

The Assembly met at 2 p.m.

Prayers

PRESENTING PETITIONS

Mr. Shillington: — Mr. Speaker, I rise pursuant to rule 11 of this Assembly to present a petition on behalf of more than 2,000 Saskatchewan residents who are opposed to the provincial government's sale of SaskTel's cable distribution system.

Some Hon. Members: — Hear, hear!

INTRODUCTION OF GUESTS

Mr. Sandberg: — Thank you, Mr. Speaker. It's my privilege today to introduce a group of 49 students from the Wilson elementary school in the constituency of Saskatoon Centre. Wilson is located on 7th Avenue, right in the heart of Saskatoon Centre, and well-known to me and my family. My daughter, Rachael, took grade 1 in that school. So it's a pleasure to introduce them to you, Mr. Speaker, and to all members of the Assembly. I hope that you have an enjoyable afternoon in the Legislative Assembly. I know you're going on a tour at 2:30. I hope you find the question period interesting. I'll be meeting with you at 3 o'clock for pictures and answering any questions you may have. So I'd like all members to welcome the students and their teachers, Warren Debert and Fred Waite, to the Assembly this afternoon.

Hon. Members: — Hear, hear!

Mr. Birkbeck: — It's my pleasure today, Mr. Speaker, to introduce to you and, of course, through you to the other members of the Assembly, a group of students from my constituency. They are seated in the west gallery. The group of students, 41 in number, are from the Langbank-Kennedy elementary school, grades 4 and 5. They're also accompanied by Jim Golding, Erin McKee, Karen Yuhazs, Cindy West and, of course, their bus driver, Don Penney.

I will be meeting with the students after question period today for some refreshments and pictures and to answer any questions they may have. I trust that they've had a good tour of the Legislative Building. I trust that you'll find the question period interesting and, of course, I trust that our visit will be an enjoyable one and a memorable one. So thank you for coming and I ask members to join with me in welcoming them here to the legislature.

Hon. Members: — Hear, hear!

ORAL QUESTIONS

Sale of SaskTel Cable Distribution System

Mr. Shillington: — Thank you, Mr. Speaker. My question is to the minister responsible for SaskTel. Just prior to question period I tabled a series of petitions signed in recent days by more than 2,000 Saskatchewan residents protesting your government's plans to sell off SaskTel's cable distribution system to private operators.

Can the minister tell us whether or not you will heed these concerns, or will he confirm, in fact, the sale of the system is to be completed with the signing of documents at a Regina law office tomorrow?

Hon. Mr. Lane: — Certainly I'll read the petition and the information. We've received letters in the past, in response, and have responded fully to them. My understanding is that the attempt will be made tomorrow to sign the agreement; and secondly, but one cable operator has indicated concerns, and that may or may not hold up the signing tomorrow.

Mr. Shillington: — Mr. Minister, how much have Saskatchewan taxpayers invested in the creation of the CATV distribution system at SaskTel? How much is your government selling it — for how much, and to whom?

Hon. Mr. Lane: — Well there are some negotiations still going on. I'll be more than pleased to give the final advice to the members when negotiations are fully completed. I gather there may be some discussions this afternoon as well. Having said that, I will get you the details of the full cost of the investment . . . (inaudible interjection) . . . No it's not. I mean, if any of you knew any lawyers of any ability over there, you'd know that negotiations sometimes go on right up to the signing and that . . .

Mr. Speaker: — Order, please. Order.

Hon. Mr. Lane: — . . . they should go to the Conservatives for legal advice rather than taking some of your own. But I'm sure you're very familiar with that. So the details can change. We've indicated that the reason for the sale is that the officials advised that it's costing about \$1.9 million a year less than the . . . costs more than the revenues coming in; and secondly, to refurbish the system is roughly \$17 million.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. With the sale, can the minister advise us what guarantees there will be of the jobs of those who are now responsible for the maintenance of the system at SaskTel, and what guarantees there will be for the cable customers that the system will be maintained to the same high standard that it now is by SaskTel?

