Johnson stood apart. He stood apart as a warm and courteous and affectionate member of the senior Bar who always took the time to express an interest in young lawyers, myself included, but including also the other young lawyers who were beginning to make their way in the profession. And Mr. Johnson always took time to ask questions and offer encouragement and to let us know that the practice of law and the profession of law can be a very caring and compassionate profession, and the members of that profession can enjoy a strong and warm personal relationship.

He was an extraordinary man. He has contributed in so many ways to the development of our province, and the individual citizens of this province were always clearly his priority. I always felt, Mr. Speaker, that these sentiments were focused upon me, knowing at the same time that they were focused upon many, many other people as well. We never met but that he expressed an interest in what I had been doing and what he had heard and what he thought might be of interest to me.

And that continued all the way through until our last meeting over lunch at a recent luncheon at Government House. And at that time he had advice to give as to economies that could be made within the government. He suggested, for example, that the overuse of courier services was something that should be looked at. Granted in this day and age there is a need for quick communication of information, but it doesn't have to be that quick. His point was that ordinary mail would serve the purpose of transmitting this information just as well and much, much cheaper than the hiring of couriers.

So his interest in that area was chronicled by the Premier, having headed the royal commission on government expenditures, and it's an interest he obviously never lost in his lifetime.

I wanted to join my colleagues this afternoon, Mr. Speaker, in extending my deepest sympathies to Joyce, who is well-known to many of us — Fred's lifetime partner and friend — and to their children, Bill, Royce, Sheila, and their family. The people of Saskatchewan deeply share their sense of loss, Mr. Speaker.

Mr. Devine: — Thank you, Mr. Speaker. I want to add my sympathy at the passing of Fred Johnson. I will join with the Premier and other members of the legislature to extend my very best to the family.

I had the opportunity and was pleased to be the premier of the province of Saskatchewan when Fred Johnson was entrusted with the office of Lieutenant Governor of our province. Their Honours Mr. and Mrs. Johnson were very kind to me and to my wife Chantal during our mutual time in public life.

As the Queen's representative I can say that not only did Fred Johnson do an outstanding job in the ceremonial and symbolic role, but that he also acted as a very sincere and true adviser to Her Majesty's ministers.

I had numerous occasions to consult with the Lieutenant Governor to seek counsel on matters important to government and public service. He was never partisan but always to the point, and gave his very best advice. For example, in 1987 the province was fortunate to enjoy a royal visit by the Queen. Such an undertaking is a major task for a province like Saskatchewan, and it is a highlight of the Lieutenant Governor's career. Fred and Joyce Johnson were literally outstanding as Her Majesty's — if I could use that term — host and hostess here on behalf of the people of Saskatchewan.

In the midst of a highly controversial and divisive issue, Fred Johnson showed the courage of his convictions, and after leaving the full neutrality of the sovereign throne, he spoke out on trade. Rarely did he do this, but he spoke, as always, with conscience and his sense of duty to preserve the unity of Canada.

The same applies to his feelings towards our

constitution. He was a man of principle, a man of deep belief. His contributions to our province will endure, as will our memory of a man committed to very high ideals.

Let me say that Fred Johnson understood his role as the sovereign's representative and that he took it most seriously. Fred Johnson believed the basic worth of each human being and his life was a mission to improve this province and this world.

I believe that there would be countless people across the province who have heard Fred Johnson speak on November 11, Remembrance Day. And at these ceremonies he was as patriotic and as powerful a speaker as we've ever heard in the province. He cared so much for his country and so much for the province and so much for the future of Canada that he would bring people in the audience to tears when he spoke of his Canada.

He cared deeply for people and particularly for children, and certainly his own children. Fred Johnson was a great family man, a very positive and compassionate and wise father, as we see reflected in his family and his children today.

I can say that I personally valued his wisdom and his measured approach to public affairs. In some ways, and I think the Assembly will let me say this, he was like a public service father to me in many regards.

Chantal and I extend our deepest sympathy to Joyce, his family, and our very best wishes to all of the Johnsons and their loved ones. May God bless them all.

Mr. Muirhead: — Thank you, Mr. Speaker. I rise with regrets and sympathy over the passing of Frederick Johnson. My remarks will be short, Mr. Speaker, but very sincere.

I've known the late Mr. Johnson and Mrs. Johnson, Joyce, his good wife, for many years. I attended many functions with them, mostly pertaining to his official duties, but also at other duties of a more private nature.

I enjoyed, Mr. Speaker, hearing him speak. He was a fluent speaker. Mr. Johnson did all his duties as a lawyer, a judge, and Lieutenant Governor with great dignity. Frederick Johnson was a good citizen of Saskatchewan. He left his mark and will always be remembered.

In closing, Mr. Speaker, I wish to put on the record with my colleagues, my sincere sympathies to his good wife Joyce, and family, and may God's blessings be with them at this sad time. Thank you, Mr. Speaker.

Hon. Ms. Atkinson: — Thank you very much, Mr. Speaker. I want to join all of my colleagues in the legislature in passing on my condolences and deepest sympathy to Mrs. Johnson and the Johnson children and family.

I first met Mr. Johnson when I became a new member of this legislature in 1986, and I was obviously aware of the Johnson family prior to becoming a member as my cousin Russell is married to Sheila Johnson, and have come to know the family through that marriage.

One of the things that I will always remember is his fondness for his grandchildren, and I don't think that that's been mentioned here today. He was extremely pleased when Sheila and Russell had their first child. And I happened to be driving by Sheila and Russell's last Wednesday night and had the occasion to see Mr. and Mrs. Johnson on the street with their grandchildren, along with other members of the family.

I know that Mr. Johnson cared deeply about his family, his children. He was very proud of his children. Two of whom I've met were proud lawyers just as he was, and I know that they will miss him very, very much. So I want to say to the Johnson family, from my family to them, my deepest sympathies.

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, I'd like to make a few short comments as well on the passing of Mr. Frederick W. Johnson. The privilege I had of first meeting Mr. Johnson was at a ministerial breakfast, a prayer breakfast in Kipling prior to my ever getting involved in public life.

And I must say, in the comments from that prayer breakfast, were nothing but praise for the way Mr. Johnson shared in that meeting. The patriotism he showed, his love for his nation, love for his country, and the encouragement that he left with each one of us to reach out to our neighbours and to treat them as we would treat ourselves, as Christ would have endeavoured that we do. Certainly he was a man of high value, certainly looked upon with high esteem.

I also counted it a privilege to be involved in the Saskatchewan prayer breakfast committee and having worked with Mr. Johnson for some, I believe four years, in helping organize the prayer breakfasts that are conducted in this province. And there again Mr. Johnson really showed leadership and really gave leadership to the committee and established the values that he upheld highly. It was an honour and a pleasure to work with the former Lieutenant Governor.

It was also very enlightening and uplifting to be around Mr. and Mrs. Johnson. They always had a word of encouragement, and Mrs. Johnson always had a vibrant smile. And I would like to extend to Mrs. Johnson and the family from my wife and I, our deepest sympathy at this time of Mr. Johnson's passing.

(1515)

Hon. Ms. Simard: — Thank you very much, Mr. Speaker. I, too, would like to join my colleagues in the legislature in extending my deepest sympathy to the Johnson family at this very sad time for them.

I want to state that the first time I met Judge Johnson was when I was being admitted to the Bar many years ago, and he was the judge who was admitting the young lawyers at that time.

The Johnson family were also neighbours of mine for a number of years when I lived on Leopold Crescent. And for a period of years I represented them as constituents. I found Mr. and Mrs. Johnson to be very friendly, very kind people as neighbours, and very understanding people. I also know and reiterate the comments of my colleague that the Johnsons were very proud of their children and I'm sure very proud of their grandchildren as well.

They were always interested in what you were doing. And they were willing to provide you with help and advice if you sought any advice from them. I found both Mr. and Mrs. Johnson to be very wonderful, community-minded people. And I certainly pass on my sympathy to the family and wish them the very best.

Motion agreed to.

Hon. Mr. Romanow: — Mr. Speaker, I take leave of the Assembly to move, seconded by my colleague, the Leader of the Opposition, the member from Thunder Creek:

That the resolution just passed, together with the transcript of oral tributes to the memory of the deceased, be communicated to the bereaved family on behalf of this Assembly by Mr. Speaker.

Motion agreed to.

COMMITTEE OF FINANCE

Mr. D'Autremont: — Mr. Chairman, with leave to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. D'Autremont: — Thank you, Mr. Chairman. I would like to introduce to you and through you to the Assembly Mr. and Mrs. Ross and Margaret Irvine of Oxbow. Ross is the pharmacist in Oxbow. And I would like to ask you and the Assembly to welcome them here today.

Hon. Members: Hear, hear!

Mr. Devine: — With leave I'd like to make a brief statement about Arden Knoll in the U.S. golf tournament yesterday.

Leave granted.

ANNOUNCEMENTS

Saskatchewan Golfer Makes U.S. Open

Mr. Devine: — Thank you, Mr. Speaker. I rise today to offer my congratulations, and I trust the congratulations of the Assembly, to a man characterized by the Premier as a personal friend of the member from Estevan. I'm proud to say that I am indeed a friend of Arden Knoll. And I recently had the opportunity to play golf with Arden, as suspected by some members of the cabinet.

That aside, I think it is a worthy achievement that Arden has played so well in the U.S. Open, and we can now say he's certainly the top golfer in the province and one of the best on the continent.

Arden finished seven over par, two strokes better than Nick Faldo who is ranked the best player in the world. He also beat out Jack Nicklaus, and for any members — and particularly for the member from Elphinstone who says he doesn't understand golf that well — let me say beating Nicklaus would be roughly equivalent to Ray Martin beating Ralph Klein today.

Let me say that the only regret I have, Mr. Speaker, is that Arden will not be wearing a SaskPower team jacket. Had good sense prevailed, it is obvious the value of the sponsorship contract today; and I say with just a modest amount of humour, perhaps Arden is now priced out of the government's range.

Mr. Speaker, sincerely, we all want to congratulate Arden Knoll and we want to express our appreciation for this very noticeable achievement. And I'm sure all members of the Legislative Assembly will join me in taking our hats off to Arden Knoll.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Thank you, Mr. Chairman. I'd like to join with members of this Assembly in congratulating Arden Knoll in his golfing accomplishment on the weekend. Many people may not realize this, but to qualify for the U.S. Open you do not have to win a lottery or get lucky in golf. You have to go through a long process of very competitive golf. And I might add that Arden Knoll went through a qualifying procedure at which he beat hundreds and hundreds of golfers and became the low qualifier to make it into that particular Open.

He is a Saskatchewan resident and citizen that we're very proud of. And as person who has, from time to time, had an occasion to golf in this province — not exactly with Arden, but with other golfers of his calibre — I wish to express my congratulations on behalf of the government and on behalf of our caucus to him and his wife on their great accomplishment in making the cut at the U.S. Open and doing such a great job in those final 36 holes. Thank you very much.

Some Hon. Members: Hear, hear!

General Revenue Fund Executive Council Vote 10

Item 1

Mr. Martens: — Thank you, Mr. Chairman. Mr. Premier, I have some questions that relate to agriculture, and I know that that's not your first understanding, but I want to ask you a couple of questions that relate to what you perceive to be the direction that agriculture is supposed to take in the next 18 months or 2 years. I want to begin by saying that I believe that agriculture is the backbone of this province, but it also needs to go one step further, Mr. Premier, and that is that the involvement of secondary industry and processing needs to become a part of the fabric and framework of this province in order for us to create jobs and economic wealth as a component of a delivery for a better Saskatchewan and a better place to live and a place for our young people to become a part of.

And in that area I believe we have to deal with agriculture in two functions. One is the technological function which I believe Saskatchewan is a leader in the world, in dry-land farming and many other places as it relates to technology and livestock and livestock production as well as the primary production, and then the transfer into secondary industry as it relates to processing and manufacturing the products that we do to some extent.

We have some of them — Harvest Foods and others come to mind, as I think about it — but I'd like to have you comment on that to begin with, and then we'll start our discussion in related fashion as we go along.

Hon. Mr. Romanow: — Mr. Chairman, I think I can in general terms agree with almost everything that the hon. member from Morse has said, and I was taking notes while he was making his comments. And I think the importance of agriculture to this province is clear; no one would dispute that. I think we are a leader, not only in primary but secondary production and innovation.

Obviously the field faces a lot of challenge in the next not only 18 months but perhaps a little bit longer than that — maybe not — but certainly for the next little while there are still some hurdles to overcome. And we hope that through a combination of federal and provincial programs, the road will be made a little more smooth for family farms.

Mr. Martens: — In the . . . we'll start with the primary side first. In the election, Mr. Premier, you promised the people of the province of Saskatchewan that you would put cost of production into the formula as it relates to any kind of a program that we had. And the program that was in existence at that time did a qualified cost of production but it dealt with qualified cost of production based on the general inputs that were as a part of the total that came as a result of an analysis done by various agencies that looked at what were the inputs and what constituted the majority of volumes in those inputs, and then the decision was made in revenue insurance to run that at 70 per cent.

And I very clearly recall you making the commitment that it would be at cost of production. And I believe,

Mr. Premier, that that was far in excess of what really the province has a capacity to pay; however, you did make that commitment to the people of the province and I believe that we should have an explanation of why you changed your mind.

I think you probably are going to blame it on all the debt, but you have to think about the difference between something in agriculture and something in health care. In agriculture, you have a component that will earn a gross domestic product in the province of Saskatchewan and in Canada and internationally and it benefits; and benefits accrue nationally for what we do in the province of Saskatchewan.

I'd like to have you make some comments about that.

Hon. Mr. Romanow: — Mr. Chairman, the general approach of a cost of production, or the input costs that the member refers to, in my judgement, is the direction still for support programs for family farms for a whole number of reasons which I don't need to get into at this stage in the game. The commitment of the government is still in that direction.

The member asks, why did we make this and why do we adopt this position when it's, as he describes it, in excess of provincial capacity to deliver? And here's where I guess I would draw a distinction between his position and ours. I think that it is in excess of the capacity of the province to deliver because I think that agricultural changes which take into account cost of production are primarily, I would say exclusively, the federal government's responsibility.

(1530)

As the hon. member himself has said many times, the current subsidies battle between the European Community and the American community has driven prices down over production and the like. That's trade. International trade is a federal responsibility. Food and agriculture is a national responsibility and international. We don't feed just the people in Saskatchewan; we feed the people from sea to sea to sea. As the CBC (Canadian Broadcasting Corporation) would say, feed them outside our shores.

We think this is a responsibility of the federal government. We think that there has been too much of an offload by Ottawa onto the provinces with respect to agriculture. It is now something in the neighbourhood of about 40 per cent carried by the province. And I think that that's unprecedented and unfair, especially for a province which is so dependent upon agriculture, as the member has pointed out.

So we still subscribe to the objectives. But what we want to do of course is to make sure there's a proper program into place which takes this formula factor into account, but at the same time seek Ottawa's approval and concurrence for its proper and full share.

Mr. Martens: — Well that leads me to the point I guess

that I have to ask you — where the federal government are in discussions about cost of production. You've given notice that revenue insurance is going to be concluded in two years. You've given that notice to the federal government. With the status that they have at this point in relation to their debt and the volumes of debt, what do you think you're going to be able to achieve by discussion and debate with other . . . the other prairie provinces?

