

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
June 12, 1985

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

READING AND RECEIVING PETITIONS

CLERK: — I hereby lay on the Table a petition which was presented yesterday by certain citizens of the city of Regina praying that your hon. Assembly may be pleased to urge the government to reconsider their project in order that a solution may be worked out which would be of benefit to both the native people for whom the complex is being built and for the community as a whole.

I hereby lay it on the Table.

INTRODUCTION OF GUESTS

MR. MARTENS: — Thank you, Mr. Speaker. It's an honour for me today to introduce a class of students of Waldeck school to the Assembly, and I want to just make a point. Waldeck may be not known to many of you, but if you went back to the early 1900s, it was the largest cattle delivery point between Calgary and Winnipeg, and the '76 Ranch hauled all their cattle to that location, and I don't even know whether the students realize that. But it was one of the largest delivery points along the Canadian Pacific Railway for the livestock business.

I want to welcome the students here, and I hope that their stay in Regina is going to be informative and beneficial to them. They are accompanied today by their teachers Miss Pat Dyck and Terry Klippenstein.

HON. MEMBERS: — Hear, Hear!

MR. YEW: — Thank you, Mr. Speaker. I have the pleasure of introducing to you, through you, and to the members of this Assembly, a group of 9 students seated at the Speaker's gallery, accompanied by Mr. Sam Rambaran and Mrs. Helen Sayies. This group of students are from the community of Sturgeon Landing, and they're from the elementary school there. They have travelled a long distance. Sturgeon Landing is a good many miles north-east of Cumberland House. Sturgeon, in itself, is quite isolated, quite remote, and I'm very pleased to be able to introduce this group of students.

I hope they enjoy their visit. I hope they find it educational as well as rewarding, and I wish them a safe trip home later on in the week. I will be meeting with you after question period for refreshments and pictures, and I would like to ask all members of the Assembly to join me in welcoming this group of students.

HON. MEMBERS: — Hear, Hear!

MR. WEIMAN: — Thank you, Mr. Speaker. I apologize for being a bit out of breath. There is a bit of confusion regarding the school that is visiting us this afternoon. We got that cleared away. I might state that the confusion wasn't on my part as an MLA, but rather on the part of bureaucracy down here in Regina.

I'd like to introduce a school that was named in honour of our first Canadian Governor General in Canada. The school is situated in my constituency, and that is Vincent Massey School. There are 41 students in grade 8 who are attending here this afternoon. They're accompanied by their teachers, Harold Semchuk, Pat Thode, Murray Tufts, and if I recollect correctly, Pat Thode was

here a couple of years ago with her students. They're also accompanied by their bus driver, Robert Walsh.

Normally the course is such that the legislature is out of session by now, but in anticipation of your visit I impressed upon my colleagues on both sides of the House to try to extend the sitting of the legislature so that you would be here to be able to witness the legislature in action. And of course, I do want to thank my colleagues on my side of the House, as well as colleagues on this side of the House, to ensure that we were here for your attendance. I am sure you will find your visit here informative this afternoon. I look forward to meeting with you after question period for refreshments, pictures and some insightful questions. I hope that the members of the legislature here would join in with me in welcoming you here this afternoon.

HON. MEMBERS: Hear, Hear!

HON. MR. BLAKENEY: — Mr. Speaker, I would like to introduce and welcome to the House and, through you, introduce to other members of the House a former member of this House, the former member from Melville, the former minister of public works, Mr. Wilfred Gardiner, who's sitting behind the opposition rail.

HON. MEMBERS: — Hear, Hear!

ORAL QUESTIONS

Extension of Tax Royalty Holiday for Oil Companies

HON. MR. BLAKENEY: — Mr. Speaker, I direct this question to the Minister of Finance, and it deals with the announcement this morning in Weyburn that his government has extended the tax holiday for oil companies to the end of 1986.

A few days ago, Mr. Minister, your colleague, the Minister of Agriculture, said that Saskatchewan couldn't afford an adequate grasshopper control program to avert a major disaster in that area — no money. For a number of days now they've claimed that Saskatchewan and Canada can no longer afford index pensions for senior citizens, but today you announce that your government can afford to give a major tax break of hundreds of millions of dollars to oil companies.

Mr. Minister, I suggest that that is a double standard, and I ask you to explain to farmers who are battling grasshoppers, senior citizens who are facing de-indexing with the consent of your government, why your government has no money for them but has money in the hundreds of millions of dollars to provide additional tax breaks to oil companies?

HON. MR. ANDREW: — Well, Mr. Chairman, Mr. Chairman . . . Mr. Speaker, the Premier in Weyburn today had a very, very successful, highly successful oil show in the city of Weyburn so . . .

MR. SPEAKER: — Order, please. I believe that all hon. members know that this is a seat of government and we should maintain some decorum, and I would ask members to do that.

HON. MR. ANDREW: — The statement made by . . . the statement made by the Premier today at the first Saskatchewan oil show in Weyburn was to the effect that we're extending the oil policy that we brought in in 1982, Mr. Speaker, to the end of 1986.

What that oil policy has done, Mr. Speaker, for the people of Saskatchewan has been as follows. When we took office, 50 per cent of the oil industry in this province was shut in. It was shut in, Mr. Speaker. And what that meant is that the revenues to the government were dropping, Mr. Speaker. Our children — and I can assure you, as the member as the member from Kindersley —

the children of our province were going to Alberta and going to the Beaufort Sea and going to Hibernia to find work.

We changed that policy, Mr. Speaker. It has meant more revenue; in fact, the largest source of revenue now for the province of Saskatchewan comes from oil. More revenue, Mr. Speaker; more jobs, Mr. Speaker; more activity, Mr. Speaker; new companies in the province of Saskatchewan. I am reminded, Mr. Speaker, of the advice my grandmother gave me a long time ago — when it ain't broken, don't fix it.

HON. MR. BLAKENEY: — Mr. Minister, supplementary. Your government has told school teachers and nurses, other public sector workers, that you have no money for them; no money to add to their salary grid. Yet in your own words, you have announced today yet another tax holiday for the oil companies.

And I would like you to explain to Saskatchewan teachers and nurses and other public employees why you were able to announce yet another tax holiday for the oil companies, which you did this morning, and continue to take the position that there's no money to increase their salary grids.

HON. MR. ANDREW: — Mr. Speaker, the hon. member makes the comment that the oil companies are not paying any money. In fact, they're paying \$200 million more to the treasury of the province of Saskatchewan than they were in 1982 when we took office — \$200 million more, Mr. Speaker. And that \$200 million is used by this government to build schools, to fund universities, to fund building of nursing homes, Mr. Speaker. That is where the action is being taken.

The oil industry is the largest source of tax revenue in the province of Saskatchewan, and the members opposite don't like that. They would have us go back to the old policy where the oil companies have to move out of the province, take the jobs out of the province, and take the revenues out of the province, so that they could end up running the oil industry by Crown corporations. We do not subscribe to that view. We have a success story in the oil industry, and we're going to continue with that success story in the oil industry.

SOME HON. MEMBERS: — Hear, Hear!

Cut-back of Teachers at Southend, Reindeer Lake

MR. YEW: — Thank you, Mr. Speaker. I direct my question to the Minister of Finance. Yesterday in this Assembly, Mr. Minister, I asked about the school closures which are under way in a number of northern communities: Southend, Reindeer Lake, for one; and Apitowkuisian.

Parents are keeping their children out of school to protest the fact that next year teaching staffs at their schools will be cut by as much as 25 per cent. These cuts in teaching staff are due to a lack of funding for the Northern Lights school board, and by your government.

Can you explain, Mr. Minister, to the students, and to the parents of northern Saskatchewan, why your government doesn't have enough money to provide them with quality education, but you have hundreds of millions of dollars to give away to your wealthy friends at the big oil companies.

SOME HON. MEMBERS: — Hear, Hear!

HON. MR. ANDREW: — Well, Mr. Speaker, that question yesterday was posed to the Minister of Education. I understand that she indicated to the House, Mr. Speaker, that the issue, first of all, of dealing with a number of teachers in a given school unit is the responsibility and the duty of that particular school board; that she and her department were aware of that; that they were

under negotiations with that particular school board. And I would have nothing else that I could add to that, Mr. Speaker.

Cancellation of Fresh Food Transportation Subsidy

MR. THOMPSON: — Thank you, Mr. Speaker. A supplementary to the Minister of Finance. In January your government cancelled the northern fresh food transportation subsidy to a number of remote northern communities, saying that it could not afford the \$250,000 a year for that very important program. But today you announce your government has hundreds of millions of dollars to give away to the oil companies . . . (inaudible interjection) . . . The Minister of Energy is talking from his seat again.

Mr. Minister, how can you afford to give away hundreds of millions of dollars in tax breaks to the oil companies when you say you haven't got a quarter of a million dollars to help northern families put fresh food on the table? Where is the fairness of your policy, Mr. Minister of Finance, and why are you penalizing the citizens of northern Saskatchewan?

HON. MR. ANDREW: — Well, Mr. Chairman, Mr. Speaker, I responded to the question that the oil policy is continuing — a very successful oil policy that is benefiting the treasury, is creating jobs in this province, and creating activity.

With regard to the question of the food subsidies in northern Saskatchewan, perhaps . . . (inaudible) . . .

HON. MR. DUTCHAK: — Mr. Speaker, the question that was asked by the member was asked roughly two or three weeks ago, the exact same question. And at that time I indicated that the northern food subsidy wasn't working. The dollars weren't getting to the right places, to the right people.

At that time I indicated that I had met with different communities and community representatives in an attempt to find out if there was shortfall in the right kind of food getting to these people in the five committees, roughly. And at that time I indicated to this House that I had invited representation from those communities to improve the situation, if there was improvement which was required.

I also on that date invited representations from the northern members to give me an idea of where they saw their shortfall. To date I haven't received a single representation from either member, and therefore it's difficult to deal with any issue or determine if there is any real issue.

MR. THOMPSON: — New question, Mr. Speaker, to the minister in charge of northern Saskatchewan, the member from Prince Albert-Duck Lake. And my question to you, Mr. Minister: you have just indicated that you have no representation from northern citizens who were cut off. And I ask you, Mr. Minister, if you would go back in your files, and you will find that you have letters pertaining to that program.

My question to you is, Mr. Minister: you provide subsidies to all the civil servants in northern Saskatchewan who live in the northern communities, and by the way of subsidies to . . . A northern allowance; all governments are paid northern allowance. And I ask you, Mr. Minister: do you think it's fair to pay housing, subsidized housing for government officials, and northern allowance to civil servants who go and work in the North, but yet take away the food subsidy from the citizens of northern Saskatchewan?

SOME HON. MEMBERS: — Hear, Hear!

HON. MR. DUTCHAK: — Well, Mr. Speaker, the member is clearly stating a misleading statement by saying that I indicated that the Northerners hadn't contacted me. I indicated quite

clearly that the MLAs from northern Saskatchewan have not proposed any solutions to me. And that's the point I made.

Further, Mr. Speaker, I am getting a little fed up with the member from Athabasca accusing the civil servants of doing improper things in northern Saskatchewan. The civil servants he spoke of some time ago in the Saskatchewan Housing Corporation were upset at accusations made by the member. I checked all these accusations and he's bringing them up again, and they're simply false.

Any subsidies paid to assist in living allowance are the same subsidies used by the former administration.

Aid to Farmers for Grasshopper Control

MR. ENGEL: — Thank you, Mr. Speaker. I have a question to the Premier. Mr. Premier, we've been asking questions while you were absent regarding the huge amounts of money you've given to the oil companies. And the question is: the province of Alberta introduced a simple, straightforward program to help the farmers to deal with the grasshopper problem. There's no question in Alberta as to who gets the money. They know they're going to spray their fields. They spray the road allowances, and they're going to get paid half.

The program is working, and everybody in Alberta understands it. In Saskatchewan you tell us that you can't afford a program. You haven't got enough money to help the farmers spray their grasshoppers. Many of the farmers hardest hit this spring are from your constituency. How can you tell those farmers that you don't have 10 or \$12 million to help them when you have hundreds of millions of dollars for the oil companies? How can you justify that in your own riding?

HON. MR. DEVINE: — Mr. Speaker, the hon. member brings up the oil patch. I will advise him that I just returned from Weyburn, Saskatchewan talking about oil royalties, and I heard a really interesting story about the alternative to Saskatchewan oil policy.

And what they said to me in Weyburn, Mr. Speaker, with respect to oil policy and revenue, they said for years and years and years in the city of Weyburn and in that area they had an MLA who happened to be premier of the province who was always criticizing the oil patch as being big and large and not doing good for the community — those evil oil companies.

And then they said, isn't it funny today the former premier of Saskatchewan, the former MLA. NDP-CCF MLA, now sits on the board of directors of Husky Oil with a nice little fat expense account and a travel allowance, and that's the man from Weyburn who said that oil companies shouldn't be trusted?

MR. SPEAKER: — Order, please.

SOME HON. MEMBERS: — Hear, Hear!

MR. ENGEL: — Mr. Speaker, I have a new question to the Premier. If I were representing Estevan riding, I'd like to tell stories about Tommy Douglas, too, when you're not going to do anything, when you're not going to do anything about the farmers that are facing a crop loss because of the grasshopper infestation. Many farmers have sprayed two and three times, and they're not able to control the grasshoppers. You have \$100 million more for the oil companies, but you don't have a dollar for farmers. How do you justify that in your riding, let alone in our ridings where we have grasshoppers?

