

## EVENING SITTING

## COMMITTEE OF FINANCE

**Consolidated Fund Budgetary Expenditure  
Tourism and Small Business  
Ordinary Expenditure — Vote 45**

**Item 1 (continued)**

**Mr. Yew:**— Thank you very much, Mr. Speaker. Just prior to the break for supper, Mr. Speaker, I was asking the minister several very important questions pertaining to the social and economic problems that face many of our people in the more remote northern communities. And he responded by giving me some information, generalized information, about the northern revolving fund which generated 83 businesses in the North, Mr. Speaker. And out of the 83 new businesses in the North, that also brought about some 280 new jobs, I presume.

But I was asking the minister several other questions that I felt important to raise. And one of them was: what other major economic development activities has the government initiated since coming into office?

I maintain that . . . I concur that the minister and his department may have generated some 280 new jobs, but, Mr. Speaker, you know they have been in office now going into five years, and the figure to me is not all that impressive. I have had occasion here to talk during the break for supper with some Northerners. And, you know, the figure is certainly not all that impressive considering the fact that the government we're dealing with in estimates has generated just so many jobs when we have a population of 30,000 out there in the northern administration district.

And when we talk about major resource development, major revenues coming out from those resources; when we question this government about the number of jobs created, the number of training programs initiated by this government, the amount of money, the amount of resource revenue going back into the North from resource development — whether that resource development pertains to gold, uranium, forestry — we have no concrete evidence that the North is getting a fair share from the provincial treasury in terms of jobs, training, and other opportunities.

They talk about bringing northern Saskatchewan in mainstream society with the rest of the province. But it would seem to me, Mr. Speaker, and Mr. Minister, that the only consideration that you have for the North is when you want to remove and take away revenue, resource revenue, from the North.

I am very concerned about several aspects of environment, but that, as I understand, Mr. Minister, is not under your portfolio.

So getting back to the estimates, I note with interest here the pamphlet that you handed me prior to the supper break, re the "adventure Catalogue" and Canada's undiscovered vacation land. Undiscovered, it says. And I want to say, Mr. Minister, how appropriate you would

have a pamphlet like that, entitled Canada's undiscovered vacation land, because the conclusion I have is that you have undiscovered the people of the northern administration district, meaning to say that you have not recognized the many social and economic hardships that are confronted by the people up there. They are supposed to be mainstream, a part of this province, and yet we continuously ignore them.

We have no concrete evidence today of a self-sufficient economic strategy for the people in the top half of the province. That is the conclusion I've arrived with, because to this point in time, Mr. Minister, we still have high — as high as 99 per cent — unemployment rates, and a welfare dependency rate which is equally high.

Just the other day, Mr. Minister, I attended a meeting, a presentation conducted by the northern development advisory committee — an advisory committee established by the member for P.A.-Duck Lake as a sounding board for your government. And I was quite interested in some of the presentations made. There were presentations made by small-business sector people, people involved in construction, and I noted that this one person that made a presentation stated — one out of others — stated that your government . . . They had problems with regard to your government recognizing the need for training, recognizing the need for financing. I mean your government has a lack of providing the appropriate programs to meet three specific areas: training, financing, and tendering. Mrs. Pat Knutson made that presentation, Mr. Minister, and I had occasion to talk with her afterwards whereby she stated to that committee that they definitely encountered problems when it came to tendering and submitting bids. They are isolated and Regina is out of touch with the people in northern Saskatchewan. That is the message I got and in terms of financing, they had problems associated in getting interim funding and getting started in small business ventures.

And, Mr. Minister, I want to ask you at this point in time: what process do you have in terms of Tourism and Small Business and all the other governments combined? What process do you have for tendering, accepting tenders, and providing the training required for heavy duty equipment operators and the like, special trades, etc.? What do you have in terms of financing, providing interim funding for those small businesses that do need help from your department?

**Hon. Mr. Schoenhals:** — Mr. Chairman, I think the questions were, in the part of it that made a lot of sense, what are we doing in training, in financing, and in tendering. In training I'm sure the member has heard of the Northern Institute of Technology which will be open this fall. A world-class, post high school — not even that — training facility. I'm sure the member is completely aware of that. I think that probably more than anything that has happened in recent years, that will impact on the training potential for northern Saskatchewan. I'm sure he appreciates that point.

In terms of funding, as I indicated to him earlier today, all

the programs that are available in southern Saskatchewan are available in northern Saskatchewan, as well as some unique ones. The northern revolving fund, we've had some discussion about. That's certainly one funding mechanism that's uniquely available to northern Saskatchewan. Venture capital equity money is available in northern Saskatchewan, the same as anywhere else. That's certainly a concept that was unheard of in this province before 1983. Interest rate protection, another nine and five-eighths, or now after the budget and the estimates that we're considering here, the 8 per cent program which provides a degree of confidence and a guarantee to small-business people on what their interest rates will be over a period of time. The business consultants' activities in northern Saskatchewan, which are certainly directed in a much more meaningful way towards business than they ever were before.

And of course another recent program would be the two-year holiday on provincial income tax that was introduced. You talked about start-up problems. You're absolutely correct there, and that is certainly one program that has been designed to impact on those programs.

I think the question on tendering — what happens in northern Saskatchewan? — same as happens anywhere else. Tendering goes to the lowest bidder, but we do look for some regional preferences in those things, but for the most part tendering is to the lowest bidder.

**Mr. Yew:**— In terms of tendering, Mr. Minister, there is another person that made a presentation on behalf of our local native group — a gentleman by the name of Mike Mercredi. And he concurred with Mrs. Knutson, Knutson Construction, that definitely training and that program was of importance to them.

But one item that I want to follow up with with regards to the response you've just given me, is the area of the northern preference clause that we had prior to this administration. What has become of the northern preference clause, Mr. Minister? Do people in the North have a preference clause of some nature that is recognized while in the tendering process?

**Hon. Mr. Schoenhals:** — Mr. Chairman, once again the member on several occasions has tended to mix departments. I just communicated briefly with the member responsible for northern Saskatchewan, and I think that the question that you have just asked more rightfully belongs in his estimates, or possibly I could entertain it under Supply and Services. But the point we're dealing with here is Tourism and Small Business. Our role in northern Saskatchewan, as it is in Saskatchewan, is to promote and encourage; to make it easier for people to carry out small business, tourism being one of the key elements in that area.

(1915)

And in the small business sector we have . . . I have indicated that in terms of what our department does, you know, we operate without any artificial contract rules. We could discuss what happened previously, I suppose, in terms of southern contractors acquiring a shadow partner in northern Saskatchewan and so on. But I don't

think that this is really the place for that type of debate. It may be a very reasonable and worthwhile debate, but I think we should try to concentrate this evening on the Department of Tourism and Small Business and its impact; and I've indicated some of those impacts.

And I would go back to the previous answer when we indicated the, roughly, in excess of \$10 million that last year was invested in small-business expansions, start-ups, or modernizations in northern Saskatchewan. And I restricted my remarks at that time to the impact of expanded or new small businesses, and I think that really is the thrust that should be followed when debating Tourism and Small Business estimates. And I would suggest that, as with that other question, that you would keep track of it and ask it to the member from P.A.-Duck Lake who is responsible for northern Saskatchewan on a broader basis.

**Mr. Yew:**— I concur with you, Mr. Minister, that your mandate is to promote and encourage small business, and that is the very reason why I asked what position your department has taken with regards to accepting tenders. And I note with amusement, Mr. Minister, that this is now the fifth trip that the member for P.A.-Duck Lake has made over to your bench, in line of my questioning in regards to your estimates. That to me, Mr. Minister, tells me how ill informed you are with regards to the people in the North, and that has happened

**Mr. Chairman:** — Order, order. I think the minister . . . Order. I think the minister has been pretty explicit about the tendering system, which belongs to another department. If you have another question . . . Order. If you have another question regarding Tourism and Small Business, then proceed.

**Mr. Yew:**— I ask you, Mr. Minister, are you in charge of small business throughout this province, and is your mandate in fact to encourage and promote small business development, industrial development, construction?

**Hon. Mr. Schoenhals:** — Mr. Chairman, once again it's very difficult with the member from Quill Lakes expounding freely from his chair, and I think the question was: was this department responsible for encouraging and promoting small business? The answer is clearly yes. This department, however, does not have any construction projects in northern Saskatchewan. We have not awarded any tenders in the construction area. I believe your previous question had to do with the awarding of construction contracts, and I think I accurately indicated that that probably belonged in another department. It certainly doesn't belong in ours.

Our role is to encourage private sector small business. I think we have indicated a number of the things we do in that respect. I could go over them again, in terms of financing if you wish. If you would like me to repeat them for your benefit, I'll give you the opportunity to ask me to repeat them. I'm fully prepared to do that.

But in terms of contracts in northern Saskatchewan, particularly construction contracts, no, this department does not have any.

**Mr. Yew:**— It would seem, Mr. Minister, my conclusions are — and I believe that a good majority of the people viewing the procedures of the legislature will probably concur with me — that you do not have a mandate to provide for the people of northern Saskatchewan, the more isolated communities. You have neglected, you have abandoned them; you have ignored them.

I'm questioning you with regards . . . We're getting into specifics here. You confuse the matter at hand by suggesting that the question is more appropriate with this department or that department, or the member for P.A.-Duck Lake, or what have you.

As I understand the system of government, you have created an atmosphere of confusion, Mr. Minister, not only in northern Saskatchewan but in the province as a whole. You enlarged your cabinet from 18 or 19 up to 24, and then your leader lost . . . had, you know, a feeling of a lack of confidence. When he got pressured by the public, he decided to demote a good number of your colleagues.

And to this point in time, Mr. Minister, you know, when we're questioning individual members of cabinet pertaining to concerns raised by our constituents, when you haven't got an answer for those particular questions, you try to slough them off to another department. That is not what I call fairness. That is not what I call a government standing up and meeting its mandate of helping resolve and being responsible for all sectors of our province.

I asked you earlier, Mr. Minister, prior to supper break: what major developments have you initiated? The only ones that I have to date that you have in general expressed to me is the new business starts, the 83 new business starts that you managed to initiate in the North. I don't dispute those figures. Certainly you may have extended some loans, some grants, or what have you. And I'm not asking for the specific names of persons that have taken opportunity with regards to the northern revolving fund. I'm questioning you about major developments, you know.

I would like to ask you again, Mr. Minister — maybe you've reconsidered — to provide us now with some answers with regard to major economic development initiatives up North, aside from the new business ventures that you mentioned before supper. I'd like to ask you for information pertaining to the number of jobs created, and a breakdown of what people have benefitted from those jobs; proportionately, how many Northerners have entered the employment circuit. If the minister has that information, I would certainly be pleased to receive it.

**Hon. Mr. Schoenhals:** — Mr. Chairman, I will remind the member once more that this is the estimates of the Department of Tourism and Small Business. I think we have, Mr. Chairman, one-quarter of our departmental complement located in northern Saskatchewan. I believe there's something like 3 per cent of the population. I think that this department is clearly allocating resources and personnel and programs to deal with the problems of northern Saskatchewan. And that is, as I indicated before supper, certainly not indicating that those problems are solved; they're a long way from it. But we will continue to

work from it.

If the member is asking — and he has never come out and said it — if there are intentions to reinstitute the department of northern Saskatchewan, to play one part of Saskatchewan against the other as was the position under the previous government, the answer is clearly no, we will not be doing that.

He mentioned the projects in northern Saskatchewan that I listed. I gave him some of the categories. I can give him all of them. As I indicated, I gave him the numbers of business starts, business expansions or business modernizations that have taken place. He wanted to know what projects our department has instituted.

I have to make it very clear that our department does not institute projects. Those are instituted by the people in northern Saskatchewan, consequently providing jobs for them, and it's done by the people themselves. We don't institute projects.

If, in fact, you are asking what projects have taken place up there, I could mention a couple. Obviously, again, we're beyond the purview of this department but possibly I can give you something to think about. You talked about a contract Starrex, for instance, the gold development, the original contracts, the original contract let for Starrex. I understand it went to a La Ronge company, particularly the road building. But again, that is well beyond the area of this department.

I suppose a couple of other things — the wild rice development, which is the processing plant and so on — have all come into being since this government took office. Once again though, those are not things that we specifically institute.

The paper project has been discussed in these estimates a number of times, at Prince Albert. Again, not instituted by government, a project instituted by the private sector, one that the member from Quill Lakes has clearly said he's against and that he would look to make significant changes if that ever came to being.

Mr. Chairman, I will give you one other economic development project that we have undertaken in northern Saskatchewan. We have undertaken not to close the uranium mines, probably the greatest economic development project that there could be up there, as compared to your party's policy of closing those mines.

However, those are general things. I don't profess to have the details on the specifics. I suppose the major projects branch of the Department of Economic Development would be one area. The minister of the northern Saskatchewan probably has a better handle on all those things. As far as Tourism and Small Business is concerned, as I indicated, in northern Saskatchewan we have 25 per cent of our departmental complement serving less than 3 per cent of the population. So I think that it's safe to say that we are putting considerable emphasis on northern Saskatchewan; working very hard to solve the many problems that exist up there.