And I believe you have to take into consideration Ontario in this, from the diversified agriculture side, and also Quebec. You have to take those people into consideration. So I'd like to have you comment on where do you think that the federal government is going to get the money to do this extra volume that is going to be required if the volume changes and we need a half a billion dollars annually to hold us through, to get the international scene adjusted. And this is money that should accrue to agriculture. Where do you see the dividing line? And if it's federal, how much are they supposed to give when they have probably got more debt per capita, if you called it that, than Saskatchewan does? And their volume of debt is higher. How would you justify that in terms of the statements that you made when you were running for election?

Hon. Mr. Romanow: — Mr. Chairman, as the hon. member will know, Saskatchewan is not alone in its decision to give notice to pull out of the revenue insurance program — GRIP (gross revenue insurance program), as it's commonly known. The sister province to the east, Manitoba, has also similarly given notice. So that there are two provinces very active in agricultural primary production who have decided, perhaps for differing reasons, but none the less the notice should be given and the GRIP plan needs to be looked at.

So much of the same concerns which the member directs our government to focus on will also persist with the province of Manitoba. I would say — although I have no authority for saying this; it's just an outside observation — that even Alberta is very concerned about the directions in GRIP, as currently constituted.

In my judgement, the answer really lies in two directions. First of all, the design or the redesign of an agricultural program which is targeted or focused, which takes into account cost of production, which is — how should I describe it? — taxpayer efficient. Taxpayer friendly is not quite the word, but taxpayer efficient; one which the federal government has obviously input in its design, and the financing of it, which is my second point, at a federal level is a question of options. It's a question of choices.

And I don't say this in any pejorative political terms. The federal government clearly has more options with respect to financing than any provincial government does. This does sound like a political comment, but it is I think highly illustrative of the point that I'm trying to make. If the federal government chooses to proceed, in its wisdom, for helicopter program of —

what is it? — \$6 billion for what no doubt it thinks are good reasons, it's a choice.

What we hope to do is to persuade the federal government to take a look at that expenditure versus an expenditure to finance an appropriately focused, targeted, cost-of-production-based kind of plan. And my guess is that Manitoba probably is looking — although I'm not saying that we have the same plans in mind — but Manitoba has the same ideas also in its objective of giving notice.

As you know, we have the Farm Support Review Committee now well on the way to setting up a reliable, adequate income proposal which has those features and characteristics in place, and once it completes its study and the producers have input and the farm organizations have input, and even concurrently, we would approach the new federal government after the election — it'll take us that time in any event to get ourselves ready — and to sit down into the give and take of the discussions to see what kind of a plan can be featured and how it can be financed. But I think it can be financed, given a proper will, notwithstanding the debt situation that Ottawa faces too.

Mr. Martens: — What is your position going to be in relation to what you perceive the federal share to be? You should have some idea what target you have for determining a percentage of the volume dollars that your share should be, and I'd like to have you expand on that for us today.

Hon. Mr. Romanow: — I start, Mr. Chairman, from the position philosophically, and I would even argue without being too lawyerish about it, constitutionally, that in this field this is a primary federal responsibility for the obvious reasons. First of all as I've said before, our food feeds all Canadians. They don't ask the province of Ontario to cost share a particular program with respect to the Auto Pact and any negative impacts it might have on the Auto Pact, although that's basically an Ontario-based program. It's a national program.

They don't ask Newfoundland to share when the cod stock is depleted and the consequences are felt throughout the province of Newfoundland and the Atlantic region. Why? Because it's a food supply, it's a national food supply. And I would also argue from the legal point of view, as I've said before, if this matter is primarily occasioned by the subsidies battle — although I think it's more complex than that, but from what I can read and from what I'm told I think it's a major factor — this is trade, international trade. Ottawa has the sole responsibility in this regard.

I would say that prior to 1989, which is only a few years ago, Ottawa picked up 100 per cent of the costs of these kinds of programs. With the subsequent evolution of programs in 1989 and the penned agreements of those subsequent programs, GRIP included, the share has shifted from 100 per cent Ottawa to 59 per cent Ottawa, meaning that somebody has got to pick up the 41 per cent, and

that's us. That's tough stuff because if you're bleeding, because the agricultural sector is bleeding and is in difficult terms, you can't stop the hemorrhaging by giving yourself a blood transfusion from the provincial treasury when the same source of funds come from the same taxpayer, the same farmer or, if you will, business people and others. So my objective would be to start both from a principle point of view, a principle, a monetary point of view, a precedent point of view, and say that this is, if we can design an appropriate plan, the responsibility of Ottawa.

Mr. Martens: — What percentage are you targeting for the federal government? You said it was 59 per cent and 41 per cent province. What are you projecting that you want to target a program for, for the agriculture in the province?

Hon. Mr. Romanow: — Again, I'm sure the hon. member will appreciate this will depend what finally looks like is the report of the review committee — the shape and the form of the program. And this would then be able to give us some specific numbers. So that isn't quite yet finalized, to state the obvious. So I'd have to see what that looks like, and we'd all have to have some inputs on this.

But I would say, notwithstanding the fact that I don't know what the shape of this program is, the position of the Government of Saskatchewan is that this should be a 100 per cent federal responsibility. I'm not here now even alluding to our debt problems; let's leave that aside for the moment. I think they're well known. I just refer back to the earlier points that I made with respect to constitutional, moral, and economic responsibilities, as I see it.

Mr. Martens: — When we were asking the Minister of Agriculture questions as it related to agriculture, I asked him a number of questions that related to payments made in western grain transportation and related issues. And I'm going to make the same observation to you as I made to him, and that is that as I see the world unfolding, we're going to have a very serious problem to deal with as it relates to grain in the grain sector and primary production and moving grain to markets in the next 18 months because I believe whether there's a Tory government elected or a Liberal government elected — and Mr. Chretien has denied that he's going to do this, but I believe that he still will — is that payments will be altered to some extent on how transportation is paid in the province of Saskatchewan.

And I guess I made this observation to the Minister of Agriculture, and I will make it to you that we have to position ourselves in relation to that in a very functional way but firm. I'm not saying that we have to defend either the pay-the-producer or pay-the-railroads position. We have to be very, very securely and firmly established in the mind-set that deals with the fact that the province of Saskatchewan should get its traditional value in relation to the Crow. And that runs about 54 to 56 per cent of what the total should be. And there are factors that play into this that are outside of the realm of the Crow that I believe

Manitoba and Alberta will deal on.

And that causes me and caused me a great deal of concern when I, together with the member from Estevan, were dealing with this issue on a national basis. And that is that as it sits today, the people who sell their barley and their wheat through the Canadian Wheat Board and move it . . . move all of that grain through Thunder Bay, that payment for freight from Thunder Bay to Montreal is paid out of the pooling account of the Canadian Wheat Board. And I believe that Manitoba is going to try and negotiate that into the context of the payment of the transportation costs for moving grain.

And that causes me a great deal of concern, Mr. Premier, because that in effect moves the centre of the western Canadian grain transportation system from Scott, Saskatchewan, which is what I call Tompkins in the South to somewhere near Brandon. And it would reduce the volume of dollars paid to Saskatchewan by a very, very significant amount. And that is a very serious concern and needs to be a very serious concern to us in the province of Saskatchewan. And as a primary producer, that is my concern.

We can talk a lot about who we pay, but if we mix up who we're paying rather than what we're getting paid with in the discussion, Mr. Premier, then we're going to have a very serious problem because eventually we will lose, I believe, if we keep the discussion on the debate between pay the producer or pay the railways.

And when we get to the place where we start talking about we need to have our money firmly entrenched in . . . as an entitlement I believe. Just as we've settled with the natives and the Indians in the province of Saskatchewan, the farmers in the province of Saskatchewan also have an entitlement that I believe is as real as that one was. And I believe that we need to take those principles into consideration. And when the discussion finally takes place about who gets paid, then we can have that discussion. But when we talk about what gets paid, then we have to be all on the same side. And I've had many discussions with Sask Wheat Pool on this issue. And we need to firmly establish that \$400 million accrues to Saskatchewan. That's what we need to be very, very firm on. And I'd like to have your observations about that too, Mr. Premier.

Hon. Mr. Romanow: — Well I think the hon. member obviously makes an important point because the sums of money which are owed to the people of Saskatchewan is obviously a major concern, a very major concern. And we take the position in general terms, very briefly, as follows. We'd like to see as many alliances as we can. That may not be possible with Manitoba or Alberta — I'm not sure yet — but we're still in the preliminary stages of discussion with them in this regard.

But our view here basically is this, that there should be no change in this payment, the method of payment, until the federal government obtains the support for the proposed changes, whether it's system

efficiencies, as Manitoba describes what they're trying to do, or whether it's more substantial in terms of who gets paid. Right across the piece we take the view that that should only take place after there is a stated support from the majority of the producers.

(1545)

I would argue that the study that went on last winter indicates that the majority of the prairie producers don't want to change. They want to keep things the way they are.

And therefore, again without being political, I think this is one of the problems for us. If the federal government persists in moving with its announced WGTA (Western Grain Transportation Act) changes and the like, whether they be so-called system efficiencies or whether they be method of payment to the . . . what agency or what group or what proportion thereof, they'll be doing so in the absence of the support of the majority of the producers.

So our view at this stage in the game is to keep reminding Ottawa that this is what the farmers want — no change — and we're with them in this.

Mr. Martens: — I have a great deal of concern, Mr. Premier, that we will lose if we talk about how we pay it. That's my concern. And we have to start to talk about what we get paid and how we can entrench that in the long-term commitment for agriculture. And I would say that when GRIP and revenue insurance is moved off the table in two years, Saskatchewan producers, in the grain side, are likely to lose \$400 million. That's what I expect to be the federal share of the premium payment. That share is lost to the people of Saskatchewan, the taxpayers of the province.

If you add another \$400 million that is lost in the Western Grain Transportation Act, then we have \$800 million more. And, Mr. Premier, that is a very, very serious loss. One is on the expense side and one is on the income side. But on the net, the net benefit will go down \$800 million. And my producers in my constituency and anywhere in Saskatchewan that you go cannot afford it.

That's why we have to talk about what we get paid rather than how, at this point. Let's move the how aside, because if you're going to talk how we're going to get paid, then the debate . . . we'll lose that one too as well, Mr. Premier, and that's what concerns me. So it's what we get paid that has to be involved.

And added on to that there are a couple of other things that you've got to be thinking about, and one is the net benefit to Ontario in the areas of dairy and the feather industry. Those benefits accrue to \$500 million every year, either through a consumer subsidy or a direct subsidy by the provincial government in Ontario. And exactly the same thing accrues to Quebec. So you've got \$1 billion going to those two provinces in annual payments made to them for two of the products that they produce.

In Saskatchewan, if we take the \$400 million off on our revenue insurance and we take another \$400 million off on our payments to move the grain, we are in a very serious position, Mr. Premier. And I say that we cannot afford to have that happen. And I think on top of that you have to add on the Quebec benefit that accrues because of the Crow rate and you have to also add on the feed freight assistance that the Maritimes get, and all of those have to be put into the equation.

That's why what we get paid, in my view, is far more important than how because all of this debate is going to take a national perspective when each of these groups come before the table and want their share as an entitlement. And they will hang that all on the federal government decision to pay the Crow, whatever way it is.

And that's the debate that causes me a very, very serious concern. And I raise it to you not in a debate fashion, but as a serious concern about the problems that we face if we don't address what we get paid rather than how. And we can talk about how out in the country after we get the what, and then we will establish for ourselves a lot of dialogue about how it's done. But what we have to talk about now is what, and we have to talk about it as an entitlement, an entitlement to the province of Saskatchewan for the grain transportation that we are accustomed to.

And that leads me to the next observation. And I personally believe that an effective and efficient rail system is necessary. But I believe we have that already, Mr. Premier. We just have a whole bunch of rules that stand in the way to having people like the short line railroads who are, I think, as efficient as you get them and can move the grain in an efficient fashion. And when push comes to shove, we need to be in a position as a province to deal with that issue as well.

And I know that there is a guarantee out there as it relates to the short line railroad down in the south at Coronach and places down there, but that is far more efficient to have the grain moved by rail than it is to try and build the highways to deal with the kinds of things that we have to. So I just throw that out as observations. You can respond if you wish. But I believe we have to take a broader perspective of this than a provincial one.

And the second point, Mr. Chairman, and Mr. Premier, is that as we talk about this, we cannot lose sight of the fact of . . . on the base, making our secondary industry grow. And that is also something that we have to take into serious consideration. And I would say that there is no better place to start than in agriculture to create secondary industry. We can have all the Piper Aircraft come in here that we want, but food and food manufacturing are always going to be there. And you may sell your plane, but you always need to eat.

And that, Mr. Premier, is the reason why I think to go into those areas has far more benefit and can assist the people in the province of Saskatchewan in

maintaining themselves in a far better way.

Hon. Mr. Romanow: — Mr. Chairman, if I may say so, the hon. member raises some very — in my mind — very valid observations and very valid concerns. I've taken notes of his concerns. I would say that clearly the problem is complex, and you have demonstrated that when you consider the issue of not only what, but how, and the question of short line hauls and so forth.

I agree with the general sentiment about jobs and the economic well-being, not necessarily vis-a-vis Piper. We have to continue to try to forget about Piper to diversify our economy. But you're right, fundamentally you're dead right about that.

I guess my response would be this, not to be argumentative or to diminish your point because I grant the point that I think you make, as I understand it, as being a very good one. I'm not sure it's a question of separating the what we get paid from the how that we get paid. I'm not even sure from the reports I get from the ministers that we're capable of doing that. It's a question of both; it's a question of what and how.

And I suspect that even if we were able to nail down the what — and I grant the point that you make — that at some point or other, if some other government or governments in some combination thereof insist that the how be changed in a way which would have a detrimental impact to the province of Saskatchewan, then there is another cost which we haven't even factored into your situation, which is rural Saskatchewan, country elevators, branch line elevators, and the like.

So what we have to do here of course is take both into account at every stage of the game, and the admonition which you give to us is what I hope the ministers have taken to heart — namely they've got to see all of the issues and see them as part of a large puzzle, pieces of the jigsaw puzzle which are going to be put together.

Again we are trying to do that, but trying to do that from the point of view, as I said, fundamentally the overall policy point of view which is that no changes should be made at all, whether it's called efficiencies to the system or method — however you describe it — unless there is consensus by the producers. And we don't think that there is. So let's just continue to try to work within the system and change it as best as we can.

Mr. Martens: — There's another point that I'd like to make and that is about the debt as it relates to the rural farm debt. From my understanding of it, about one and a half billion dollars is banks, about a billion and a half is Farm Credit, about 800 million is credit unions, and about 800 million is Ag Credit Corporation. That's just broad numbers.

You are today, Mr. Premier, at a very significant point in time that is unique, and I believe it's unique for a number of reasons. Another point I want to make is that agriculture has roughly a .95 per cent cost of

interest across the province. That's an average of all the interest paid. Interest is paid by the youngest producers and has the greatest rate and also the greatest volume.

The producers who are, let's say, the older ones, probably don't have any debt or they have some and at a low rate of interest. And if I use myself as an example, when I bought land in 1960 the rate was at 5 per cent. I believe that there's another area where you need to press the federal government on and that is to deal with Farm Credit Corporation in a way that they could now establish a debt reduction function that would come in at less than that 9.5 per cent.

If Farm Credit could, on long-term mortgages, come in at 5 per cent — and even at what your bond rating is, or your bond is for the province of Saskatchewan which you set at 6 per cent, there are many people in the province of Saskatchewan who would feel very, very comfortable at 6 per cent.