HON. MR. DEVINE: — Mr. Speaker, I'll tell you what they say in Weyburn about the grasshopper program and about the oil program and about the Alberta program.

If the previous administration would have had half the smarts of the Alberta government today, to build some money and put it into a heritage program and a heritage fund, we would have had some money for savings in the province of Saskatchewan.

But no, they didn't do that. Do you know what they did? They decided to nationalize the uranium mines.

MR. SPEAKER: — Order.

MR. ENGEL: — Mr. Premier, I'll give you one more chance to answer the question. The question is: you have \$100 million for give-aways for the oil companies. Can you find 10 per cent — can you find \$10 million for farmers out of that 100 million? Why don't you take and give them 90 million and save 10 million to give farmers to control the grasshopper problem?

How does the trickle-down effect . . . Are you going to feed the oil companies enough oats so there's a little left for farmers? How is that going to work, Mr. Minister, . . . (inaudible) . . .

HON. MR. DEVINE: — Mr. Speaker, the hon. member raises two points. He raises what we are doing for agriculture, and for farmers . . . (inaudible interjection) . . . Okay. In terms of money and compared to Alberta. He says it's 12 million. Was it 6 million or 12 million you're saying Alberta's giving — 6 or 12? \$6 million. Alberta's giving \$6 million towards grasshoppers.

The first point that I have to make is: Alberta has 12 or 13 billion in the Heritage Fund and the NDP didn't leave us any. That's the first point. The second point is: if you want to look at agricultural help in any province across Canada in terms of cash, you look at \$150 million annually — 150 million, not 6 million, not 12 — 150 million new money every year in the province of Saskatchewan since this administration has come in. Twenty-five million dollars alone on 8 per cent money for young farmers, \$35 million just on the rural gas distribution system.

If you want to look at a program with respect to financing, help, and assistance, Mr. Speaker, we'll add up dollar for dollar for dollar. Plus our contributions in terms of bargaining with the federal government is another \$160 million. It's over \$5,000 per farmer new money in the province of Saskatchewan since we come in in 1982.

Compared to what, Mr. Speaker? Do you know what that compares to? That compares to the same old rhetoric — the same old rhetoric — of buying the farm for the government, the land bank. That was their policy. This is an old Tommy Douglas policy. This is going to help the farmer. We'll buy the farm. . .

MR. SPEAKER: — Order, order!

SOME HON. MEMBERS :— Here, here!

MR. ENGEL: — Thank you, Mr. Speaker. I don't know how many chances he's going to have.

Do you feel the program for controlling grasshoppers in Saskatchewan is adequate for farmers? Yes or no?

HON. MR. DEVINE: — Well it's yes, Mr. Speaker.

MR. ENGEL: — Okay, that's all.

SOME HON. MEMBERS: — Hear, Hear!

MR. LINGENFELTER: — Mr. Speaker, a question to the Premier, who continues to go on berating and attacking a former premier of the province, Tommy Douglas. But I want to tell him that when

the . . .

MR. SPEAKER: — Order, please. Does the member have a question?

MR. LINGENFELTER: — Well I do have a question and I wondered if I might be allowed the same latitude as the premier in talking about a former premier, but obviously I can't.

But I want to ask you, Mr. Premier: we have seen today where you have announced a \$100 million tax break for the oil companies at the same time as we're dealing with three tax Bills before the Assembly — the flat tax, the removal of the property improvement grant, and as well as the new tax on used automobiles which will amount to about a \$100 million a year increase in taxes on ordinary people. How do you justify taking that money out of the pockets of people who are in middle and low income and giving it to the oil companies?

Like, I would like you to stand up and justify how you think that that is reasonable. Because the farmers in your constituency, in Estevan and Weyburn, who watched you go down to Weyburn and announce another 100 million for the oil companies, when they're struggling and going broke, don't understand it. And I'd like you to explain it to them.

HON. MR. DEVINE: — Mr. Speaker, the hon. member keeps raising the people of Weyburn and Estevan as if they might not understand the programs. Well, Mr. Speaker, I would invite . . . I'll invite the whole eight of them — six of them, seven of them, whatever's there, and I'll even include the member from Regina North West . . .

MR. SPEAKER: — Order. Order, please. Order! There's so much yelling the Chamber today that it's impossible to carry on business, and I'm to ask the members to resume some form of decorum.

HON. MR. DEVINE: — The people of Weyburn and Estevan, Mr. Speaker, and the farmers and the school teachers and the preachers and the children and the seniors, see more jobs, more economic activity, and more income than they've seen in years as a result of the revival of the oil patch. And if you'd care to go to Weyburn this afternoon and go to the oil show, the Saskatchewan oil show, and you start talking about the policies of the NDP or the policies of Tommy Douglas . . .

MR. SPEAKER: — Order. Order, please. Order! I'm going to caution the members on this side of the House that when I call for order, I'm going to insist on it. And if the members persist, there's going to be changes made here.

MR. LINGENFELTER: — Mr. Speaker, question to the Premier. I wonder if he could answer the part of the question that said: how do you get off on increasing the taxes on used automobiles, putting a new tax on automobiles, putting a flat tax on people earning \$10,000 a year, take the property improvement grant away from farmers and home owners and give it to the oil companies? That was the question because that's what you're doing. And how do you get off calling that . . .

MR. SPEAKER: — Order, please! I caution the member for Assiniboia-Gravelbourg for the last time today.

HON. MR. DEVINE: — Maybe we can help settle them down a little bit. What the hon. members know but they hate to admit, is this: oil revenues in the province of Saskatchewan are increasing to be larger and larger and larger. The number one tax contributor now in the province of Saskatchewan is not income tax, it is not sales tax. It's oil revenue.

Mr. Speaker, right now in the province of Saskatchewan, if you're going to build a nursing home or a highway or a hospital, 25 to 30 per cent of that money is coming from the oil industry. The

revenue being invested by the oil patch, Mr. Speaker, in the province of Saskatchewan, is \$1.20 for every dollar of revenue that they're earning. That's an extremely large investment.

What does it mean? It means Regina and Saskatoon lead all western Canadian cities in new job creation. That's what it means . . . (inaudible interjection) . . . Yes, they do, 1982 and 1983 and '84. You ask why. I'm telling you why: Saskatchewan has the lowest unemployment, the best job record in '82, '83, and '84. Why? Because of economic activity.

Well, if you look at StatsCanada . . . Let's publish them. let's look at the results. Who was the best in '82, '83, and '84 in the province of Saskatchewan?

MR. SPEAKER: — Order, please. Order, please.

Old Age Security Pensions

MR. LUSNEY: — Thank you, Mr. Speaker. I have a question for the Premier. Mr. Premier, this has to do with your government's position on senior citizens' pensions. And your position is to support the Mulroney government in the proposed de-indexing of old age security payments, and to go even further, Mr. Premier, by calling for an end to universality of old age pensions.

Mr. Premier, are you aware that even national business organizations have joined the public opposition to de-indexing of old age security payments? The Canadian Organization of Small Business, have all come forward with public statements calling for the Mulroney government to drop plans to de-index old age security payments.

Mr. Premier, are you in agreement with all of these blue-chip businesses that have opposed the Mulroney government's program and are saying that he is wrong and that you should, along with the federal government, abandon your plans to battle the deficit on the backs of the senior citizens of this country?

HON. MR. DEVINE: — Mr. Speaker, the hon. member mentions several groups that have put their position forward with respect to de-indexing. I'm reading from the *Globe and Mail*, Wednesday, June 12, 1985, page 5. And I want to make it very clear that I am in accord with what's being said here. And the hon. member just read it so I'm going to . . . just talked about it so I'm going to mention it:

The president of the blue-chip Business Council on National Issues said it has always been the position of his organization that "the battle of the deficit should not be fought on the backs of the poor and disadvantaged."

Now listen. It's exactly what we said.

The council has consistently argued that the benefits of social programs should go primarily to those in need, he said. The savings that result from reducing benefits to wealthier . . .

MR. SPEAKER: — Order, please. Order. I'm just going to ask for silence while this question is given. It's very difficult today and we haven't been able to hear most answers.

HON. MR. DEVINE: — Mr. Speaker, the president goes on to say this:

The savings that result from reducing benefits to wealthier Canadians could be used to enrich benefits for the poor and to reduce the deficit.

Now, Mr. Speaker, that's precisely what I've been saying in this legislature and precisely what the

Minister of Finance was saying. He goes on to say:

Spokesman Geoffrey Hale said in an interview that the organization supports the government's partial de-indexing of old-age security payments as a deficit-reduction measure but argues it should have been part of an overall reform of the pension system.

Well, Mr. Speaker, what did we say here in the last three or four days? Tax reform is important. Pension reform is recommended. We said, Mr. Speaker, that the low-income people should be protected. Mr. Speaker, they don't want to listen. They don't want to listen to the truth.

The truth is, most Canadians believe that the poor should be protected and the wealthy should not be rebated. That's what most Canadians believe. We've recommended it. Other people are recommending it. We say that the low-income people, as this individual says, should be protected. But we are beyond the point. We must be more sophisticated now in Canada so that we don't have to keep giving money to wealthy people. We're saying, help the low-income people and protect them, and that's exactly what we wrote the Prime Minister . . . or the Minister of Finance.

SOME HON. MEMBERS: Hear, Hear!

TABLING OF REPORTS

MR. SPEAKER: — Order. It is my duty and privilege to submit today under section 30 of The Ombudsman Act, the annual report of the Ombudsman.

MOTIONS

Referral of Bill to Standing Committee on Non-Controversial Bills

HON. MR. MCLEOD: — Mr. Speaker, prior to orders of the day, and by leave of the Assembly, I would move:

That the order for second reading of Bill 112 — An Act respecting Liens in the Construction Industry, be discharged and the Bill referred to the Standing Committee on Non-Controversial Bills.

I so move, seconded by my colleague, the Attorney General.

Motion agreed to.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 111 — An Act to amend the Statute Law to enable Urban, Rural and Northern Municipalities to Broadcast Radio and Television Signals

HON. MR. LANE: — Mr. Speaker, I'm pleased to give second reading to this particular item of legislation.

The Bill we are giving second reading to is part of an entire new initiative in Saskatchewan. The changes being discussed would herald the implementation of a new project designed to aid residents of small communities to receive more varied television programming.

The Government of Saskatchewan has been greatly assisted in the development of the project by the federal Department of Communications, and in the very near future we will be making a joint announcement of the national project with the federal communications minister, Marcel Masse.

As a result of the Bill before us, municipal governments could be allowed to become directly involved in the ownership and operation of television retransmission facilities. This, we believe, could be a tremendous benefit to the small communities of Saskatchewan.

I believe the government's initiative is a very positive one and, when passed, it will mean the municipal governments will have an opportunity to become directly involved in the ownership, operation, and control of television retransmission facilities right in the communities themselves.

This does not preclude ownership by private entrepreneurs, but that will be up to the local government. Rather, it is legislation which will provide additional alternatives, thus enabling Saskatchewan's small communities to provide extended television program as varied as that which is being enjoyed by the larger urban centres.

Mr. Speaker, I move second reading of this Bill.

Motion agreed, Bill read a second time and referred to a committee of the whole at the next sitting.

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

FINANCE

Ordinary Expenditure — Vote 11

Item 1 (continued)

MR. ENGEL: — Thank you, Mr. Chairman. Mr. Minister, the plight of farmers that we raised in question period today regarding chemicals they're buying for controlling grasshoppers is really one that is very severe. Farmers are phoning and are saying that, man, if we don't spray our grasshoppers, if we don't spray our grasshoppers, will they cut us off in crop insurance? What can we do? We're running out of money. I've sprayed three times, one farmer told me. Another farmer said he sprayed twice and doesn't know how to get after the railway company, if he should spray there.

And the problem has escalated into one that is really a serious problem. And I think if you'd look at the numbers of grasshoppers that are infesting some of the parts of the province, and it's a bigger area than first meets the eye . . . I wonder, could you work out a deal with the federal government to declare it a disaster area? If you haven't got a few bucks, if you can't find \$10 million to pay half the spray, could you work out an area that you could call it a disaster area and get some money?

Because if you don't control them this year, Mr. Minister, I can assure you that the problem is going to be more than tenfold next year. It's going to be more than tenfold because the grasshopper problem wasn't a very severe problem last year. There were grasshoppers in some areas, and you could see them there, but you never got counts of 150 or 200 per square foot — never, last year.

And this year we're finding that kind of count. And if you start talking to your Minister of

Agriculture and he starts filling you in, is there no way at all that you could come up with some program that's going to be simple to administer and easy to work, where the farmer saves his bills and gets some money and gets in and starts spraying? Because they haven't got the money.

They've suffered drought and crop loss for three and four years in a row, and this year it looks like the prospects are there for a crop. Don't you want to protect your interests and your income at all? Because this could wipe out a crop.

And once they're big enough to fly and move, Mr. Minister, they'll be devastating. And I think we should do something. I'm really serious. And if you can't find the money yourself, can you get a joint effort and do like they do down in the States where they call it a disaster area and then make some money available? Is there nothing you can do? Is this what you're telling us?