Hon. Mr. Lane: — Well the agreement makes provision for maintenance. Secondly, we had indicated to the SaskTel unions last fall that the jobs would be secure.

Hon. Mr. Blakeney: — Thank you, Mr. Minister. I want now to ask a supplement to an earlier comment you made. I wonder, Mr. Minister, how you can claim that SaskTel is losing money on the CATV system when the documents which SaskTel filed with PURC (Public Utilities Review Commission) clearly show otherwise. I have here a statement of revenue and expenditures for CATV, which SaskTel filed with PURC. The document shows that the distribution system made a profit in 1981, again in 1982, and in fact it makes a return, or made a return at that time on its investment higher than the average return for SaskTel. You have not disclosed any figures since that time. The last disclosed figures

show you were making a profit. How can you say that you're losing money on this system?

Hon. Mr. Lane: — The advice I have from officials says that it's losing approximately \$1.9 million a year. That's the reason for the sale. Secondly, the cost of refurbishing the system is estimated to be in the range of \$17 million.

Hon. Mr. Blakeney: — Mr. Minister, would you advise me of what documents you have filed with PURC which shows that you're making a loss. The documents you filed with the Public Utilities Review Commission show that the corporation is making a profit on CATV. Would the minister refer me to the documents filed with the Public Utilities Review Commission which substantiate the statement you have now made, but now, so far as I am aware, substantiated that the system is losing money.

Hon. Mr. Lane: — As I've indicated, I will supply the information to the hon. member. The advice we have from officials is that it's losing now, on an annual basis, about \$1.9 million a year. And at that cost why should all of the taxpayers subsidize the operating losses? Secondly, the cost of refurbishing is about an additional \$17 million a year. It's not a service being supplied to everyone in the province. It is obviously being subsidized by all in the province, and as a consequence that's the reason for the sale.

Hearings on Bill Reducing Federal Transfer Payments

Mr. Lingenfelter: — Mr. Speaker, a question to the Acting Minister of Health in the absence of the minister. This question has to do with the legislation now before parliament, Bill C-96, which would reduce federal transfer payments to the provinces for health care and post-secondary education.

Mr. Speaker, in a Canadian Press report today, the committee which is now studying this Bill — and I want to quote from a Canadian Press report that goes as follows:

The Conservative majority on a committee studying legislation to reduce the growth in federal (transfer) payments to the provinces for education and health care has voted not to travel across the country hearing views on the Bill, an NDP committee members says.

I wonder if the minister can indicate to the Assembly whether or not you have complained to the federal Tories in Ottawa, and on behalf of the nurses and health care givers from Saskatchewan who had intended to give briefs to this committee when it travelled across the country? Have you made your views known that you're opposed to the Conservative point of view on the committee that these kind of hearings shouldn't be held across Canada?

Hon. Mr. Lane: — Mr. Speaker, responding to the hon. member, we have not indicated any views on the need for public hearings. It's very interesting that the request for national hearings came from the province of . . . (inaudible interjection) . . . if the hon. members would listen, came from the province of Manitoba, who have embarked, of course, on the rather desperate, political

Ottawa-bashing campaign, and it wasn't taken seriously by virtually any of the ministers in Canada.

The parliamentary committee, though, is holding, I believe, public hearings. And all of those affected, or believe that they wish changes or believe they have some suggestions to make, can make recommendations to the parliamentary committee.

Why this particular parliamentary committee would be any less likely to listen to the public than every other one that's going on an ongoing basis is beyond my comprehension, as being suggested by the hon. members opposite. But I do believe that there will be ample opportunity for public input in the normal course of the parliamentary committee system in Ottawa.

Mr. Lingenfelter: — Supplement to the minister. The minister has outlined some problems that the Manitoba government has had, but I would say that clearly they've had a little more success standing up for Manitoba than Premier Lee has down on his hands and knees in front of Mulroney.