Now the point I want to make is this, Mr. Premier, that if the average . . . I'm certain it's almost 10 per cent, the average in the province of Saskatchewan on interest paid by farmers. If you took that and lowered that to that 6 per cent that you're asking people, or that you have said to the people of the province that you're prepared to pay for a bond, that 4 per cent reduction on every billion dollars worth of debt that the farmers have in the province of Saskatchewan is \$40 million . . . No, it's \$400 million. No, it's \$40 million on a — I get my zeros wrong — on a billion.

So if you had \$3 billion worth of debt that would be taken over by or re-established by the volume that there is out there, and if it would be lowered by 4 percentage points, you would have \$120 million net benefit to the people of the province of Saskatchewan. That, sir, is extremely important in looking at how you can make farming and the people of the province viable again in relation to that cost and an input cost.

I would say this to you also, sir, that if I would have ever had an opportunity to have a 6 per cent interest rate I would have considered myself very fortunate. Even as the minister responsible for ACS (Agricultural Credit Corporation of Saskatchewan), that never was an option in order to give a reasonable break to the taxpayer.

You sir, today, have an opportunity that is way ahead of any opportunity that the governments have had since the early '70s. And that, I would say, is probably, it's probably time for you to take and assign a minister to take that thought to the federal government — either jointly in relation to how you could renegotiate those mortgages for those farmers. ACS is causing a problem in agriculture itself and the average probably in ACS is probably between 10 and 13 per cent interest and that is a far cry from the 6 per cent that is available and that you're providing to your own treasury. So you need to think about how that can be done, Mr. Premier, not by yourself but in conjunction with the new mandate that Farm Credit Corporation has today. That's the first point.

With a new mandate that Farm Credit will be seeking as it relates to the political side that the federal government will be seeking, that's also an opportunity for you to consider as you deal with this. And I believe you've got a window of opportunity that is going to hit your government and give an opportunity for the people that I represent in rural Saskatchewan. That opportunity is only going to come once in the next five to ten years where all the ducks line up and interest and mortgages and those things.

(1600)

And I'm asking on behalf of the producers of the province that you think about that and how to get it done and set your bureaucrats — I know that Stuart Kramer works in your office and he understands this as well as anyone — but you need to put people like that into place to make them work to put together a policy, an interest-rate policy, that is going to benefit rural Saskatchewan and you have to do it in conjunction with the federal, but you need to do it soon, sooner than later.

And that, I think, Mr. Premier, is giving you a lot of opportunity and thoughts to dwell on. And I didn't want to take too much more time but I wanted to have you understand that that's a concern to the people that I represent.

Hon. Mr. Romanow: — Mr. Chairman, again the hon. member from Morse, if I may say so, makes a great deal of sense in my mind and he . . . on this particular issue and a few other issues, because it is correct. The interest rate situation, the debt situation, is not good.

This is a little bit off the topic, but I'll pass this information along to you. Farm Credit Corporation, FCC, 1992, did a farm survey and they divided the farmers into three equity groups: high equity, of which they say there are 19,362 farmers, they carry only 2 per cent of the total debt; medium equity, of which they say there are 19,413 farmers, they carry 30 per cent of the debt; and low equity, of which there are 19,398, carry 67 per cent of the local debt . . . of the total debt. And as you've pointed out, statistically that low equity is in the young farmer basically, with the high interest rates.

And here we have a situation where the interest rates have dropped, and why can't we make some readjustment is the issue. And I think that that is right, that there is a window of opportunity here.

The question of how to do this in a way which would involve more than just FCC but however would involve others like banks and credit unions and ACS is where the crunch comes. It becomes a little more difficult. Because if ACS needs to do its part, there will be a cost to it. You've already computed what the benefit would be; there will be a cost. And again I'm not here to talk about the debt, but that is one of the considerations which we have as we examine this whole problem, namely what additional levels of projected debt would accrue to ACS on the

assumption that FCC, the banks, and the credit unions, the others, would similarly agree.

But let me just make one last point. We do not want to do anything but pursue what you have suggested. And we're doing this actually through a lot of people in the Department of Agriculture, but it's complex. And in a way, if I may say, the window of opportunity is really there. Because if a farmer loses his or her farm land and it's repossessed by FCC and then put back out on the market again, FCC takes a hit. And they put it out under current financing arrangements and current interest rates, so they swallow, they eat it now. And the issue therefore is why shouldn't they or ACS or any of the chartered eat it now in order to preserve and to protect?

And to me I think that has always made sense. It's made a lot of sense. When you meet with the banking people — I don't mean to single out the banking people — they give the argument that . . . well it's a complex argument; I won't make their argument. You know it well, better perhaps than I do. For us, our consideration at the provincial level is the hit on ACS and the dollar cost. But the point that I want to say to the member is: your admonition to us to get at this and to pursue this is very much appreciated because this is exactly what we are examining in the context of how it can be engineered, under what circumstances, cost to us, and the like, in order to see if it's an option will which really fly. But conceptually I think it's got a lot of merit to it.

Mr. Martens: — One other point I want to make, Mr. Premier, and that is this. You're going to have a cost to a large extent in any case. And when you talk about the credit unions, the cost that it is going to be . . . and you began to come to that point with the bankers. The bankers are going to take the hit. ACS is going to take the hit. But the province, through its guarantee of credit unions in the province of Saskatchewan, is going to have to deal with that too.

And I know that in the south-west — and I don't think it's any different anywhere else in the province — the credit union system is at some risk in relation to these outstanding debts that can't be paid by farmers who have every intention to pay but haven't the wherewithal to do it. And that causes a great deal of concern and frustration in many places.

And if I use the example in the south-west that I'm familiar with, the two credit unions in the city of Swift Current didn't even amalgamate because the one was in serious problems and the other one said, I don't want to become involved with that because I don't want to get into that serious risk problem.

And so that is the reason why I say to you, you're going to lose some of that in any case because you're going to have to take and come up with some of that money that's going to be needed to deal with that. If some of that hit is taken in ACS and relieves some of the responsibility of the credit unions, then you could have that system regain itself. And I think that's one of the points that needs to be made so that the people of

the province can understand and that you can go to the people of the province and say, this is where we have to start to work and what we have to start to deal with.

I'm going to finish this off by saying this: there are a lot of people in this province, Mr. Premier, who have a lot of good ideas. And I believe that there has to be two things that happen. One of the things that you've already begun with this committee . . . And I have every respect for the people that are on the committee; however if you don't get the political people involved, then the political involvement is going to have to come after the fact and you have to take the politician and the people who think politically in this along with the decision making. And I think you're one step short of doing that.

And I would suggest to you that a good opportunity to do that would be to activate the defunct agriculture committee of this Assembly to become involved with that as a part of that. And then I believe we could also make concessions because the industry is too big and too good and too strong to lose on the basis of political argument or debate. And I don't want to do that. That's why I've laid out suggestions for you. I've laid out alternatives for you, not to debate, but to show you that the people of the province of Saskatchewan have a need. And I raise that from that perspective for you today.

Hon. Mr. Romanow: — Mr. Chairman, I very much appreciate the approach and the comments and the questions and the criticisms the member has made. The agricultural committee idea has got a lot of merit to it. And while I'd obviously have to . . . want to consult with my caucus and the cabinet, I think that it's a suggestion which is well taken because I agree with you.

I think we are behind in the sense that the politics — and I say this in the best sense of the word — should be incorporated early. And we can thrash that out if we can, early. And if we can't, at least we know where the trade-off points are. But if they're not involved later, and then through misconceptions or through whatever reasons it comes in full force, it's a real problem.

I'm going to take the agricultural committee suggestion as a very, very, real serious suggestion.

Mr. Devine: — Thank you, Mr. Chairman. I have a line of questioning to the Premier, Mr. Chairman, to I suppose, get at his plan for economic development and growth. And I suppose it won't come to any surprise to him that I'm not totally in agreement with what he's doing. But perhaps I'll give him the benefit of the doubt and see if he's got a plan that he could walk the public through this afternoon.

I will make some points — not to be argumentative — but they are facts. Since you've been elected, Mr. Premier, you have added to the debt in the province of Saskatchewan and you've had three consecutive deficits. Taxes are up in a large number of places. And

I'm going to make the argument that your tax increases have substantially more pain than some of the alternatives, not only to rural people but just generally to the business community, because taxes and fees have increased, as you know, to a very large extent across the board.

Similarly, a fact is that Saskatchewan's credit rating has declined; some now give us a BBB. Despite the tax increases for revenue and despite some cuts, the credit rating has dropped. And there certainly — I suppose we could argue about this — but there certainly seems to be a lack of excitement about economic growth. In other words, people in Saskatoon tell me, and people in Regina and other places, they're are looking for a plan for economic growth and excitement, some diversification, a combination of things that would have let us be more optimistic about the future. And I think it's fair to say that there is real, real pain in the smaller communities, in the smaller cities, and in rural Saskatchewan — some real shock that's going on. And I don't . . . I think that's evidenced in the headlines and in the papers and in the public that meets and talks about the various kinds of things that are going on.

So you see where I'm heading. People want to know that you are absolutely confident that your plan has some real, sound underpinnings and that will move the province forward. Because if in fact the debt is increasing, and if in fact you are running deficits and your taxes are up, and you've got some pretty tough taxes, as you can imagine when we're looking at 9 per cent here and nothing in Alberta, and their credit rating has fallen, and there's not the talk of a general plan for diversification and growth, and certainly a lot of pain in rural Saskatchewan, despite the fact that interest rates are as low as they've been in 30 years, which has to be a help, I would think, to any administration — it's got to be a help — we see inflation as low as it's been maybe in 30 years, around 1 per cent, and the exchange rate for our economic growth and potential is as good as it's been in a long, long time.

In other words, we see interest rates are not in the 20s, but they're down into about 5, 6 per cent; inflation isn't running 10 to 12 per cent — in fact it's almost non-existent, about 1. We see exchange rate about 75 cents on the dollar, so we have a tremendous advantage in marketing to particularly the United States for other countries that base their currency on the United States. And despite those conditions, despite those conditions, people are worried about the growing inability of your administration to manage the debt and to manage the credit rating, to create economic activity because of the high taxes.

So the question out there is a matter of confidence. The people would like to know and I certainly would like to know, what your plan is generally to give people confidence to stay here, to build here, to invest here with our difficulties that we face under the first 18 months of your administration. Now I will let you respond to these initial observations.

Clearly, as you've just pointed out to my colleague, all jurisdictions across the country have debts and deficits — 25 billion in Alberta and billions and billions in Ontario and the same in Manitoba and Quebec and other jurisdictions. In the province of Saskatchewan our mix is a little bit different. Clearly they have interest on their debt; clearly all administrations have paid that.

So given the fact that you have this plan or have this situation, could you elaborate a little bit more on some of the details that would give you confidence and give the people confidence that you're on the right road?

(1615)

Hon. Mr. Romanow: — Well, Mr. Chairman, I thank the former premier for that question. And I think it's an important question because confidence, consumer confidence, business confidence is vital I think to any kind of an economic recovery which we all hope to have here.

Let me make two points. One perhaps not so much rebuttal but — maybe they are rebuttal — responses to some of the things which the former premier talks about. It is correct that the two budgets, the two full budgets which we introduced and are fully responsible for, had deficits to them.

The first budget which we introduced for '92-93 projected a deficit of 517 million, and we came in at 590 million or thereabouts, which for the size of the budget is the closest that it's been in 10 years, 15 years, for a number of years in any event. And I think the important thing to note about that budget, in my judgement, is that we were able to turn around annual operating expenditures, which averaged 6 per cent per year, to a more than minus 3 per cent reduction. No provincial government ever did that in that budget year. That's a 9 per cent turnaround.

This year we're able to do that again with another minus 4 per cent, roughly speaking — maybe that's a little bit high — in expenditures, and we are taking the deficit down from 590 to 295.

By all of the external judgements — people like Standard and Poor's and Moody's of New York — this is really quite an incredible turnaround. This is quite an incredible turnaround, and the ratings have been maintained by Standard and Poor's and by Moody's in this context. On May 26 Standard and Poor's of New York said, quote: "The ratings reflect . . ." It says this:

S&P affirms its triple -'B'- plus rating on the Province of Saskatchewan. The rating outlook is stable.

The ratings reflect the government's strong, demonstrated commitment to deficit reduction and more rigorous management of its off-budget loans and investments;

I could go on, but none the less one interesting

comment I found here was the following:

Good conditions at the start of the current crop year and some improvement in commodity prices have supported nominal GDP forecasts in the 3.5 % range in 1993.

So says Standard and Poor's.

In addition, residential construction is up sharply, albeit from a low base, and personal consumption is strengthening.

Personal consumption. I'll just give you the last paragraph. Quote:

The stable outlook reflects the government's commitment to continuing with initiatives aimed at eliminating the deficit by fiscal 1997, despite economic volatility and the limited scope for increased federal transfers from the federal government. The government's resolve is backed by a growing record of politically tough decisions, S&P said.

And they have been politically tough decisions. And you, being a former premier, you've had to make some tough decisions — a lot; I know that. And I think you'll understand that when people in New York say politically tough decisions, as people who have no stake in the political aspect of this debate, that I think is an actual statement.

So our credit rating is sound and our deficit trajectory is in the right direction. There will be, so long as we have deficits, increases to the debts. That's the factual base. You cannot argue against the statistics of that. But the key thing to remember is that by '96-97, if it all works out, then we'll be on a balanced-budget track.

Now the second point that I want to make is, is the plan sound? We think the plan is sound. We think that the people of the business community who make up the Provincial Action Committee on the Economy, PACE, as we call it, the acronym, have looked at the partnership paper that my colleague, the Minister of Economic Development, has released. They meet regularly in subcommittees, PACE does. They monitor, they ask for reports, they ask for legislation in advance, and the advice that we get from them is stick to the plan. There will be periods of perhaps not as good activity, but periods of increased activity. That we must stick to the written plan which is set out and to flesh it out.

In the interests of time I will not belabour the member or the House with some of the positive signs which our economic and finance people have indicated with respect to population, with respect to employment, with respect to retail trade, with respect to new motor vehicle sales — these are all up, by the way; exports — live animals, fabricated materials, crude materials, end products — these are all up as well. Crude oil production is up, natural gas production is up, potash production is up marginally, zinc sales volume up, sales up of uranium, up 21.4 per cent; housing — I

referred to that — and there's a marginal increase, not a big one but a marginal increase in the service sector. Now these are all very, very positive signs.

And to us it's not rockets and red glares. I'm not standing here saying that this is the way I'd like to see it, but I do like to think that the combination of the fiscal plan, on the one hand, coupled with, as it must be on the other hand, the economic game plan, the partnership paper, as demonstrated by some of these indicators, give me confidence that we're on the right path, on the right direction.

I'm also supported by the fact that everybody externally indicates that that is the position. Standard and Poor's, Moody's, Burns Fry, Midland Walwyn talking about bond values — all of the external people who look at what we have set out say that we are headed in the correct direction.

Time will tell of course whether that's the case or not. If I knew with accuracy what the future would hold, then I guess I wouldn't need to worry about my estimates. But I think that we have done the very best that we can do in analysing the figures and have put together a very realistic plan.