HON. MR. ANDREW: — Well, I think, Mr. Chairman, that that question has been raised with the Minister of Agriculture on several occasions in this Assembly. And the Minister of Agriculture, I believe, indicated to the Assembly that he was constantly monitoring the grasshopper problem. We all recognize the serious nature of the grasshopper problem. It's constantly being monitored by the Minister of Agriculture, that he is in fairly close contact on a fairly frequent basis with the people in Ottawa, the Minister of Agriculture in Ottawa, and indicates that at this point in time the matter is under control, in his view.

Now I think that that is the view of the Minister of Agriculture of this province, and I have faith in the Minister of Agriculture of this province. And I would hope that we could agree, at least between you and I, that the minister is, in fact, dealing with that question, dealing with a very important agriculture question. And I wouldn't want to try to indicate what he should do. That's clearly his responsibility within government, and I think it should stay that way.

MR. ENGEL: — The claim that he makes, and the claim that the Premier made today, that what you're doing is adequate: number one, your program in place indicates that railway rights of way, and highway rights of way, and municipal roads will be sprayed.

A farmer phoned me today and said, I've got four miles of railway track. I've got four miles of railway track. He talked to all the officials in the Assiniboia area to see when they're going to spray them, and they're not spraying. And he said, the grasshoppers are starting to move in off the railway track. He says, I don't have an aircraft to get over top and spray that right of way. I've no way of getting grasshopper spray on the railway right of way unless I go out there with a hand-gun and spray it, because it's a rough terrain and it's a graduated ditch and it's got fences in the way.

Why wouldn't . . . What can he do, number one, to get the railways to spray? There's a railway problem. The roadside problem, some R.M.s hire . . . I can name two R.M.s that hired aircraft to go in and spray all their roads. I can name another R.M. where the farmers started spraying their own, and then there was an R.M. program in, and it's a confusing program, and nobody knows if they're going to get sprayed or if they aren't. But the serious areas where the grasshoppers are eating the crop as fast as it's growing, and they spray, and the crop comes back up about an inch and a half high in another patch, and they spray again, and they've done that three times . . . How many times should a farmer do it, and he's not getting any help? How many times can he afford to do it?

(1445)

And then you have a grass area where you pay lease fees of less than \$1 an acre. I've got land on my area that's leased for about \$1.15, \$1.20 an acre. Boyd Anderson's ranch runs at about that price. That land in that particular area is cheap land, and yet the grasshoppers are hatching down there. They're hatching galore. And these farmers can't afford to spend \$5 an acre spraying them. And that's only one shot. And then they've got to hire somebody to put it on. And, Mr. Minister,

it's a big problem. It's a serious problem. These guys haven't got the money to control them.

One farmer — and if you want me to name him, I'll name him for you — a young farmer that farms south of Woodrow in the Meyronne area between Woodrow and Meyronne, has a quarter section of pasture. He says they're hopping thick there. And he says, I can't afford to spray it. And yet they're moving out on my neighbour's summerfallow land that's beside him. And he says, I'm afraid for my life if I don't control those grasshoppers. Where do I get the money to spray them? And he's leasing that land from you folks. He pays about \$285 lease fees on that land, and it's going to cost him \$1,600 to aerial spray it. Sixteen hundred bucks. And it's only worth \$285 worth of grass.

You know, it just doesn't make sense, Mr. Minister. We've got to get a program in place, and if you think you have it in control, how come there are so many people phoning our office? If you think you have the grasshopper problem under control, why is there so much unrest right across the province — right across the province?

HON. MR. ANDREW: — Mr. Chairman, the details of a particular farmer and a particular R.M., I would hardly think the member from Assiniboia-Gravelbourg would expect that I would be cognizant of that particular thing. And I think that normally . . . normally, as I understood the way the process worked, would be that if a member from whichever side had a particular problem for a particular farmer, they would generally take that to the Minister of Agriculture if it was related to agriculture. If it was an environmental problem or a health care problem, we would take it to the Minister of Health and deal with that specific case with that particular individual. Now that usually would be happening.

You asked me a question with regard to a specific farmer and one and two R.M.s. Now all I can indicate to you is the Minister of Agriculture, who I have a fair degree of faith in, has indicated that he's on top of the situation; that he has recognized it to be a serious problem. He is in constant contact with this particular issue. The fact of ministerial responsibility clearly falls upon his jurisdiction to deal with those particular questions.

He's indicated to me that he believes he is on top of the issue. I have a fair degree of respect for that particular minister, and I'm going to rely on the advice of the colleague of mine around the cabinet table whose responsibility it is to deal with agriculture.

MR. ENGEL: — The reason I'm raising this with you as the Minister of Finance is because it is a special issue. This isn't a general, normal, run of a farmer having a problem with a lease fee, of having some situation where there's an individual problem.

I could talk about individual problems, Mr. Minister, that farmers are having. And those aren't problems that I'd raise with the Minister of Finance. But when I talk about a situation that is affecting at least 20,000 farmers, I'd say that an issue as broad as that — have you not looked at a map that shows the serious grasshopper infested area in Saskatchewan and in the provinces? Have you not looked at a map?

We've got more than two acres per every acre in Alberta that's serious. And Alberta decided to make a special grant of \$6 million or up to 6 million, and they left it open-ended. They've got a \$6 million program there to pay half the grasshopper spray that's used, period, no questions asked.

And those people there are going to control their grasshoppers. But I think you have a responsibility as a citizen of Canada to control the grasshoppers in our province. You have a responsibility as Minister of Finance because those grasshoppers are going to move. They'll move, and they're not going to stay in the south corner. They're going to get to your area of the province. They're going to move north into the Meadow Lake area. They're going to move because there are that many grasshoppers around.

And if you don't know what a grasshopper that is a quarter of an inch long is going to do, he's going to eat locally until he gets big enough to fly, and when the grass and the crops are eaten off, they're going to move. When my dad tells me about clouds, that the sun was blackened by clouds flying over of grasshoppers, Mr. Minister, that's what we're going to have.

I'm warning you; I'm serving fair warning that if you don't remember, and if you're too young to ask any questions, and you're too smart to talk to people that know what grasshoppers are going to do, get with it. Get with it, because that problem is going to grow. And if you spray them at the source, we can get them where they're hatching, and they won't fly and they won't loop. But the farmers can't keep up. How many times do you think one farmer should have to spray his own fields? How many times will you stand up in this House and say, now when he sprays that much, then he's done his duty. How many times would you say is sufficient?

HON. MR. ANDREW: — To ask me a question of how many times a farmer should spray his field, I think that . . . I doubt that the farmers of Saskatchewan are interested in the opinion of the Minister of Agriculture for Ottawa, or be interested in the Minister of Agriculture for Saskatchewan, or, quite frankly, that they're interested in the views of any member of this Assembly to tell them how many times they should spray their crop.

Now you know you're not the only person that represents a riding that has been identified as a serious grasshopper area. I have . . . In the constituency of Kindersley is also an area that is from the potential map, or the map put out by the Department of Agriculture that the Minister of Agriculture referred to here in the last two or three days, is also an area of serious grasshopper infestation.

I was into that constituency this past weekend, and I talked to a lot of farmers. Now what those farmers said to me is that (a) they are still concerned as to how fast they grow, and how the hatch comes on, and how fast the hatch comes on, or whether it's going to hatch over a long period of time. And that's something that quite frankly a lot of them do not and cannot see into the future as exactly what's going to happen.

By and large, most of those farmers in my area, or Kindersley area, have sprayed once, and most of that spraying has been in the headlands of the field, or on the area right next to the particular ditches. There's some areas that tends to be seen as fairly spotty. Yet at this point in time, some farther south, closer to the river hills, are maybe spraying twice, and some have even sprayed three times.

Now those farmers did not ask me — and I talked a lot to them — did not ask me, you know, give me some more money to spray the crop. Their concern, and quite frankly those farmers that talked to me were determined to deal with that particular dilemma and were hopeful that they could — hopeful that they could, and an ability to do it — anticipating exactly what might happen in the future; what might happen if the weather became very warm and they all hatched at one time. They were of the view quite frankly if the weather stayed cooler and perhaps more moisture that, in fact, that they would be able to get a better step up on it.

They also advised — now whether this is true or not, I'm simply taking the advice of some of the farmers in my area — that if we were to get perhaps an inch, an inch and one-half, two inches of rain, followed by some good sunshine, it would make the crop grow very quickly in this province, that would be probably as strong a weapon as you could find to deal with the grasshopper situation. And my brother and my father operate a farm in that constituency. They've only been required to, at this point in time, spray once. That spraying has been in the ditches much like anybody else. And it's still spotty within that area.

That's my personal knowledge of it. I have certainly a vested interest. I have a lot of family that farm in that particular constituency. Many of my constituents are, in fact, farmers. That constituency is in an area that is rated severe potential for grasshoppers. So it's not to indicate

that I or any other member of this Assembly, particularly those members that are in an area like that, will not have a serious concern as to how we can, or should, or have, the potential to deal with it.

I don't think the people in that area though at this point in time had come to the point of giving up on the situation. In fact, the farmers that I talked to in a fairly large part of that particular constituency were worried about cutworms. And there was quite a significant outbreak of cutworms, and some people have been spraying three and four times this year for cutworms and were having a problem combating the cutworm, if you like.

There was also, I think they're army worms, I think is what they were saying. Whether they're army worms or not, I don't know. But cutworm was an area that would be, in fact, sprayed more than grasshoppers. That was in a key area.

I suppose one has the problem of saying, do you cover the cost for a farmer for every severe infestation of any particular type of insect that they have. In other words, if one farmer has three or four goes at cutworms, should the government pay for that as well?

All I can say is that (a) as a member of this legislature and as a citizen of this province, obviously one is concerned about the grasshopper problem in this province.

Number two, as a member of the treasury benches of the government, one has to have faith in one's colleagues that also sit on the treasury benches. And in this case the Minister of Agriculture, he indicates to us he is on top of the situation. I have respect, as I indicated, for that minister. I think he's doing an admirable job. And I would simply go by what he tells me and tells cabinet, is that at this point in the monitoring of it he is satisfied with the program in place.

MR. ENGEL: — Mr. Minister, I've been following your remarks very closely, and it's painfully obvious that the grasshoppers are more severe in the lighter lands closer to hills, closer to pastures, and that in a heavier crop land in our heavier clay soils and where the farmers are doing a little better and control their green growth a little more than they would in a sandy or lighter land . . . I have had the experience of farming a section of land that was fairly light land for about four or five years, and in fall I found the best way to control erosion is to leave a little green growth on it and just leave a little cover there so it wouldn't blow away on me.

And those are the areas where the grasshoppers seem to have a better nesting, if I can call it that, where they laid their eggs and got into land that either was green summerfallow last year or was light land.

And so consequently when it comes time to spray it, I can wager to you that if your area is anything like mine, the people that are the hardest pressed to make a buck are the ones that had to spray three times. Those are the ones that had to spray three times. I've had only one farmer that went in to buy chemical for the fourth operation.

The other problem that I haven't gotten to yet, and that is the kind of chemicals they're using. And I think that's one I should be discussing with either Environment or with the Minister of Agriculture because a lot of people are arguing with me that when the Bertha army worm was severe, a special chemical was approved by the federal government to allow using . . . and I'm sorry I don't have my notes with you to name the exact chemical it was, but it was one that wasn't licensed in Canada. It wasn't licensed for use in Saskatchewan for controlling the Bertha army worm. We got special permission back about five, six, seven, eight years ago to spray a certain chemical that would have controlled and had a longer control.

And I think we could also save some money with grasshopper control if we could use a Dieldrin type chemical that would be a poison rather than a contact spray, and that you could spray

down once and then the hatch would come on.

I think if the weather conditions would have been ideal and we would have got a hatch in a given period of time, that the farmer could have waited and said, well now they're now all hatched out; I'll spray once. And he'd control most of them; he'd have some control there. But the spring has been such that we'd have a nice day, it would be warm, and then you'd have some cold weather for a long time, and then it would get warm again, and then a week later some more would hatch, and a week later some more would hatch. And consequently if another hatch comes on now, there's going to be farmers who are spraying their fourth and fifth time. And that is severe.

(1500)

They're spending . . . I can give you areas in Coronach and Bengough, in particular those two areas, where they've spent more money already than what they'll collect in crop insurance. Their total cost for their sprays had been as high as the crop insurance payment's going to be. That doesn't cover them off for weed sprays. It doesn't cover them off for seeding and fuel costs.

And we're expecting these people to carry that brunt of an area that should be considered a disaster area; an area that is something beyond their control; is something that is caused because of farming practices of their neighbours, even. Previous farming practices in the pasture . . . you follow all along the Grasslands Park area, that whole Grasslands area, anything north of that huge area where grasshoppers were in control last year because there was no grass there. There just was no grass, so the grasshoppers were in control. And they've moved out and laid their eggs in an adjoining area. If we're not going to control them this year, they're going to move again. And then we'll have them.

I haven't sprayed grasshoppers. On my land I haven't had to spray grasshoppers; we're watching it closely. There's the odd little one hatching in the areas, but the growth is good and lush, even in our grid road ditches. I don't know if my R.M. has gone out and sprayed anywhere yet. They haven't in our division, and we're fortunate.

But, Mr. Minister, I laid my hand down on some land south of Rockglen, the area there, and in 30 seconds time I could pick up 50 grasshoppers. That makes you sick. You need that kind of lesson, Mr. Minister, and I would challenge you to come down and watch the parade in Assiniboia on Saturday, and then Saturday afternoon we'll go down and I'll show you some grasshoppers. If you don't know what grasshoppers look like when they're a quarter to a half inch long, and 150 to 200 to 250 per square foot, that's a lot of grasshoppers. That's a national disaster.