But my question to the minister, Mr. Speaker: this parliamentary committee in fact began hearings on the legislation this morning in Ottawa, and it plans to cut off hearings on June 5th, even though more than 100 groups and individuals have asked to appear. Will you be appearing — the government — on behalf of the province, and will your government be demanding that Ottawa drop its plans to cut financial support for health care and post-secondary education in Saskatchewan by hundreds of millions of dollars? Have you got a brief ready to go down there to beat up on the Mulroney government, rather than saying: keep up the good work, Brian?

Hon. Mr. Lane: — Well, I don't know what success Manitoba's had with the federal government, but I can give a long, detailed list, including removal of the capital gains or the capital gains exemption being 500,000, which came from the province of Saskatchewan, responded to by the government in Ottawa; the removal of fuel taxes which initiative came from the Government of Saskatchewan . . .

Mr. Speaker: — Order, please.

Hon. Mr. Lane: — . . . and was responded to by the government in Ottawa — and I could go on and on — as contrast to your 10 years of fighting over there. And as the Leader of the Opposition publicly admitted, the only thing that he was able to bring forward was the charter of rights, after 11 years of fighting with Ottawa.

Mr. Speaker: — Order, please. Order!

Mr. Lingenfelter: — Final supplementary to the minister. Mr. Minister, a few weeks ago the Minister of Health in the Assembly didn't have a clue as to how much in federal transfer payments Saskatchewan stood to lose under this legislation. In fact, he said he was going to go to Ottawa and fight that the Bill would not even be introduced.

I wonder if your government has now at least had the

officials in the Department of Health look at the potential loss to Saskatchewan as a result of this legislation, so that you can report — and being the Minister of Finance you may be able to do that — how much will it cost the Government of Saskatchewan and the people of the province over the next five years when this Bill has been passed? How many hundreds of millions of dollars extra taxes will have to be levied on the citizens of the province in order to make up for the cut-backs that your federal counterparts are planning to take away from the people of Saskatchewan?

Hon. Mr. Lane: — Well first of all, let me indicate that negotiations with the federal government are still going on, and I expect will be going on for some time.

Secondly, your indication that there will have to be tax increases because of any changes on established program funding may be an excuse for you to raise taxes, and it may be something that you would hope to be able to try and convince the people of Saskatchewan is a justification for a raise in taxes; that is no justification for raising taxes. Let me assure you, secondly, Mr. Speaker, that health and education expenditures under this government are at record levels. Secondly, we will continue to fund health and education as we . . .

Mr. Speaker: — Order, please. Order. Order, please.

Trade Complaint Against Canadian Lumber Exports

Hon. Mr. Andrew: — In the last two days the members opposite raised several questions as it relates to the free trade question, the free trade negotiations, the involvement of Weyerhaeuser, Mr. Speaker.

Mr. Speaker, they asked a question; I'm going to try to respond to the question. Today or yesterday, Weyerhaeuser corporation of Tacoma, Washington, issued the following statement in support of free trade:

Weyerhaeuser company is not a member . . .

Mr. Speaker: — Order. Order, please. Order. Give the minister the opportunity to answer.

Hon. Mr. Andrew: — . . .

Weyerhaeuser Company is not a member of the coalition pressing for duty on Canadian lumber. Last year through the advisory committee, Weyerhaeuser participated in the Canada-U.S. government talks on the lumber issue. It intends to continue to look at the re-examination . . .

Mr. Speaker: — Order, please. Order. I've asked the members to come to order twice now, and I would ask them to take it seriously.

An Hon. Member: — I wonder if I could ask the Speaker what question the minister is answering.

Mr. Speaker: — Order, please.

Hon. Mr. Andrew: — Mr. Speaker, Weyerhaeuser further went on to indicate that they were seeking a negotiated

solution or settlement to this particular issue, and that they did not agree with, and were, in fact, against any unilateral action by the United States government; as they were, I might add, as a U.S. corporation head office in United States, against the 1982 countervailing action in 1982.

Mr. Speaker: — I'm going to caution the member from Quill Lakes for the last time today.