Mr. Devine: — Well thank you, Mr. Premier. I kind of thought you might use some of those. And I'm going to use your comments plus a little bit of this to go back to my main argument that I'm not so sure, I'm not so convinced that any of the good news, frankly, isn't from the international interest rate, exchange rate, inflation rate developments, or certainly a good part of it, compared to your plan which obviously — and you will admit and I think you have in the House — it's been difficult for you to raise these taxes on people and still end up with a deficit.

And the reason I'm going to say that is that listen to this, or a couple or three of these — this is about Saskatchewan — and then we'll take it from there: Saskatchewan's credit standard maintained; Saskatchewan's economy has managed to achieve growth since 1987; attempts to diversify and reduce dependence on grain crops have met with success. The report said increased output in manufacturing and expansion in the service sector has helped to diversify the economy.

It's also noted that while gross debt levels have grown substantially in years, about 60 per cent of the borrowing is by Saskatchewan Crown corporations and is therefore largely self-supporting. The report predicted further trimming of program spending to stabilize a growing provincial debt if interest rates remain high during the rest of the year. Canadian Bond Rating Service said that the AA minus rating which is AA plus from 1983 to '85 and from AA to '86-87 indicates the ability of Saskatchewan to maintain a good level of protection to its bond raters remains high.

Another one on the ratings: provincial debt level not considered alarming. Saskatchewan is in a tough financial spot, but it's no worse off than many other

provinces, says a spokesman for the Dominion Bond Rating Service. Saskatchewan trading has not changed since 1987. They give a positive view of the economic strategy associated with the province of Saskatchewan. That's 1990, Mr. Premier, and the last one was 1990.

Let me go on to 1991 because if we're going to quote bond-rating institutions and people from New York ... says this: Saskatchewan will be one of the few provinces to reduce its budget deficit this year. The budget deficit for fiscal '91-92 is projected at 265 million or 1.2 per cent of GDP (gross domestic product) down 100 million or nearly one-third from last year's level. And I'll put this quote in: And the 365 million the year before that was hit right on. So just a slight correction to your earlier statement that nobody had ever met those targets; that target was met in 1990.

Restraint initiatives which reduced total expenditures by 4 per cent this year more than offset the negative impact of slower economic growth and reduced federal transfer payments of the provinces. The consistent application of fiscal constraint, the hallmark of fiscal policy for the past five years, will lead to steep declines in the budget deficit over the next several years as the economic recovery takes hold. And in that area, they're talking about exchange rates and interest rates and inflation.

This fiscal discipline also underlines the government's commitment to meet its target of a balanced budget in 1993-94. Investment dealers were saying, Mr. Premier, 1991 they were looking forward to a balanced budget in 1993-94. The budget had gone from 365 down to 265, and their forecasts were that the plan, with the help of exchange rates and interest rates, would allow a balanced budget in 1993-94.

Here this just confirms it, just so that we all can look at the same sort of things. It says: Saskatchewan gets an A for economic growth. This is the spring of 1991. Saskatchewan will be one of only three provinces to have real economic growth in 1991 according to the investment dealers association. The real GDP growth will average .5 per cent this year, down from 3 per cent last year. For the third consecutive year, Saskatchewan will outperform the national economy.

Diversification has taken the form of several things, and they talk about the combination of the diversification. In other words, losses in agriculture are being made up through investment in projects such as the Husky upgrader, Saskferco, Rafferty-Alameda, the Shand power station, pipelines, oil and gas wells, uranium development, Millar Western's pulp mill, Poundmaker ethanol plant, and further modernization of Regina's IPSCO plant.

The organization which represents Canada's brokerage community also praises the minister of Finance, the ability to cut costs while expanding revenues. Saskatchewan will be one of the few provinces to reduce the budget deficit this year. Restraint initiative will reduce total expenditures by 4

per cent this year, more than offset the negative impact of slower economic growth, and reduced federal transfer payments.

I just go through a few of those, Mr. Premier, because if it is rating institutions that are going to give us the measure whether in fact we have an economic plan, the development of a tax plan in cooperation with the federal government, the taking of the deficits down from 500 to 365 to 265, the encouragement by the business community for investment, and the collective management of debt so that we can in fact look at lower interest rates — now in the neighbourhood of 5 per cent . . . was all encouraged by people from Toronto, Chicago, and New York and others.

In fact, some went on to say that the rating institutions had a great deal of positive influence on the fact that Saskatchewan was one of the jurisdictions that would look at cooperating with the federal government in a plan to stimulate economic activity and also to provide a tax system that allowed people to invest here and have a break. In other words, compare the system here versus in Manitoba or versus Ontario. The fact that you put the two systems together allowed the rating institutions to be very, very positive about the plan for economic growth in Saskatchewan, particularly if interest rates came down.

Now, Mr. Premier, on an economic basis, why is your plan — on a straight economic basis — for growth and economic activity wiser or better than a plan that was endorsed by rating institutions, financial institutions, and the business community as being positive towards investment, positive towards balancing budgets, positive towards the general economy here in the province of Saskatchewan. Is there anything else that you can add, other than the rating institutions, that would give you and me and the public more confidence in your taxation system or your plan than you've just stated?

Hon. Mr. Romanow: — Mr. Chairman, if the hon. member is saying that — and I don't think he is — but if he's saying that the rating agencies in the 1980s gave the government of the day glowing reviews about the economic and fiscal plan which encouraged it to pursue the policy that it did and that in the 1990s it now is giving reviews which are less than flattering of the 1980s so therefore why should we rely on this kind of economic plan, the answer is we don't put all of our eggs in one basket.

But as the hon. former premier knows, they are the best that there is in the business but they're fallible too. They're fallible today and no doubt they might have been during the 1980s. But the other reality is, apart from fallibility, is their importance in terms of our capacity to raise the funds needed now to make the government function.

(1630)

A negative rating, a disapproval of the position that we find ourselves in, as the member from Estevan will

know, would put at great jeopardy where this province is going to be able to finance its operations in the future. Which by the way, has also forced us to try to redesign — new, in part — forced us to try to redesign new programs in health care and the like.

I'm saying this is a totality situation. When you get Midland Walwyn saying, as it did a few weeks ago, that Saskatchewan bonds last year were the lowest of the bonds that they'd recommend and this year, based on the strength of the budget and the economic plan, are the highest that they would recommend — as an example — that, I think, is a vote of confidence. They are not a rating agency.

When you have the evidence which I have recited, which you dismiss as saying is partly due to exchange rates, this is encouraging. Again I repeat, I'm not standing here and saying it's rockets and red glares. We need to do very, very much more, but it's an encouraging sign.

The exchange argument, with the greatest respect, doesn't carry very much weight with me because in a resource-based economy, that's always the case with respect to exchange rates. If your administration had had a more favourable exchange rate, maybe you wouldn't have fallen into the deficit situation. I don't know.

The reality is that the expenditures exceeded the revenues by 6 per cent a year on average in the 1980s. I don't want to be political about it, but that's the fact. We all have to try to live with that. When you were the premier and when I'm the Premier, we have to try to adjust and to foresee as best as we can.

So what I'm saying is, in the total package, what we have here are external people who deal not only in making funds available and not available to us, people who have external independent analysis who have said that the situation that confronts us is being tackled, as I would summarize it — I don't want to overstate it, but as I would summarize it — as being tackled by the government in the correct course, in the correct direction coupled with the indicators which cannot simply be dismissed as being exchange rates, favourable exchange rates.

And if so, that's part of governance. It's part of governance if the exchange rates go sour. We have to try to figure out what to do under those circumstances. That was your responsibility; it is my responsibility.

So I am optimistic about the future in this province. I'm optimistic because we're able to provide in the budget, even in the tight squeeze that we are, \$31 million in tax incentives and concessions to small business. I think that is producing some favourable spin-offs and other activities.

We are in constant discussion with them about other mechanisms, which do not involve big money sums, to try to promote their products. And the evidence I think is coming through on some of the stats which I have recited.

So I say that we have turned the corner, and that we are headed in the right direction. I use the rating agencies as but one piece of evidence, but not the only piece of evidence.

Mr. Devine: — Thank you, Mr. Premier. A couple of points. What I was quoting were not from the 1980s; they were 1990 and 1991, with the debt in the province of Saskatchewan at 14.2 billion. So it was about the 1990s.

And what they said about the 1990s and a plan to cooperate with the federal government and to diversify and have balanced budget legislation was very positive. So the rating institutions liked the diversification. They liked, granted, some of the privatization. They liked the community bonds, and they liked the Saskatchewan savings bond, and they liked the cooperation with the federal government that allow us to simplify the tax system.

So all I'm asking you: if the rating institutions are your gauge, but the rating institutions in 1991 gave us a very positive record and judged us very positively, then if we call that a draw — if you bring out your headlines and I'll bring out mine — then let's get back to the economics of what you've done versus what was going on at the time in terms of economic growth and confidence, not only in the rural, but in resources and other economic areas. That's where I run into some difficulty. I haven't heard anything from you today that sets you apart or that sets you above or gives the extra confidence why people should want to stay or build or develop here beyond . . . And I say fair enough. We'll take our good luck with the bad.

You have got extremely low interest rates which is helpful to everybody. And you've got very low inflation, almost zero, and you've got a very favourable exchange rate marketing into the United States because it's running at approximately 75 per cent, give or take a point or two.

Now is there anything . . . given that, is there anything that you are doing, apart from the cross . . . headlines from rating institutions that would suggest that your plan has some real economic underpinnings that would allow people to have confidence?

Because again I go back to my opening comments. If in fact your deficits are going to continue and if in fact your rating institution, which by now some has it down to a BBB, if in fact some of the investment community looks at the exchange rates and interest rates and says, maybe Alberta would be better, or maybe Ontario, or some other jurisdiction, how will you compete with other jurisdictions here in Canada? What new ideas do you have?

And why — I guess I could be a little more specific — why do you think your particular taxing regime is smarter or better or more competitive than some of the alternatives? And particularly when we look at now in Saskatchewan 9 per cent sales tax, and obviously that has to compete with other jurisdictions.

Or what is there in your economic strategy that allows you to have the confidence or gives anybody else more confidence in Saskatchewan apart from the headlines that we can both bring forward? And apart from — generally as anybody would tell — the interest rates and exchange rates?

Hon. Mr. Romanow: — Again with the greatest of respect to the member from Estevan, and this is a clever debating tactic he employs with excellence, if I may say so, he prefaced the question by saying apart from and then recites three or four possible reasons to leave you in the position of saying, well of course if I can't consider the aparts, then the answer is nothing. But I don't buy the assumptions.

You see, you talked about rating agencies, and I didn't hang my hat on rating agencies. Here is the *Star-Phoenix*, March 27, 1993; Paul Martin, business editor:

John MacNaughton is president of the investment brokerage Burns Fry. Ted Carmichael is the firm's senior economist. Both had words of praise for the provincial government's budget document saying it was an example for other governments to emulate.

Now the hon. member from Estevan, the former premier, will know this is not a rating agency. This is a house which advises where people should invest. In fact, it was on the occasion of their opening of a branch office in Saskatoon. So this is not simply a question of rating agencies.

But the fundamental question that the member from Estevan asks is: what have you done which sets you apart? And I will answer it this way. I think what we have done is we have taken the initial very critical, important steps in restoring confidence in the business community in the fiscal integrity and the fiscal plan of the government of the province of Saskatchewan by setting out a very tough but a very responsible budget.

We have determined that business people will do business if they've got a good idea, a lot of hard work, perhaps a little bit of start-up capital from time to time, all of the traditional problems. In this province people are innovative and they can get up and create more jobs by a country mile than huge megaprojects which you refer to in the 1990-91 quotations as the source of some activity.

It is correct perhaps that they were the source of some activity in the initial period of construction. But the reality also is, in the words of Standard and Poor's, they have left us with a huge off-budget investment and loan problem. Some of them are unproductive. So once the initial occupational construction fades out and the debts are being carried, we have the responsibilities. And there's spin-off. I don't mean to minimize all of them or, for that matter, any of them particularly. I've got my concerns on some of them.

The reality is that the small-business person in Harris, Saskatchewan, who wants to develop a new jam or a

new mustard may or may not succeed, but he or she will produce more jobs with fewer taxpayers' commitment and perhaps more long-standing jobs than the kinds of distinguishing economic programs which characterized your administration in the 1980s. I mean, there's no doubt about it, the megabucks from megaprojects were a distinguishing feature. And we'll see over time.

I have greater faith, with the greatest of respect . . . and that's not to rule out megaprojects, some are needed; every government's got to get involved in them. But I think there's a general philosophical approach, I believe, in the free cylinder economy of private business, the private sector — let them do their thing — the co-op sector and, where capable and where necessary, the public sector.

Now the hon. member opposite says, well what about the taxing regime? It's true we raised the sales tax. He says, alternatives. I don't know what alternatives he's referring to. But I would answer by saying that although the tax in the sales tax has gone up, we have put in \$31 million for small-business reductions of taxes as a direct incentive. The small-business corporate tax rate is down, will be down by a full percentage point, tax incentives in a variety of other areas, 1-800 lines. We're giving actual kickbacks to the question of the sales tax portion for direct agents and manufacturing.

These are . . . In fact it allowed IPSCO to allow their 24-inch mill to proceed, the construction of that. And we're seeing where we can expand that. It all costs money. It's \$31 million. But I think it produces more jobs in the long run and medium term run, maybe even short run, than the jobs which flare out in the dramatic 18 months or 12 months of a construction, even with the spin-offs, and then fade off.

Now again let me close by saying that is not to say — I don't want you to misinterpret this — that every megaproject is out or is bad. We can't afford any of those kind, it so happens today. Even if we could, I don't think it's right. I don't think it produces the jobs. But as necessary, in order to help out the economic needs of the province, we'd obviously take a look at it on a case-by-case basis.

So I think the distinguishing feature for us — and I don't want to be provocative to former premier, the member for Estevan — I would think the distinguishing feature for us is we're allowing business to do business. We're not propping up business with taxpayers' dollars. We're not making grants or exclusive loan guarantees in order to get them here, which in some cases might even be decisions economically not on sound commercial grounds. We're saying to business: it's up to you; do what you can do best.

And in some ways it's ironic that you, coming from the ideology that you come from, had as your distinguishing feature in economic development these, what I call, megabucks for megaprojects, and me coming from my political ideology, advocating

the role for small business in cooperative and public sector as required approaches.

And I won't take the time . . . The partnership program of course, as the hon. member will surely concede, sets out in detail the objectives and the time lines and the specific programs which we have in mind.

Mr. Devine: — Well thank you for that response. It's interesting to listen to you, Mr. Premier, talk about your philosophy of small business and co-ops and private sector in 1993 when a good part of the problem that — and I think it's fair to say without being too partisan — that was laid in the laps of Saskatchewan people was a huge move on your part to take over business in the province of Saskatchewan, major, major megaprojects, where you decided the private sector belonged in the public sector. And you went to New York, and you went to other places, and you borrowed money and you bought the private sector industry here. You bought millions, hundreds of millions of dollars.

(1645)

Now you've kind of flipped a little bit. I don't want to get too partisan here, but you've changed your tune, I suppose would be fairer to say, that now you believe in small business and less or no government, but in private sector and in cooperatives.

And now it's just a little interesting, and I'm sure those that are watching say well, wasn't this the minister that lead the nationalization and the take-over of the private sector by the Government of Saskatchewan in the 1970s? Then when interest rates hit 22 per cent, you know, the province, the taxpayers who had to speculate on that because you borrowed on it . . . you didn't pay it back. We were all speculating on potash as a result of your philosophy at that time.