And if you minister isn't getting you that information, you'd better start talking to some ag reps and seeing how bad it really is. Because I would suggest that if you have a matching grant program, the farmers aren't going to spray more than they have to. They still have to pay the other half of the cost. And if you'd have a program in place that would pay half the chemical, we would have a war on grasshoppers. We would get a war on them, and we could control them, and we'd cut them back.

And the other areas . . . I suppose I'd ask you, who would be the best person to meet with, to see or to discuss the problem with licensing chemicals, or bringing in a chemical, or where could we get some chemical that would be a poison rather than a contract spray? And that is the other area, besides the funding of it. The farmers are still anxious to control them, and they're anxious to risk a little health problem even to save their farms and to save their land and their community.

This is next year country, Mr. Minister, this is next year country. And most of the fellows that have phoned me . . . And I talked to eight farmers this morning — eight — and I've been returning calls, and there's a list on my phone that high yet. And it's really tough. I'd have to say that it's hard to get back to all of them because it's the worst problem I've ever had since I've

been an MLA in 1971, Mr. Minister. I've never had any other problem that's been as severe as this grasshopper one, never — not even the drought; not even the problem with Tories in any kind. But this grasshopper is one where you should be acting on. People are concerned and are seriously worrying about it.

HON. MR. ANDREW: — With regard to the lighter land and the land around the grassy lands in my constituency, which I'm familiar with, border up along the river, which has some row of grass there, of pasture land, I have a brother-in-law who farms down there. In fact, virtually the whole farming area down there is relatives of mine or my wife's, for perhaps 50 miles down the road. And they're indicating to me that, you know, the problem is clearly the lighter land, and that they've sprayed that a couple of times. I acknowledge that, and certainly pass that on to the Minister of Agriculture.

With regard to the question of Dieldrin . . . (inaudible interjection) . . . Well, some of the farmers in my area asked me also about Dieldrin and whether or not we could free up some Dieldrin to spray grasshoppers. Now that obviously, as you're aware, is licensed at the national level by the federal people.

I did have an opportunity, as well though, to talk to the ag rep, or the former ag rep who's now the mayor of Kindersley but had been an ag rep for a long time in the province of Saskatchewan, and I asked him about Dieldrin. And his concern with Dieldrin as a person that had had a fair degree of experience with it was the fact that Dieldrin stayed in the land and on the plant for over a year, and you had to be careful that it did not get into the crop because the Dieldrin could then get right into the grain. And by getting into the grain, as poisonous as Dieldrin is, what we could end up is with poisoned grain, in effect, and the problem that would be associated with that, of course, is that we could then end up with even a more serious problem, and that is the fact that we could not, in fact, sell our wheat internationally because it's contaminated.

So his advice is that Dieldrin is . . . while it is very effective to kill grasshoppers, some of the other sides of it should not be overlooked because there's a fair degree of danger with it. And so his advice to me was that we would make a serious mistake if we allowed the Dieldrin out on sort of a knee-jerk reaction to kill grasshoppers.

Now that's his opinion, and I don't profess to be a chemist, and I don't profess to know enough about that type of poison chemical. I only make the assumption — and perhaps it's an improper assumption — that it was properly tested. It probably went through the mechanisms it had to go through in order to do this.

Now I was further advised that there was another chemical — and the name escapes me, but it was similar to Dieldrin — but apparently it had a less of what do you call, a life, or whatever it might be. It dissolved within a period of five to six weeks. And I forget the name of that particular chemical.

But again, those regulations were put in place obviously for some very important reasons, and one only makes the assumption that if you weigh those reasons, and if it's just some long-haired environmentalist that is squealing and got it off the market, then I agree with you it should be put back on.

If the rationale was solid in the sense that it could contaminate grain and therefore create a problem with international markets, or even worse create a problem that it could poison people, then obviously as a society I don't think we can get into that type of thing. And that sometimes is difficult to tell a farmer who is more concerned about killing the grasshoppers that you refer to. But I think we do have to weigh those balances in a society.

Now who determines that is certainly the federal government. I would assume if one wanted some further detail on that, what I can do is refer it to the Minister of Agriculture who might

check with his colleagues in Ottawa, either the Minister of Environment or perhaps more importantly the Minister of Agriculture, the minister of the Canadian Wheat Board, to determine the exact nature of that.

Now perhaps the Minister of Agriculture . . . and he's not here today, but was he here today perhaps he could have a list of other potential chemicals in that range, and we could try to find that out. I'm sure that he has investigated that. I can try to find that answer out for you.

MR. ENGEL: — Basically when I mentioned Dieldrin I didn't expect that Dieldrin would be the chemical used because of the potential hazard, not only to the food chain, but also to the applicator — you know, the farmer putting it on, it's very potentially hazardous.

But I said a Dieldrin-like chemical, one that acts as a poison rather . . . And I think Endrin is one that was used when they controlled Bertha army worm. And the areas that could be specified . . . And if the Department of Agriculture even wanted to get involved with their field men to use . . . And that would be on trap strips and check strips and poison strips that aren't going to be cropped, you know, where farmers leave a 30- or 40-foot wide swath beside their grain field, and then when the grasshoppers are in there and moved into that particular area of the field you go down and spray it and work it in, and you haven't got poison getting into your food, your food train.

So there are some steps that should be taken very soon. The problem is imminent. It's upon us. And I don't think there's a lot of time to study and look at it.

And some of the calls I made to the chemical companies, even outside of Canada, were such that there are some chemicals on hand and would be available if they were licensed, and they would be approved for special emergency uses. But I would suggest that either through some aerial applicators that would be controlled by the department doing railway rights-of-way where you know it's not going to get into the food train, or doing areas like that where the grass isn't going to be pastured, I think are some steps that need to be taken along with the program you have in place.

But the other end of it I think it's very, very important, it's very, very important that some funding be made available on a cost-sharing formula to farmers. And I would urge you, I would urge you, if the Minister of Agriculture fails to — the problem is severe, the problem is severe — and I would urge you to set aside some money because you're going to save more than that; you're going to save more than that on your tax alone. If you would spend \$10 million controlling grasshoppers in Saskatchewan, I can guarantee that you will bring a \$20 million benefit on income tax. If you would spend \$10 million controlling grasshoppers, I personally will guarantee that you'll get \$20 million back because the farmer is going to save that much.

A stitch in time, in this case, will save nine. And I'm sure, if you want, I can tell the farmers, look, contact the Minister of Finance because the agriculture minister isn't responding. If you want to know how severe the problem is, everybody's been phoning me. I've been giving him, Mr. Minister of Agriculture's number. I almost said his name. But I've been giving them his telephone number and saying, phone this number, try and get some co-operation and help because it's a serious problem.

I would love to see farmers have a little guarantee that they could go to their supplier and say, look, I'll be paying for this just as soon as I get my cheque from the provincial government, and I'm sure the supplier would give him some more spray.

But there's guys out there that say, I've used up my grocery money for fall, between now and fall already. I've spent \$2,600 on grasshopper spray, and that's what we figured we could live on. Mr. Minister, the farmers are back to the wall on this one.

And there's guys calling me. Other guys — I could go along into a long harangue, and I don't want to diffuse the topic — but your counselling and assistance thing, they've been assured by the counselling and assistance committee that they will get . . . they are in line for a loan. They go to their banks and they're laughed out of the bank and the credit union. They're not getting that guarantee. The money isn't there. So it's a serious problem. It's a serious problem. And those are the farmers we want to protect, and we want to see them around so they can pay their bills and they can get a crop.

We don't want to let them lose their crop and then just get enough crop insurance to pay for their sprays. I think it's a serious problem, and I wish you would look at areas like that, rather than just more money to the oil companies. I heard one of you tell a story. In fact it was you in question period today.

MR. CHAIRMAN: — Order. I have allowed very far-ranging debate this afternoon in committee of finance. The question before the committee is finance estimates, and I would ask the members to relate their questions and comments to the finance estimates that are before the committee.

MR. ENGEL: — Mr. Chairman, thank you. The point I'm trying to make is that out of finance and out of treasury today we had the announcement, we have the press release, that over \$100 million more is going to be given to the oil companies. And all I'm saying is, haven't you got \$10 million for farmers? Haven't you got \$10 million for farmers? The trickle-down philosophy that the Tories believe in that if you feed enough oats to a horse, you don't need to feed your chickens, isn't going to work with the oil companies because no matter how much money Rockefeller gets from you guys, I'm not going to get any of it. It's not going to land up in my pocket. I don't have shares in Rockefeller's oil companies. And I don't have any shares like that, but I do have a horse and chickens.

And Mr. Minister, you've got to put 10 or \$12 million into the chemicals for controlling grasshoppers if we want to reap that benefit back. There's the opposite. You feed the chickens, and the horses will survive on this one, because it just is chicken-feed compared to what you're going to lose if they don't get a crop. That's the point I'm trying to make.

MR. PETERSEN: — Mr. Chairman, may I ask leave of the Assembly to introduce some students from my constituency?

Leave granted.

INTRODUCTION OF GUESTS

MR. PETERSEN: — Thank you, Mr. Chairman. I'd like to introduce to the Assembly today some people from the Invermay Elementary School. We have 33 students here. I hope they're enjoying the proceedings today. They are accompanied by teachers, Mr. Joe Kowalyshyn and Miss Jeanette Walker. Their chaperons are Mrs. Nancy Kresak, Mrs. Judith Bansley, Mrs. Linda Wilson; and their bus driver is Mr. Brian Parsons.

I'll be joining you later for refreshments and pictures. Hope you enjoy the proceedings.

HON. MEMBERS: — Hear, Hear!

(1515)

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

FINANCE

Ordinary Expenditure — Vote 11

Item 1 (continued)

HON. MR. ANDREW: — The series of questions asked by the member from Assiniboia-Gravelbourg with regards to the Dieldrin-related chemicals — the other observation that one would make, I was advised, is that some of those poison chemicals you have to be careful of, because they get into . . . If they're fed at all to animals, they can get into the milk and create severe problems, number one.

Number two, you can't experience the problem that we look at with protectionism growing around the world, and which we saw with some of the American states placing embargoes on Canadian hogs because they were given some kind of chemical . . . I don't just know what that is.

With regard to the argument that if we spent \$1, we would get \$2 back in income tax, it seems to me that, given that the tax system only takes part of your income, that if the farmer invested \$1, by the same logic he would get \$2 and plus back, if that logic was to follow there.

The other problem you have to look at is this: is that if you are to . . . If government is to pay for chemicals for farmers to deal with grasshoppers — and I assume you'd say all farmers would have to deal with grasshoppers — do you also then, as a government, have to pay farmers if they have a severe problem with cutworms, which some people in my area do? If you pay for grasshopper spray, does that mean you have to pay for wheat midge, spraying for wheat midge in the northern part of Saskatchewan? If you get into the program of covering farmers' costs in any given chemical, what happens with a serious problem of wild oats, for example? Do you have to cover a really far more expensive chemical dealing with wild oats?

And the list goes on and on as to government supplying the chemicals for virtually anything you want with regard to agriculture. Now I personally don't believe that most farmers in this province expect or want the government to pay the costs of the chemicals that they use in their farming operation. I have a fair degree of confidence that, in fact, the farmers will deal with this question in an appropriate manner.

I indicated to the hon. member that the Minister of Agriculture is monitoring this on a constant and ongoing basis, and one would have confidence. I think you should have confidence in that direction. If things get, as you say, where there's a clouds of locusts and grasshoppers flying and blotting out the sun in this province, obviously that's going to be a problem that we will have to deal with as we come to it, that everybody will. Everybody has to deal with that type of situation. I think it's somewhat premature to think that we are going to have clouds of locusts, clouds of grasshoppers, blotting out the sun. I am confident that we will keep a handle on it than that.

MR. ENGEL: — Mr. Minister, just one comment. You're very optimistic that you'll even have a chance to deal with the problems next year if you get up the courage to go for an election this fall. The farmers are going to say, Tories aren't Tories. They gave you a chance — and this is financial estimates, Mr. Chairman — because they looked at Alberta and they said, what has Alberta got compared to Saskatchewan? In Saskatchewan we pay sales tax; Alberta doesn't. In Saskatchewan our farmers paid all their fertilizer; Alberta, they got 50 per cent back. In Saskatchewan we pay property tax; Alberta doesn't. Alberta farmers don't pay. Did you know that? The Alberta farmers don't pay property taxes — zero.

The Crow rate, you let it go. You let the Crow go. Saskatchewan farmers are paying; thanks to your big fight to save the Crow, Saskatchewan farmers are already paying a big increase in the Crow rate. It doesn't affect Alberta because of how much closer they are, the proximity to the

ports. The Crow rate has a third of the effect on them as it has on us. They have the Crow rate there.

Saskatchewan pays the full price of the farm fuels. We pay the same as industry does for our fuel. Alberta gets 36 and 37 cents a gallon off. Now Alberta has implemented a program to get 50 per cent of their grasshopper spray. We have to pay all our grasshopper spray.

How can our farmers compete on a world level when we have neighbours like that? Those are Tories. Here we've got people that love the frontier oil company. The \$100 million you announced for the oil people today would pay these programs. But you haven't got a dollar for them to save money on sales tax. You didn't put up a buck on fertilizer. Do you know what the fertilizer bill is in Saskatchewan? — 17 per cent of his costs are fertilizer. Alberta put up 50 per cent of it.