Hon. Mr. Andrew: — Mr. Speaker, the member from Quill Lakes had requested this particular . . . had raised the particular question with regard to the sale of Weyerhaeuser corporation, indicating that that was against the free trade . . .

An Hon. Member: — . . . question period, Mr. Speaker.

Mr. Speaker: — Order, please. I would ask the member for Regina North West to apologize to the Assembly for refusing to obey the ruling of this Chair. I've asked you to apologize to this Assembly.

Mr. Sveinsson: — I can't apologize while you're standing, Mr. Speaker.

Mr. Speaker: — All right; now apologize.

Mr. Sveinsson: — I don't know what I've done in the Assembly, other than ask whether this is question period, and if I've committed any kind of . . .

Mr. Speaker: — Order, please. The member knows full well what he has done. I have asked for order several times, and you continue to bray across the floor. I'm asking you now to apologize, otherwise I will have to take the next step and ask you to leave the Chamber.

Mr. Sveinsson: — I'm not sure what I'm apologizing to, Mr. Speaker. I think the question I asked was a reasonable question. What was the question he . . .

Mr. Speaker: — Order, order. I've asked the member to apologize for his action in the House for not obeying the ruling of the Chair, and I'm expecting that apology without any other comment.

Mr. Sveinsson: — Could you just outline what I'm apologizing for, Mr. Speaker?

Mr. Speaker: — For continuing to holler and yell right through the question period.

Mr. Sveinsson: — I very seldom open my mouth, Mr. Speaker. I could . . .

Mr. Speaker: — Is the member refusing to apologize? Are you refusing to apologize? If the member is going to apologize, let him do it quickly. Failing to hear an apology, I . . . Failing to hear an apology, I name you, Bill Sveinsson, and I would ask you to leave the Chamber.

Order, please. Proceed.

Hon. Mr. Andrew: — The question raised by the member from the Quill Lakes, Mr. Speaker . . . (inaudible)

interjection) . . . Mr. Speaker, the members opposite sought questions the last two days, one of those being the question of Weyerhaeuser. Weyerhaeuser Corporation endorses free trade, endorses the Canadian position, and wishes the countervailing . . .

Mr. Speaker: — I would caution the member from Regina North East as well.

Hon. Mr. Andrew: — . . . endorses the position taken by the Canadian lumber industry, and is against the position being taken by the association in the United States.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. Mr. Speaker, the questions we asked were clear and precise and did not give rise to a speech about Weyerhaeuser from the minister. I ask you, Mr. Minister, a very simple, narrow question: do you deny that Weyerhaeuser is a member of the coalition which is now mounting a case for tariffs against Canadian lumber?

Hon. Mr. Andrew: — Weyerhaeuser is not part of the coalition. I indicated that to you, if you had listened during the answer that I tried to give to the members opposite.

Hon. Mr. Blakeney: — Mr. Speaker, and Mr. Minister, I will read the *Hansard* with interest, because you did not mention the word "coalition" . . . (inaudible interjection) . . . Well, we will see. We will see.

Do you deny that Weyerhaeuser is a member of the national group which is applying for the tariffs? Do you deny that Weyerhaeuser is a member?

Hon. Mr. Andrew: — Weyerhaeuser has indicated publicly that they are opposed to the countervail proposals being conducted in the United States. Weyerhaeuser publicly stated that they were in favour of the Canadian position. Weyerhaeuser stated that they were in favour of free trade. Weyerhaeuser is not part of the lobby in the United States to try to restrict Canadian lumber into United States. Weyerhaeuser is not part of the lobby that tries to take away jobs in Saskatchewan.

Some Hon. Members: — Hear, hear!

Hon. Mr. Blakeney: — Mr. Minister, will you turn to the question, after your rhetorical answer. The question is: is Weyerhaeuser a member of the national group which is mounting the attack? And I'm asking very, very specifically whether they are a member of the national forest products lobby. I do not have the name with me here.

And I ask you the same question with respect to the western lobby. These are well-known organizations. They are mounting the case. Weyerhaeuser is a member of each, or I assert it is, and I ask you to deny it if you think I'm wrong.