**Mr. Yew:**— Aside from the names of individuals, Mr.

Minister, I would like to have a list of the projects that you have initiated in your department. Can that be made available here?

**Hon. Mr. Schoenhals:**— I'll try this one more time. Our department does not institute projects. We put in place programs, programs designed to help small business cope with things like the lack of capital. I think of the venture capital corporation, that whole program which has had a significant impact on the availability of capital. Hopefully that will broaden and be used to a great degree in northern Saskatchewan. I think it would be a natural.

Interest rate protection for small business — the nine and five-eighths program, now the 8 per cent program; the whole change in the perception of our business consulting services, our business resource centres providing information, detailed plans, tremendously wide range of information for small business of all types. Those are the types of things this department does. We do not institute projects.

Now I will accept that that may be considerably different from the practices of the administration of the NDP. We believe we are here to serve and work with the private sector, not to compete with them. And while that may be a different philosophy than the one you espouse, that is in any case the philosophy that we live by, and that is the philosophy that governs the actions of this department. So it would be impossible for me to provide you detailed information on projects that we have instituted.

However, if you have questions on programs designed to help tourists, tourism, the tourism industry, small business throughout the province, particularly in northern Saskatchewan, we would be more than happy to attempt to answer those for you.

**Mr. Yew:**— Thank you, Mr. Minister. I then ask you: you dispute the fact that you don't institute businesses up North, but you do provide other incentives under your department, Mr. Minister? I see that you have a fund available to promote northern business development, and also you have grants for northern economic development. Can the minister provide then a list of funding that you have appropriated to the various businesses, or people that have instituted projects throughout the North.

(1930)

**Hon. Mr. Schoenhals:**— Mr. Chairman, under the Northern Economic Development Subsidiary Agreement or NEDSA as I think it's commonly referred to, I can provide you a list of the grants that were paid out in '85-86. If you would wish to take notes I will go through them very quickly.

Gordon and Nora Carle in La Ronge, a project that . . . the title I have and I don't have details on what exactly what it was — blueberry utilization, \$13,500 in the '85-86 year; Cold Water Fish Products of La Ronge, a crayfish utilization, \$8,000; Buffalo Narrows pharmacy at Buffalo Narrows, expansion of pharmacy services to La Loche and Ile-a-la-Crosse, \$60,000. Erwin Keller from La Ronge, cranberry utilization, \$4,889; Don Holmes from

Creighton, feasibility and market study for heavy duty equipment repair shop, \$6,000; Pinehouse Co-op at Pinehouse Lake, the replacement of the retail store, \$50,000; and Kikinak Friendship Centre in La Ronge, business activity, \$25,000. And you can total those for the total grants.

As well, I indicated that those are the provincial grants that were approved under the NEDSA, or the Northern Economic Development Subsidiary Agreement. The federal government also provided grants under that agreement. Obviously we don't have details on those.

And I would once again indicate we have talked about the performance of the northern revolving fund. I won't go back into it. We've indicated the millions of dollars that have been loaned through that fund. And as I indicated before supper, and I think you accepted, that we would not be providing detailed information on the various people who had loan portfolios with the revolving fund.

So that would be some of the programs that provincially we have provided under the grant program that is in place.

**Mr. Yew:**— Mr. Minister, in terms of the . . . We've mentioned, or you have mentioned . . . And I'm interested to find out from you what incentives you have and encouragement you have provided to the wild rice industry in northern Saskatchewan.

I want to ask you, Mr. Minister: have you provided, aside from funding — we can maybe raise a question with regards to funding as well — but aside from funding, what kind of a promotion and marketing encouragement and support have you given this industry?

**Hon. Mr. Schoenhals:**— Mr. Chairman, just for the benefit of the committee — I'm sure the member asking the questions is aware of it — but for the benefit of the committee, some information on the wild rice industry in northern Saskatchewan.

The industry is one that is expanding at a fairly rapid pace, as I'm sure the member, being a representative of that area, knows. Our records indicate that 750 people — 634 in the North, and 116 in the South — hold slightly over 3,400 permits. That's in 1985. Thirteen thousand, seven hundred acres are either in production or with production potential. Sixty-four per cent of the harvest is processed by the La Ronge Wild Rice Corporation processing plant which was opened in September of 1983.

Some of the specific answers then to what has been provided from this department to this industry.

The revolving fund forwarded one loan totalling \$300,000 to enable the purchase of green rice from growers for processing at La Ronge.

Tourism and Small Business is supporting enhanced market development for wild rice directly through contacts with marketing agents, and indirectly through SIAP (Saskatchewan Indian Agriculture Program) Marketing Inc., whose initiatives include development of

Canadian and offshore markets. So market development is obviously one key area.

We are continuing to support the SRC, (Saskatchewan Research Council), and the University of Saskatchewan in research into improved production, harvesting, processing, quality control, and plot management techniques — those are all things.

A couple of other specifics: financial support for La Ronge Wild Rice Corporation processing plant, which I mentioned, and working capital assistance for purchase of 300,000 pounds of green rice for processing at the La Ronge plant. So some of those, specifically in terms of dollars, and then the general concepts in terms of the marketing initiatives undertaken by the department, indicate the support for this rather rapidly expanding industry in northern Saskatchewan.

**Mr. Yew:**— Thank you, Mr. Minister. In terms of the industry, I concur. There's a tremendous amount of potential in the industry, Mr. Minister.

I just want to ask you a brief question here. With regards to an individual person applying for and getting a permit to leave; and once the permit is issued, in terms of starting up the individual into getting involved in the wild rice industry, does your department — or whatever other agency is probably more appropriate in that line of business — does your government provide seeding for the individual person that wants to get involved in the wild rice industry?

**Hon. Mr. Schoenhals:**— Mr. Chairman, DRIE (Department of Regional Industrial Expansion) and NEDSA have established a \$50,000 fund to establish a seed bank for the wild rice industry. The Department of Agriculture may be involved. We don't have details on that, but I think they're certainly involved in some way. But for the most part it's DRIE and NEDSA that have provided the seed money.

**Mr. Yew:**— Thank you, Mr. Minister. Getting back to the original question. Again, in terms of promotion, management, and marketing, Mr. Minister, it was the contention of a number of people involved with the wild rice growers association and the co-operative . . . I had occasion to talk to some members involved in the organizations. One I may mention here. I'm sure Oscar wouldn't mind. Oscar Beatty is a very active wild rice growing enthusiast and he supplements his seasonal income through the industry. And it was his contention that, you know, there was not enough support provided by your government in terms of promotion, management, and marketing. And I want to know, Mr. Minister — you've stated a while ago that you do provide support, but how is that . . . You know, what is the evidence? What's the substance of that support? I simply can't understand it. You talk in general terms, and I haven't seen any concrete evidence to lead me to believe that your government has actually put out an all-out effort like you have in tourism to promote this industry. You've got a major campaign here to sell Saskatchewan and attract tourists. But I have yet to see a program, a concrete program to promote this resource, wild rice industry.

**Hon. Mr. Schoenhals:**— Mr. Chairman, the member opposite indicated that somehow wild rice had not received the same emphasis as tourism. I think obviously we in tourism have a billion dollar industry, and wild rice, while it has tremendous potential and is on the right track, considerably less. We have said very clearly in this House that in tourism we see our role as one of promoting the province, promoting the attractions, promoting the things that people can do in tourism here. And then we see the private sector as responsible for providing the services, the attractions, the facilities, that people will use when they in fact make use of or respond to our advertising efforts.

In the wild rice industry we have concentrated many of our efforts in the marketing side. We have provided through various . . . \$15,000 to SIAP, for instance, for marketing work. We have had marketing studies, a lot of work there. But we then see it the responsibility of the private sector in accessing those studies and putting them to work.

More directly in terms of involvement, prior to 1983 of course, the wild rice had to be sent out raw. It's now processed in the province. I think that is a clear indication of a step. And there was, as I indicated in the previous answer, a considerable amount of money involved in that.

We have provided \$600,000 in loans for various purposes in the wild rice industry: initial payments, harvesters, those types of things. There have been an awful lot of direct involvement in the industry. But the other analogy that I would draw in terms of wild rice and tourism is that in dealing with the wild rice industry, it was very diverse. They were not organized as an industry. Recently that has been overcome, and they are speaking now, I think, with a consistent voice. That's happened recently in the tourism industry in the province as well. And I think that will make it easier for government and the private sector to co-operate and make the things happen that people want to happen.

All I could say in closing is that I think we're on the right track. I think there have been significant advancements in that industry. I think it has been primarily co-operation between government and people in the industry; not government dictating what should be done. And hopefully we'll see tremendous strides in the very short term in that particular industry in northern Saskatchewan.

**Mr. Yew:**— Thank you, Mr. Chairman. I want to say to you, Mr. Minister, I don't feel that that 50,000 is sufficient enough to . . . When we look at the figures that you have provided for Manalta Coal of Calgary, Husky Oil of Calgary, the Peter Pocklington of Edmonton, Alberta, it certainly does not sound fair.

(1945)

You know, we talk about the tremendous potential that we have in this one resource. I look at your announcement the other day here, Mr. Minister, where you unveiled plans for a 3 million tourism marketing program strategy, and whereby you say that the potential

of the industry re tourism is boundless, and we know we'll get all the money back we spent on advertising. Certainly that may be money well spent. But in terms of a growing industry like the wild rice industry which is just new, the marketing problem, the promotion and the marketing problem . . . The message that I got from the people directly involved is that we do not expand into other areas of marketing other than our own back yard. Are we competitive in the world market, for an example? Are we competitive with other countries? When you say advertising and promotion and the like, is that . . . My understanding from talking to the wild rice growers personally, Mr. Minister, is that there is no encouragement in terms of getting the product marketed. And there's no support in terms of promotional brochures going into other countries.

And I say to you, Mr. Minister, that you probably have provided a lot of support, from the documentations I have here, for major, wealthy, affluent groups like the oil companies and the banks and the bond dealers and the Peter Pocklington. But I say to you, Mr. Minister, that you have provided insufficient funding to this industry.

**Hon. Mr. Schoenhals:**— Mr. Chairman, obviously all I can say is, that is totally incorrect. In this industry we provided significant funding on a proportional basis — a lot more for the rice industry to build their processing plant than the industrial incentives program that the Gainers project in North Battleford is accessing, a program that's available to anyone. That's simply not the case. And to argue that we haven't done anything promoting the use of wild rice overseas is again completely wrong. Just shortly, not long ago, SIAP spent three weeks in Europe on a marketing program that we were involved in. And I think that indicates that's totally wrong. We've also been marketing all across, or aiding in marketing all across all North America.

And in fact the problem in the world rice industry is not so much on the marketing end. We've worked on that and they have markets now for everything they produce. I think that the results are there, that this industry has been supported by this government and supported in a large way, and I think on a relative basis equivalent of any other comparable industry in the province of Saskatchewan.

**Mr. Shillington:**— Thank you, Mr. Minister. I want to add my comments to those of my colleagues. I want to add my criticism of the comments which you made earlier about your staff.

Mr. Minister, what you did was cowardly. You knew full well, you must have known, that the comments of the member from Shaunavon were not a criticism of your staff but a criticism of your government's management and your style of management. You chose, Mr. Minister, to throw your public servants ahead of you and to try and deflect the criticism of your government by saying, you're attacking public servants.

The member from Shaunavon was doing nothing of a such; you knew it. And I think, Mr. Minister, it was a most unfortunate way to defend yourself. And I wonder, Mr. Minister, if you'd like to apologize to the Assembly for comments that were wholly inappropriate.

**Hon. Mr. Schoenhals:**— Yes, and I wonder if the member opposite would like to apologize for his colleague from Shaunavon. I emphasize once again that those points were brought to me by the members of my department. I will quote once more for the member opposite, if he wishes, the line that I indicated in the *Hansard* from this afternoon, in which he indicated that the very professional people who attend our travel shows and so forth to the United States were somehow there on a holiday. And they take grave exception to that, and so do I. And I certainly do not apologize to this committee; in fact, I think, if there's apologies owed, as I said this afternoon, it's from those benches.

I think that we in political life develop fairly thick skins. I think that we can banter back and forth. I'm sure that when my colleagues were in opposition they chastised you for the amount of travel. I'm sure that the former minister, Mr. Gross's trip to Baden-Baden was mentioned in this House. And the activity that you people have been undertaking the last three weeks, we get used to that. I think that's . . . While it doesn't really impress me as a wise use of the time of this Assembly, it's certainly something we learn to take.

I think, however, when people go to work in the civil service that they do not put themselves into a position to have to accept that type of comment. Unless there's some substantiation, of which there was absolutely none, I don't think that's fair. And I think the members of my staff indicated some concern about it, and I pass it one to you. And if you wish to stand up and chastise me, that's certainly within the rules of the game. But I would think that the apology obviously should come from the other benches.

**Mr. Shillington:**— Mr. Minister, the style of government which this government provided has caused a morale problem in the public service the like of which I have never seen. Mr. Minister, you have appointed . . . and I except the people around you from this comment, but this government has appointed an inordinately large number of people who have no competence, who provide no leadership. And this government's problems with the public service can be all summed up in one word — that's "management."

You lack management, and you've appointed an inordinately large number — your government, I mean — has appointed an inordinately large number of public servants to the public service who have no competence, who can scarcely find the wash-room after being in office for several years.