Property tax — you had a program in place for one quarter. You took that away. Alberta hasn't got anything there. The Crow rate — you go down that list, Mr. Minister, and you're batting zero. If you think you're going to win a farm seat with that kind of performance, mister, even your riding is going to be in trouble. We're even going to see socialists up there. That is going to be something that's going to surprise you.

The Minister of Justice has himself a good laugh. But we might have a name like Suzanne Murray in here next time around. That's going to become a household word because they're going to be the person that's defeated the Minister of Justice, because he's got some parts of Lumsden in his area where farmers are going to say, we've had enough of the back alley; we've had enough of the Lane, because they expect the same kind of treatment from Tories as they had in Alberta.

You had a message from Alberta and a big flag you raised out there. Look at what Alberta's doing. This is what we're going to do, and you held that flag high. Well, the farmers see what Alberta gets. And what do we get in Saskatchewan? A big goose egg, just a big goose egg. And you can't even put up \$10 million to save a crop. Four hundred million dollars worth of wheat is going to go down the tubes for \$10 million. Now that's a good investment. If you're a capitalist and you believe in that at all, they ought to work for you — they ought to work for you.

So, Mr. Minister, why didn't you act like your neighbours do in Alberta? Why don't you give us some of the programs that they have there? The farmers . . . I'm not asking for something that's not being done. I'm not asking for something that's unreasonable. I'm just saying, of that whole list, look at the grasshopper problem. Just number one, start with grasshoppers.

You know, you've done your sales tax; that's gone. The crop's in. You haven't given us any money in fertilizer. The property tax — you took it away. The Crow rate — you let it die. The fuel tax — you're not going to give us the fuel rebate of 34 cents. But at least come up with a grasshopper one. At least come up with one of the eight, just one.

HON. MR. ANDREW: — The hon. member indicates that the NDP will win every riding in rural Saskatchewan. The members of your own caucus don't even believe you when you say that.

Mr. Chairman . . .

MR. CHAIRMAN: — Order, order. I would ask members, when you ask a question, to be quiet while you hear the answer.

HON. MR. ANDREW: — Well, Mr. Chairman, I think that they will have their time — they will have their time in the near future wherein we can determine who is going to form the next government of Saskatchewan. I would be very confident that the rural people of Saskatchewan, farmers of Saskatchewan, will endorse the policies of this government rather than going back to

the old policies of the NDP.

The policies that they're advancing today with the member from Assiniboia-Gravelbourg is exactly the same policies that they held out to rural Saskatchewan in April of 1982. And the people of Saskatchewan took them from a government of 11 years, a government with 44 seats, down to a government of eight seats.

Mr. Chairman, I don't believe the farmers of Saskatchewan will soon forget the policies of the former NDP government.

SOME HON. MEMBERS: — Hear, Hear!

MR. CHAIRMAN: — Order.

MR. THOMPSON: — Thank you, Mr. Chairman. Just a comment on the Minister of Finance's last statement about when the election was called and the fact that we were reduced from 44 seats to the eight seats we have now. I want to remind the Minister of Finance that in 1934 we had an election in this province and your same government never got one seat. Mr. Chairman, I wanted to add that because the Minister of Finance started debate on that subject.

But I do want to go back today, Mr. Minister, as you are the chairman of treasury board and you made the decision to cut off the \$250,000 grant to the northern food transportation subsidy, and I want to go back to question period today where you declined to answer the question but allowed the minister . . . or the member from Prince Albert-Duck Lake to answer the question.

I just want to get this on the record, Mr. Minister. Do you agree with the comments that were made today by the member from Prince Albert-Duck Lake regarding the transportation subsidy in northern Saskatchewan?

HON. MR. ANDREW: — Yes, I endorse the statements and the policies made by our member, our minister of northern affairs. And that's, to my learned friend of Athabasca, that's the way government, parliamentary government, works.

MR. THOMPSON: — Okay. I want to say, Mr. Minister, that I'm not going to make any accusations in the House today regarding his statements. But I want to read *Hansard* tomorrow because as I heard the statements from the member from Prince Albert-Duck Lake today, he indicated in his answer to me — and I am going to check *Hansard* tomorrow and make sure, because there was so much noise that I want to be accurate on this — but he indicated that there was no representation from Northerners regarding the removal of the subsidy.

He also made the statement that there was no representation from the two northern MLAs. He also made the statement — and I'll check this out, too, tomorrow — that he asked the MLAs for their input into the northern transportation subsidy program. Now as I heard it, that's how I heard it, Mr. Minister of Finance. But I'm going to check that out.

But I want to say this: I made representation on behalf of my constituents in northern Saskatchewan in a written letter to the Premier, and the Premier answered that letter. And letters were written to the Minister of Health, who administers that program that you cut off, and the Minister of Health has responded to that. And his deputy has responded to that request to have that reinstated.

And I think that the answer that I got today is exactly what I heard, but I will check it out. And I think that that's a sad situation when we have a minister who will get up and say that there has been no representation, indicating that he wants to find out how we should replace that program, or what should we do. And all I say is, Mr. Minister, it was a good program and it was doing its job. And what I'm asking you today is if you will make the decision to reinstate that

northern transportation subsidy to the citizens of northern Saskatchewan that you took away — reinstate it.

You talk about . . . or your government, after you made the decision to cut that \$250,000, indicated that tourist operators were taking advantage of it. It wasn't getting to the local people. Well there's letters on file to your government — the Minister of Health has it and the Premier has it — from the tourist association of the province, indicating that they think that that is the wrong excuse, that they were not taking advantage of the program.

When I have asked the question in the House, Mr. Minister, it's been stated that other individuals other than tourist operators and other than local people were also taking advantage of it and were also being subsidized, and I would assume that you're talking about civil servants who get northern allowances or housing subsidies. And that happens up in northern Saskatchewan. If you ask a civil servant to go and live in Stony Rapids, you pay him a northern allowance — him or her. And that's fair. I agree, because we need them civil servants up there and you have to encourage them to stay.

But at the same time, Mr. Minister, you should realize that there are real people up there. There's folks that live there. They're not subsidized in any way. They're paying the full cost. They get no northern allowance. And that was part of a northern allowance that they were getting — the subsidy on the fresh foods and the produce and the fresh meat. And they were utilizing it. And there are studies being taken up there by schools who will indicate just how much of this has been taken away from them — what they were consuming when the subsidy was in place and what they are consuming now.

(1530)

And, Mr. Minister, I ask you today to reconsider that program. And if you don't think it was working quite right, at least put it back in, put it in place until we can . . . or you as a government can work out a new form. But don't cut it off. And that's my question today. Will you consider reinstating the northern food transportation subsidy?

HON. MR. ANDREW: — Well, you raised a couple of points. First of all, you raised an accusation, the hon. member from Athabasca raised an accusation that the minister responsible for Sask Housing . . . You raised the accusation against the minister of Sask Housing that he misinformed the House. That's a pretty serious resolution to do. Now you indicated that he was indicating that he had received no representation on it.

I think that *Hansard* will also show (and I don't know the exact timing of this for the hon. member) that you had raised this matter in question period some — I would guess, almost a month after this House reconvened. And you raised it after a news report on CBC radio, and that's when you raised it in the House. You did not raise it in the House before that. The action was taken in January and I'm not aware of any communications that you had with the minister responsible for northern Saskatchewan. I can only seek information from him as to the nature of your communication, your observations. I'm sure you can pick up the phone, and certainly you, as a member, I would be surprised if anybody in cabinet would not talk to you, because I think we've had a pretty good record of doing that.

So I don't know whether you've talked to him or not. Now you indicate that you spoke to the Premier with regards to the northern subsidies. That decision was taken by government. That was a decision based on cabinet. The minister of northern Saskatchewan indicated his rationale and the government's rationale as to taking that position, and I certainly stand by the answers that he's advanced for that.

And the policy will stay in place. Any policy is subject to change, as you know, in any government. But that would tend to be focused or brought forward by the minister of northern Saskatchewan.

MR. THOMPSON: — Well, Mr. Minister, you have just indicated to the House that it's fine for you to go down to Weyburn and announce \$100 million or more savings to the oil companies, giving them another year's royalty holiday. But yet you indicate that you haven't got the \$250,000 a year for fresh food and vegetables and meat for the citizens of northern Saskatchewan, who you took that program away from.

You also indicate that we should have been, or I should have been working through the member for Prince Albert-Duck Lake rather than the Premier. But I tell you, when I heard that program was cut off, I immediately went right to the Premier, and I thought that was the right thing to do, because I thought it was important enough of a program that I should go to the Premier. And I wrote to the Premier, and he answered. And that was the answer that I got — that they were going to look at some other ways.

But for you to say that I have not made representation, and that I should go through the member from Prince Albert-Duck Lake, I don't know where he has responsibilities for the food transportation subsidy.

But you, as the Minister of Finance, are the individual, the chairman of finance, chairman of treasury board, and you made that decision. And I'm sure that your Premier had input into that. If you were just talking to the minister, the member from Prince Albert-Duck Lake, and getting your advice from treasury board as to why you should cut that program off, well I think that's wrong because I know the Minister of Health, he has answered that letter and said that he was going to replace it with another program. But that has not happened, Mr. Minister.

But yet today you stand up and say that that \$250,000 for fresh food, vegetables, and fresh meat to the Northerners has been cut off and that's the way it's going to be. But yet this morning you announce 100-or-more million dollars extra for the oil companies. Now I think that is highly unfair.

And, Mr. Minister, I'm going to check *Hansard* tomorrow morning. I most certainly didn't try to mislead this House, but I . . . As there was so much noise, I was listening, and from what I heard, and for you to say that I may be misleading the House, I think that's wrong. You're assuming that I may have, but I think we both should read *Hansard* tomorrow . . . (inaudible interjection) . . . No, I didn't. I said, from what I heard, he could have, but I want to make sure by reading *Hansard*. I most certainly didn't accuse him of that. But I said I wanted to read *Hansard*, and I suggest that you also read it.

But, Mr. Minister, could you indicate how much money that your department, your government has saved by taking off the \$250,000 for fresh food and fresh vegetables and meat to the citizens of northern Saskatchewan? Could you tell me now much you have reduced the deficit that we have in this province by taking away that food subsidy grant?

HON. MR. ANDREW: — A goodly part of yesterday the Leader of the Opposition was hound-dogging me about having too high of a deficit. Now you're saying that the deficit was being reduced with regards to that.

We did not come prepared to answer that specific question. I can chase that number down for you and try to get it back to you with regards to how much was involved in that, and how much is involved in each of the spending estimates of northern Saskatchewan, and how much is involved, if you like, throughout the government in northern Saskatchewan. But I assume that you would have been asking that question, if you were concerned, in much detail, to the Minister of Health during his estimates. And I assume that you asked that question in some detail to the minister of northern Saskatchewan when you dealt with his estimates.

Now I don't know. I can go back in *Hansard* and look at that too, whether that question was

raised and the responses to it. All I'm simply saying to you is that I don't think I would add any more to it than the response by the minister of northern Saskatchewan, the response by the Minister of Health during his estimates with regard to that situation.

MR. THOMPSON: — Well, Mr. Minister, I don't see why I would want to direct my questions to the minister of northern Saskatchewan or the member from Prince Albert-Duck Lake, because I really don't see his part in this decision. It is something . . . it's a decision that you made yourself as chairman of treasury board, and the Minister of Health is the department that administers it. As I indicated to you, it was a good program and it was working well, and the citizens up there have felt the brunt of that cut.

And, Mr. Minister, would you not agree that the reason that you have made this cut — because you've made many cuts in the province and I won't go into the other cuts that you have taken out of this program was in part and parcel to pay for the deficit that you are now trying to recover? As you indicate, you want to get us out of the deficit we're in.

Is this part, this \$250,000 — that decision was made on your behalf to reduce the deficit in this province. Would you not agree with that?

HON. MR. ANDREW: — Well, the hon. member could perhaps have a lesson in the working of the parliamentary system of government and the cabinet system of government, and that is that decisions like that are taken by cabinet as a whole. You should know that, but perhaps having never sat in a cabinet, that you would maybe not be familiar with how the treasury board function works.

There's five members on treasury board. Recommendations there go to cabinet. Cabinet made the decision on it. They can either reject it or modify it or accept it, however it might be. Those decisions are taken through that process, and any allocation of dollars, or reallocation of dollars, tends to be that. If we're not going to spend dollars here, we'll take and in turn send those dollars over here.

If you look at the increase in spending of this government during this session, I think it increased some 4.1, 4.5 per cent. So it was not targeted for that at all. It was reallocating dollars, and might perhaps be a more appropriate way of doing it.

MR. THOMPSON: — Final question, Mr. Minister, and I ask you once again: will you reconsider implementing the food transportation subsidy? And as I had said before, your government feels that it should be administered in a different way. But I ask you, will you reconsider implementing that program until you can work out another system, as you indicate, to bring lower prices for the fresh food in northern Saskatchewan? Would you consider implementing that program?

HON. MR. ANDREW: — In further response to both the last question and this question, the budget in the Department of Health went up \$6.1 million this year — 61 million. So you know, it was hardly used. If it was allocated, it would maybe be allocated in some other area.