Hon. Mr. Andrew: — I question the member opposite. And that is this: Weyerhaeuser U.S. has indicated clearly that it is against the lobby . . . (inaudible interjection) . . . They say it's not the question. Weyerhaeuser has indicated they are clearly against the U.S. lobby interest.

Weyerhaeuser is not part of that lobby group — not part of that lobby group. Weyerhaeuser has indicated very clearly and very strongly that they support the actions and the responsible actions of the Canadian forest industry and of the Canadian government — strongly support that view.

The members opposite would try to have us believe that they are on the other side, and that is misleading. That statement is misleading, Mr. Speaker. And one can only question the question from the Leader of the Opposition: is he, in fact, concerned about free trade, or is he really against Weyerhaeuser coming into Saskatchewan, creating jobs in Saskatchewan for the benefit of Saskatchewan.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. Would the minister answer my question and not attribute by innuendo motives for the question. The question was relatively simple. The question is this: the lobby is being mounted by the U.S. Coalition for Fair Lumber Imports. That coalition is being sponsored by the National Forest Products Association and the Western Wood Products Association. I ask you very simply: is Weyerhaeuser a member of the National Forest Products Association and is Weyerhaeuser a member of the Western Wood Products Association? Relatively simple questions: is Weyerhaeuser a member?

Hon. Mr. Andrew: — Just simply read the question again to yourself. The question you are asking and posing is: is Weyerhaeuser part of the lobby against the Canadian forest industry, a part of a given association. But the question and the fundamental question is: are they lobbying against the Canadian interests? That's the question. And the answer to that question is no, they are not part of that lobby group . . . (inaudible interjection) . . .

Mr. Speaker: — Order, please.

Hon. Mr. Andrew: — They are not part of that lobby group. They take the position favourable to the Canadian forest industry and the Canadian government. They are in favour of the free trade. They are against the tariff walls, the countervailing duties being proposed by the U.S. industry. That's a strong, fundamental, firm statement by Weyerhaeuser Corporation.

Hon. Mr. Blakeney: — Final supplementary, Mr. Minister. I take it then that you're not denying that Weyerhaeuser is a member of the Western Wood Products Association. You're not denying that Weyerhaeuser is a member of the National Forest Products Association, and a very strong member in each case. You're not denying that those two associations are supporting the U.S. Coalition for Fair Lumber Imports, and you're not denying that that coalition is calling for tariffs.

You're just saying that somehow Weyerhaeuser, which is a member of the organizations which are mounting the attack, is somehow disassociating itself for the attack. Is that your position?

Hon. Mr. Andrew: — Well the member opposite looks to

say if you belong to an association and that association takes any position whatsoever, that automatically that's your position. Weyerhaeuser has made it very clear — which seems to me to be the fundamental issue we're talking about here — Weyerhaeuser has made the fundamental position that they are opposed to the U.S. position, the U.S. forest position on lumber, lumber lobby, on the particular duties and countervailing duties against the Canadian forest industry. And I think they should be commended for standing up and stating their preference to an open border so that the forest can move back — or the lumber can move back and forth.

What you raised in the House yesterday and the day before was to somehow put a black cloud over Weyerhaeuser as being a bad corporate citizen that we should not be dealing with, and that was not in the interest of the province of Saskatchewan to deal with it. That is wrong. That is misleading, and that is not what Weyerhaeuser stands for. Weyerhaeuser stands for the Canadian position to create jobs in our province, to build in our province, and I don't know whether you're for it or against. One day you're for it; the next day you're against it. When you're in Regina you're against it; when you're in P.A. you're for it. Back and forth, back and forth.

Some Hon. Members: — Hear, hear!

INTRODUCTION OF BILLS

Bill No. 44 — An Act respecting the Consequential Amendments to Certain Acts resulting from the enactment of The Parks Act

Hon. Mr. Berntson: Mr. Speaker, on behalf of the hon. member I move first reading of a Bill respecting the Consequential Amendments to Certain Acts resulting from the enactment of The Parks Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

POINT OF ORDER

Mr. Lingenfelter: — Mr. Speaker, before orders of the day, I rise on a point of order, and it deals with today's question period. And there are a number of parts to the point of order, and if I could just briefly outline them.