Now your philosophy seems it's just modified a little bit. You're not into government, so you wouldn't do that. And conveniently I suppose, it's maybe as you find across Canada more fashionable to speak this way about it.

And I would think, to be fair, you would not be against upgraders as megaprojects, as I believe under the Blakeney administration you worked to try to build one or two of those. I don't think you'd be against the paper mill as a major project in Prince Albert — a thousand sustained jobs there, a thousand sustained jobs. And it's better than making fence posts or stud lumber, and I think you would agree with that. And the same applies to some other things that have gone on as a result of economic development even during 20 per cent interest rates, let alone 5 per cent as we see them here today.

What I want to shift to because, with respect, I haven't heard anything new and in fact I could give you quotes from local papers that are not very happy with your budget. If you want to get into those kind of quotes, we can do that too and I've done it before in here. And I have several of them: budget has few fans.

Or you know: Romanow blasted with the budget. And it goes on and on . . . (inaudible interjection) . . . Well it's a tough budget.

What I'm after, is it the right way? That's a good question and I think that's what we're after. Now if we make the argument that the rating institutions liked what we were doing and the rating institutions like what you're doing and you can't really use that for a gauge if we have different philosophies on how to get that.

I'm going to make the argument — and I would like you to respond — that I think and believe, I genuinely believe, we could have much more economic development and much more economic incentive for the private sector you so fondly talk about now if you had a tax system that encouraged them, if you had a tax system that encouraged them.

And if you did, I think there would be a tremendous difference. And I don't think you'd have to impose the pain that you have on all of the public and the families, not only rural but urban, on nickeling and diming and pounding away on them as you have. I think it's hurt the province, I think it's hurt our reputation. And what I'm going to get at is two things. One, I'm going to get at just a little bit of your political integrity and then I'm going to go back to the economic plan.

You talked about . . . I'll start this, it was a May '91 headline saying, the member from Riversdale angered by political comparison. Ontario's \$9.7 billion budget deficit this year will eventually mean higher borrowing costs for Saskatchewan, says credit rating agency. And it goes on to say that it's . . . if a province like Ontario under the NDP continue to borrow like this, it's going to make it really very difficult.

You went on to disagree with that. You said: if the bond rating agencies are frightened by the big debt the Ontario NDP government has rung up, how do they feel about Saskatchewan's PC (Progressive Conservative) government that has increased debt fivefold in nine years to \$14.2 billion? Romanow asked.

Now if in fact as you've talked about, and I'll give you several articles here, you were worried about the debt and the size of it, particularly the 14.2 as we found it, which the rating institution says that we had under control with the package we had — balanced budget legislation, harmonization, the cooperation and, granted, some of the privatization and the bonds. But if you were really worried about that, then what people are beginning to ask is, why did you think you had the freedom, the economic freedom, and of course the political freedom, to come in, given that sizeable number — 14.2 billion — why did you think that you had the freedom to say you could offer to the people of Saskatchewan from 200 to a \$400 million tax break?

Why and where did you get the confidence that your plan would sustain you through the 1990s with the 2

to \$400 million tax break when you were quite clearly complaining about the size of the debt and the worry about deficits? How could you do that and at the same time — and I have lots of quotes here — saying, but we will not raise any taxes?

And the reason I'm saying that — and this is partly, I suppose, part as an argument — but partly because if that had no real sound economic justification then maybe people's confidence in the province of Saskatchewan under a jurisdiction that now promised balanced budgets, promised no taxes, and promised a 2 to \$400 million tax break, because that's what PST harmonized is worth. And if that didn't work, because taxes went way up, the credit rating is going down, fees are up, offloading is up, I mean it's been a pretty major . . . pretty difficult, and you will admit that.

What the people want to know is that what gave you the confidence in your plan to such extent that you could offer a 200 to a 400 million tax break and then turn around and say, and I promise no new taxes? What was it in your plan that would give you the confidence to pull that off and still maintain the . . . well some semblance of balancing the books and tackling the deficit, when you have to give away 400 million on one hand and promise no new taxes on the other — and I could add one more, and I have quotes for those — and complain bitterly, if I think it's fair to say, about any small, modest increases in revenue that we would provide the universities and the hospitals and others?

And your implication was — and there's lot of them — there needs to be more money for health and more money for education and more money for this and more money for farmers and more money for this. And you were the man who said, boy, we've got ourselves in a strait-jacket with 14.2 billion quoted on the front page of the *Star-Phoenix*, but I'll promise you 2 to \$400 million tax break, and I will promise you no taxes, and I'll promise you more money for health, education, farming and so on.

What is it in your plan that would allow you to make those kinds of promises, and why should people be confident in what you're doing today, given the fact we're down to a BBB credit rating and our deficit is growing and you've added over a billion to the debt? You see why people want to know what you had in mind and if you have a real depth to your plan and if we could get a hold of some of those details.

Hon. Mr. Romanow: — Well, Mr. Chairman, I'd be pleased to respond. First of all, the hon. member talks about a change in my philosophy with respect to economic development, citing the potash take-over in 1975-76. And I know the hon. member will not see it this way, but there is no change in my philosophy because my philosophy, the core of my philosophy with respect to economic development, is pragmatism. I believe in a pragmatic way in developing the economy. And I'll spare you the argument about the PCS (Potash Corporation of Saskatchewan Inc.) debate '75-76; it's written in many academic articles, not by me, but by other

people. Even I've contributed. I don't pretend to say it's academic necessarily, but I've contributed pieces on it.

This was a pragmatic response to breaking a log-jam, a fundamental log-jam about levels of taxation. It was not a matter of ideology. Now maybe if this was a right-of-centre government in power in the mid-70s, they might have slipped the other way and not have done what they did. But it wasn't a question of getting out there and simply saying we want to socialize or provincialize. This is a question of pragmatic changes.

And let me just make a point about why I say pragmatic changes. At the last session of the House, you, I think, will recall that we introduced changes to your Saskoil privatization Bill which, in effect, changed the ground rules to make Saskoil stand on the same footing as some of the other privatized corporations which you privatized.

If we were ideologically blinkered and didn't want to do that, we wouldn't have done it . . . is an example of a pragmatic response to try to give an important corporation some form of response. So that at the core of my economic development philosophy is pragmatism. And at the core of my belief of pragmatism is that the free engines power the economy.

Now I want to just speak very briefly to the other issues which you talk about. And again you don't want to be too political, and I don't want to be too political, but it is a bit confusing to hear the members opposite . . . and they were doing this today in question period too, Mr. Member from Estevan. The first line of attack on us is, as you started out in your examination of me today, you are taxing too much. And then the next line of attack, as exemplified by your last comments and questions, really in effect is an argument for harmonization which, in my mind, is an argument for saying you're not taxing enough because harmonization, as you know, means that here you . . .

An Hon. Member: — It's different.

Hon. Mr. Romanow: — Well no. The member, the acting opposition leader says it's different, and it's not so.

The GST (goods and services tax) is here, if my hand is an example of it. And under the law, harmonization requires the PST to come and overlap entirely within the four corners of the GST. And that means that we would have to tax school books, children's clothing, restaurant meals, the whole area of activities. And the fact of the matter is that no provincial government has harmonized. So we're not alone on this as oddballs.

An Hon. Member: — Try Quebec.

Hon. Mr. Romanow: — No, Quebec's got a special arrangement not through harmonization, not complete harmonization because of their tax system — close but not right on the mark.

And why? No, it's not on the mark. And they've got a special tax arrangement. And the hon. member from Thunder Creek I think will accept that to be the case. And the reason why they haven't is because all provincial governments want flexibility to be able to tailor tax policies precisely for the kinds of things that the former premier is admonishing me for, namely increased economic development which would vary from a province-to-province basis.

So for us not to move in on this . . . And I'll spare again the arguments about our economic analysis which were made at the time about the impact, negatively, of harmonization. We thought it would lose about 5,000, 7,500 new jobs, we felt. It could have been an erroneous study, but on the best that we could get . . . In fact Mr. Botting, as I recall, of the CFIB (Canadian Federation of Independent Business), publicly endorsed that as an accurate statement. So it was a trade-off.

Now the last part of your question is: what gives us confidence . . . or why did we say what we said? And this comes back to me in a variety of ways. Four point five billion ought to be enough to run a province. Well I think it ought to be. And I would say to the hon. former premier that in fact that's exactly what we're doing.

This year the budget shows, on page 37 I think it is, that our operating is just slightly over 4 billion. The problem is that we have \$840 million interest on the public debt, all virtually inherited. So the \$500 million surplus, if we didn't have that interest on the public debt, is sopped up by the red ink, the blotter, and we're still left in a minus 297 decision.

So we are doing it. And we're going to have to do it some more in order to beat the deficit. But I guess my specific answer to your question is the letter which, amongst others, that I received from your minister of Finance, the former Hon. Lorne . . . or the present Hon. still, but the former minister of Finance, Lorne Hepworth.

You'll recall I wrote to you and said on September 22, what about an independent verification of the current revenue and expenditure statements and the current year's deficit forecast, so forth. And I talked about special warrants and . . . Well I'll spare the time of the House of the whole . . . But on page 5, Mr. Hepworth writes as follows to me in the letter dated . . . actually it's not dated that I can see here, but it's a letter shortly after the 22nd:

As you can see, there are numerous factors at play that must be taken into consideration. On balance, however, I see no reason to alter our target of a \$265 million deficit. The mid-year update will detail our projections for you and for the people of Saskatchewan.

That's what the minister of Finance of the day wrote. Now I suspected it, and when we took office and Mr. Gass and others looked at what was the state of play at the Crown Investments Corporation, took a look at the

operating state of play as the hon. former premier will know, 265 turned out to be 920 million. That is an error of about 600 million, 600 million. I have the letter here and you know, I'm sure you must have approved it before it went out.

(1700)

Going into an important election campaign this is exactly what you would have done, and approved it. Details all the Crown Management Board statements and the like, but it turned out to be wildly off-base.

I don't mean this in any partisan sense, that is just the fact. Because the budget we passed in December of 1991, right after we took office, was in essence your budget. We had no time to introduce our own budget and we tailored it down a little bit, not much. It was only after that when we introduced our first full budget in '92-93 that we really tailored it down and this next budget, '93-94. So we are budgeting very, very tightly and we are getting, I believe, the support of the majority of the business community and the investment people and others, who say you're left in a very difficult situation and if you can cite me quotations about people saying they're not happy with the budget, I know that.

I know that by the correspondence that I get. But you know what I also get is at the core of that letter . . . those letters and editorials is the underlying belief the people say, you, Mr. Premier, I may not like it, maybe there's some other way to do it, but you're on the right track. You're doing what has to be done. I'm convinced of that.

Mr. Devine: — Well thank you, Mr. Premier. With respect, you haven't given the public anything new about why they should be . . . what you had in mind when you said there is a terrible debt of 14.2 billion but I'm going to give you back up to \$400 million in tax breaks and I promise I will not raise taxes and I'll spend more on health and education and agriculture. How did you plan to get it done? You didn't do it.

What happens is . . . what happened is you have continuing deficits. You've added over a billion to the debt. You've raised taxes all over the place when I have chapter and verse of all the promises you made — no new taxes.

What I'm asking and the public is asking, how could you believe you could make that promise of up to \$400 million in tax breaks and no tax increases and then end up in situation where you've got growing deficits — deficit, deficit — and you've got over a billion in debt and your credit rating's going down? What plan did you have to allow you to perform this magic? And you said, well efficiencies would make it work.

And to be fair, I think you'll acknowledge, the \$365 million mark that we planned for 1990 was hit right on and the 265 led to a balanced budget in 1993-94 — granted, with harmonization.

Mr. Premier, this is what Mr. Gass says: the Tories made no attempt to hide the province's financial standing. In fact, the books were open all along to credit agencies or anyone else interested. End of quote.

You knew it was a \$14.2 billion debt. Mr. Gass confirmed that afterwards. And then he went on to say: the main reason for the increase in the deficit during that period of time, after his review, is due to accounting principles. End of quote. That's what he said.

So you knew, I knew, the Legislative Assembly knew, in the budget we presented 14.2 billion will balance the books in 1993-94 with harmonization granted and some other things.

But you had a better plan without paying. That's what people are asking about. How did you come up with the confidence that you could give away hundreds of millions of dollars when you complained about the strait-jacket the province was in, and then promise no tax increases? How did you do that?

And then you say, well but when we brought in our deficit . . . or our budget after we took office — that's what you say about your new government — the deficit was higher. Well obviously, Mr. Premier, if you don't implement the harmonization, it's going to be higher. And if you don't implement the retained earnings or profits from the Crown corporations and you put it on to the next year, there's going to be a gap.

Well of course there is. That's what people were saying and I was saying and others, if you don't harmonize where will he get the money? If he doesn't have some equity offerings, where will he get it? That's just a fair question isn't it? Don't think it's too partisan.

You said 2 to \$400 million tax break, vote for you. You said, but no new taxes, we'll do it with management; and we'll increase health and education and agriculture spending.

Now has any of that come to pass? Well you did do away with harmonization. But, with respect, you raised the PST to 9 per cent and you added it to clothes. Kind of went back there a little bit. And you recall that school books weren't applicable anyway because schools can buy . . . they're exempt. Now it's a pretty small argument.

But then, Mr. Premier, look at all the increases in taxes that you said you wouldn't. On the drug plan deductible, under our administration is \$125; it's up to \$1,700 with you. You said you wouldn't dare touch that. Chiropractic user fees, there wasn't any; now it's 15. Optometric user fees, wasn't any; now you got it up to \$45. Insulin user fee, there was a dollar; you raised it to 23. Oxygen user fee, wasn't any; you raised it from \$70 to \$900 a month. Hearing-aid auxiliary fee was \$80; you raised to \$230.

Health care funding. Wow! We maintained it year after year. And I'll say, with respect, and I can read it to

you, year after year after year we increased funding, maintained increase, and you complained bitterly that we must have been very unfair.

And that's the truth. You complained and your colleagues complained, oh how could the Tories do this? Well fair enough. We had modest increases. But under your administration the first 18 months you have slashed the spending and the help to all kinds of people that need health care attention.

For example, special home care fees, from 726 up to 937 — a 25 per cent increase. Level 1 and 2 funding, we had support; under your administration it's gone. Seniors' heritage grant, yes we had help with the low income seniors. Under yours, it's gone. And we built hospitals and with respect . . . I mean obviously there's some change going on there. It looks like you're closing a few. And not to mention about \$500 million in taxes because you're not funding municipalities and it's an offload.

I just read a few of those because if it isn't the headlines that make it, and if it isn't the New York rating institutions that make it, well we've got to go back to well how are you doing in terms of deficits? Or what is the plan that will really allow us to believe you knew what you were doing when you'd say, I'm worried about the debt but I'm . . . and that's what you said — we're in a strait-jacket. You said you're worried about it. And then you said, but I can offer you up to \$400 million tax break and I won't have any tax increases, but I'll increase spending and all these things. And I'll protect health care so that you won't have to suffer if you're sick. The sick should not pay. And what we ended up with is not quite what you said.

So that's why it leads people to ask me, when I'm around Saskatchewan or in other jurisdictions, do you think the new administration in Saskatchewan really has a sound economic plan that would allow people to invest and to build and to create economic opportunities here? And I'm, to be fair, still waiting for the answer — still waiting for the answer.