Your question has been posed on several occasions. I indicated that I would stand and endorse the position taken by the minister responsible for northern Saskatchewan. I would endorse the position taken by the Minister of Health in Saskatchewan, in allocating in where he believes it is most important to allocate those health dollars — some \$1.2 billion of them.

And so from that point of view, we do not intend, at this stage of the game, to implement that particular program.

MR. LUSNEY: — Thank you, Mr. Chairman. Mr. Minister, I have a couple of questions. You were talking to the member for Athabasca regarding allocating or reallocating funding in different

areas.

Well Mr. Minister, I'd like to ask you a question on your appropriation for highways. I know that the minister probably wasn't able to get more money out of you, or probably hadn't even tried. But could you, Mr. Minister, tell me why you made the decision to cut down the budget for highways, when you realized yourself that we have some terrible roads in this province at this time? There are roads that need rebuilding, roads that need some maintenance on them to the point now where maintenance hardly helps. But what we need is some money put into construction. And if it isn't put in there shortly, we're going to see a highway system that is going to be deteriorating to the point where it's going to take massive amounts of dollars to get it back into shape.

Why, Mr. Minister, did you allow the Minister of Highways to either not ask for it, or why did you cut him back, if you did cut him back, on the amount of money that would have gone into highway construction, so that we could have maintained a reasonably good highway system in this province?

HON. MR. ANDREW: — Well, I suppose one can argue whether or not we are maintaining a good highway program in this province. I believe we do. I believe we have and are maintaining an appropriate and proper highway system in this province.

Obviously one could improve the highways. And you could spend millions and millions of dollars on that. That could be done. But I think what you have to do is determine which do you see as the higher priorities. And what we did in the budget this year, from the spending side, is tried to determine which did we see as the most important spending priorities, given this particular fiscal situation.

(1545)

So looking at that we went through the list of some 39 departments and obviously had to determine which ones that we felt were most important. Now we came to the view that education was very high on the list — perhaps top of the list — education both in the K-to-12 system, and education as it relates to university funding. We thought that was important, and I think the people of Saskatchewan believe that is important, both for today but also for tomorrow, the most important funding area that I think we could deal with.

The second area that we saw as important was health; to be able to provide the nursing home facilities that are going to be needed now, and certainly the pressure that's going to be on nursing homes in the future, and we felt that was important. We also felt it was important to deal with hospital construction, particularly the hospital construction in the major urban areas that require referrals very often for more sophisticated surgery, that being Saskatoon with the University Hospital in Saskatoon, St. Paul's Hospital in Saskatoon, and City Hospital in Saskatoon. The same argument could be made in Regina.

Third, we allocated over \$600 million, which we thought was important, into the area of job creation; job creation through both the public sector, through the private sector, through assistance to small business that are, in fact, generating and producing most or many of the jobs, not only in Saskatchewan but in Canada today, and we felt that was also fairly important and fundamental.

And the other one was agriculture where we felt a \$200 million increase in funding to agriculture over the next five years was important to try to come to grips and to deal, not only with the problems of today, but also the problems of tomorrow. And I think people were asking, and I think people ask governments, so you have to look at those problems into the future.

The reality of the situation, to the hon. member, is I think you are left with perhaps two choices:

do you allocate the same amount of money, basically, across to all departments, 1 or 2 per cent, and that was what was done in many other provinces this year; or do you re-allocate from more important to, well, not unimportant, but less important priority areas?

I suppose, in response to your question, we could have spent \$200 million more on highways and allocated \$200 million less for agriculture budget, but would that have been wise? Would that have been a proper approach for our government to take?

Or we could have allocated \$400 million more to highways over the next five years, additional money to highways over the next five years, and not allocated the same or equivalent amount of money to education. In other words, was education funding more important, or was highway construction more important? And we had to take the decision that education ranked above highways, and the same can be said about health care, and the same can be said for job creation. That's why we took the decision.

Sure we would like to have built more roads. The reality is that you had to choose for those priorities, and I don't think the highways priority was as high on the list of peoples' concerns, one; or the economic realities that we faced, two. And therefore we chose the four cornerstones, the priorities that we saw were important.

MR. LUSNEY: — Thank you, Mr. Chairman. Mr. Minister, I think we'd all have to agree that highways might, in your opinion, have been a lower priority than some of the other departments, and education and health certainly are of the highest priority of any government in this province, especially in Saskatchewan. And I don't think I ever questioned the point of you spending the amount of money on education and on health. We need it there, and everybody expects it to be spent there.

But, Mr. Minister, when you talked about job creation programs, well if you wanted to create some jobs, some of these programs that you came out with, you could have created those jobs by putting that money into highways and hiring a lot of those students for summer construction jobs. That would have created employment. It would have sort of solved two problems at the same time. You could've got a lot of those students working; you could've got a lot of other people working also if you would have gone into constructing highways.

And although it's not a high priority on your list, Mr. Minister, we'd have to, I think, admit that if it isn't done now, you're going to be putting money elsewhere. But in a year, or in two years' time, you're going to get to a point where you're going to have to put highways on a high priority, otherwise it's going to be to the point where the people are going to be afraid to drive on them any more.

You say that the public wasn't concerned about highways, and they didn't think that that was one of the priorities that you should be considering. Well, Mr. Minister, I think we'd have to agree at this point that people are concerned. They are concerned about the condition of our roads because the majority of the highways, the only ones that are half decent today, are the primary highways in this province. But we've got a large amount of secondary highways, and those are in terrible shape, and people are getting concerned about them.

When you've got roads that were a few years ago reasonably good, and today are nothing more than a bunch of patches . . . and they've got away from using asphalt and patching any more; they're just filling them in with gravel and leaving it there for most of the summer because it doesn't help to put any more oil on them any more.

Well Mr. Minister, I think we'd have to say that there has to be a real problem in Saskatchewan on our highways. And that could have solved a lot of problems. Put a little more money into highways. You would have created jobs at the same time.

The way you've done it at this point, you've taken away money from highways and it wasn't only this year. You're talking about what your priorities had to be, and what you should have had in your budget. Well the Department of Highways has been losing money in every budget. It's been going lower and lower. And the result, Mr. Minister, is one that's very evident. All you have to do is drive some of our secondary highway systems in this province.

And we could have kept our unemployment rate down for the last three years by providing work for the people, for the students, and at the same time constructed some road systems. And it's not only for the students. It's a lot of people that are on unemployment or on welfare. These people could have been productive. We are spending millions of dollars on those programs. Put that money into putting people to work. Give them something to do. They'll be constructive. They'll appreciate the opportunity to be able to work. And at the same time the rest of the public would be able to enjoy the efforts of their work.

That, Mr. Minister, is what should have been done. And the member for Prince Albert-Duck Lake is saying, why don't we hire some of those on our farms? Well Mr. Minister, if agriculture was doing a little better, yes, the farmers would be hiring someone to work for them. But this province has got to a point now where the farmers can't even afford to hire anyone because the majority of them are going bankrupt. So there we have a real problem.

And it's not only in agriculture. It seems to be a problem right around in this province now. So certainly if you kept agriculture strong, they would be able to hire someone, and that would also alleviate some of the unemployment problems we have in this province.

Mr. Minister, I think using the excuse that we have to put money into health or into education, and we have to cut back somewhere else, it may sound like a good excuse. But certainly we have to put money into health, and it's always been the case, and it's always been there. But I think maybe your priorities were a little wrong when you decided to cut back on some of the other departments in your budget, because we have to look at what is happening in the expenditures for social services, on welfare, people that are unemployed — can't find a job. And I think all we have to do is take some of the money out of there and put it into some area where the people could have been more productive, and I think in the long run that would have saved the province a lot of money.

HON. MR. ANDREW: — Well if you want to talk about it in terms of man-years, \$3,000 per man-year in Opportunities '85, that means that for every \$3,000 spent on Opportunities '85 you get one man-year of work. That's the one man working for a full year — spent \$3,000 — because you contribute \$1,000 and that lasts for four months, a four month job, you see.

Now if you go to Highways, the hon. member from Pelly, it's \$35,000 per man-year per jobs created. In other words, if you spent your money on things like Opportunities '85, it costs \$3,000 per job. In Highways it costs \$35,000 for jobs. So it's almost 10 times as much money that would be spent by the treasury to create a job.

Now it seems to me that if you were to use the Opportunities '85 concept — you're talking about helping students and young people — it seems to me to make a lot more sense to spend the same amount of money and get 10 times more jobs for it. Now that seems to me is a logical way to look at it. And I think that when you look at doing the budgeting, you want to look at it, if you're spending a dollar in this area, that it's primarily being driven to create jobs, then you look at the job component of that particular expenditure.

If you're on the other hand spending money on things like health and education, you're less concerned about the job dimension of it on the immediate term, and more concerned about the social program that you're advancing, or, number two, the long-term benefit that you would bestow in the case of education.

But if you were to compare employment by building highways versus employment by other programs, it's far more expensive to create jobs through that. Now that's not to say that you don't create construction jobs, whether it's highways or some place else. And clearly we have spent a large amount of money in this budget with regard to capital expenditures. We're building hospitals, we're building nursing homes, we're building roads, and we're building various other programs, and that obviously creates jobs.

Now I think the argument you were advancing is that you should build these roads because you could, in so doing, create jobs, and it's a good job-creation measure. I simply say that there's other measures that get more people working than does building highways.

MR. LUSNEY: — Well, Mr. Minister, you brought up a couple of points that I would like to touch on. One, when we're talking . . . you brought up the fact of how much it costs to build that road, and how much it cost to employ an individual under your program of Opportunities '85.

Now, Mr. Minister, certainly we realize that it's going to cost more to build a mile of highway than to hire someone to do some small job through some employer that maybe wouldn't have hired him without this kind of government assistance. That individual maybe would have got by without hiring a student under Opportunities '85 if the government hadn't put some money into it.

And that's one area that I'm not complaining about. This kind of assistance will allow some small-business people to hire someone at a little cheaper rate than what they maybe thought they could afford.

I'm not sure as to how effective some of these programs are, or how beneficial they are. Looking at some of them, there's a lot of strings attached to them, a lot of red tape to some of those programs. And we'll never be able to compare the two and say, look, Opportunities '85 only cost us \$3,000 per job, but if we're going to build a highway it costs us 35,000. Well we have to realize . . . Also, I suppose, if we want to compare it that way, to construct a new highway is going to cost money, and we have to be prepared to put that money into it.

(1600)

But if you're talking about the individual that would be involved to build that mile of road, then the cost of that individual or that student would hardly be much more than what you're talking about in your Opportunities '85 Program, because it doesn't cost 35,000 per mile or per man-year to build that road for that one individual, and \$3,000 in some other area. If you hire that student, no one's going to pay him \$35,000 if he's working on construction.

So, Mr. Minister, if we're going to compare the unemployed, or the student employment program, whether it's on highways or whether it's in any other small business, that amount isn't going to be any different to hire that student to do the job.

Surely it's going to cost more to construct that mile of road. You're going to have to put more money into the budget because it does cost a lot to build a mile of road. But it is beneficial in the long run to keep on building roads and increasing the budget. To cut back in any area and say that we don't need the roads any more, or we don't need to worry about education, or we don't need to worry about health, it's going to somehow affect the province in one or two or three years down the road.

And I know — I can see from the look on your face right now — you're saying, well, we need a higher . . . we're going to run into a higher deficit. Well, Mr. Minister, that's what you've got on your mind. But if we're going to need some money to build those roads, let's look at where that money should be coming from and who is using them.

Are the interprovincial trucking firms, running from B.C. to the Maritimes, paying for the cost of running through our highways and transporting their goods across the province. You've removed the tax. It doesn't cost them anything. They can run through the province, but what have we got on the roads?

The oil companies come in from Alberta or from the States or wherever they may come from, come into Saskatchewan. They use all of our roads. They're making piles of money. You give them a tax holiday, an extended tax holiday yet. You've announced it. Your Premier has announced it today. And we don't have enough money to build the roads.

Well Mr. Minister, I think your priorities are all wrong. I think we should be looking at getting the money from the people that use the roads, not only from the taxpayers of Saskatchewan, because your tax reform now is going to do nothing more than tax the individual that lived here all his life. He's going to be taxed a lot more in order to do some of the things that have to be done in this province, while others from outside of this province that get the benefits of the highways don't have to pay anything.

Mr. Minister, the oil companies, some of the interprovincial trucking firms, can afford it a lot more than the senior citizens or the farmers or the working people of this province. That's who you should be taxing, and they should be paying their fair share in order to provide good roads for this province.

And Mr. Minister, I'm only sorry to say, and I'm very disappointed that you have decided that your priorities were a little different, that the oil companies . . . (inaudible interjection) . . . and the multinationals (if the member from Prince Albert-Duck Lake wants me to say that), the banks and all of those, if they are the ones that are more important than the people of Saskatchewan and the programs that we had in this province, and the roads that we've had in this province — if those multinationals are more important, then I guess maybe in your opinion your priorities are on the right track.

But Mr. Minister, I'll have to tell you that I don't think the people look at it that way. I don't think the people would agree with you. I think the people will say that you are wrong, and that we should be going the other route, and we should be doing things that are going to help the province. We should be asking those people that use the service to pay some for it, to pay their fair share for it, and that way we could have a province that would be a better province for everyone to live in, and it wouldn't be so expensive for the local people to live in this province and have to pay all of the costs that others benefit from.