During the question period the Minister of Economic Development rose to answer a question — apparently he was rising to answer a question. He didn't outline the question that had been asked, when it had been asked, or what the question was, and went on to make a lengthy statement on free trade.

Members of the opposition are very concerned about statements like that being made during question period and being allowed because we don't understand how ministers can abuse the question period to use it. In fact, the day that the minister was missing, I believe, 10 other cabinet ministers were not in the Assembly as well. And the habit has become taking notice of questions because there are no ministers here, then coming back in with lengthy statements that have no relevance to the questions being asked. And they're being allowed.

And this is happening over and over again, Mr. Speaker, and we have great concern about the fact that this government . . . And if we look across the benches today and see how many ministers are . . .

Mr. Speaker: — Order, please. Order, please. The number of ministers here or not here is not part of any point of order. If you have a point of order, I'll listen to it.

Mr. Lingenfelter: — When they're taking notice of questions, the point I'm making is because there are so many ministers not attending the Assembly, I think it has everything to do with the point of order.

The other issue is, is that when the minister rose to give his answer, the member for Regina North West was on his feet long before the minister got up.

Mr. Speaker: — Order, please. Order, please. I recognize the person that I see on their feet first, and that is not a point of order. You may see something different than I see, but the man that was on his feet was recognized.

Mr. Lingenfelter: — The other part of the point of order is that when the minister gets to his feet, having not been in his place to answer the question, someone else refers him the question, he then goes on to accuse the opposition of having other motives in asking the questions. And I think that is totally out of order and shouldn't be allowed.

The other thing that I would say, that it appears to members in the Assembly in the opposition that we are not in agreement with the member from Regina North West being kicked out of the House today, and I . . .

Mr. Speaker: — Order, order. You cannot challenge rulings made by this Chair in a point of order.

The Acting House Leader yesterday took notice of the question that was asked by the Leader of the Opposition, and he said that he would refer the question to the minister, who would be back today, to answer, and that's exactly what happened.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 41 — An Act respecting Stock Savings Plan Tax Credits

Hon. Mr. Lane: — Thank you, Mr. Speaker. I'm pleased to rise today and move second reading . . .

Mr. Speaker: — Order, please. Order, please. I've taken just about all I will from the member from Shaunavon calling names at the Chair. And if he says anything more today, I will ask you to also leave the Chamber.

Mr. Lingenfelter: — I would ask Mr. Speaker to tell me clearly what statement he heard me make so that I can apologize for it because I'm not sure what he's referring to.

Mr. Speaker: — You were telling the whole House, quite loudly, that the Speaker was not being fair, and that I couldn't win an election from this Chair. And that's not what I'm trying to do. And that if the member proceeds in doing that kind of thing in the House, I would ask you to leave the House.

Mr. Lingenfelter: — Mr. Speaker, at no time did I refer to the Speaker attempting to win the election . . .

Mr. Speaker: — Order, order. Order! We'll proceed with the next order of business, but I'm just cautioning the member.

Hon. Mr. Lane: — Again, Mr. Speaker, I am pleased to rise today to move second reading of a Bill respecting stock savings plan credits. This Bill is yet another initiative of the government to encourage public participation in the Saskatchewan economy. It follows the successful introduction in 1984 of The Venture Capital Tax Credit Act and The Livestock Investment Tax Credit Act.

The Venture Capital Tax Credit Act has resulted in attracting over \$30 million in investment, investment that is available to small Saskatchewan businesses. The livestock investment tax credit program has provided tax credit for livestock fed in the province to slaughter condition, another innovative way to invest Saskatchewan savings in Saskatchewan's future.

Earlier this session we announced extensions to both of these programs and introduced the livestock facilities tax credit. The latter credit applies to the construction of all new facilities or the major expansion of existing facilities begun after January 1, 1986, where the principal use is raising livestock. This credit available to both farm and non-farm investors.