Mr. Minister, you're a strange one to lecture about treatment of the public service. For anyone in this government to lecture anyone about the treatment of the public service is to pull a sliver out of your neighbour's eye and forget about the beam in your own. You have the most massive morale problem in the public service I have ever seen. You've got it because of your style of government, and because of the patronage, the raw patronage involved in the appointment of too many public servants. You have forgotten something, Mr. Minister, that is a saying that is almost as old — well it's

almost as old as government. I remember a minister in the Douglas government saying that it's easier to make an engineer out of a CCFer than . . .

**Mr. Chairman:**— Order, order. I fail to see where this is very relative to the estimates that we're in, and if you have some line of questioning in regard to the Tourism and Small Business, we will listen to those.

**Mr. Shillington:**— I don't know whether you were in the Chair this afternoon, but I listened to the minister carry on for some time about how the member from Shaunavon had slandered the public service and how the member from Shaunavon . . .

**Mr. Chairman:**— Order, order. The line that you are going into has absolutely nothing to do with what was discussed this afternoon. So if you want to get on with the estimates, fine.

**Mr. Shillington:**— Suffice it to say, Mr. Minister, you're a strange . . . anyone, any member of the treasury bench in this government is a strange person to lecture anyone about treatment of the public service, because it has never been worse than it was in the last few years. That is true of every department, including yours. That's true of every department including yours. I have never seen anything like it.

Mr. Minister, I wonder if you could tell us what portion of the advertising for tourism of which you're so proud — oh so proud — I wonder if you could tell us what portion of that advertisement was directed at Saskatchewan people and what was directed at people living outside of Saskatchewan.

**Hon. Mr. Schoenhals:**— Mr. Chairman, just a brief comment in response. The member suggests that the members of my department and many others have no confidence, I suppose I could rest my case on what I had to say this afternoon. It seems strange to me that the member who chooses to cluck like a chicken would contest anybody in terms of competence.

The question was, Mr. Speaker, tourism advertising expenditure breakdown. The in-province expenditure . . . I know it's difficult to hear. The member for North East is making . . . Maybe we would wait till he's through and then I'll give you the numbers.

Okay. In province, \$435,000; out of province — and I'll give it to you by categories — general touring, \$1.065 million; adventure, \$108,000; and business travel, \$82,000. That's the advertising breakdown.

**Mr. Shillington:**— Mr. Minister, I didn't see very much of the advertising that was directed at people outside of Saskatchewan except that which appeared in national magazines. That's the only thing, I think, I would have seen. So I saw very little of it.

But, Mr. Minister, the \$400,000 you spent advertising in Saskatchewan was very self-serving. Those ads, Mr. Minister, which I saw were not directed at attempting to sell Saskatchewan. They were not attempting to sell Saskatchewan vacations to Saskatchewan people. The

advertisements were intended to convey an impression that the Government of Saskatchewan is making life so wonderful that who would dare to quarrel with you?

The advertising which I saw, Mr. Minister, directed towards the Saskatchewan market, was very self-serving. You weren't selling Saskatchewan vacations to Saskatchewan people. You were trying — apparently with a real lack of success, judging by the fact that you've been fleeing an election now for some three weeks. It was an attempt to sell yourselves to the Saskatchewan people, and not Saskatchewan vacations. So, Mr. Minister, the 435,000 which you spent in-province was money that could have been a lot better spent, Mr. Minister.

**Hon. Mr. Schoenhals:**— Mr. Chairman, I've listened several times to this general comment, that the ads that we have been running both in and outside the province, are somehow full of political propaganda or, I think your term was, self-serving. I have some problems understanding exactly where that's gone on.

The ads that you see in Saskatchewan are the same ads that run in Alberta. This ad, for instance, the comments was made that there's too much blue in the ad. Well if the blue skies of Saskatchewan are something that the members opposite don't want to see in the ads, I would direct their attention to Manitoba's ad. There's more blue sky in it than we have here. And I don't think they have a blue government, Mr. Speaker. We also balanced, though — we have some red sunsets. So, I mean, we've tried to fit.

But for the life of me, Mr. Chairman, I try to take this comment seriously, by the member opposite, that somehow there is something that is not a straight promotion of the province, of the tourism industry, in these ads. And he'll have to be much more specific. I can send him any of our ads that would be of benefit to him, and he can point out anything he'd like that specifically bothers him in terms of some lack of professionalism in these ads. But I would challenge him, as I have challenged the other members of his caucus, to point out exactly what it is he's referring to.

**Mr. Shillington:**— Well, Mr. Minister, I don't need those ads. I have seen all of the ads of this government I'm going to need for a long time, I'll tell the world. You started out, Mr. Minister, you criticized us for spending \$6 million on government advertising. You spent 11 last year, or the year before last; apparently 20 in the '85-86 year, Mr. Minister; and Heaven only knows what you're going to spend this year. I have seen all of this government's advertising I want to see for a long, long time.

(2000)

I don't recall, Mr. Minister, having said anything about the colour of the ads. It wasn't the colour of the ads I was complaining about; it was the tone. The tone of them was intended to promote the government and not Saskatchewan vacations. The tone of them specifically, Mr. Minister, said little about Saskatchewan vacations and a great deal about what a good life people in Saskatchewan have. That is not selling vacations; that's

selling a sense of well-being to Saskatchewan people.

**An Hon. Member:**— Oh you hate that.

**Mr. Shillington:**— No, I don't hate that. But I think, if the Conservative Party wants to do it, the Conservative Party ought to pay for it, Mr. Member from P.A.-Duck Lake.

It ought to arise without being artificially inspired. I think that's our point. And this government, with the massive amounts you're spending on advertising, is attempting to inspire an artificial feeling. I would be a great deal more annoyed about it than I am if I thought you had any chance of success. Such feelings of well-being, Mr. Minister, arise naturally or they don't arise at all. And much of the advertising that you have . . . much of the money you have spent in-province has been a waste, but it's not been any more than that. It hasn't been effective, which I suppose might be the other side of the coin.

So that, Mr. Minister, is what I mean when I say that the advertising is self-serving: much of it's not talking about Saskatchewan vacations but about how grand life in Saskatchewan is. That doesn't do an awful lot, by and large, to encourage people, or to inform people about what alternatives might be available in Saskatchewan vacations.

**Hon. Mr. Schoenhals:**— Mr. Speaker, once again, I can only respond that again the member gets to his feet and indulges in innuendo, not one specific comment about what it was that so offended him. And I would challenge him once again to point out one specific line, or one picture, or one anything that can any way be construed to not be promoting the province — one line, one single specific.

The same thing has applied in this House in terms of competence of the civil servant — plenty of innuendo, argues that we've brought in hundreds of incompetents, not one line to back it up. It's that same innuendo — accuse, no facts. And once again, if he can point out one line, give me one picture, give me one specific thing in those ads that fits what he is saying, I'll take it all back. But I challenge him to do that — give me one specific.

**Mr. Shillington:**— You just finished proving my point, Mr. Minister. You said, if you can find one line that doesn't promote Saskatchewan. That shouldn't be the point of the ads. The ads ought to promote Saskatchewan vacations. There is no point in telling people . . . there is little point, I think, in telling people what a grand life people have in Saskatchewan. That's not, Mr. Minister, what the ads ought to be doing. They ought to be telling people what a grand vacation they can have.

So, Mr. Minister, your comment you just made proves the point. They are promoting Saskatchewan and not the Saskatchewan vacations, and there's a real difference. Your advertising, Mr. Minister, simply is not targeted, nor is it intended to be. The last thing you want to do is have the tourism overrun with business. What you want to do is get re-elected. And the comment you just made, Mr. Minister, proves my point.

Hon. Mr. Schoenhals:— Mr. Chairman, I rest my case. I don't know what more . . . Again, the indication that that party have not changed one iota. They still believe that tourism should be stuck in parks — and we should try to determine how many relations of the member from Quill Lakes we can put on the park gates each summer — and that should be the role of tourism.

We believe that tourism has a tremendous commercial potential. We are positioning this industry; we are working to serve this industry, and I think to suggest that you do not promote Saskatchewan when you promote tourism, is a the . . . well, I don't know. It's the silliest statement I've ever heard. And once again I would simply challenge him to point out any single specific that in any way bears up his argument.

**Mr. Shillington:**— Mr. Minister, I want to go on to a different subject if I might. I want to go on to some . . . I want to go on and deal with the statement of small business itself and its relative health.

Mr. Minister, I was shocked the other day in the Legislative Assembly. I was shocked when I read the report of the Crown Corporations Committee and the amount paid the directors of SGI. A hundred and thirty-seven thousand dollars is a shocking figure. I said to myself I will venture to say that ranks with what is paid to the directors of very large and very wealthy private corporations . . . (inaudible interjections) . . .

So I'm sure you can't hear with the jackasses braying around you. You'd have to have remarkable hearing to be able to hear above the member from P.A.-Duck Lake and all the other members around there. I don't know whether the chairman's got a hearing problem, Mr. Chairman, but you might try and quieten them down.

Mr. Minister, I went and got the annual report of the Royal Bank; the annual report did not disclose the figure; I couldn't find it. I read it quickly and couldn't find it. I did find some interesting tables though. So far as I'm aware, it's the only financial institution which has published such tables.

Table number 10 is the appropriate place to start. Table number 10 gives the breakdown of the loans in each province. Suffice it to say, Mr. Minister, there are \$3 billion worth of loans they have out in Saskatchewan, 15 billion in Ontario. And the table goes back through the years and the ratio remains about 1:5 in terms of the ratio of loans in Saskatchewan to the ratio of loans in Ontario.

Table number 7, which preceded it, gives the loan losses and throughout the years it has remained, the percentage has remained about the same — 1:10, 1:8, 1:12 — until you get into 1983, '84, and '85, and the ratio of loan losses escalate very rapidly. In 1983 it becomes 1 out of every 8; in 1984 the ratio of losses in Saskatchewan to losses in Ontario becomes 1 out of 3; and by 1985 it's 2 out of 3. We have \$27 million worth of losses in Saskatchewan versus 38 in Ontario.

What I suggest is that relative to Ontario, losses of the Royal Bank of Canada in Saskatchewan are escalating very rapidly. And I suggest, Mr. Minister, that the losses



on their home mortgages haven't changed at all. What has changed is the losses to farmers and the losses to business people.

And I wonder, Mr. Minister, in light of these tables, which as I say, we haven't seen any other financial institution publish, I wonder, Mr. Minister, if you really believe that the assistance which you have given the small business . . . And I realize this is not agriculture. We'll deal with that if the House Leader ever has the courage to bring those estimates forward.

But with respect to small business, Mr. Minister, the set of tables in the annual report of the Royal Bank, 1985, suggest a serious problem. They suggest that the loan losses in Saskatchewan are inordinarily high. Whereas the ratio of loans is 1:5, the ratio of losses is 2:3.

I wonder, Mr. Minister, in the light of that, if you don't think that the paltry efforts which your government has made to assist small business is woefully inadequate. And they really have been paltry. They really have been paltry.

You have had a couple of loan programs which are absolutely unworkable. Everybody — the business men from the shoe shine to the manager of the Royal Bank — said that those loan programs were unworkable.

I wonder, Mr. Minister, if you don't think it would have been more appropriate, instead of spending such an inordinate amount on advertising and some other frivolous pursuits — and I'm not suggesting all advertising in tourism is frivolous, but some of it certainly was — I wonder if you don't think it would have been more appropriate to put some of the money to use providing a program which gives some real assistance to small business. Because I think those tables suggest what everyone knows, and that is that there is a real problem in the business community in Saskatchewan. Those loans, Mr. Minister, I think prove that.

**Hon. Mr. Schoenhals:**— Mr. Chairman, I have no doubt that the member has probably accurately read the figures. I haven't seen the publication. We could certainly . . . I certainly have the staff available to analyse the numbers and determine how much is, in fact, a small-business concern. I think that you would find that a significant portion of the difference in the losses is in the agricultural sector. I think that points out the problems in that area, and I think it's clear what has been done by this government to aid the agricultural component of the provincial economy.

And I think that . . . I'm sure the member as he's travelled the province in recent months understands that the agricultural sector are relatively satisfied with the efforts made by this government. I think even he would have to admit that.

I think when you look at the problems that may face government, may face small business, and the problems that may lead to defaults, obviously one of the key elements is interest rate.

I would remind him that in 1981 and early 1982, when home owners and business people province-wide came

to that government, and said, we need some help, some protection from 20 per cent interest rates; they had nothing to offer.

Their argument was that that's not made in Saskatchewan; that's not something there's anything that government can do about it. It's not even a proper exercise for government to be involved in. I think this government clearly made a statement that we could and would help. I won't go into the thirteen and a quarter program. That's well documented. In this department we introduced nine and five-eighths. In the recent budget we reduced it to 8 per cent and added some other improvements that we had received information from business people as we toured the province, that they needed some specific changes. We introduced those.

That 8 per cent program has budgeted \$16 million for this coming year to directly provide help to small business who may be facing problems with interest rates. So to bring the Royal Bank statement in here and infer that somehow nothing has been done, I think is fallacious. I think it's clear that we have responded to those problems. I think we've indicated that where their government was not prepared to look at interest rates, we have.