HON. MR. ANDREW: — Well I go back to a list of resolutions by the . . . it's called The People and The Economy task force of 1984, recommendations, I believe, of the NDP task force on the economy.

There should be a fair and reasonable tax on the consumption of gasoline.

And this is your policy and what you're basically saying there and have said sometimes is that you would see, if you were government, that we would put a gas tax, a 20 per cent *ad valorem* gas tax back on people. Now . . . (inaudible interjection) . . . Well, you say no. That's been your policy for some time in your party. It continues to be your policy for some time in your party. And I can go through and read some more.

Now you want to, as well, bring in a . . . You want to:

Be it resolved that the NDP policy that a inheritance tax be introduced that will discourage the acceleration towards larger farms, from one generation to the next.

Now you talk about wanting any kind of reform, and all your reform does is go back to where

you were pre-1982. You want sales tax brought back in. You want inheritance tax brought back in. Those are the types of taxes that you are . . . in your policy, in the NDP policy (you're talking about), NDP resolutions, you're talking about inheritance tax. You also want to bring back the gas tax.

I don't think the people of the province have changed their mind since 1982 when they decimated you down to eight seats. They don't want the gas tax; they don't see it as a fair tax. Saskatchewan happens to be the highest consumer of gasoline in the entire nation, and therefore why should they not have a break on their price of gasoline? But you want that back.

You also say in this same document that you want to . . . your oil royalties you want going back to pre-1982. You want to go back to where you were. Every one of these seems like you want to go back.

You also say the province should publicly own all potash industry in Saskatchewan. You want to buy the rest of the potash mines in the province. It's been stated here in your policy. It also states that you would reinstate the land bank, and you want to buy millions and millions of acres of people's land in the province of Saskatchewan. You want to take over the balance of the uranium industry — or you used to. I think you now want to just simply close it all down.

But every one of the things that you talk about, hon. member from Pelly, is to go backwards. You want to go back to yesterday. And that's the policy of your party, is to go back to yesterday. It's a party of old people. And that's the reality of it. You want to go back to yesterday. You want to reinstate inheritance tax, reinstate the gas tax, reinstate the policy of buying more and more businesses through Crown corporations. The people rejected that in 1982, dramatically, and I think they will reject it again.

Mr. Chairman, I wonder if perhaps we could have a brief adjournment.

MR. CHAIRMAN: — The minister has asked for a brief adjournment. Is that agreed. A five minute adjournment.

MR. LUSNEY: — Mr. Minister, I'm very pleased that you at least keep a close watch on what the NDP is doing when you have a proposed task force committee report. And, Mr. Minister, the one thing I'd have to say is that doesn't necessarily mean that that's NDP policy. That is a task force that went around to determine what people were saying, and some of that is what they've heard people saying. Policy is a total different thing, Mr. Minister.

You talk about all the things that you're going to . . . And if we wanted to talk about what someone may have said in the past, I can certainly go back to what a lot of . . . the things that the minister himself has said in the past and hasn't happened. The 5 per cent sales tax removal — that is something the people expect you to keep. You haven't done that, Mr. Minister. Are you going to remove that sales tax? A few days ago you said no. A couple of years, two years ago, you said yes.

Mr. Minister, I noticed that you change your mind quite often. And that's not on just a report of a group that went around listening to what people are saying, but that is policy that you said you were going to keep, promises you were going to keep and you didn't keep, and promises that you broke to the people of Saskatchewan.

(1615)

You also talk about us going back and putting back the gasoline tax, road tax on gasoline. Well, Mr. Minister, I don't think that any of the members on this side of the House ever said that we're going to put the road tax back on gasoline. But when I talked about getting some money in for highways, Mr. Minister, I did say, and I'll make it very clear, I did not say put the road tax back on

gasoline in this province. What I was saying that we should be asking, through some form, for the interprovincial trucking firms, for the oil companies, and others that use our roads to pay a fair share of the use of that road towards the construction of that road. That, Mr. Minister, is what I'm saying — nothing to do with gasoline tax or land bank or anything else of that nature, because that is not what I am saying, Mr. Minister, and that is not what I am proposing at all.

Mr. Minister, one of the other areas that I think people are very disappointed — at least I'm very disappointed in — in your budget was the removal of the property improvement grant for farmers. Farmers, you realize yourself, are having a difficult time right now. A lot of them are giving into the banks, and they are letting their land go. They're just moving off it. They have no choice because there is not assistance for them, no assistance for them at all.

And, Mr. Minister, what do you do in your budget this year? You don't support the farmers. You don't try to help them, fight the battle against the banks and against other problems they had, the other costs, against the multinationals that charge so much for the chemicals, the fertilizers. You don't help them fight those battles, Mr. Minister. But what do you do? You take away the property improvement grant that they had. You took that away from them. You took that home quarter school tax rebate that they had. You added, Mr. Minister, rather than removing the E&H tax, you went and you added or extended the E&H tax to used vehicles, again affecting farmers and agriculture.

Mr. Minister, you have imposed an additional tax on rural Saskatchewan of at least 1,000 to \$1,500. You've imposed at least \$1,000 of your own from this province. And if you want to go to your friends in Ottawa, they've cost the people of Saskatchewan more money — and the farmers.

So the farmers are going to be suffering. They are going to have to pay more money that they ever have before because of some of the programs you've removed and some of the taxes that you've increased, Mr. Minister . . . (inaudible interjection) . . .

And some of the members . . . the member for prince Albert-Duck Lake again is saying that's false. Well, Mr. Minister, I think all we have to do is go to the farmers of Saskatchewan and ask them if that's false. Ask them what it is costing them this year. Ask them what it's costing them when they pay their tax and there is no more property improvement grant rebate, there is no more school tax rebate, and there is an additional tax, E&H tax, on every used vehicle that they buy. Mr. Minister, they don't agree that that's not true, because it is true, and it is going to cost them a lot more money.

Mr. Minister, what you should have been doing in times when agriculture is suffering, and when rural Saskatchewan is suffering, is try to keep some of that money in that area rather than taking it away from them.

Are you going to be prepared to change what you have put into your budget like you did for the senior citizen's school tax rebate? Are you going to be prepared at this time to say that you made a mistake and that rural Saskatchewan is going to lose a lot of money because of it, at a time when they could use that assistance? And will you put that property improvement grant rebate back in for farmers in rural Saskatchewan?

HON. MR. ANDREW: — Well the hon. member asks several questions again. I think I indicated in questions from the Leader of the Opposition last night with regard to property improvement grant as to why we did it. I can simply repeat that for you is you like. I don't think that's your wish.

I would like to point out a couple of other resolutions . . . It seems that you folks want to talk about elections; here's another resolution of the NDP:

Further be it resolved that the NDP support limit on coverage under

the Saskatchewan Crop Insurance program of \$18,000 land assessment per bona fide farmer.

Now what that means is a farmer in my constituency of Kindersley, where the land is assessed at \$4,000, would be able to get for a crop insurance coverage only on 720 acres., Now that's their policy. And that is to keep the size of farms down to 720 acres. That's what it says.

The Leader of the Opposition:

Be it further resolved that the NDP support a limit on coverage under the Saskatchewan Crop Insurance program of \$18,000 land assessment per bona fide farmer.

Eighteen thousand assessment. That's 720 acres — 720 acres of land, and that's all that should be covered under crop insurance.

Here's another one:

Be it resolved that the NDP support — support — workers should only work 30 hours a week and get paid for 40 hours a week.

Now that, in effect, says all workers in the province now should work on a basis of so much money for 40 hours work week but only have to pay 30 . . . only have to work 30 hours.

Those are the policies that you're advancing here, and those are policies that we do not agree with. And I suppose if we want to debate whether we want this, or whether we want that, we will continue that debate.

HON. MR. BLAKENEY: — Do we have to stack those against the policies of selling all the Crown corporations, which was the policy of your party? It isn't, perhaps, the policy of your party, but it was certainly . . . Now just a moment. It was contained in a resolution that went forward to your convention. Table it. It's a matter of public record.

And the Minister of Finance, of course, is not saying that any of those resolutions ever passed an NDP convention. He's not saying that. Or if he is, he's misleading the committee very, very substantially, because there's not a word of truth in it. He knows there's not a word of truth in it. He knows that no resolution that he has read has passed any NDP provincial convention. He knows that, but he is still asserting it to be policy.

Well if that's the game, we presumably can assert anything that ever went to your convention as policy. One clearly said SGI should be sold. Well I am sorry, Mr. Minister, that you were in here advocating that SGI should be sold. We don't agree with that. We don't agree with that. You progressive Conservatives say that SGI should be sold. We don't agree with that.

Mr. Chairman, this sort of game of quoting a resolution which may have come from somewhere and went to a convention and was defeated, and asserting it to be policy, is a game which anyone can play — two can play.

Two can play the game, and in accordance with the standard which the minister has set, I am surprised that you and his party would advocate the sale of all Crown corporations, particularly the sale of SGI, which this resolution did. And I'll bring it along if he likes.

He can look at all the resolutions brought forward by the young PCs. They wanted to sell all the Crown corporations, one by one. He knows this. Mr. Chairman, and Mr. Minister, we can have an engaging time talking about what resolutions may have gone to conventions.

May I advise the minister that the policy of our party is contained in resolutions which are passed by conventions. And may I point out that the ones which he stated were — and you were very careful not to say they were passed, because he didn't quite want to mislead the House to that extent. But many I just indicate the one which is such an egregious error — I remember it because we had a discussion about it and it failed massively — was any reintroduction of the fuel petroleum tax for Saskatchewan people.

And you can look at the results of the wisdom of the NDP convention for what it's worth. I don't mind the minister criticizing our policy; I just think that he's very well ill-equipped to state our policy.

AN HON. MEMBER: — And to understand it.

HON. MR. BLAKENEY: — And he may be ill-equipped to understand it, too. He's ill-equipped to understand quite a few things, including anything he'll need to understand in order to give this province some effective financial management, which he has not given since he took office.

But that's another matter. That is so obvious, so patent, that we don't need to state it all the time. I just wanted to make the point for the record that no single one of the resolutions quoted by the minister was from the policy of the New Democratic Party. And it would be gracious if the minister would acknowledge that, and then I won't have to get into the business of quoting all the resolutions which went to his convention, which I suspect were rejected — the proposals for the sale of all of the Crown corporations, the sale of SGI, the sale of the potash corporation. One by one they were in the resolutions which went to his convention.

We're at some disadvantage since the Progressive Conservative convention doesn't say what they pass and what they don't pass. And that makes it a little more difficult. And so . . . (inaudible interjection) . . . The hon. member for Prince Albert-Duck Lake suggests it's hard on my heart. I suggest to him that I am here in very good heart today, and he obviously is a little troubled, otherwise he wouldn't be speaking from his seat. I am speaking from my feet, and I would welcome any interjection by the member for Prince Albert-Duck Lake. He then could make his contribution. And it's quite in order, as I'm sure the Chairman will tell you, for all hon. members to make their contribution. And I very much hope that the member for Prince Albert-Duck Lake will be joined by the member for Nutana, and others, in making their comments in this debate.

But I do want to make the point. Not a single resolution quoted by the Minister of Finance is part of the policy of the New Democratic Party. He wasn't quoting from a policy; he was quoting from some material which was prepared by, I think it was, five New Democrats, after listening to many hundreds of citizens who may or may not have been New Democrats.

And who knows? They may be good ideas or may be bad ideas. All I'm saying is that they're not the policy of the New Democratic Party. And I am sure that the Minister of Finance would not want me to take his time, and the time of others, quoting resolutions which went to his convention which were not passed.

I would therefore simply correct the record to that extent. If the minister wants to make a reply, fair enough. Then I will ask some questions about the Ministry of Finance. It may well be that he will then have screwed up his courage to answer questions about his department and his government, instead of attempting to divert attention by quoting policy that was never policy.

HON. MR. ANDREW: — I recall, and I think the people of Saskatchewan recall — and I certainly recall, and I think all members of this side of the House recall, Mr. Chairman — that prior to April of 1982 there was, in fact, a gas tax in the province of Saskatchewan.

Now the member says, oh, this is just some whim of some NDP. It's no whim of some NDP, Mr. Chairman; it's the policy of the NDP party.

Now, number two. The Leader of the Opposition is saying, well now, we didn't talk about this in our convention. Well I understand they did talk in their convention, and they did talk about closing down uranium mines. And they talked about, in effect, eliminating, closing down, throwing away, if you like, \$600 million of Saskatchewan's peoples' money that were in uranium mines, invested in uranium mines. And they would have it closed down.

(1630)

Now people of Saskatchewan believe that. That was a resolution of the NDP, and that is the policy of the NDP, and that certainly would be one of the first things that an NDP government would ever try to do, and that would perpetrate a terrible burden, Mr. Chairman, on the people of Saskatchewan.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, the policy of the New Democratic Party on uranium and others is well known, and is not as stated by the minister. It's not as stated by the minister.

Mr. Chairman, and Mr. Minister, it is well known. For those who can't read, I will send it along to them and it may well be . . . And the member for Prince Albert-Duck Lake can tell me whether he falls into that category or not, and if he does, I'll send it along to him . . . (inaudible interjection) . . .

Mr. Chairman, and Mr. Minister, compared with some others in this House, even of fewer years than I, I'm fairly comfortable about matching grey hair, and I'm looking at the member for Meadow Lake. I'm looking at the member for Meadow Lake. And fortunately I have hair to be grey, and I won't say who I'm looking at now.