These tax programs are in addition to the substantial assistance we have given agriculture, the manufacturing sector, the resource industries, and small business.

Mr. Speaker, members opposite have criticized the government, saying there has been too much reliance on out-of-province corporations. They said there is virtual total dependence on the out-of-province big business as the only engine of growth. Obviously not true. Our government has paid more than lip service to the concept of Saskatchewan ownership and job creation. These initiative and opportunities to invest in Crown corporations are providing a strong signal that the investment climate has changed in Saskatchewan.

Our government is introducing this Bill as a further component of our comprehensive program to encourage the investment of Saskatchewan savings in the province of Saskatchewan. Our residents save more than 17 per cent of their disposable income. Much of this money is creating jobs in other provinces and other countries. As a result of this, in previous legislation, the greater proportion of these substantial savings will be directed towards equity investment in firms with a substantial presence in Saskatchewan.

As a result of the greater availability of equity capital, the legislation will: strengthen the private sector through

economic activity and job creation; secondly, provide equity capital to junior Saskatchewan companies where access to capital is limited; and thirdly, to encourage diversification in the Saskatchewan economy, investment in new plants, development of resources in northern Saskatchewan, and the location of head offices in Saskatchewan.

The plan will provide funds that will be spent in Saskatchewan — funds attracted by established Saskatchewan public firms, public firms that are relatively new to our province, and companies that are currently operating as private corporations.

The corporation's securities will be eligible for the credit if it is incorporated in Saskatchewan, has a permanent establishment in Saskatchewan, and at least 25 per cent of all its wages and salaries are paid to employees at this permanent establishment.

Regulations may be prescribed that require a lower corporation involvement in this province if the proposed investment activity will create Saskatchewan jobs that will, in time, result in the achievement of the 25 per cent ration.

Eligible securities include common shares, preferred shares, and units of a unit trust to be prescribed by regulation, trading in on one of the Canadian stock exchanges. These regulations may consider the different circumstances faced by new and junior corporations in attempting to raise equity capital.

Preferred shares in unit trust can be designed to reduce the risk, of new equity issues from emerging corporations. To the extent that emerging corporations can help achieve the employment and investment objectives of the government, we will provide the mechanisms that will help it happen.

The Saskatchewan Stock Savings Tax Credit Act will provide a credit to individuals resident in Saskatchewan against Saskatchewan income taxes otherwise payable. The credit will be equal to 30 per cent of the cost of the eligible investments.

The maximum credit that can be earned in a year is \$3,000. That is, investments of \$10,000 will earn the maximum credit. If the earned credit exceeds the provincial taxes otherwise payable, the excess can be carried forward to a subsequent tax year. The carry-forward period will be limited to seven years.

The plan will be administered by investment dealers who are members of a Canadian stock exchange or the investment dealers' association. This will ensure that potential investors have access to professional investment counselling and advice.

Investment dealers will report the investment activity that took place during the year in an investor's account. This report, and changes that have taken place in the level of eligible investments from one year to the next, will form the basis of the calculation of the tax credit. The Department of Revenue and Financial Services will issue a tax credit certificate, if earned, by February 28th of each

year.

When an eligible investment is acquired, the investor is obligated to maintain the level of an investment for the remainder of the year and two subsequent years. If the level of investment is not maintained, the Department of Revenue and Financial Services will enforce repayment of part or all of the previous credits issued.

The private sector has agreed to be responsible for a substantial part of the administration, a further example of the partnership that is developing with the private sector.

The introduction of this legislation is a component of our successful efforts, Mr. Speaker, to create a positive climate for economic development. We will continue to encourage the investment of Saskatchewan savings in Saskatchewan. In the future, we will encourage and participate in seminars that will outline the important criteria that should be considered before going public, and provide participants the opportunity to learn more about the effects of this Bill on eligible corporations and on eligible investors.