There's 6,500 — 6,500 — small businesses registered under that program and receiving benefits. I think that, clearly, we have responded. We have responded in a major way and that is only one element. I could go into the venture capital program with literally millions of dollars invested in small business in equity rather than debt. And those are the types of things that business people are saying will help.

I would imagine that when the member suggests that we reduce tourism advertising, since it's only bringing in somewhere in excess of \$12 to the province for every dollar spent, that he's suggesting that we reinstitute the Main Street program or something of that nature which was the type of thing their administration had in place. We have no intention of doing that. We will continue to work with business and try to provide assistance to business in meaningful ways that allows them to carry on and do business.

**Mr. Shillington:**— Agriculture, Mr. Minister . . . The figures in one sense support your comment. Agricultural loans as a percentage of all loans are about 4 to 5 per cent. As a percentage of loans in default, they comprise almost a quarter of all loans in default. So it suggests there's some truth in what you're saying.

Except that, Mr. Minister, my point was not that the agricultural loans . . . It was not that these figures showed that all business men were going to default on their loans. I frankly think, given the size of loans to agriculture versus the size of loans given to small business, whether they're in default or not it won't jigger the figures as badly as this has.

What these figures show is contrary to what the provincial vice-president of the Royal Bank has said. The agricultural industry is in difficulty with loans. And the loans with the Royal Bank are in difficulty. It shows, Mr. Minister, a steadily deteriorating situation.

(2015)

In 1981 the ration of bad loans in Saskatchewan to bad loans in Ontario was 1:30; in '82 it remained relatively low, 1:10; and then in '83 it went to 1:7; '84, 1:25; '85, 2:3. What this suggests, Mr. Minister, is that agriculture is in difficulty, and that small business must be in difficulty. It follows as the tail follows the horse, and every small-business man in Saskatchewan would admit that.

Mr. Minister, what I am suggesting is that these figures prove there are some very serious problems in the economy of Saskatchewan. Small business must be suffering that, Mr. Minister, and the programs which your department has introduced have been wholly ineffective — have been wholly ineffective. You mentioned two programs. There aren't a bus load full of people in the province besides yourself and your department officials who can remember them. They just couldn't be made to work. The banks couldn't make them work and nobody else could. And those programs just simply did not help the business man who is sharing the farmers' travail. They just didn't work.

What I suggest to you, Mr. Minister, is that if you're going to provide assistance to farmers, I think that the money could have been a lot more effectively spent than it was, but you did spend some money on farmers. I wonder why you, as a spokesman for the small business, did not speak out in favour of some assistance for small business, because I think it is clear from the facts, of which these are some of the more recent that I've seen, that the Saskatchewan economy is in difficulty. If it is that growing amount of bad loans, then small-business men must be suffering. They must be sharing the difficulties.

Yet, Mr. Minister, your department has come up with no programs. You mentioned . . . It's not quite correct to say you've had no programs; you've had no effective programs. You have had a couple of programs which were, as I say, unworkable, that provided very little assistance. What you need, Mr. Minister, is your need to believe. The problem is that nobody believes what you're saying, including yourself.

You say that you need to make government simple. You talk about regulations, some deregulation, under . . . (inaudible) . . . And so have the programs. Your programs have been too complex and largely unworkable. You need to develop some simpler and some more effective programs for small business because a goodly number of small-business men are having problems. You've spent a great deal of money on farmers. As I say, I think it might have been more effectively spent, but you did spend a good deal of money on farmers. Mr. Minister, you should have had something which complemented that for small business. You didn't.

Since you took over this department, there have been no major initiatives to assist small business, and their plight has gotten rapidly worse since you took over. That's not exactly your fault. It is the government's fault, in the sense they've done nothing to assist the Saskatchewan economy. You've done nothing about it. You didn't create the bad economic times. I think you're being

faulted by the public of Saskatchewan because you've done nothing to solve it.

And symptomatic of the inaction of this government is your inaction with respect to small business. Since, Mr. Minister, you've taken over, you've become a virtual do-nothing minister. I know it's grand to traipse off to San Francisco or wherever it is you're going. That's one of the nice things about being Minister of Tourism, is that nobody can really nail you for these publicly paid vacations. But with the department, Mr. Minister, goes some serious responsibilities which cannot be really discharged in San Francisco or Europe or Japan. Those responsibilities . . . Yes, we seem to have the Howdy Doody Show at the back of the government caucus, Mr. Minister.

Mr. Minister, since you've taken over, you've done nothing. And the small-business portion of your work takes place on Main Street, Saskatchewan. And I wish, Mr. Minister, you and your colleagues in cabinet would do a little less globe-trotting and spend a little more time on Main Street in Saskatchewan talking to people. If you did, you might not be so terrified of an election, and this province might have some effective programs for small-business people which would work instead of the nonsense which your predecessor passed off. And you've done nothing, Mr. Minister.

**Hon. Mr. Schoenhals:**— Mr. Chairman, I'll work backwards on that once again. Yes, it's true, since I have become the Minister of Tourism and Small Business I have done a lot of travelling. I've been to Rosetown, and Radville, and Meadow Lake, and I have been to 30 small communities with business people and I have listened to their concerns. I have listened to what they think will help them, and I have listened to the things they've had to say.

I can tell you as well, on travel, I've been out of the province once. I attended a federal-provincial conference in Banff, and we've been through that in this Chamber. So again: innuendo, inaccuracies, totally misleading comments; and I think that that should be pointed out.

As I travel the province I don't get the same doom and gloom indications anywhere except from the members of that caucus. He says we've done nothing in the time I've been the minister of this department. And I had a great deal of help from the member from Regina North. I'll be the first to admit that. He had established a tremendous foundation on which this department could operate.

The Saskatchewan-Manitoba director of the Canadian Federation of Independent Business — and we've had an awful lot of quotes from their surveys in these estimates — indicated that, in his opinion, the recent budget that my colleague, the Minister of Finance, brought down could be referred to as the small-business budget. And I think that suggests that maybe we are giving some consideration to business people.

When you consider that we have \$16 million for interest protection, 8 per cent money in effect, I think that is

probably more than has been done for small business in the history of this province. Fifteen million dollars in venture capital tax credits — again, significant improvements.

And I think that when the member stands in his place and suggests that somehow the numbers that he has taken out of the Royal Bank's annual report, and has interpreted in his own doom and gloom manner, do not fit with the statements of the Saskatchewan vice-president, he forgets, of course, not knowing the business world very well, that he is in fact contradicting the president of the organization that speaks for small business in this province.

And I can only say once more that I know that there are problems in the small-business sector. Sure there are. We're working together to try to improve the situation, make it even better. But small-business people are for the most part optimistic. They see a lot of good things in Saskatchewan; they are anxious to invest; they're anxious to do business.

The only place where I get the doom and gloom attitude is when I come into these Chambers and listen to the nine midgets who sit opposite. And I think that's not conducive to getting this province going. I think that this province is moving forward quite nicely. There are obviously other things that we can and will be doing. But some of the things we have done have been very significant. And I will take the recommendations, the suggestions, and the plaudits of the business community, rather than the doom and gloom of the members opposite.

**Mr. Shillington:**— Well, Mr. Minister, the reason why you only hear negative comments in here is because this is the one and only forum where you can be made to respond. The reason why you do not hear anything negative when you're out of here is you're not listening. You just don't listen.

Mr. Minister, the signs are all over the map, of the most serious problems this province has faced since the great depression. I'm not suggesting it's that bad; I don't think it is. But it is more serious than anything we have seen since then.

I gave you one statistic, Mr. Minister: a rapidly deteriorating situation with respect to loans and mortgages set out in the annual report of the Royal Bank of Canada.

Mr. Minister, let me give you what I think is another indication of a deteriorating economy, and that is capital investment. Capital investment, which is surely a barometer of business confidence, has been decreasing under this government for the last two or three years. You are now actually . . . the rate of capital investment in 1985, the last year that the statistics are available, is actually lower than it was in . . . It's virtually unchanged since 1981. That's a more accurate way to put it.

In spite of a 30 per cent increase . . . in spite of a 30 per cent inflation rate, capital investment is unchanged. And for the first year or two years in office, Mr. Minister, it

increased rather rapidly. The capital investment in this province was increasing rapidly when you took over. And it went up, and now it's slid down to the point where it's virtually where it was in 1981, in absolute dollars, never mind in constant dollars. The amount of capital investment, Mr. Minister, in 1981 was 5.15 billion. It's now 5.24 billion, a figure that is for all practical purposes virtually unchanged.

How, Mr. Minister, can you say that the only place you hear anything negative about your performance or the Saskatchewan economy is in this Chamber, when in fact all the economic statistics and indicators suggest there are serious problems, and when everyone outside this Chamber is concerned about the province's economic health?

Mr. Minister, if the only place you're hearing something negative about your performance or the Saskatchewan economy is in this Chamber, then we ought to keep you here clear through until the throne speech, because I assume you're not going to have the nerve to call an election. Then we ought to keep you here clear through until the next throne speech, because it seems to be the only place in the world where you listen. If you're not hearing something negative outside this Chamber, then you're not listening outside the Chamber, because it is simply too obvious and too pervasive and too serious to be ignored.

So I ask you, Mr. Minister, to deal with some of the facts which I have given you, which are readily available, and leave the fantasy land.

You came into office, Mr. Minister, with some clouds on the horizon and pretended they didn't exist. You spent two years after you came into office saying we're world-class. We decided to pass up the recession. A whole lot of silly statements, Mr. Minister, which I think made this province, particular this province's Premier, a laughing-stock, because sure enough we didn't decide to pass up the recession. It was the recovery which we decided to pass up apparently, because in 1983 and 1984 when other provinces began to pick up in economic activity, we were still on a toboggan ride.

**An Hon. Member:**— Ned, you're getting political.

**Mr. Shillington:**— There's not a political . . . The member from Prince Albert accuses me of being political. I've heard some nasty comments, but the suggestion, Mr. Chairman, that politics ever ought to be allowed to seep into the Chamber is surely unworthy of anyone, much less the member from Prince Albert.

Mr. Minister, if, as I say, the only place you're hearing doom and gloom is in this Chamber, then you better stay here permanently because it seems to be the only place you're listening.

(2030)

How the minister can maintain, in the face of all the adversities which this province has faced, that there's nothing but optimism, I just don't know. I just don't know how anyone . . . Even the Premier has dropped the silly

phrases for which he became infamous: we are world-class, we decided to pass up the recession. He at least has dropped such nonsense from his vocabulary. He admits there are problems. I think the public find him wanting when it comes to dealing with the problems. He at least is beginning to admit that the economic trend-line of Saskatchewan is not straight up, as he once suggested it was.

Mr. Minister, I think the place to begin this discussion is for you to adopt a more realistic attitude. The economy of Saskatchewan is facing more adversity than it has since the great depression. Something in the way of leadership is needed from this government, and you're not, Mr. Minister . . . you've got your head in the sand, pretending it's 1977, and I'm all right, Jack. Well the province of Saskatchewan is not all right, Jack, and you ought to admit it.

**Hon. Mr. Schoenhals:**— Mr. Chairman, a couple of points. I can assure the member from Regina Centre that the Premier of this province and this entire caucus do in fact believe that Saskatchewan is world-class; we believe that Saskatchewan people are world-class; and we are not at all surprised to hear you express an opinion that Saskatchewan people are not world-class because that is consistent with the attitudes and the comments that we hear from the members opposite.

The indication that the only place that I hear doom and gloom is in this Chamber because I don't listen in other places, I will only indicate to you that the business community have told us that they've been listened to more in the last four months than they were listened to in 11 months of the previous administration.

Some figures, however, that I think are very revealing and probably bring this question of investment into perspective. It's my understanding that investment in Saskatchewan actually grew by 7 per cent in 1985, which is an interesting change. But there is one or two significant facts that members should realize.

In percentage of investment by the private and the public sectors in the province of Saskatchewan, the member opposite would drag out the year 1981. I will go through the percentages of private and public investment from 1980 to 1985. I think you'll find it rather interesting.

In 1980 the private sector investment was 68.4 per cent; public sector investment was 31.6 per cent. In 1981, the year that he likes to use, private sector investment was 59.7 per cent; public sector investment, the year before an election, was 40.3 per cent, the highest level in the history — or certainly in recent history in Saskatchewan of public investment. Since then private sector investment has grown from 61 to 60 to 62; and in 1985, 66 per cent of the investment in the province was private sector. On the other hand, the public sector investment has gone from that horrendous level of 40 per cent — 40.3 per cent in '81 — to 38 to 39 to 37 and finally to 34.

Mr. Speaker, I think what we're seeing is a change in emphasis, a change in the investment patterns in the province of Saskatchewan. And clearly we have a trend to the private sector. And I would suggest, Mr. Speaker, that

if there has been any slowing in investment it is because the private sector is watching very warily to see what happens in the election when it does come up. And I think that that is quite reasonable considering the practises of the party opposite.

Mr. Chairman, first of all I would suggest that a 7 per cent increase in '85 is significant. I think that the change in percentages with the public sector playing a smaller level of importance and the private sector playing a larger, and the fact that once the election is over and the government is back in power, we will see significant increased private sector investment in this province.