But I wonder if I could ask . . . (inaudible interjection) . . . Mr. Chairman, and Mr. Minister, I'll ask a couple of questions of the merest detail. Can you tell us how many venture capital corporations are operating in the province? How many have taken advantage of the tax break which you have provided in a budget of a year or two ago?

HON. MR. ANDREW: — With regards to that, that falls under the gamut of the Minister of Tourism and Small Business. I will undertake to get that information provided to you. That is not something that we would have readily available to us today, but we will undertake to get that . . . (inaudible interjection) . . .

The member from Assiniboia-Gravelbourg says, well, we don't have to talk about venture capital corporations. Well, I can assure you that we do want to talk about venture capital corporations on this side of the House, Mr. Chairman. We believe that that is a good policy. That's not a policy, Mr. Chairman . . .

That is a policy that's in place now in virtually every province in this country. It's a policy that is being used mostly throughout the western world. Quite frankly, it's a way by which people can invest money into small enterprises, to use that money in small enterprises, to create the equity needed in those small enterprises, to get the small businesses going, and in turn create the jobs that are needed.

Now we are in favour of that policy. The member from Assiniboia-Gravelbourg is against that policy, as he shouted from his chair.

With regard to the question of the Leader of the Opposition, we will undertake to get that information to you from the appropriate ministry, and bring it back to you in due course.

HON. MR. BLAKENEY: — Mr. Minister, I think we would all be grateful if the Minister of Finance would answer for his department and for his government, and not while he's on his feet attempt

to say what the views of members who are sitting down are. And you are among the few who attempt to say, the member for A believes this, and the member for B believes that. And I invite you to look at the record on that score. But I won't further tax you on this.

Perhaps you can tell me which department handles fixed-rate financing. The fixed-rate financing program which was announced by the Government of Saskatchewan on June 1, 1984 . . . well, it's a little before June 1, 1984. But can you tell me whether the fixed-rate financing program that is offered to industry or to business, I'm not sure it's all industry, but it is . . . you are, I think, familiar with the program whereby the . . . well, basically the program is one whereby the borrower can borrow at a fixed rate, the cost that they are acquiring their money going up, the Government of Saskatchewan buys one of their guaranteed income certificates or term deposits or the like so that the match of funds protects the financial intermediary. I know that the credit unions have been involved in this. So far as I'm aware there have been a few loans — six or seven through Saskatchewan credit unions.

My question is: is that administered by your department or some other agency of government?

HON. MR. ANDREW: — That is done by Tourism and Small Business, that particular program, and I could undertake to get you the information on that as well, if you like.

Suffice it to say that that program as announced last year was not a tremendous take-up. And that's why we responded this year with the nine and five-eighths program to businesses — a far simpler, a far more direct program. People tended to find that somewhat bureaucratic, find it is not a proper fix. Business community did not take up on it dramatically. It was something that we had talked to the lending institutions about that they thought that there would be more take-up on this. It didn't in fact happen. That was a program in place for the most part in last year's budget, and has been replaced this year with the nine and five-eighths.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I turn to the auditor's report, and I ask you, with respect to page 12 of the auditor's report, the auditor states . . . And this deals with the investment by the Minister of Finance as trustee for some pension funds, and I am referring now to the Saskatchewan Transportation Company employees superannuation fund. And the auditor says at page 12:

It is the view of my legal counsel that by acquiring an interest in land against which mortgage debts are secured, the fund has been increased in a way not authorized by the Act. Accordingly, in the opinion of my legal counsel, the Minister of Finance, as trustee of the fund, has exceeded his powers. Accordingly, I report that this investment of pension trust funds in real estate represents an investment for which there was no authority.

Mr. Chairman, and Mr. Minister, on the face of it this is a relatively serious allegation by the Provincial Auditor, saying that the funds of a particular superannuation fund, were invested in investments for which there was no authority. They were invested in real estate against which there was a mortgage.

And I think that since the pensions of employees of the Saskatchewan Transportation Company may well be at risk, I would invite the minister to make a statement with respect to that. I know that to some extent some of these issues have been discussed in the Public Accounts Committee, but with respect to this House and the conduct of the Minister of Finance, I invite him to make a statement on this page 12.

There are two separate problems, the SaskPen problem and the Sask Transportation Company problem, and I ask for a statement on the Sask Transportation Company problem.

HON. MR. ANDREW: — I'm advised by my officials responsible for that that their opinion, and the opinion of legal counsel that they employed, was that the fund does not assume a mortgage and therefore is not in contravention of the particular legislation that the auditor talked about.

I think the Public Accounts Committee, in reporting to this Assembly yesterday or the day before, indicated the same thing, that there was conflicting legal opinions as to whether this should be done or that should be done, and made recommendations to the Assembly, and from the Assembly, I suppose, to the government, that the matter should be corrected by legislation so that the lawyers are not disputing one to the other as to whether it's legal or not legal. That's the view of the people that had put this together.

I think you know, as previously as being in government, that these kind of decisions, by and large, are taken through the pension facilities, and not something that normally a cabinet or a minister would become involved in.

I think pension funds across the country are used to invest in real estate. Almost all pension funds have invested in real estate in one way or another. I suppose if you get it down to the common denominator of whether pension funds should invest in real estate, I think the rules are fairly clear, that there is perhaps a small segment of that fund that could be invested in that regard. That's in the wider sense.

With regard to the technical question here, the auditor, as you perhaps are aware, is concerned about the "crossing the t, dotting the i" way of dealing with this particular question. And I understand from the members of that committee that the auditor was satisfied with the particular approaches taken provided that the legislation was in fact changed. I can advise the hon. member that the department is looking at that, and it would be our intention to bring forward amendments to that legislation consistent with the recommendations of the Public Accounts Committee and consistent with the recommendations of the Provincial Auditor.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I understand then that legislation will come forward, and that will answer the legal aspects of it.

I ask one other question with respect to the financial aspects of it, and that deals with the SaskPen Properties Ltd. and the investment of several of the pension funds, and they are noted here: the Crown investment corporation pension fund; the municipal employees superannuation fund; the power corporation; the Sask Government Insurance; the Sask Tel; and teachers superannuation funds, in an aggregate sum of \$2.7 million.

It was not a small amount of money; in the scheme of things, not a large part of all of those funds, but not a small sum of money. In real property, and not in first mortgages of that sort of thing, but another kind of investment in real property, though this vehicle SaskPen Properties Ltd. . . . And I note that some common shares were bought, I suppose at a nominal amount, and I imagine that's a vehicle for control rather than investment.

And the other matter of fully participating 3 per cent bonds. I'm not sure whether the minister who is the trustee of this money in a nominal sense is informed on the nature of these investments, but what is the nature of a fully participating bond? Does it participate in the profits of the venture as well as get a minimum fixed amount of 3 per cent?

HON. MR. ANDREW: — I'm advised — and this is fairly technical, and I will try to respond in a technical way — that they are secured bonds with a 3 per cent minimum, but the total flow-through is through the bonds, and the common shares are simply normal in nature, and no dollars would flow through there. If you want more detail than that you're going to have to talk to Morley.

(1645)

HON. MR. BLAKENEY: — I surmised as much in the sense that the common shares are control vehicles, and the money is like a participating preferred share in that regard.

Mr. Chairman, and Mr. Minister, one other matter that I wanted to ask you of an informational nature, if I may put it that way, and that has to do with the tax on pornography. How much have you built into this budget for the yield from the tax on pornography?

HON. MR. ANDREW: — We have built in no money into this budget for a tax on pornography. I think I indicated in this budget that we were looking at that, and I think the rationale for it is that people had complained that if it cost sales tax for school books or this type of thing was it appropriate that you could have *Playboys*, etc., which would not draw a tax? It's an area that is difficult to identify. It is difficult to determine jurisdictional questions between federal and provincial authority and the constitution and everything else. It would be our expectation from that point of view that if the tax is implemented in this fiscal year we would be lucky, and if it does it will not raise enough money to worry about trying to project it into the budget numbers.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I've just been looking at the provisions of The Department of Finance Act with respect to special warrants, and it seems fairly clear that special warrants are designed to be used when expenditures are unforeseen and unprovided for. That's not quite the words of the Act. But I believe the words of the Act are "unforeseen or unprovided for." But from the context it seems rather clear that there appears to be some obligation on the government not to use a special warrant when they might well use an appropriation Bill when we're before the House.

Now whatever else one may say about the expenditure let's say on your senior citizens' property tax rebate this year, it's certainly not unforeseen because we've got legislation before the House. The Minister of Urban Affairs has said that it's going to cost \$25 million. If we take his word for it, the vast bulk of that will be paid out before . . . in this fiscal year because it deals with property taxes for this calendar year.

The great bulk of people will submit their application for a rebate probably in calendar 1985 or immediately thereafter. The pay-out will be prior to March 31, 1986. We all know this is going to happen. Why is it suggested that we should deal with this by way of special warrant and not by way of something in the budget?

HON. MR. ANDREW: — I am advised by the officials that section 9 of that Bill which reads as follows:

The Minister of Finance shall, on the requisition of the minister, pay out of the Consolidated Fund any sums required for the purpose of this Act.

Now I'm advised that that clause makes it statutory in nature, and so therefore it is a statutory appropriation.

HON. MR. BLAKENEY: — Thank you, Mr. Minister. I noted that's the same provision in the Pioneer Trust Bill which was, in effect, a statutory appropriation. And we will have . . . aside from the interim supply, we will have not one, not two, but three appropriation Bills in this session, and that would be a bit of a record, but many records have been set.

We'll have an opportunity to consider the record-shattering performance with respect to Pioneer Trust in a little while, but we can concern ourselves with a couple of other things at the moment.

Mr. Chairman, and Mr. Minister, I want to talk a little bit about the tax reform. We last night talked about this, and I frankly did not understand your explanation as to why the withdrawal of the property tax rebates added to the fairness of the tax system. It is obviously a tax reform, but in my judgement what it does is withdraw money from people who, by and large, are at the bottom of the economic ladder, and it gives benefits to people who are not at the bottom of the economic ladder.

If you're paying an extra \$100 million for education, and I will accept your characterization of that, your choice clearly was to leave the property improvement grants in place and raise taxes, the 100 million, by some other method, e.g., resource royalties or income tax or corporation tax, or withdraw the property tax rebates.

It seems to me that the property tax rebate, the withdrawal of that, the effective taxation, and it can't be argued that it wasn't a taxation, is a less fair way to raise money. Taking \$230 from every householder in the province, and I'll just use that as an example, is a less fair way to raise \$100 million than attempting to get it from much more on the basis of ability to pay.

No one can suggest that \$230 from every householder is a tax on the basis of ability to pay. It takes 230 from the person who's got 20,000 in income, and it takes 230 from the person from the person who's got 120,000 income. So it's regressive in that sense.

Do you not feel that you could have devised some tax regime which would have been fairer, which would have raised this \$100 million which you needed — and I'm not quarrelling about that at the moment — raised it on some basis more approximating ability to pay than the withdrawal of the property tax rebates? That's . . . You've put forward your tax reform on the basis of fairness. I want to inquire, and, in a preliminary way, challenge you because I think this is not . . . does not meet any test of fairness, and I ask you to elaborate on why it is fairer than other alternatives open to you.

HON. MR. ANDREW: — Well I think the . . . Two points. With regards to major tax reform in this country, I think that it has to be done. I indicated, in response to a question from another member, the tax reform system in my view deal with (a) income tax as a large source of income, and that income tax must deal with both personal income tax and corporate income tax.

Now the proposal put forth in the United States by the treasury, by Reagan, showed a fair or significant transfer of tax dollars from personal income over to corporate income. And I think any tax reform in this country has to try to involve the same type of attitude because I think we have to look at taxation.

What people are telling me and I think what people are saying across most of North America, you have to be able to explain to me where my taxes are coming from, it's getting so complex. I pay sales tax and I pay property tax and I pay income tax, and I pay tax here and tax there, and I've got rebates here and rebates there, and I'm not sure how I come out of this scheme of things versus somebody else. And the reason you have to be able to try to simplify that down is so they get a sense that they understand how much is here and how much is here.

Now let me give you an example of what I'm talking about. If you go to 1981 and compare that to 1985 . . . You look at a person making \$15,000. In 1981 the person making \$15,000 paid \$406 income tax. In 1985 he pays \$117 income tax. The mortgage interest reduction program in 1981 rebated to that person \$211; this year, 1985, \$65. The gasoline tax cost him \$138 in 1981; and it doesn't cost him anything today. The sales tax cost \$192; \$139 today. Now that's Statistics Canada divided into that given individual. Property rebate is \$230 in 1981; is zero today.

Now for that individual that means in 1981 he spent \$295 in tax. In 1985 that same individual is paying \$191 in tax or \$104 less. That is a 35 per cent reduction in tax for that individual. Now if

you took the same individual or a different individual making \$35,000, you go through the list, and that particular person paid \$3,276 in 1981. He pays \$2,685 today, and that's a reduction of 18 per cent.

So what one is saying, I suppose, is that with tax simplification we must get down to the area of determining and establishing a system that is (a) understandable for people, and if it is understandable for people then through that system you can determine the fairness of it. And I think that we can argue the fairness of the progressivity of anything as how much a person 15 and 25 and 35 and 50 and 100 should pay in tax, but now it's very difficult to understand that.

The committee reported progress.

The Assembly adjourned at 5:03 p.m.