And I can give you lots of economic arguments why cooperating with the federal government — and you're talking about it now and your Minister of Finance is — on tax cooperation is a lot more productive than all these fees and hits and sales tax increases without relief is causing under your plan. As you know with the whole cooperation, Saskatchewan and farmers and businesses become completely sales-tax free. Imagine what that does to your small businesses and your cooperatives. And I'd just like to put it another way.

You said if you didn't harmonize it would save you something like 5,700 jobs. Well you didn't harmonize. Have you got 5,700 jobs? Have you got the growth in investment? Was your research really valid? Could you use that research to help substantiate your plan today? And it's . . . I don't think it's an unfair question because I knew and the public knew and even after your review everybody knew exactly what

the situation is in the province of Saskatchewan.

And if you are going to make sure that people will continue to invest here, it's a little difficult to figure out why a leader of a political party could say, under this strait-jacket I will offer you 400 million in tax breaks; I will never raise taxes; I will not raise taxes — I can give you the quotes — and I will increase spending in health and education, social services, and we will balance the budget.

Now it's probably difficult to go through all the points in your plan, but I wonder if you could just give us some of the economic underpinnings that allowed you to make those three statements: here's a tax break; I promise no taxes; I'll spend more in health and education, social services, and agriculture, and I'll balance the budget.

Perhaps you could just add a little bit more detail to the economic underpinnings that allowed you to say that. And obviously we didn't end up there; we're in a completely different situation.

Hon. Mr. Romanow: — The hon. member from Estevan raises some interesting points and I hope he doesn't misinterpret what I'm about to say here to him, because I think he's more interested in refighting the 1991 election than the people of Saskatchewan are. But maybe they want it refought, and at some point I guess they'll have a chance to refight it.

But I want to make just two or three points very briefly. I have said this until I'm blue or red in the face, depending on your point of view. Here, Mr. Chairman, is what our campaign card was all about, "Let's do it . . . The Saskatchewan Way." I'm going to take a moment or two just to say what it says. "First Things First" on the first page; it's just a two-page card, very simple:

First Things First — Common Sense Financial Management

1. Open the books. A public, independent audit of the province's financial affairs to cut government waste and mismanagement.
2. A comprehensive review of all PC privatizations and business deals, to determine if they are in the public interest.
3. A balanced budget in our first term of office (which I might say parenthetically is the goal for '96-97) and a 15-year plan to eliminate the accumulated Devine Deficit.

That I think is going to be a little tougher to achieve. Next heading, "New Directions, New Priorities"; subheading, "Jobs, Fair Taxes, and Wealth Creation":

1. A commitment to save 7,500 jobs (not create, save 7,500 jobs) threatened by the expanded 7 % PST. We will repeal this unfair tax. (Which we did.)

2. Work with local manufacturers and businesses to increase the value-added processing of our resources and commodities for both the domestic and export markets.

That's what we're trying to do on the \$31 million package. No. 3 talks about new technology with respect to the application of renewable resources.

Now on the next page it talks about "A Better Quality of Life":

1. Work with students, families, and educators to develop a world class, accessible education system.
2. Commitment to a new, community-based health care system based on the "wellness" model.

I'm reading exactly.

3. A commitment to Saskatchewan's Aboriginal people to honour land entitlements and promote self-government.
4. Introduce an Environmental Bill of Rights to guarantee the public access to information and participation regarding environmental impacts.

And finally,

5. Fair labour laws, developed in consultation with working people and employers to promote harmony in the workplace.

I will not give you agriculture because we talked about that with the member from Morse, or open and honest, accountable government, except to say a code of ethical conduct was introduced and passed by the members; that's no. 1.

That's what we campaigned upon. That is what we campaigned upon, campaigned on. Well . . . and the former premier shakes his head, but I mean, there are thousands of these copies all over the place, and that's exactly what we campaigned on.

(1715)

Now I've made my point about the letter and the \$265 million, \$275 million which was told to all of us at that time was going to be sufficient to handle it. Heck, if I've got a \$500 million surplus now on the huge debt that I've got, 275 we could have found easily, could have found very easily. We've made that in cuts, in spades, very easily, in that context. So that's the answer to that member's question in this regard.

The member then goes on to say, well you know that Don Gass says it was all wide open. Well I guess it depends on how you read the Gass Report. I'm looking at the Summary and Highlights section, page 2, under Transactions Review, at the very bottom, no. 3:

The financial implications arising from certain transactions have not been fully disclosed to the public, nor have they been recognized properly in the Province's financial records.

Note those words. That's a finding of Don Gass. And in fact, when we examined the books, Gass points out 1.8 billion in losses or write-downs, plus 1.3 billion in guaranteed debt, plus non-payment for sale of assets, 237 million, although that's been cleaned up by us. Four, under category, investments of concern, 177 million plus 140 million. And they total these all up, totals these all up: losses, write-downs, guaranteed debt, questionable investments. And he totals them at 3.727 billion.

And he says these have not been fully disclosed to the public nor have they been recognized properly in the province's financial records. That became public in February, as the press so widely reported.

You see if the former premier says that I ought not to have been surprised, my further response is, so too the public and the press ought not to have been surprised. But they were, by Gass. Because the truth is, through a variety of accounting or non-accounting measures, that was the situation that took place. That's why all the huge coverage. That's why all of the **W5** stories and everything else that goes on.

And again I don't want to get into headlines because it gets too provocative, and I really don't — unless the member wants to pursue it — I don't want to get on to this. But I think that's the reason for the headlines and all the concern.

So he can say that we knew or ought to have known, and I say that we knew what we knew. And we acted and we made very responsible promises and statements, as the platform campaign card shows, on the basis of the facts as were known to us. He may say this is insufficient detail. I think it's very sufficient detail for an opposition party, very sufficient, and I would say very prophetic. It turns out very prophetic.

Opening up the books turned out to be a good exercise for all the people of Saskatchewan. Mr. Gass, the chamber of commerce — everybody says we've got it set up on the proper basis now and with our appropriate legislation we're never going to be able to return, I don't think, to a day where the accounting doesn't fully reflect the situation for the people of the province of Saskatchewan.

Again I close by saying, we have a *Partnership for Renewal* paper — first time ever, Mr. Chairman — 20-some-odd pages. It sets out goals and guidelines, sets out the philosophy, sets out our challenges, talks about education, retooling government. I would hope that the former premier in his capacity as consultant and adviser to people in business would show them this document and indicate some of the objectives and strategies which we have set out as being positive.

I think that this is a very, very good document. Have

we accomplished it? Of course not — it's only been tabled several months. But we're making good strides and the economic indicators show that.

Mr. Devine: — Well again I would just reiterate, you said quite clearly that you thought that the \$14.2 billion in 1991 was a strait-jacket. And I quote, I think it's in the *Leader-Post*, May 1, '91: Even if we wanted to, I don't think we would have the option because of the economic strait-jacket Devine has put us in. So you considered our situation a strait-jacket.

Well when you opened up the analysis, Mr. Gass says it was always open. And if you wanted to find some differences, he said this, and I quote: Blakeney used the same accounting principles and the figures were correct. The main reason for the increase in deficit is due to accounting principles, and under the accounting principles the main element is unfunded pension liabilities. End of quote.

Now what the people are asking and I'm asking is, is there nothing else that would allow you, admitting that there was a strait-jacket, knowing there was a strait-jacket, knowing how difficult it was, to allow you to say I am going to give you a \$400 million tax break.

In other words, if you had Gass ahead of time or if you had Gass afterwards, would you think it's responsible to offer a \$400 million tax break with a \$14.2 billion debt, and in the same time, same time . . . And I got to read these to you because you can have your little platform stuff, but this is what you're saying day after day on the radio and the television, and obviously people believed you.

I quote: We believe in living within our means. We think a \$4.5 billion expenditure a year is roughly . . . is what we now expend is the province of Saskatchewan is enough. Your name, September 3, '91. Tax increases were not needed to pay for the GRIP and NISA (net income stabilization account) programs, says NDP leader, Roy Romanow, end of quote, P.A. (Prince Albert) *Herald*.

I mean you even looked at things like the strait-jacket of 14.2 billion when you're looking at hundreds of millions of dollars going into agriculture, you say I don't even need to raise taxes to pay for GRIP and NISA. You go on to say no new taxes will be imposed. Instead the NDP would cut wasteful spending and encourage new economic development, end of quote.

And again with respect it just says, Romanow is promising a government that will live within its means and spend no more than the current budget estimates of 4.5 billion annually. End of quote.

And I quote again; this is March: I say the people of this province are fed up with Devine's taxes and we're going to change that. You were going to reduce taxes.

Another quote: well to answer your specific question — this is on the Harasen line, 1992 — we will not

charge premiums or deterrent fees or utilization fees, as they are called, for a numbers of reasons. Basically the fundamental is they are not a fair way to finance the health care program. End of quote.

This is in October of '92. You were still promising no tax cuts in '92 when you've raised fees and all kinds of health care premiums.

October 17, 1991: we're not going back to taxing people. Quote, unquote. Moose Jaw *Times-Herald*. Now there are lots of quotes, and I won't read any more of them. But what it said is that as you were gearing up towards '91, you on one hand said we're in a strait-jacket of 14.2 billion; isn't that awful? Then you'd say, but I won't raise taxes. And there's quotes here that people have in their living room and they've got them papered up and they're all over the place: you won't raise taxes. And people thought, well that will be good; I wonder what he's going to do now.

Then at election time you said, on top of that, I'll give you \$400 million back, no PST, and we'll balance the budget with good management. And then when you do get in, you don't implement the PST and you don't finish some of the programs you had in place. You say, whoops, we've got another \$400 million here on top of the deficit. And then you add another 500 million and now another almost 300 million, and you've added over a billion dollars to the debt, and you've got deficits and lower credit ratings. And we're just looking for what was it that allowed you the confidence to say that you could give away hundreds of millions of dollars, not raise taxes, spend more on health and education, and balance the budget?

Now obviously, Mr. Premier, some of us don't think that you had a real sound economic plan. In fact some of us might even believe that perhaps it was a plan to be successful in your short-run venture but it was not going to be good for farmers and not going to be good for taxpayers and not going to be good for health care people and it wasn't going to be good for universities and it wasn't going to be good for education. It wasn't going to be good for municipalities — there was going to be lots of offloading — and it wasn't going to be good for seniors and it wasn't going to be good for business.

And do you know what happened? It wasn't good. Rural people are hurting, farmers are hurting, seniors are hurting, taxpayers are paying through the nose, sales tax has gone up, and you promised none of that would happen.

So it's a fair question. After all those promises sort of, as the kids say, you know, how are you doing so far? Well so far, there's quite a bit of pain and still more to come because you said your plan was better. Well not only was your plan better, you had a plan that was quite attractive, frankly. I grant you that; I give you that. It was very attractive.

Imagine — you're going to say no PST to the public. Well I'm not going to raise taxes. I'm going to spend more on all these things. Vote for me and I'll balance

the budget. And that's what you said. And then you got in and you say, well we're going to open the books and see if we can do that. And obviously . . . you said, oh my gosh, we can't do that. Surprise, surprise, surprise.

And the people that opened the books says look, they were always open. Accounting principles made the difference, except for unfunded pensions and liabilities there associated with pensions, and you had those and so did we.

So I come back to the argument and just the question: what in the world allowed you to say, with a \$14.2 billion debt that you called a strait-jacket, what allowed you to say I'll give away 200 to 400 million, I will not raise your taxes, and I'll spend more on health and education for universities and all these people in social services, I'll eliminate food banks and do all these wonderful things, and I'll balance the budget?

Where did you get the wherewithal to say all of those things at the same time? Because obviously we got a completely different situation today. We've got severe pain in many, many places. Universities complain; the students complain; food banks up 400 per cent; farmers are complaining; towns and villages, reeves, councillors, mayors, taxpayers. It isn't like you said it would be. It isn't at all like you said it would be. In fact people wonder how in the world you said it at all and kept a straight face, because it just didn't work out.

And you've got the lowest interest rates in 30 years, the best exchange rates in 30 years, or close to it. And you've got a tremendous effort in terms of fighting inflation, and you have people wanting to invest.

So the question is there, seriously there: what gave you the economic confidence to put those three or four political sayings together at a time when you were talking about a strait-jacket in the province of Saskatchewan? And how do you think your plan is any better or in fact is even close to the economic alternatives that might be there?

Hon. Mr. Romanow: — Well, Mr. Chairman, if the former premier is seeking me to say that his plan is the way to go as the alternative, I tell him, just disabuse himself of that because the people of Saskatchewan loudly rejected your plan.

To answer your question very specifically, I think nothing better can be said than this. This is a May 6, 1992, editorial by the *Star-Phoenix*: Tories to blame.

The issue, provincial deficit; the solution, Tories must accept responsibility.

Quote, referring to the Gass report:

Despite the report's overwhelming indictment of the Tories' fiscal management, Neudorf and Swenson have the audacity to claim that during the election campaign Premier Roy Romanow pretended not to know the Tories were lying about the provincial deficit. The absurdity of

this situation and the complete moral bankruptcy of the Tories is not lost on Saskatchewan taxpayers. That's obviously why they're in opposition.

And here we are, 18 months later, you on the same tack. That's the judgement of the public. The argument that you make is that doing away with the PST, the harmonized PST is not responsible, too much taxation. But to harmonize with the GST is responsible, just the right amount of taxation. The argument that we were foolish enough to believe your minister of Finance when . . . actually when you think about it, after nine years there wasn't one budget where they were even within a scintilla of being near accuracy.

I think I admit that we made a mistake there. We shouldn't have believed him when he said 275 million was going to be the deficit — 275 million is what his letter said. And on 275 million . . . And on November 1 — I'm talking about four months left in the fiscal year — it comes in at 925. Even after harmonization, not even within a country mile are you close. Not within a country mile.

Just like the editorial says, and I can read this section to you again. So you cannot accept that argument and you simply will not accept that argument. Because I say with the greatest respect to the premier you will not accept the result of October 1991.

(1730)

Pardon me . . . (inaudible interjection) . . . Okay. But my last point is this. And this is the comment on the question of the accounting. I just simply want to say *Report of the Provincial Auditor*, March 31, 1992:

The Government moved from providing what the Financial Management Review Commission viewed as the weakest and least useful financial statements in Canada to providing one of the most useful financial statements issued by senior government in Canada.

That's the Provincial Auditor's support of adopting the Gass Commission documentation. And to us we think that report, plus Ernst & Young and the documentations, indicate the situation that is there. And I can only repeat again — and I will not read again to the hon. member — our campaign card, the great campaign card that we have . . . or had, but none the less it is there as to what we promised and it was a very responsible document.

And I'm proud to say that when we do go to the electorate in three years time or thereabouts, we will be saying: okay, here's what we promised; open the books, we did it; review the deals, we did it; balanced budget in our first term of office — I hope we can say that; I think we can — new jobs. I think we can go right down here and say we did all of this, fighting for rural communities and the like; open, honest government; general elections. I think this will be a very good

report card upon which the electorate can either say yes or no.

Mr. Devine: — Well, Mr. Premier, I just come back . . . and again, with respect, you have not given any economic underpinnings why your plan had given you the confidence to say to people, you will have no taxes and that you can give this big tax break and you're going to spend more and you're going to balance the budget. Obviously something must have allowed you to say that.

And you say, well are we reviewing '91? Look, you review '91 every day. In this legislature you're asked a question and you say, well but there was a debt of 14 billion in '91; therefore I have to do this.