**Mr. Tchorzewski:**— Mr. Minister, you mentioned listening. And I want to discuss with you for a brief moment two areas, and talk about two examples that show without any doubt that your government has not listened; it has not listened to small business in particular, Mr. Minister.

The one thing that business people know very well is the difference between good management and bad management. And there is every indication that one can possibly find that the record of your government has been one of bad management. And the business community knows that.

The one thing that the business community knows, Mr. Chairman, and Mr. Minister, is that a strong economy is the best program for business. When there is a strong economy, the tills are ringing and business does well, as it did in the 1970s under a New Democratic government.

You will not find a business man in Saskatchewan, Mr. Minister, who will tell you that he did not do well during the time when the New Democratic Party was in government prior to 1982, because the economy was strong and money was circulating . . . (inaudible interjection) . . .

Well, the member from Prince Albert-Duck Lake speaks from his seat again. He has a habit of doing that fairly regularly. But I ask him . . . I ask you, member from Prince Albert, go to your business people. I know you don't talk to them lately. I know you don't like to talk to anybody who's saying, look, your time is up; this government is finished. But screw up your courage and go to talk to your business community and ask them these questions. Ask them the question about the issue which I want to bring to the minister's attention now.

You say you have listened; well I'm saying to you, Mr. Minister, that you have not listened, and here's the example. In 1985 of January, the Canadian Federation of Independent Business presented to you, your government . . . (inaudible interjection) . . . I'm having trouble speaking, Mr. Chairman, because the noise opposite is atrociously bad.

**Mr. Chairman:**— I think the member's complaint there is well-founded and I would ask for quiet back in the back of the House, please.

**Mr. Tchorzewski:**— Thank you, Mr. Chairman. I appreciate that, because this is something important that I want the minister to hear.

Now, Mr. Minister, in January of 1985 the Canadian Federation of Independent Business, Saskatchewan branch, presented your government with some telling comments in this report. And you have it in your office, I'm sure, because I spent a lot of time studying and listening to what the business community is saying. And here is what they told you at that time. They talked about management, and they talked about deficit management. And what did they say? I will quote to you what they said. They said:

The Canadian Federation of Independent Business cannot over-emphasize the seriousness of accumulating government deficits upon both our national and provincial economy. To the business community, swollen deficits undermine investment confidence.

Now when you talk about investment, Mr. Minister, you've got to talk about the concern of the business community; about your government's record on deficit management; and it's not a good record. It is not a good record. Let me continue with a further quote, Mr. Minister. It goes on to say:

To all Canadians, bloated deficits also serve to undermine our national economic sovereignty and put Canadian government at the mercy of foreign lenders and offshore money markets.

Finally, to the youth of this province, a large government deficit represents one of the ultimate violations of individual rights and freedoms; the freedom of the next generation to inherit an economic and social system at least as progressive as the one currently enjoyed by their parents, with the same degree of fiscal flexibility and freedom as the generation before it.

Now, Mr. Minister, that's a very strong concern. And no one in our society, in our economy, feels stronger about that concern than our business people. And you know that. I'm sure you do, because you've spoken to at least some of them since you took over this portfolio.

Now let me conclude by reading some concluding remarks that were made in this brief that was presented to you. Quote:

The budgetary trends in Saskatchewan have been disturbing. Whereas several other provinces in Canada had succeeded in reducing their annual deficits last year, Saskatchewan once again increased its annual deficit to \$379 million for 1984-85, up almost 15 per cent from the deficit of 1983-1984, and yet one year ago the government promised (there's another example of government promises, Mr. Chairman) a 20 per cent decrease and prided itself that the deficit had been turned around.

Well, when you talk about confidence and investment, Mr. Minister, the one thing that government has a responsibility to do, and that is create confidence. When you say one thing for four years and five budgets and have

the results absolutely contrary to what you say, you cannot argue that you're instilling confidence.

And what do we have in this budget of which estimates we're considering for your department now? We have even a greater deficit. An even greater deficit in spite of the big tax increases that your government introduced a year ago.

And so I simply say to you, Mr. Minister, don't you agree — and I'll ask you this so you have an opportunity to respond — don't you agree that this is a valid concern of the business community? Don't you agree that when the business community looks at the way that government performs, it's going to influence the kind of investment that that community in the business world is going to make in Saskatchewan?

**Hon. Mr. Schoenhals:**— Mr. Chairman, I must admit some surprise too. The member has quoted from a statement in the CFIB manual. He has not quoted from anything based on survey statistics. He has indicated the Bulloch solution. The Bulloch solution, quite simply, is to slash government services. That is the position that the member from Regina North East is advocating.

We have made it clear that in difficult times, with the problems that have been experienced in the agricultural sector, we are not prepared to do what the NDP in Manitoba have done, and back away from the agricultural sector and hang them out to dry.

And if you talk to business men, if that member would screw up his courage and go out and talk to business men in Small Town, Saskatchewan, business men will tell you that without an agricultural economy, there's no small business in Small Town, Saskatchewan.

And we have made it very clear. The Premier has stated publicly that we will open the treasury for the agricultural community, that we will save the agricultural economy. And we have done that. And it has created some deficit problems, we admit that.

The Minister of Finance in his statement, in his budget speech, outlined the source of that deficit very clearly, indicated that had there been some wise management in the 1970's in terms of resource buy-outs, we'd have no deficit today. In Alberta when they were putting money away in the good times, we were buying existing potash mines in this province under the leadership of the NDP. And I would suggest that he made that very clear. He also indicated that last year's deficit can be directly attributed, and dollar for dollar practically, with the initiatives taken by this government to aid agriculture.

And if the member from Regina North East supposes that I'm going to stand in this Assembly and apologize for what we've done in the agricultural sector, he is badly mistaken. The CFIB, the Bulloch solution, the slashing of government services is not something that we advocate. I'm very surprised to hear the member from Regina North East espousing that solution. We believe that other things have to take place. And if that is the member's position, I'd be very interested to hear him expound on it a little bit more and indicate just exactly which government

services he would propose to cut.

**Mr. Tchorzewski:**— Mr. Speaker, I never cease to be amazed by how the ministers of this government attempt to put words in the mouth of opposition members. If the minister opposite can find anywhere in which I stated anything about cutting government services, then I will find some way in which to reward him, I'm sure.

You simply reduce the deficit, the member from . . . Lakeview — thank you very much — the member from Lakeview, by having some decent government management and stop giving away millions upon millions, hundreds of millions of dollars, of revenue to corporations like the oil companies at \$300 million a year when they didn't need it — when they didn't need it.

You know, the member from Lakeview should understand this. And he ought to — he's had some banking experience. And maybe he didn't do very well, because he decided to get himself elected to this House, where he's done equally as bad.

But, Mr. Chairman, when you have, during times when the oil industry is doing well, a government which turns around and gives it \$300 million a year to the tune of almost a billion dollars, you've done something about creating a deficit. Deficits don't involve only expenditures, Mr. Chairman. Expenditures need to be managed, that's true; and it has to be efficiently done. But government deficits are also created by the kind of fiscal programs that this government has brought about.

If you take a billion dollars out of the Saskatchewan treasury because you want to reward your friends in the oil industry, the big oil companies, you're going to increase your deficit by a billion dollars. I mean, that's very rudimentary mathematics.

Now maybe the minister doesn't know very much about mathematics, and I don't claim to be a big expert in mathematics, having been a history teacher, but I do know enough that, if you take a billion dollars of revenues and you give it away, you're going to have a billion dollars less in revenues and you're going to increase your deficit by a billion dollars. I mean, how more simple can you get in the arithmetic you provide? That's what's happened, Mr. Chairman, and Mr. Minister.

(2045)

I mean, don't talk about cutting expenditures. I mean, your government has increased expenditures of government, counting this budget, by something like 45 per cent. So your total government expenditures have increased dramatically, but you have yet cut programs, essential programs that affect people. And that's what makes your approach to governing so unfair and unjust.

You've increased government expenditures, if you count this budget, by something like 45 per cent. But you've cut expenditures on the dental program for children. You've cut expenditures on the mental health services through our Department of Health. You've cut expenditures and revenue sharing to municipalities, because you froze the revenues and you let inflation carry it away. So now you

provide a 3 per cent increase, but you're still behind. This is the government that's cut expenditures, Mr. Chairman. I only refer to cutting that because the minister raised it.

But he in his speech failed to answer the question. Don't you agree, Mr. Minister, that the business community is legitimate in its concerns about growing government deficit as we have seen in Saskatchewan?

**Hon. Mr. Schoenhals:**— Mr. Chairman, the member opposite admits that he is not an expert in mathematics. I will prove that, I think, here in a minute or two. He brought up the oil industry and brought out that old worn argument that somehow there has been a give-away in Saskatchewan to the oil industry; an argument, Mr. Chairman, that the members of his party don't even accept.

Let me take you back to 1982, and the member was in government in those days and knows exactly what I'm talking about. We had 50 per cent of the production in the province shut-in at a time when the price was not bad; we had next to no drilling by any reasonable standard, something like 4 to 600 wells a year; we had the government of the day paying the service industry not to work through their DCAP program, (disruptive circumstances assistance program), and I could go on at great length, but that's the general circumstance as far as the oil industry when we came to power.

Then he suggests that in good times . . . Mr. Speaker, we introduced some proposals: the oil industry recovery program in July of 1982, and that program turned that industry around. And this is where his rudimentary mathematics fail him. He suggests that that expansion of activity would have taken place anyway, and the government would have somehow realized that revenue. The fact of the matter is that expansion of activity would never have taken place without the program, that we were getting a larger percentage of nothing is still nothing, and we had to make some changes.

And those changes resulted, Mr. Speaker, in the biggest boom in the oil industry that this province has ever seen. We had record drilling. We had drilling increasing by 250 per cent annually, while it was increasing at 10 per cent in Alberta. So to argue that it was a general improvement in conditions is absolutely wrong. We had that oil industry increase in terms of employment, in terms of taxes, in terms of returns to the government, to the point where on a gross basis it was the largest single contributor to the provincial economy for the first time in history.

And the member will argue otherwise, but he knows full well that on a gross basis the oil industry became this province's largest single contributor to provincial coffers. We realized \$1 out of every 4, and for the member to suggest that somehow there was some poor management involved in the things that happened in the oil industry is an argument that not even the members of his own party will accept. And I realize he's new in this House. Had he been in this House and followed the debate surrounding that, he would have known that that argument is absolutely ridiculous.

However, Mr. Chairman, that takes us to the deficit. The oil industry contributed to preventing that deficit from

going higher. The deficit was the result of the management decisions taken in the mid-70s when \$550 million was spent to purchase the potash mines that existed in this province — did not create one job, did not create any wealth. It brought nothing to the province except a change in ownership because of a philosophical position that was espoused by the government of the day. Had that money been invested in the Co-op Trust, we would have no deficit today.

The other element of the deficit clearly — and anyone who follows the economics of this province knows — is directly related to the problems of the agricultural sector, almost dollar for dollar. We make no apology for that.

Business men in Saskatchewan — particularly small-town business men, but I would suggest all business men — realize that without the agricultural economy in this province, small business is in a great deal of trouble, and they will tell you that. And they have recommended in our tours around the province that the help that has been given to agriculture is extremely important, not only to agriculture but to small business. They suggested to us that we should look at some programs for them that were . . . that fit into that.

And we suggested that the budget recently brought down has been referred to as the small-business budget. The venture capital extensions, the changes in the interest protection program, the introduction of the corporate tax holiday, the labour venture capital program — all those things were steps toward aiding business in a realistic way. And I think they appreciate that.

And I think that when the Saskatchewan/Manitoba director of the Canadian Federation of Independent Business in fact lauded, publicly and privately, the provincial government for the steps taken in that budget, it would indicate that the opinions expressed there — the Bulloch solution, if you will — the slashed services and increased taxes, which apparently is now the position espoused by the NDP in the province of Saskatchewan, that we don't apologize for the help we have provided agriculture, and we will not.

**Mr. Tchorzewski:**— Well, Mr. Chairman, if the minister has adopted what he calls the Bulloch solution . . . he obviously has adopted it, because that's exactly what the government has done. You have increased taxes dramatically, Mr. Minister, and you have slashed services. I mean, we have been through — is it three departments now? You're the third one? And in every single department we have seen examples of slashed services — in some cases, rather massive slashed services, and in the Department of Health, in particular, slashed services.

I saw today a letter that's being circulated, I think, in the city of Saskatoon which announces a new lottery. You know what the lottery is for? It's to fund our hospitals.

Mr. Minister, when you talk about slashing services, your government should get a reward for doing that. If you talk about increasing taxes dramatically, your government should get a medal, because you've shown the public of Saskatchewan that you are very good at it.

Now I agree, Mr. Minister, that if the agricultural economy is strong, then the small-business community is going to do well. And that's why it is really quite unbelievable — knowing that as you obviously do, because you have just said it — that your government, when the members of the opposition proposed an amendment into this legislature about two weeks ago urging this government to join us in telling the federal government to provide deficiency payments for farmers, that the members of the Conservative caucus stood up, everyone that was here, and voted against it.