Now I think that's fair. You do that a lot. I'm just asking you, under the circumstances of your review all the time, because you talk about '91. You said: lookit, you left a debt of 14.2 billion; therefore we got to do this. You talked about that 14.2, but what did you say then? You said something that people obviously believed you would do. You said it's a \$14.2 billion debt and it's awful, but I'll tell you what I'll do. You said, I'll cut your taxes and no new taxes and lots of increase in expenditures.

And people bought it. They said, well that's pretty popular. Isn't that popular. I mean, today they're shaking their head and said, my gosh, all these taxes have gone up. We have this odd combination. I think, I think . . . didn't they say that they were going to cut taxes and spend more on agriculture, cost of production? And you didn't need tax increases to pay for GRIP and NISA? Did they say that? Didn't they say there was going to be more for health and education — get the university professors and students to vote — didn't they say that? Yes, they said all that.

Well what in the world happened? Oh, they got elected. And we end up with a situation where now people are saying you have hurt rural people; you have inordinately taxed municipalities; you have raised the sales tax, you've broadened it to include clothes — it's up 26 per cent from where it was where you took office; you have cut into the protection for seniors; you have cut the pension plan which was very popular among all the seniors; and you have taxed business — taxpayers are saying the same thing — and there was no justification.

All you've got is, well we got elected because we promised no taxes and a tax break and more spending. And guess what? We have . . . now we're in charge. I guess we're going to have to find a way to get through this. And you think it's tough. Well thank goodness you've got very good exchange rates and very low interest rates and some other things to help you through or it would be . . . well frankly, it'd be extremely difficult.

Well all I make the point is, of course there was a debt. And other jurisdictions had debts, as you know. Bob Rae finds out, Alberta finds out, Canada finds out it's not easy. But what you did on those circumstances is

you said, and I will promise lower taxes and no increase in taxes and more spending and balance the budget, and people believed you.

Well all I want to make the point is, is you told people certain things and they believed you.

Now I think it's fair to say with respect, it didn't come to pass. You have dramatically raised taxes, dramatically offloaded, dramatically cut into health programs, agriculture programs, social service programs, educational programs, and you've certainly raised the PST and you've broadened it. And you're looking at a situation where there's a great deal of pain. So people are just asking, I wonder if he really knew what he was doing when he said that. And if he didn't, well we've got to find out if we should have confidence in you. If you didn't understand that 14.2 made it difficult to promise no taxes and that you would give a \$400 million tax break, if you didn't understand that, then people are going to say, well gosh, maybe I shouldn't have confidence in his economic plan.

On the other hand, if you did understand it would be really difficult but you promised it anyway, then their confidence might be a little suspect. So either way, people are looking at you and saying, if he argued that 14.2 billion was a strait-jacket, he must have realized that a big tax break and promises of this and promises of that just wouldn't wash unless he had a really good plan. And if you don't have a good plan then maybe you didn't have one at all, and then they wonder why you would do that.

So I think, Mr. Premier, I've made my point. It's not particularly pleasant to see the economic circumstances that people of Saskatchewan are facing with high taxes, increased taxes, increased debt, and certainly much less support in health and education and agriculture, when in fact they voted for the opposite. And if there's no plan, if there's no economic underpinnings to what you've done, then we'll just accept the fact that it was a plan, but it wasn't based on economic underpinnings. It was based on something else.

And I have seen nothing here today that you have given me that would suggest that you have an economic prospect or an economic strategy that would lead us into the future. And you're saying, well, you know, if I keep raising these taxes and keep doing this, I hope to be able to balance the budget even though you promised that you wouldn't be able to do it.

My last argument will simply be this. I would again like you to explain — and particularly for the co-ops and the business communities — why your taxes and your sales tax increase of 25 per cent, up to 9 per cent, without any relief for business, why that is better than some sort of cooperative effort as you subscribed in part today. And I think you were proud of it, where you have tucked it in a little bit and said, we'll give relief there and give relief . . . Obviously it makes sense because if you've done it for IPSCO or do it for

Sears, it makes great economic sense for those companies. If it makes sense for Sears and it makes sense for IPSCO — and certainly we've got lots of letters, and you'll have them on file — why your increase in taxes and taxes and taxes and taxes is really going to be the right way to allow the business community and co-ops to have confidence to invest here.

So perhaps you would have the capacity or the wherewithal to give me and the public any other economic underpinnings that gave you the confidence to say that you could pull this off under your new tax system when in fact you promised no taxes and tax relief and increased expenditures. Is there anything else that you could add in terms of the economic underpinnings while your tax system is, in my view . . . Convince me that it is not just a very, very crude, blunt instrument that you're using now all over the place. Health, education, municipalities, consumers, the sales tax — the PST is up to 9 — everywhere you go, and no relief. Where is the relief?

And you talk about, well we did have, we had \$30 million here. But where is the strategy that would encourage them to invest here rather than Alberta or Ontario or Quebec or B.C. (British Columbia)? Is there anything else that you could add that would help describe that?

Hon. Mr. Romanow: — Mr. Chairman, with the greatest of respect, I just don't understand where the former premier is coming from. He cites these figures just as if he was back in the premier's chair. Four hundred million dollars in taxes, and he knows full well that the most the harmonization would have gotten him by his own figures is 125 million, for an example.

He shakes his head. Well let's get . . . Would you get one of the officials to dig out that last budget of theirs and we're going to settle this once and for all, right now.

Then he says, how did you know? Why is it that you say you don't know? Do you know why we did not know? Because we did not know as the world did not know. Paul Martin, *Star-Phoenix*, editorial column, quote: without resorting to partisan or large "P" political shots, the commission documented a shameful addiction to secrecy dominating the mind-set of the previous administration headed by Grant Devine. End quote.

Quote: Abuse of authority, cover-up, and overt attempts to circumvent the public scrutiny of the Legislative Assembly clearly became the operating practice of the former cabinet, most notably in the area of economic development. Vehicles such as the Saskatchewan Diversification Corporation, SDC, Saskatchewan government growth fund, SGGF, became the Saskatchewan equivalent of Ollie North's clandestine White House antics. End quote.

Goes on to say, quote: for example, you may recall the formation of the SDC was a closely-held piece of

information. Few, recently few, certainly few in the business community this organization was allegedly designed to assist had ever heard of SDC. Similarly, senior members in the New Democratic caucus were caught by surprise when news of SDC's existence broke. SDC was not a household name in Regina before the election, leaving little doubt secrecy was the previous administration's theme song. If nothing else, the Gass Commission's findings stand as a powerful argument for keeping government out of business. As it turns out, the provincial election became the ultimate check and balance in Saskatchewan democracy.

It's interesting to note that not one single member of Devine's economic unit was returned in the general election. You can't tell me, Martin writes, the people of Saskatchewan don't know a snake oil salesman when they see one. The Gass Commission's report verifies everything the people of the province of Saskatchewan knew.

Now you can say that he is writing maliciously. You can say that I am trying to be wilfully blind. You've been at this for the last hour and a half. All I'm telling you is if you make that allegation about me, then I am in good company, sir — in good company. Not only editorialists but everybody else who has said that this is the case that is going around — in good company. Now I will not convince you and you won't convince me.

Now my last point is, what gives us the confidence? This is the crucial aspect of the question. I don't want to fight the '91 election all over again, maybe the member from Estevan does.

What gives us the confidence is . . . as he started out, I'll close on my answer. What gives us the hope, I'll put it that way, and the confidence are this: the economic indicators which I have recited; the fact that we do have a co-op small business strategy — small business corporation tax reduced; no payroll tax; the establishment of incentives for investment; manufacturing and processing tax credit; phasing out of E&H (education and health) on manufacturing processing; labour-sponsored venture capital program; the 1-800, which is only one aspect of the Sears call line, only one aspect; the E&H removal on the 1-800; and the promotion of value-added processing; and the partnership paper.

Now do I know that this is going to succeed? I do not know this is going to succeed. All that I can say is what I said to the former premier. I really believe that on the best evidence that we have before us and the most independent facts that we can get, since nobody has attacked these numbers as being wildly unrealistic, we've got a chance — we've got a chance. And the predictions are reasonable and sound.

And I appeal to him . . . I mean, I don't know what his political future is going to be. He's going to make that choice, and he can do whatever he wants, of course, but he's now not only in politics, but in the business community. I appeal to him to take a look at the

positive side of things here, to take a look at the partnerships which we are trying to develop. In 18 months we have not gotten out of the situation we're in. There's no doubt about that. But we didn't get into it in 18 months.

So there's my comment. The former premier wants to come back to give me one more good shot, so I'm ready and give it to me.

(1745)

Mr. Devine: — Well let me just say a couple of things. One is that the reason that I'm concerned is because I do farm in Saskatchewan and I do operate a business in Saskatchewan as well as being involved in public life. And I would think a more streamlined and a targeted and a strategic taxation regime would really help the province of Saskatchewan. I genuinely believe that.

And you say you agree. But so my concern is that I'm not convinced that you had a plan of any kind of taxation that would be anywhere close to being strategic and targeted and focused when you promised no PST and no new taxes and all this increase in spending without a debt. I mean, there was a vacuum there. And clearly, history is recorded that you have filled it.

Now one of the reasons that leads me to believe that perhaps you don't have a very good . . . whether it's appreciation or handle on an economic strategy, is that your recent comments are that you again — and I don't understand it, I really don't — not in favour or would not endorse more liberalized trade between us and Mexico, and us and the United States and Mexico.

If you are in touch with the business community, certainly in the province of Saskatchewan . . . your Minister of Economic Development has been there and he talks about all the opportunities. It's part of his so-called plan that you put together. If I could see some consistency that you really believed in lower tariffs, opening up, encouraging businesses here . . . businesses are talking about, well we're going to manufacture in Saskatchewan and we're going to market here, add diversification, but the administration isn't in favour of more a more tariff-free environment with our partners to the south.

You campaigned against free trade with the United States; you campaign now against . . . you just spoke against NAFTA (North American Free Trade Agreement). And all it is is lower tariffs, that's the lowering of tariffs between . . . Big market. You've got people in your party and people in business and people who've raised funds for you, saying, for heaven's sakes, we need those markets.

But you are leaving the impression that you have some other plan. Now I don't see expansion in the Pacific Rim under your administration; I don't see the expansion that our new office or additional office or agents or whatever you might have, in Japan, in

China, in Taiwan, in the Pacific Rim. You've campaigned against the American opening up of trade and now you're against Mexico, and you're supposed to be with the business community.

Well business people spend a great deal of money, and I'm sure you agree. We go to other countries, we go for markets, we look for access, we look for the support, at least philosophical support, from businesses. And then we look for partnerships in philosophy, at least, if governments would say you're welcome, come in here.

How can we say and how can you say come on into Saskatchewan and manufacture when we've got 9 per cent sales tax on top of this federal tax, when we don't really favour trade and freer trade with other jurisdictions, when we're not encouraging that, when we're taking Crown corporations and expanding them to other jurisdictions? And that one's got me. I mean, they're shaking their head in Manitoba over that one.

A Crown corporation, SGI (Saskatchewan Government Insurance), is now going to expand across the country. I mean it's . . . do you think that makes the insurance companies feel good that this is a government for the private sector? You said five minutes ago, or ten minutes ago, you don't think government should be there. Yet you've got a Crown corporation in another jurisdiction trying to compete in insurance. What in the world is that for?

So if you're anti-business and anti freer trade and you are taking your Crowns and putting them into other jurisdictions on top of the fact that you promised no new taxes and a big tax break and balanced budget and all . . . (inaudible) . . . none of it is coming to pass. It doesn't ring.

And you're the individual that nationalized the potash industry. And we can't just forget about that because you borrowed a bunch of money and I got the bills, and the rest of the Saskatchewan taxpayers, because you never paid it back. Interest rates go to 22 per cent and guess who pays? Somebody does.

Now that philosophy, that flip-flop all over the place where you say here that you're for co-ops, and you're obviously in a major battle with the heart and soul of the cooperative movement, and you're for the business community but you've got all these inconsistencies in your personality and in your policies and in your administration.

So it's not just the election of '91 where you promised lower taxes and you promised no new taxes and you promised more expenditures in health and education, it's since that time. Since that time you have rung up more debt and more deficit and you've got a lower credit rating.

And now you're talking about, as you court business, but I'm against trade with Mexico; I'm against freer trade with the United States. You certainly haven't expanded your energies or helped people expand their energies in the Pacific Rim, and you've got

Crown corporations off competing in other provinces against the private sector. Now it gets a little confounding, to say the least, when the public wants to know what your basic economic foundation and underpinnings are.

So I mean it's . . . You're right. You have not convinced me and perhaps several others in the province that you do have a strategic plan that says, come into my province because we believe in this with respect to economic development and growth. And granted both . . . all people are concerned about debt and deficits. And again I reiterate. I was surprised that you could have all these promises, given your realization of a \$14.2 billion debt that you campaigned against, but you did it. And it's out there.

But now the other inconsistencies just add up as well. So we just need to put them all in a package to find out what it is about this, the personality of the leader here that will give us the confidence for business people to invest and to build and to grow here in the province of Saskatchewan.

Mr. Swenson: — Thank you, Mr. Chairman. Mr. Premier, I've been reviewing the information that you were so kind to send over the other day. And there's a few things here that I find a little bit bothersome and I think we should clear up before we finish these off.

You seem to have had a lot of people here that worked for you for two, three, four months and then they head off to other areas. I have a couple of questions there.

I wonder if you would mind providing me with the area that each one of these individuals went to. It says, accept position in a different agency. And if they went to that agency, if they were at the same salary as what you are paying them or if they've gotten increases since then.

And also, a couple of the individuals that I'd like to ask you about in there . . . I notice that Gordon Nystuen went on your payroll on February 2, '93, at \$3,314, but also very shortly went on to the payroll of the Gaming Commission and the Liquor Board at a fairly high salary. And I notice in the termination section, there is no termination for this individual, and I'm wondering how he made that quantum leap from your office to the other area without the termination occurring. Was he being paid by one, two, or three agencies all at the same time?

Another one for you to look up. I notice here that you have a Cheryl Wilkie whose termination date is September 30, '93. We're some months away from September '93 and I'm wondering if that aide, if she is on your payroll till then in anticipation of going to another agency, or what exactly that individual is doing. So I wonder if you could answer those questions before we go on to a few more.

Hon. Mr. Romanow: — In the case of Nystuen, there is a secondment agreement. He comes from Executive Council over to the Gaming Commission and only in a capacity of acting chief executive officer although I

must say in our judgement he's doing an excellent job. And what works out in the future I guess will depend to a large extent as to how that plays out. But in any event there's contemplation of a return.

With respect to Cheryl Wilkie, she left Executive Council and now works in the minister's office of associate Health . . . Associate Minister of Health.

Mr. Swenson: — Why is her termination date September 30, '93 then, if this has happened?

Hon. Mr. Romanow: — Again perhaps I'm misreading this. But I see on my document, Cheryl Wilkie, receptionist-switchboard, March 31, '93 or termination. And then transferred to Health on September 30, 1992. So it would either be March 31, '93 or as of September 30, 1992, the termination time . . . or the transfer time. That would be the operative date.

Mr. Swenson: — Well I must not have that page, Mr. Premier. The page I have here is 2/33 that I'm working off, and my first name on terminations here is Abells, Janet Abells.