Every farm organization in this country is asking for deficiency payments. The wheat pool is asking for it. The National Farmers Union is asking for it. The Palliser Wheat Growers is asking for it, and yet when a resolution is proposed in this House, this caucus of the Conservative government stands up and votes against it. Another example, Mr. Minister, of what you say is not what you do, and that's why there is lack of confidence.

You mentioned that the oil industry became the largest single contributor of the coffers of Saskatchewan. Well let me tell you, Mr. Minister, why that's happened. That's not happened because the oil industry has been contributing that much more. It's happened because other revenues have gone down so much more because of the policies that your government has had on the whole question of the economy and fiscal management.

Oil revenues may have gone up in total. But the reason, Mr. Minister, why the oil revenues, as you argue, have increased to be a greater part of the total treasury is simply because other revenues have been undermined. There is no change at all. That has always been the case, Mr. Minister.

Let me give you an example; let me give you some facts about what's happened. In 1978-79 personal income taxes gained for Saskatchewan, \$310 million; oil revenues were \$350 million — pretty close. What's happened over time is that that ratio has not improved a great deal. As a matter of fact, the ratio has gone the other way.

Now I will find — I don't have it right here; I thought I would have it — but I wanted to talk to you . . . Oh yes, here it is. I want to tell you what's happened to oil revenues. In 1979 the production in millions of cubic metres of oil was 9.4 millions of cubic metres. The value of that production was 729 million; the revenue was 396 million, or 54 per cent. In 1985 after your boom, after the so-called boom, Mr. Minister, the production in millions of cubic metres was 11.9 millions of cubic metres; the value was 2,400 million or 2.4 billion cubic metres; revenue was 655 million; the percentage of revenue over value of production, 27 per cent. That's what's happened to oil revenues, Mr. Minister.

And let me tell you further why the production has increased the way it has. Most governments, including our former government, would not argue that oil companies, drilling to find new oil, deserve some incentive. That's nothing new, that's nothing new. What we object to, Mr. Minister, and what the Saskatchewan

taxpayer object to, is the whole question that your government established a policy of tax-free holidays or royalty-free holidays for oil and new wells drilled on existing oil fields.

Oh well, you roll your eyes and you look up. But the fact . . . That's the fact and you know it, and that's what the public in Saskatchewan believes because they know that to be the truth.

How difficult is it to increase production by plopping another well in an existing oil field? And your government, at the expense of the Saskatchewan taxpayer, provides them with a royalty-free period — no exploration involved, no expense for exploration involved. You gave them a royalty period free. That's where the \$300 million a year comes from, Mr. Minister. And that's what's been wrong with your oil policy.

You know, as well as everyone else who knows anything about the oil industry, that the biggest problem with the exploration for oil in Canada in the period in which there were those difficult times was the national energy program . . . (inaudible interjection) . . . No, we did not have anything to do with that.

Mr. Minister, if you had not provided this holiday period, your deficit would have been less, and I submit to you that the business community would have had a lot more confidence in your government than it has today.

Now you stand up here and talk about the great boom in the oil industry. Well, I'll just invite you to take a little trip from Estevan to Swift Current along the west side of the border to Lloydminster, and I tell you, Mr. Minister, you will run into literally thousands of people who used to work in the oil fields who are now laid off. And I simply ask you, where's the boom? Where's the boom?

When your friends in the big oil corporate sector came to you and said, look, we helped you get elected, now give us a reward. And times were good, and the price of oil per barrel was high, you said, here's \$300 million a year. Now . . . and they said: get out of our hair, don't touch us, we don't want regulation, we're going to be able to look after ourselves.

Now when the price of oil is down, they come to you and they say, oh, look, we're going to help you get re-elected. They're going to have to try pretty hard. We have a problem. We no longer believe in hands off by the government. Come on and give us some more money. So you bring in another program.

At least, Mr. Minister, try to be consistent. Because if there's any evidence anywhere in the most recent case where your policies have been a failure, only look to your neighbour government in Alberta. And for the first time in a long time in that province there is an opposition. And I'm sure every person who believes in the democratic system will welcome that. But the tradition of Alberta has not been such. And the reason that there now are 22 members in opposition in Alberta is because that oil policy, which is like your oil policy, has been a failure.

It has been a failure as it applies to how it benefits the

people who own the oil, and that's the people who live in each of those provinces. You've given it away. You can't get it back. It's a non-renewable resource, and the taxpayers had to pay the price with a flat tax, which is going to double this year over last year with a temporary . . . (inaudible interjection) . . .

(2100)

**Mr. Chairman:** — Order. Order. Order, please. Order, please. Order, please. Please be seated.

**An Hon. Member:** — Is there a problem, Mr. Chairman?

**Mr. Chairman:** — There is no problem when I'm in the Chair. Please be seated.

**Some Hon. Members:** — Hear, hear!

**Mr. Chairman:** — I can fully appreciate that somehow, some way, oil has entered into this discussion. However, I want to remind you, and I know you're all aware of it — rule 494 regarding the topic at hand. And as chairman, we will focus back on Small Business and Tourism. If you have any questions in that realm I'll entertain a question. Otherwise I will move on to the next topic.

**Mr. Tchorzewski:** — Thank you, Mr. Chairman. As we change chairmen, the whole tenor of the debate and what's allowed and not allowed changes. Difficult . . .

**Mr. Chairman:** — Order. Order. You know full well that any time there's a ruling from the Chair that it's not open to discussion or debate. If you have a further question on Tourism and Small Business, please get to it.

**Mr. Tchorzewski:** — Mr. Chairman, I'm not questioning your ruling. In fact, I intend to abide by it. And I will be watching very carefully to see whether the minister abides by the ruling. Mr. Chairman, previous to your taking the Chair, I just want to remind you that the debate was quite wide-ranging, and the chairman understood that, but all of a sudden things have changed when the minister is under some pressure as he is right now.

I simply ask the minister again, because twice he's got up and he hasn't answered the question. He chose to make a speech. As long as he wants to make a speech, I am quite prepared to stand up and make a speech.

Mr. Minister, I'll ask you one more time and then I'll move to another topic because at some point in time, there's no sense repeating the same question from the same minister who continues to do nothing but stonewall. The question is this: don't you think it's legitimate on the part of the business community to be concerned about the kind of growing deficit that we have seen in the province of Saskatchewan?

**Hon. Mr. Schoenhals:** — Mr. Chairman, just a couple of comments relative to the rather lengthy preamble. I promise to be very, very, very, very, brief. The member presented in his discussion . . . And I will refer directly to the point he made. He suggested that somehow the policy in place allowed an oil company to come and stick a well in existing . . . Obviously that is incorrect, Mr.



Chairman, and I simply have to point out that the conservation rules for the most part have not changed. There was nothing wrong with the conservation rules; there was simply a whole lot wrong with the economic policies of the previous government.

In terms of small business, the member again is completely failing to recognize the structure of the Saskatchewan oil industry where 85 per cent of our industry is, in fact, small, independent oil companies and about 15 per cent is what he likes to refer to as the large multinationals. It's important to realize that difference and because the policies that he talked about, the problems . . . He likes to blame the problems that they faced on the energy policy, the Trudeau-Blakeney solution that was introduced by their friends the federal Liberals. There is some truth in that. However, they have to take some of the blame.

Mr. Chairman, I cannot believe that I heard the member from Regina North East stand in his place and literally brag, brag about the take that their government got from personal income tax; arguing that when you raise the percentage income tax in the province from 34 to 51 per cent, as they did, or that somehow they have done such a tremendous job because of all the money they have sucked out of the people of the province of Saskatchewan. And I find that, Mr. Speaker, to be less than something . . . it's certainly something that I wouldn't be proud of, and I'm very surprised the member opposite is proud of that.

In terms of the deficit, certainly the Canadian Federation of Independent Business is concerned about the deficit. I think most businesses are concerned. I think that we're concerned. I think everyone's concerned about the deficit. It's something that obviously has to be controlled. I think that the size of our deficit on a per capita basis, compared for instance to Manitoba, where it's much smaller, much more in control — clearly we're in far better shape and I think that that point has to be made. However, it is a concern. It's something that we're concerned about, and I think the Minister of Finance in his budget address very clearly stated the concerns, and very clearly indicated that his projection was that within four to five years we would see a balanced budget in the province. And we will do that without slashing services or without increasing taxes. We will do that without backing away from the agricultural sector, something that the NDP in Manitoba have clearly done. They have indicated they're not prepared to help the agricultural sector in Manitoba, and I think that's clearly something that we're not prepared to do in the province of Saskatchewan.

**Mr. Tchorzewski:**— Mr. Chairman, if the minister had tried to avoid the issue until he was pressed to dealing with it, we could have been on to another subject at least 20 minutes ago. I mean, him and I will both agree — we obviously have now; we're limited in what we agree on, but we both will agree on this — that the business world is concerned about growing deficits and governments that allow these kinds of deficits to grow because of strict political decision-making that decide on what budgets and fiscal management are going to be. It's got nothing to do with good economics, nothing to do with good fiscal management, Mr. Chairman, but simply a government

that plays politics with the future generations of this province and this country. So I'm glad the minister has finally got up after a long debate about all kinds of things, including oil, and admitted that that's a legitimate concern. And I agree. I only wish that this government would go beyond agreeing with that, and do something about it, which it has not done.

The previous minister of Finance talked about getting a balanced budget in 1983. Now we're in 1986 and the new Minister of Finance has now got a new timetable in order through which he's going to now somehow magically balance that budget, although the government is not prepared to tackle the issues that are necessary to bring that about. But we'll leave that issue for a while.

I have one more question to deal with this manner of how this government listens. Mr. Minister, in the 1982 election and since then, your government has said a great deal about provincial government regulation and paperwork and red tape. Can I ask you: what steps are you now taking, because I assume you're the minister in your department who would be responsible for this, what steps are you talking to deliver on that promise?

**Hon. Mr. Schoenhals:**— Mr. Chairman, a rather topical point he brings up. We have eliminated over 1,600 useless, meaningless, out-of-date regulations that existed in the books of this province when we came to government. In fact it's interesting to note that the director of the Saskatchewan-Manitoba federation of independent business men, when he was working for government, was one of the leading proponents and did an awful lot of work in that regulation clean-up activity that has gone on. In terms of further steps in red tape decrease, in regulatory reform if you will, as it applies to business, we will have some very specific announcements to make in the very near future on some things that we propose to do that will take us a step further and will hopefully help the small-business community deal with some of the problems that they face. And when we toured the province again, that was one of the things that was brought up, not near as often as I had anticipated it might be from what I had heard — I think that the business community appreciate the elimination of those 1,600 meaningless regulations. However, there is some work that can be done on the information-gathering forms that they are forced to fill out, some of the things as they apply to various taxes that deal with their business. And we have some very specific plans well down the road, and we will be making announcements very shortly on that very important issue.

**Mr. Tchorzewski:**— Mr. Minister, I hope you will. I'm surprised you haven't done it already, because through your own admission, all that you have done up to now after four years, going on to five, is did away with some useless regulations and other kinds of things.

Now can you tell me, Mr. Minister, how did doing away with useless and outdated regulations and requirements that the business community no longer had to comply with, how did that assist the business community?

**Hon. Mr. Schoenhals:**— Mr. Chairman, I think the more interesting question is: why were those 1,600 useless,

bothersome, pointless regulations on the books? I would have thought that the government opposite, after 11 years of adding regulations, of getting more and more involved in the daily life of this province, and most particularly in the daily life of the business men of this province, would have looked to remove those.

I think business men indicated to us that they appreciate the reduction of those regulations. I think that we have worked with the business community very carefully, very closely, in trying to deal with the further steps. And I think that business people and anyone who truly understands the paper load will understand the things that we will be announcing and will be appreciative of them.

**Mr. Tchorzewski:**— Once again, Mr. Minister, you didn't answer the question. You have not done anything meaningful. You've gone through a public relations exercise — I'm not sure whether you have an advertising agency sell this one too so I won't accuse you of that — but you've gone through a public relations exercise in which you tried to proclaim to the public of Saskatchewan what a great job you've done about reducing the amount of red tape and regulation and paperwork and so on. You have done exactly nothing in that respect in your four years as government, dealing with one of your high priority items. As a matter of fact, Mr. Minister, there is now more regulation, and there is now more red tape that the business community has to deal with than it did in 1982. Because every time this government has passed legislation, along with that legislation came regulation and red tape.

Now I'm quite interested that you mentioned that the former director of this work is now working for the Canadian federation of independent business men, because I'm sure he helps to write the kind of submissions that come to your government which tells you what they think about the success you've had.

Well I want to tell you, Mr. Minister, as recent as January 1986 the Canadian Federation of Independent Business told your government that there has been an increase in the number of businesses that are concerned about provincial government regulation, paperwork, and red tape. That survey was taken by the Canadian federation of independent business men in Saskatchewan, and it's the change from October 1984 to May 1985. And that concern still grows, because, Mr. Minister, your government never seems to learn. And I wish it would, because you'd do yourselves a favour and you'd do the public of Saskatchewan a favour. Don't try to fool them.