Hon. Mr. Romanow: — Yes, we've summarized it. That's right. That is a typo, I'm told. That is September 30, '92, but it is typed September 30, '93. You're right. But in actual . . . the document briefing note which I have, which is the same information, it was September 30, '92.

Mr. Swenson: — Okay. That clears that up. And the question I asked you about all of these other agencies, will I be provided with where these people all went to and the salaries that they're at in these new agencies?

Hon. Mr. Romanow: — Yes, we can get this compiled for you and indicate where they are and the information that you want. Some have simply been laid off or terminated, some transferred and the like, and we can provide that. Some even unfortunately death. But we'll do that.

Mr. Swenson: — Mr. Premier, while you were in opposition, you and your party talked a lot about secondments and how you didn't like them particularly. I notice, going through these, that you've got about 15 of them at present on the go — our friend in the Liquor Board and Gaming Commission being one of them. But they seem to be all over the place. Some of them are consultants; some of them are researchers; some of them are special advisers.

Is it the practice to sort of run them through Executive Council until you can find the appropriate place in government to park these people? Because as I go through them, they mostly all seem to be people with fairly prominent names in the New Democratic Party. And I look at Dickson Bailey and others of his stature in your party, and I'm just wondering . . . Delaine Scotton. I can pick out many here that seem to park themselves in your office for a little while, either under a secondment or some type of temporary employment before they go off to another agency. And I'm

wondering what policy decision that you're working with these days.

Hon. Mr. Romanow: — Thank you, Mr. Chairman. First of all, I'm advised by my officials that as far as Executive Council is concerned, Mr. Leader of the Opposition, we do not in Executive Council second MAs or ministerial assistants working in political offices. We try to take into our shop, if I can put it that way — by way of secondments, I'm talking about — people who are within the regular civil service, if I may describe it, non-ministerial offices.

Now the policy is very simple. We believe that secondments provide temporary job assignments to public service employees to enhance skills, knowledge, and experience, competence and flexibility of the human resources and allow departments flexibility to respond quickly to the changing human resources needs and that they are vital to interchange and creativity.

I don't want this to be thought of in political terms. But the Provincial Auditor has been highly critical of the secondment system up to date and as a result we have taken the following steps to change it based on the Provincial Auditor's criticisms. One, formal agreements are now in place for secondments over two months in duration; and two, agreements identify the length of the secondment and specify that the seconding agency will be responsible for all expenses and salaries after two months. This is currently under review by PSC (Public Service Commission) as part of a development of a general secondment policy for government overall. Permanent heads of both agencies and the individuals seconded must sign the agreement.

So when you say why did we complain before, it was because the Provincial Auditor subsequently indicated that the system was not properly tracked or accounted for. We think we've put into places as he has recommended proper tracking and identification, and we followed that policy and general approach.

(1800)

Mr. Swenson: — Well, Mr. Premier, I hardly agree with his comments as far as public servants, and there are some of these people are long-time public servants. I see one that even used to work for me here in Energy and Mines. But they are the exception rather than the rule. I mean, to call Mr. Dickson Bailey or Susan Bates or Nystuen or Scotton or Andrew Thomson or Mark Stobbe or Sheena Weir, Don McMillan . . . I haven't had time to pick them all out of here, Mr. Premier, but these are not long-time public servants. As one of our friends in the media . . . and we never want to always believe them, do we? — when some of them were described the other day as cronyism, and some of them weren't cronies, they were patronage appointments because nobody liked them any more and that type of thing. But you have an awful lot of plain and simple New Democrats salted in through here, Mr. Premier, that are not public servants; they're political friends of yourself or others.

And it just seems that we have an ongoing process of them working for you for a few months and then going elsewhere, or else they're somewhere else and then you bring them in for a few months. And it almost appears to me that what we have here is a clearing house of individuals from the New Democratic Party who can then get themselves a government job at some point.

I'm wondering, Mr. Premier, if you could tell me how many of these positions were advertised? I know that there was some comment earlier on in your term that it would be an open advertising process for these positions. So if these ones that have been moving around government and accepting positions in other agencies and some of these ones that clearly are New Democrats, if you could tell me if they were advertised positions that they've gone to, and if so, would you provide me with copies of the advertisement?

Hon. Mr. Romanow: — We'll see if we can find the paper for the latter question. But I want to disabuse the hon. member from the, I think, the wrong assumption that he makes, the information which we gave to him with respect to Executive Council employees who have left being all secondment employees.

That's not the case. Some have died. One person . . . I mean there's no secondment there. And some have left for other reasons; either leaving the government service or resignation or termination, so that this is not necessarily a secondment.

What we're really talking about for the vast majority of the employees that you're looking at is simple transference out of Executive Council into other areas of government. No secondment. In the case of Nystuen, that was a secondment agreement on the terms and the policies which I have articulated to you.

Now I'm given the following: in '92-93, Mr. Leader, there were 513 placements of which 414 — 80.7 per cent — were hired by competition under the terms of the collective agreement; 75, namely 14.6 per cent, were due to reclassification; 22, or 4.3 per cent, were the result of redeployment, a small percentage; and 4 — .8 per cent — were section 7.23 appointments. I don't know what section 7.23 is . . . Yes, under special authority of the chair of the Public Service Commission. So that is the case.

Now in Executive Council, the competition were as follows: secretary to the associate deputy minister, the chief electoral officer, the international officer, five senior policy advisers, admin. officer, as listed here. And there may be others which are not set out.

Now in the case of Nystuen, which you referred to, I've explained that. That's a simple matter of secondment because we needed, we felt, someone of Nystuen's calibre in that position quickly as possible.

Mr. Swenson: — Mr. Chairman, Mr. Premier, I wouldn't have to go through person by person, but I

guess we'll have to do this, and you can tell me whether this is an advertised position or not.

We've got Janet Abells, special adviser, accepted a position at a different agency as of January 31 '93; Dickson Bailey accepted a position in a different agency, February 28, '93; Susan Bates accepted a position in a different agency, January 11, '93; Caroline Brisbois accepted a position in a different agency, November 17, '92; Debi Chambers accepted a position in a different agency, October 7, '92.

So I mean those are the ones that I'm interested in . . . (inaudible interjection) . . . Okay.

Hon. Mr. Romanow: — I make a commitment to the Leader of the Opposition that we will augment the general department agency report to identify competition or not competition. And the reason I say that is if we go by this . . . I mean we can take the time, but I think it would be not a useful use of the committee's time.

Janet Abells, MA, that classification, you'll see it in category 3 of your document — name, title, classification — that is a political position; there's no competition for that. Bailey, consultant, there's no competition for that. Susan Bates, MA, works in the Minister of Finance's office.

But then you find others that do have competition. Barbara Cross, CT (clerk typist)III, and so it goes down the line. There's a PL (professional level)8, and I won't mention the name but that's an abolition in termination of position. So we'll give you that material as to what competition took place and what did not take place for whom.

Mr. Swenson: — Well thank you, Mr. Premier. I will accept the offer and gladly take it. I wished we'd had a few more days of sitting to go through that and just analyse it a little bit but . . . (inaudible interjection) . . . Oh, we'll get through this, don't worry.

I notice also, Mr. Premier, in your list of committees and reviews you do not list the actual committees. So I'd like to ask you if these are your committees, or if they belong to somebody else. Because where they're funded from and that type of thing I think is important.

For instance, the Premier's action committee on the economy is not on the list. And I ask you, if the PACE committee is your committee, then it should be funded, I would presume, from your allotment, or is it the Economic Development minister's committee?

Hon. Mr. Romanow: — Actually, first of all, PACE, we call it, occasionally, Premier's action committee on the economy, Mr. House Leader . . . Mr. Leader, but it's really a provincial action committee and it comes under Economic Development. So therefore it's not listed.

I might add about PACE for example, that there are no per diems being charged here. These are people who volunteer their efforts and the work. I think the only

expense is the hiring of the room for the meeting. Pretty well everything else . . . maybe some travel expense, minor travel expense. That's the reason why it's not listed here; it's under Ec. Development.

Mr. Swenson: — I wonder, Mr. Premier, you've got a few office locations around that I notice, office locations where your people are located. I wonder if you could tell me what the office space that Executive Council has in the CIC (Crown Investments Corporation) building is for and who would be occupying that particular office space and what exactly do they do. And if they are part of the people that we've been recently talking about, you can indicate what.

And there's another one I noticed on here and it's a building that's unfamiliar to me so I wanted to find out about it. You have office space in the Rolloflex building, Rolloflex building, and I wonder what the purpose of that office space is?

Hon. Mr. Romanow: — First of all, the space at CIC is unrelated to your dear friend, the evil Mr. Ching, or anybody tied up with that operation. He's not tied up with this. This was a space which is terminated effective March 31, '93, and it was a straight, what they call program review by people who are — how should I word this? — not with any aspersion on Mr. Ching, but the regular civil service, if I may put it that way. And that's gone.

With respect to the Rolloflex, I'm advised that this is warehouse space — warehouse space for the Chief Electoral Officer. That's what I'm told, and it has been that way for many years.

Mr. Swenson: — I wonder, we might be doubling up with this question too. Under personnel, no. 1, for the '92 fiscal year, you've got 5 million listed as "other". The employees are not in scope, I understand, and I'm wondering what the list of people that are in this particular sum of money and provide a list of each job covered for the 5 million under "other".

Hon. Mr. Romanow: — These are the salary dollars for the Executive Council, and I believe we've undertaken for the member from Greystone to provide a breakdown of that for that member and we're prepared to do the same thing for you, but you'll just see the salaries that are set out there.

Maybe I've got the wrong document here. It's under electoral that you have that? Is the heading at the very top, upper left-hand side: Executive Council, electoral?

Mr. Swenson: — Personnel, no. 1.

Hon. Mr. Romanow: — Personnel, no. 1. Maybe . . . damn, the government's still too large. Yes, the number you're referring to is 5 million; the number that I have is 3 million. Where do you get that 5 million from?

Mr. Swenson: — Well I'm just, Mr. Chairman, going

off my notes here, so I'm going to have to take the Premier's word at it that it's simply 3 million and not 5, because I . . .

Hon. Mr. Romanow: — I will make a commitment to you in order to speed this along a little bit. If you and the House Leader, or for that matter if we could send somebody from Exec Council to meet with you, we will provide a written response. Because the number that we have is \$5 million.

Personnel report no. 1 — we've got it noted — that is, I'm told, all of the expenses for the running of elections. That's what it includes.

Mr. Swenson: — Okay. If that's the case, would that include the three plebiscite questions that were also asked along with it?

Hon. Mr. Romanow: — Everything paid for by the electoral office is in that number.

Mr. Swenson: — I have one final set of questions, Mr. Premier, and it's something that I don't have a lot of detail on but I think we need a little enlightenment.

You, or your department, I believe, is in charge of Executive Air. And I understand that there are a couple of individuals over there who are under suspension right now from Transport Canada, but they are at full pay. And there are some allegations of time sheets not being correct; of planes that were taking ministers to specific places, turning around and coming back to Regina for supposedly mechanical reasons, but in fact perhaps weren't.

And I think, Mr. Premier, that given the public's interest in anything to do with how cabinet or MLAs (Member of the Legislative Assembly) travel or do things, that it behoves you to give us some kind of an explanation exactly what's going on there.

(1815)

Hon. Mr. Romanow: — First of all, Mr. Chairman, I'll answer this question. It's important, but this is not an Executive Council line . . . (inaudible interjection) . . . I'm sorry, if I could just finish this off so that you could hear the answer. This is not an Executive Council line responsibility; it's a Property Management Corporation responsibility. And there has been — how should I describe it? — investigation, perhaps is the word to use, by the Department of Transport, Ministry of Transport, over a period of time with respect to the filing of logs and flights by pilots and perhaps even mechanics.

SPMC (Saskatchewan Property Management Corporation) is awaiting or has received — it's in that time frame — from the Department of Transport a recommended solution as to what should or shouldn't happen, and management is trying to solve it in that context.

The suspensions are just that, suspensions with pay, until the matter is straightened away. We're dealing

here with long-term employees.

Mr. Swenson: — I can appreciate that, Mr. Premier. Who makes the decision then as to whether they are under . . . they continue to be paid at full remuneration or not? Is that SPMC's minister makes that decision? Or who does that?

Hon. Mr. Romanow: — This is, at the end of the day, a management decision by the Property Management Corporation; by the Property Management Corporation is the decision.

Mr. Neudorf: — Thank you very much, Mr. Chairman. I have just one brief set of questions for the Premier, and that deals with advertising and local papers and newspapers and so on, Mr. Premier.

I have two newspapers in my constituency. One is the *Saskatchewan Valley News* and the other one is *The Village Press*. The owner of *The Village Press*, quite frankly, when I read his newspaper and his articles and so on, probably doesn't like your political stance. And he let's it be known in no uncertain term. There's a concern here, Mr. Premier, that this particular newspaper and one other in the province has been denied any government advertising over the last period of time, while the other more medium, run-of-the-road type of newspaper is getting a fair amount of advertising, but this one, *The Village Press* is getting no advertising, Mr. Premier. Is this a policy of your government, that people who stand up and protest, that they pay the price?

Hon. Mr. Romanow: — No, it is not a policy. I stopped reading newspapers a long time ago. It isn't a policy.

An Hon. Member: — Except *The Globe and Mail*.

Hon. Mr. Romanow: — Except *The Globe and Mail*. You're right about that. That is the one paper I still read. I don't know why, but I do. It is not a policy.

This is a result of the following factors. We have very substantially reduced the total amount spent on advertising for newspapers, big numbers. The weekly newspapers associations are not happy with this; they want us to open up some more for obvious reasons. Then when you have fewer bucks it's a question now of circulation, exposure, readership, market areas — whether it can be done by other newspapers, depending upon where the community is functioning, and what advertising competition there is.

What we do with respect to advertising is we have introduced an advertising policy which is low-bid tender, or at least is a tendering process which everybody knows about. But as to placement, this will depend on exactly numbers like readership. This has nothing to do with the *Valley News*. I don't know what their position is. I haven't read *Valley News* at all, and so far as I know most people around here haven't done it. That's the simple situation.

Mr. Neudorf: — It's not the *Valley News* that is

making the complaint, sir, it's *The Village Press*, which is out of Warman and out of Dalmeny area. I have no problem, Mr. Premier, of you saying that we've got to take a look at the amount of money that we're spending in advertising, cutting back. That's not the complaint, Mr. Premier.

The complaint is that SWNA (Saskatchewan Weekly Newspapers Association), the other members of it are getting their fair share of advertising dollars. This particular paper is not getting any advertising. That is the problem. It's not the amount across the piece. It's that this paper seems to be almost singled out because of its political stance, that it is not getting the kind of political advertising that the *Valley News* for example, just 12 miles down the road or so, is getting. That's what I want. Now to draw into a nutshell, Mr. Premier, I'm going to ask you to make a commitment that you will have your officials look at the amount of advertising that this *Village Press* is getting, and if indeed it's getting its fair share of advertising. And that if not, that you will see to it that this problem is going to be addressed in a fair manner.

Hon. Mr. Romanow: — I'll commit to the hon. member to take a look at this and I'll instruct my officials to give me a report or at least an examination as to what the situation there is. The first I hear of it, and so far as I know it's the first that they hear about it. We'll check it to see if there's something which is amiss or remiss there. But I tell you, we don't place on the basis of favourable editorial comments because if we did I think we could reduce the advertising budget to pretty well zero.

The committee reported progress.

The Assembly recessed until 7 p.m.