You know what the Canadian federation of independent business men think of your so-called doing away with regulation, paperwork, and red tape? I'll tell you. On their behalf I'll tell you. Here's what they say ... (inaudible interjection) ... Well, the often absent member from Cannington has arrived and speaks from his seat, Mr. Chairman, saying nothing particularly intelligent. But if he would listen he might learn something intelligent because I happen to have some respect for many of the things that the Canadian federation of independent business men have to say. And here's what they say about the provincial government regulation, paperwork, and red tape:

Following a slight decline in 1983, concern over provincial government regulation, paperwork, and red tape has continued to rise steadily in our annual provincial surveys

Which supports what I have just said, Mr. Minister. You have increased regulation and red tape. And that's what the business community is saying to you.

... and is now identified as the third most important problem by 29.1 per cent of all business owners. Announcements made at the open for business conference (remember that famous open for business conference, Mr. Chairman? I continue to quote:) in the fall of 1982 held great promise, yet the government has done little to publicly demonstrate any easing of the red tape burden other than to periodically announce the number of antiquated, obsolete or redundant regulations that have been removed.

Now, that's not an arguable point. The minister admitted to that. He said that the regulations that have been done away were antiquated, obsolete, or redundant regulations.

Now, the business community continues to say, and I want the minister to listen because this is a very telling statement:

While a general housecleaning of obsolete statutes and regulations may facilitate easier access to more active legislation in the law books, the repeal of old regulations such as those governing the construction of horse stables by school boards really do nothing to affect the current business environment. The Saskatchewan small-business community is still waiting to receive a more meaningful demonstration of real policy change.

(2115)

The minister said a moment ago that he is going to soon make some more further announcements. All I can say, Mr. Chairman, is I hope that they're not announcements about the regulations dealing with the building horse stables by school boards, or something similar to that. I welcome to hear the minister say that there will be further announcements. The business community is waiting. They've been waiting for four years, Mr. Minister.

I ask you this question: why has it taken you four years to get around to the point where you may now — and I'm not sure of that yet because there may be an election intervening — why has it taken four years to get your government to the point where you are now possibly going to deal in a more substantive way than you have in the past?

**Hon. Mr. Schoenhals:**— Mr. Chairman, the very simple answer is that things were in such a mess it took a lot of time to clean it up. I think when you look at regulatory reform, if you are going to institute meaningful reform, the first thing you have to do is go to work and become

familiar with all the regulations that exist; get rid of the ones that don't play a role. That is clearly the first step in regulatory reform.

When the Department of Tourism and Small Business was established we then took on an advocacy role which allowed us to become even more aware, if you will, of the problems facing the small-business community. And we have worked with the small-business community — and I know that that is a concept that slows down the process — and it's something that the previous administration did not partake in. However, we have worked with the small-business community and we have some very meaningful steps ready that will take this process even further.

However, I want to make one more comment and I think that this is probably more pertinent than anything else. The member indicates from the results of a survey, I believe it was January of '86 — I'm not exactly sure — it's basically irrelevant. The fact is that regulatory red tape concerns has been identified as a larger problem. Of course what happens in those surveys, Mr. Chairman, is that the business community is asked to list the things that are concerns to them. What has happened, of course, is that the actions of this government have eliminated interest rate problems, in terms of its importance as a concern.

If you had done that previously interest rate protection would have been a major, major concern. That has obviously dropped because of the programs we've introduced. So consequently this secondary program rises a little bit.

Inflation would have been a major concern back when things were so good under their administration. Fact of the matter was, they weren't good because of the facts of inflation. Now that would have been a concern. There are any number of concerns that may have moved up or down the poll, and to simply indicate that regulatory reform has not been carried out because of the positioning is to say that all the other programs, all the other concerns, remain constant. And that's clearly not the case.

The member . . . well I don't know whether I think he understands that or not, but possibly. He talked about intelligent comments from my colleague, the Deputy Premier. Maybe he should have been more interested, instead of making smart and arrogant comments in the House, in actually understanding what those statistics do and do not say.

**Mr. Tchorzewski:**— Well, Mr. Minister, I am not going to pursue this further but you have prompted me to make another comment because of what you have said.

I only relate to you, Mr. Minister, the concern of the business community with respect to doing away with regulations and red tape, what the business community has said to you and is saying to you in growing numbers, because that's what the survey shows. And I want to tell you, Mr. Minister, that that's third in the list of concerns that the Saskatchewan business community has in this survey; number three out of 10. And the numbers of

people in the business community concerned about that issue is growing. And put aside the total number that's involved. Let's talk about the trend. And the trend, as you know because you're so involved in taking polls, you will know that the trends are more important sometimes than what the polls say. The trend is that the concern among the business community about this issue is growing.

Mr. Minister, the other two items that lead the list which reflect your government's failures in management are the following: I remind you again that provincial government regulation and red tape is number three in Saskatchewan of concern; number one is cost to your operation of municipal government. Now that's quite understandable, 58 per cent of the business community in May of 1985 was concerned. And so they should be, because that was right after your provincial budget, which froze revenue sharing to municipalities and put the greater burden on municipalities to raise their revenues from property taxes. Not only that, but after the municipalities had to raise more taxes from property taxes, you took away the property improvement grant so that the home owner and the business man even had less benefit from that. No more property tax relief.

And you know what number two on this lists of concerns is, Mr. Minister, since you raise it? Well I want to tell you that the third item of concern by the Saskatchewan business community is total tax burden imposed by provincial government. That's number two, sorry. In fact, your taxation policies has even put that above that regulation.

So the first two items, Mr. Minister, of concern, are taxation. And the reason that is so is because your talk about reducing taxes is nothing but a bunch of hot air. The effect of what it's had on individuals and families and the business community has elevated taxation to the first two items, and the third one is your provincial government regulation, paperwork, and red tape. And I would have thought that after the amount of noise you made about doing about regulation, that shouldn't have even showed up on the list of 10.

If there's anything that's absolutely clear here is that your whole reliance on the polling and on the advertising, and everything else to try to build an image for the government instead of dealing with the substantive issues, has failed. It's failed. The business community is telling you it's failed; the voters in Prince Albert-Duck Lake are telling you it's failed.

**An Hon. Member:**— How do you know?

**Mr. Tchorzewski:**— Because I've been there, Mr. Member from Prince Albert-Duck Lake. They say they will have no more of a government that spends more time of public relations than it does on governing.

Mr. Chairman, you see there is one very important fundamental of government, whether it applies to this department or any other department, and that is that you have to have people who are elected on the treasury benches who want to govern. And that's the problem. We have had a government that got elected because they

wanted power. Having got power, they have refused to govern. They have ruined our economy; they have created a massive deficit. They've cut programs that affect people the most.

And even the community that had a lot of faith in this government, and in this party that sits opposite — the business community in 1982 I will admit had a lot of hope that this new government would change things for the better — even that business community when it looks at the no tendering of government work, when it looks at the facade that is created with regard to regulation, when it looks at growing taxation, has now decided that they can no longer have faith in this government. And do you wonder why that's the case? We've seen that day after day after day; we've seen it budget after budget after budget.

And, Mr. Minister, your comments about deregulation are only comments. And I only hope, and I will not pursue this any further, that when you make your so-called announcement . . . and I hope you make it before the election, because after the election the public knows nothing you say means anything. I hope that when you make it, you make it before the election, and you make it soon, and I urge you that it be meaningful as well.

**Hon. Mr. Schoenhals:**— Mr. Chairman, just a very brief comment. I find it amazing, amazing that the member from Regina North East could stand in his place and suggest that when business people identify the cost of municipal taxes as the number one issue, that he would suggest that somehow that was the fault of this government. Every business man in Saskatchewan knows exactly where that came from. That came from that insidious reassessment manual that you people put in place. It comes from that business tax that you people put in place.

You specifically set out, in a rotational manner, to shift the burden of taxation onto the business community. And there is not a business man in Saskatchewan that does not understand that more clearly than the comments I've just made.

And to stand there and suggest that somehow revenue sharing leads to business men being concerned about municipal taxation, demonstrates either a complete lack of understanding of that issue or is clearly an attempt to mislead this finance committee.

Secondly, Mr. Chairman, discussion on some of the concerns of provincial government taxation. We have responded to several of those. The tax holiday on new business that was announced in the budget; the elimination of the corporate tax on processing and manufacturing. Several things have been done in attempts to respond to that concern.

But I would suggest once more that the member lines up those top three concerns; that if he had done that survey a year earlier, he would have found that interest rate protection, interest rate uncertainty, was the number one concern on the minds of business people. And the fact that it does not appear any longer in the top three is a direct result of the actions of this government. The nine and five-eighths program that my colleague from Regina

North introduced a year ago that we have reduced to 8 per cent and improved in this budget, clearly has eliminated one of the major concerns of small-business people in this province.

The changes in inflation, obviously a concern to business men, those are no longer there. There's been any number of moves and I believe that small-business people, after the initiatives that we have started and that we will continue to work on regarding regulation, red tape and those concerns, we will see that concern also drop off the end of that list, and we will see some other concerns move into third place. And it will not mean that it's a bigger bother today than it was then; it will simply mean that relative to the other concerns, that one has moved up because others have moved down.

But I can't express clearly enough my amazement that that member would stand up and introduce those misleading comments about municipal business taxation, because every business man knows that the NDP are clearly the perpetrators of that, and they know that we will go to work and clean it up.

**Mr. Yew:**— Thank you, Mr. Chairman. I want to ask the minister responsible for Tourism and Small Business, with regards to your northern revolving fund, Mr. Minister, what are the terms of reference? Do you have the terms of reference with you? And if you have, could you outline them to me so that the people, my constituents and the people of the province, would know what type of public participation, public involvement, and local decision-making is involved in that program.

**Hon. Mr. Schoenhals:**— Mr. Chairman, the criteria that are used are here, they're in abbreviated form, so I'll try to get you the key points out of each one.

First of all, applicant experience in activities related to the project — I think that's clear enough; (b) is residency; (c) is full disclosure of personal and corporate assets and liabilities; (d) is adequate market — that is viability of the project; (e) is equity contribution towards the project, not less than 10 per cent. In other words, the person must have 10 per cent equity in the project in case of low-risk loans; and from 10 to 25 per cent in the case of higher-risk loans. So there are two categories there with different levels of equity; must have demonstrated business experience or arranged for and successfully complete a period of education.

(2130)

And I think those six items are basically the criteria that are applied, or the terms of reference in applying for a loan under the northern revolving fund.

**Mr. Yew:**— In terms of the committee itself, the make-up of the committee, Mr. Minister, could you outline to me how the committee is made up with regards to the involvement of people at the community level. I did take mental note of the fact that you don't get yourself involved in the decision-making process, but that the senior civil service people in your department do, in fact, process and make recommendation and approve loans and/or grants in this respect. And I'd like to know what the

make-up of the committee is.

**Hon. Mr. Schoenhals:**— Mr. Chairman, as far as the approval process, once again, the minister may appoint a district loans committee consisting of six persons, three departmental employees, and three with demonstrated business experience.

The district loans committee may approve fishing and trapping loan applications to a maximum of \$25,000. The district loans committee shall make recommendations, and it says in the regulations, “to the minister.” In actual fact those are made to the department. The deputy minister is the final step in that process respecting all commercial loans regardless of the amount. And as I indicated, the minister is no longer part of the approval process. No approval goes higher than the deputy minister. But that is the make-up of the committee, and that is the process that goes through in terms of the approval process.

**Mr. Yew:**— Mr. Minister, thank you for that information. How many times per year, annually, does that committee meet? And what form of interim financing do you provide, if you do provide interim financing?

**Hon. Mr. Schoenhals:**— Mr. Chairman, that committee meets every fourth Wednesday, and we provide all forms of interim financing that any other banking institution would.

**Mr. Yew:**— I’m somewhat confused here. Just the other day I attended a northern development advisory committee meeting. And at that particular meeting a well-known construction advocate, and a very well-respected, local person in the La Ronge area, Knudsen Construction informed the committee that she had problems getting interim financing, and she has been a well established business person who has been involved in a broad range of construction ventures. I am somewhat bewildered as to why she may have had problems. I can’t understand that. But I’ll take your word for it, Mr. Minister. You do provide then, interim funding.

The next question I’d like to get on with is in regards to the maximum amount available to local contractors.

**Hon. Mr. Schoenhals:**— Mr. Chairman, I certainly don’t want to get into discussion in this Chamber about the financial transaction of any individual. However, the individual mentioned does have a loan with our northern revolving fund. I believe that if you check closely you will find that the problems that she was expressing on interim financing had to do with banking institutions, not the northern fund. But again, if you want to come in and chat about that, I’d sooner do that in a private area.

The question was the maximum for construction; it’s \$300,000 per application or per loan, so that’s the maximum.

**Mr. Yew:**— Three hundred thousand is the maximum that any business venture, whatever it may be related to, that is the maximum amount that your department is prepared to issue as a loan or a grant. Is that maximum amount that you mentioned, Mr. Minister, at 300,000; is

that given out as a loan, or is that given out as a partial loan and a partial grant? And what is the interest rate on that maximum amount, Mr. Minister?

**Hon. Mr. Schoenhals:**— Mr. Chairman, the point I’m making is that a particular business man may get a maximum loan of \$300,000 for a specific application. If a construction work project for instance has two different projects, it’s conceivable that if all the criteria were met and were satisfied that they might get a second loan applied that was above and beyond the \$300,000, the first one, if I’m making myself clear.

There are no grants. We’re talking loans. Banking procedures and all the interest rates are 10 per cent on all of them. We have not changed that. When interest rates were higher — interest rates are now coming down; maybe that’s something that has to be looked at, but the interest rate is 10 per cent.

**Mr. Yew:**— The interest rates is 10 per cent, Mr. Minister? How many maximum loans and/or grants have you approved, Mr. Minister? You say that the maximum is 300. I’d like to know how many applications have been received and how many have been approved to date.

**Hon. Mr. Schoenhals:**— While we’re looking those numbers up to see if we have those, let me clarify the interest rate question. On commercial loans, it’s 10 per cent; for fishing and trapping, it’s 6 per cent. Just to make that clear. I’ll get that number in a second.

For all types of loans — I haven’t separated here in commercial and fishing and trapping, the number approved was 93, which is 51 per cent of the applications; 14 were withdrawn by the applicant; 66 were declined; 9 are pending, so in total in ’85-86 we’re looking at 182 applications for loans under this fund.

**Mr. Yew:**— In terms of plans and proposals submitted by native groups and organizations, and I may mention the two parent native organizations here, AMNSIS (Association of Metis and Non-Status Indians of Saskatchewan) and FSIN (Federation of Saskatchewan Indian Nations), Mr. Minister, what type of support encouragement initiative have you provided if, in fact, your department has been involved? I would like to know, Mr. Minister.

**Hon. Mr. Schoenhals:**— Mr. Chairman, when I indicated the terms of references — the terms of reference, the criteria — the reference was to residency, not ancestry.

**Mr. Yew:**— Well getting to the other question, Mr. Minister, in terms of the parent native organizations, has your department, Tourism and Small Business — does your department have any involvement with the parent native organizations in a joint undertaking, a major undertaking of bringing about, you know, a major economic effort with the parent native organizations?

**Hon. Mr. Schoenhals:**— Mr. Chairman, the question of the native organizations, I think, is . . . Those organizations are dealt with by the native secretariat. As a department we don’t deal directly with them. However, on occasion, through NEDSA, through the revolving fund

on occasion, various groups from a business standpoint could in fact be involved in proposals or projects that would be considered by these funds. But in terms of the associations themselves, that would be a question for the native secretariat. We deal strictly with the business proponent — business concept.

**Mr. Shillington:**— Thank you very much. Mr. Minister, the primary complaint that small-business people have about this government is that it is so unbusiness-like. Mr. Minister, given the way in which you approach government, there are simply no way it could work. I say, given the way you approach government, there was just simply no way you could make it work. You were neither fish nor fowl.

Mr. Minister, when I say you're unbusiness-like, I want to point to a couple of things, and then I want to make some comments. I want to point to the total debt of the province, which has increased by about two and a half times since you've taken office. It was \$2.4 billion when you took office — it's now \$6 billion. Your deficits, Mr. Minister, have grown by arithmetic progression, if not . . . each year you've estimated them to drop, and they have yet to drop. And they're now up to what should be regarded as a very serious problem.

Mr. Minister, when I say that the government is unbusiness-like, I refer to your whole approach to government. You came into office with an unrealistic campaign, promising to cut taxes, and you did. But while you may have been fiscal Conservatives when it came to taxing, you were freebooting Liberals when it came to programs.

If you were going to cut taxes, you either had to cut expenditures or run a large deficit. You did not cut expenditures. This government's expenditures have increased by 33 per cent during the period of time you've been in office. Your revenues have increased by 32 per cent. The difference, Mr. Minister, in the deficit, which has grown alarmingly, is that you have . . . you reduced the revenue, but the government kept on going without any real change in course.

Your revenues continued to grow at the same rate. Your expenditures continued to grow at the same rate. You are neither fish nor fowl. If you had stuck with a Conservative philosophy and cut taxes and programs, that might have worked. If you had left taxes alone and had continued with the social programs, that might have worked. But instead you are neither fish nor fowl. You've cut taxes and left it at that.

As I say, Mr. Minister, it is a most unbusiness-like approach. And that is really I think the reason why there is the degree of disenchantment with this government in the small business community that there is. I am often surprised at the extent to which the small business community has given up on this government. Many of the people who were the government — the more competent managers who would consider themselves the natural philosophical allies of the government — have simply given up. It is while there have been other problems, the Pioneer Trust and so on, the main problem the small business community have with you people is you run the

world's most unbusiness-like government. You should have, as I say, either been fish or fowl.

Mr. Minister, I know it is going to be difficult, because you don't have a timetable. But I think many in the small business community want to know what your timetable is for eliminating the deficit. Before the minister says we're going to continue to make progress, I want to point out that every deficit — every budget has increased the deficit, including this one. And that hasn't been because your expenditures have fallen precipitously. Your expenditures have been increased by almost exactly the same percentage that your revenues have increased. Your revenues have kept pace with your expenditures. The problem is, in 1982 when you came into office, you created a gap; you've never bothered to fill it. And now you have the original gap, plus interest payments.

(2145)

And I expect people such as the member from Lakeview, and the member from Saskatoon Mayfair, who were bankers, could understand that. I expect they could read a balance sheet. You cannot, Mr. Minister, decrease your revenues below the level of your expenditures and do nothing else. While governments may last longer than private businesses, eventually anything, public or private, will go broke doing that. So, Mr. Minister, I wonder when you're going to: (a) admit that your election campaign in 1982 was unrealistic; (b) correct course; (c) when do you expect to get a handle on the deficit? When do you expect to be running a balanced budget? That's the question I get asked most often by small-business people. I think, Mr. Minister, small-business people would like to know from this government, in the unlikely event you're re-elected, when do you expect to run this government in a more business-like fashion?

**Hon. Mr. Schoenhals:**— Mr. Chairman, I must admit a certain amount of humour at hearing the member from Regina Centre talk about being fish or fowl. It's very clear in this legislature which one he is.

However, I will not stand and suggest that interest rate protection for home owners was a bad campaign promise, and I will not suggest that it was a bad program to initiate. I think it's a program that the residents of this province who were in grace danger of losing their homes, appreciated; they understood; it was something that had to be done at the time. Your party clearly said no, that's not something we want to get involved in. That's not a role for the provincial government. I note as well the desperate moves of the last few weeks when we get to 7 per cent solution being announced, clearly when interest rates are not a big problem to home owners, but simply an attempt by your party — a desperate attempt to attempt to buy votes.

So no, I'm not going to apologize in any way for the platform of '82. I think it was a well thought out platform. Some of the tax reductions, particularly on gasoline, was a reduction that the people of this province believed was reasonable. And I think it has proved to be that. In terms of the deficit, I have been through it in some detail with your colleague from Regina North East. The Minister of Finance in his budget address clearly laid out the source

of that deficit: the unfortunate decisions made in the mid '70s to change the ownership of the potash industry without any creation of jobs or wealth or anything of that nature. And again the moves that we have had to make.

We would have far sooner had a buoyant farm economy. But we don't control grasshoppers. We don't control drought. We indicated that we were . . . that in our opinion, the agricultural community was the backbone of this province. That some viability had to be maintained, and I think that the agricultural sector recognized that the things we have done were necessary. Possibly there are some who would like more. I think what we've done have been reasonable, and have been accepted. And those two factors are clearly the source of the deficit.

I think your question was, and I also indicated this to the member from Regina North East, that the Department of Tourism and Small Business can hardly be accused of being the department that controls the deficit and when it will be balanced. The Minister of Finance indicated in his address, once again, I believe, to my recollection, that it would be five years you would see a balanced budget in the province. I think that's realistic. I think that can be accomplished, given some assumptions on average agricultural output and average agricultural successes that that can be reached. That is reasonable. That will not lead to the large tax increases that your leader has suggested would be necessary; would not lead to that drastic cuts in services that I understood the member from Regina North East was advocating when he cited the comments from the CFIB manual (Canadian Federation of International Business). So I suppose the answer is five years.

**Mr. Shillington:**— Five years after what? There's been no corrective action taken.

Mr. Minister, the comments of the Minister of Finance, since you raised that, are really worthy of some comment. His argument, stripped of all its complexity, was: we want to run a deficit; we're angry at you people for not leaving a savings account around that we could run down. That's his arguments stripped of all its complexity.

Mr. Minister, even if we had not spent a nickel, even if every nickel had gone into a savings account, you'd have spent it a long time ago. There never was what now is close to \$2 billion. It never was that big.

Mr. Minister, the solution to this government's fiscal problems is not for someone to have left a savings account that they could squander. Your approach in cutting taxes and not cutting . . . (inaudible interjection) . . . Well you're going to have to wait till 10 o'clock. I persist in the unlikely hope that this minister is going to deal with the real problems and stop trying to avoid them.

Mr. Minister, you cut . . . Your budgetary problems stem, not from your promises, because in the end result the mortgage interest reduction program didn't cost you very much. It was your good fortune that the interest rates fell precipitously once you took office, through no fault of your own, and through no success of your own.

Your budgetary problems were caused fairly and squarely

by cutting taxes. You cut the gas tax and you cut the oil royalties, and those two together combined to produce a problem which appears to be of concern to everyone but you people.

As I say, Mr. Minister, it's not that your revenues have dropped in bad times. Your revenues have been increased by the same percentage as your expenditures have. Your revenues have increased by 32 per cent; your expenditures increased by 33. There's about a half a percentage point difference.

So the other myth which you try to peddle, and I think unsuccessfully, is that your revenues have dropped in hard times. They haven't. They've increased by the same percentage as your expenditures. Your fiscal problems are caused by the fact that there's a gap, and added to that gap is a growing weight of interest — this year in the neighbourhood of \$300 million — which wasn't there in '82. You've got that to add to the original gap, which you've done nothing to close.

So I ask you, Mr. Minister, when are you going to recognize the problem and stop avoiding it? You say five years. Five years after what? Because there has been no corrective action taken to this point in time except to avoid the problem, except to wander off in a whole lot of fantasies and a whole lot of fantasy lands about how the problem arose.

The problem, patently, Mr. Minister — and I think business people are going to be the most difficult to convince of this — the problem didn't arise because somebody didn't leave you a savings account to squander. Even if you think the savings account should have been there to squander, that wouldn't have, in fact, dealt with the main problem of the deficit itself, by definition.

Your problem arose because you cut taxes without taking any other action. It was unrealistic, and it was bound to get you into difficulty, and it has. At a time when there are real pressures to assist — assist farmers, assist small-business people, assist those growing numbers on welfare — you people are not responding.

One of the reasons you aren't responding is because your hands are tied tight with the mistakes of 1982 because you don't have any running room now, and no means by which to respond. Your hands are tied by a deficit which you can't control and which you refuse to control.

So I ask you, Mr. Minister, are you now or ever going to admit that your problems were of your own making; that the deficit exists because you people — not you exactly, since you were not in the opposition — but because your colleague from Kindersley, your colleague from Meadow Lake, your colleague from Indian Head-Wolseley, and so on, took an approach to an election which was bound to get them elected once, and I think bound to get them defeated the next term.

The seeds of your present-day problems were sown in that election. In the end result, if you're not prepared to be realistic with yourself and the public, you're going to come to grief.

Governments don't operate any different than business does. The law of gravity applies in this legislative Chamber just as much as the law of gravity applies in the offices of the Saskatchewan Chamber of Commerce; just as much as the law of gravity applies in the business which I run, and the business which other people run.

Just as the law of gravity applies, so does the law of economics. You spend more than you take in in my business, you're going to come to grief. Well, Mr. Chairman, an employee of what is the epitome of Canadian power, prestige and money — the Royal Bank of Canada — the same rules apply to the Royal Bank of Canada. If you spend more than you take in, you're not going to be around for ever.

Well, Mr. Minister, those same laws of economics apply equally well to government. If you are not . . . If you insist on taking in more than you're spending, you're going to come to grief. And you've come to grief. You've met hard economic times. You've had some bad luck with oil prices and grain prices, and the public I don't think fault you for that. What they fault you for is not your bad luck but your bad management — bad business decisions, decisions that you could . . . that somehow or other governments were different than something as simple as a law office or complex as a chartered bank. While one is much, much simpler than the other, the same laws of economics apply. You've got to take in at least as much as you're spending, or you're not going to be around for long.

For a period of time, people . . . Whether it is a law office, a bank, or a government, people will lend you money to carry on. But eventually the interest payments begin to catch up to you, and people start getting nervous about lending you money. And lo and behold, you're running into that. Lo and behold, not only are the interest payments becoming a serious problem here, but people are getting increasingly reluctant, people get increasingly reluctant to lend you money. Your credit . . . (inaudible interjection) . . . I wouldn't have laughed, except the member took himself seriously with that. I will let the member from Shaunavon do his own apologizing. Suffice it to say, I will be waiting to hear the member from Shaunavon apologize for that comment, because it doesn't merit apologies. And the member from Shaunavon is not the sort who apologizes for something that doesn't requiring apologizing.

Mr. Minister, I wonder when this government is going to admit that the laws of economics apply here in this Chamber as they do in my office or the head office of the Royal Bank, just the same as the laws of economics do

**Mr. Chairman:**— Order, order. It being near 10 o'clock, we shall now rise and report progress.

The committee reported progress.

The Assembly adjourned at 10:02 p.m.