As a further incentive to encourage individual ownership in Saskatchewan enterprises, we will introduce legislation that will provide for labour-sponsored venture capital corporations. The continued prosperity of this province is dependent on the co-operation of labour organizations, private business, co-operatives, and the public sector. These corporations will give organized labour and employment co-operatives an opportunity to create jobs in Saskatchewan by channelling investments to small and medium-sized business.

This Bill signals our continued belief that the private sector should and will be responsible for creating jobs and opportunities. When we created a favourable tax climate in the oil and gas industry, it flourished. This government is confident that this initiative will have a similar effect in this and other sectors of our economy that require equity capital to finance expansion.

It gives me great pleasure to move that Bill No. 41, An Act respecting Stock Savings Plan Tax Credits, be now read a second time.

Hon. Mr. Blakeney: — Mr. Speaker, there are a number of aspects of the Bill which we would like to familiarize ourselves with. Accordingly, I beg leave to adjourn the debate.

Debate adjourned.

Bill No. 42 — An Act to amend The Income Tax Act (No. 2)

An Hon. Member: — Point of order.

Mr. Speaker: — When the Table is on its feet, you can't interrupt at that point. Later on. Proceed.

Hon. Mr. Lane: — I'm pleased today to rise and move second reading of the Bill amending The Income Tax Act. The Bill introduces a number of important incentives to encourage the development of Saskatchewan business. It

also brings forward a number of technical amendments that have been requested by the federal government as part of our responsibilities under the Canada-Saskatchewan . . .

An Hon. Member: — Point of order.

Mr. Speaker: — Order, please. Order, please. State your point of order.

Mr. Hampton: — Thank you, Mr. Speaker. I apologize. I'm not certain if I'm in order or not, but, Mr. Speaker, I for my own satisfaction, and for my colleague's satisfaction, as we understand it, when you asked him to apologize to you, sir, he did. I heard that here, as did other members on this side of the Assembly. Mr. Speaker, on that basis, that I heard it and other members of the Assembly heard it on this side, I would ask: what was the reason for asking him to leave the Chamber?

Mr. Speaker: — At no time did I hear him apologize. All he did was ask continuous questions, and I've made my ruling and it stands.

(1445)

Hon. Mr. Lane: — As I indicated, the Bill introduces a number of important incentives to encourage the development of Saskatchewan businesses. It also brings forward a number of technical amendments that have been requested by the federal government as part of our responsibilities under the Canada-Saskatchewan Tax Collection Agreement.

I would first like to discuss the policy changes announced in the budget. We consider the small-business community to be the most important component in the province's achievement of economic growth in job creation. It has been the primary creator of employment in Saskatchewan. This is as a result of two important factors. First, it is due to the business man's entrepreneurial spirit and his will to be a contributing force in Saskatchewan's economy.

Secondly, it has been a result of the government's support of business development through a number of measures, including the industrial incentive program, which provides one-time payments of \$7,500 for each new permanent job created by manufacturing and processing firms; the nine and five-eighths interest reduction program; the venture capital program; and the tax holiday for small manufacturing and processing activities, which increases the after-tax reward to the business men for operating a successful manufacturing and processing activity.

These measures and others have created a positive environment for the encouragement of investment and job creation in the province. We wish to continue this climate through an extension and enhancement of existing incentive measures through the introduction of new programs.

First, in order to improve the climate for the formation of new small businesses, I am pleased to introduce a two-year corporate tax holiday for qualifying small

businesses. This measure will permit a tax holiday on the first \$200,000 of active business income of the corporation in each of its first two tax years, thereby increasing the return on successful business investment.

It will require eligible corporations to be genuinely new, small-business activities that choose to incorporate as Canadian-controlled, private corporations. This means that existing businesses which incorporate, but don't materially change their business activity, will not qualify. It also disqualifies large businesses from being eligible.

It is our belief that this tax holiday will create considerable interest in the prospect of creating new businesses by Saskatchewan people. This feeling is based on the success that we have developed in the tax holiday which we introduced in the oil industry.

The Bill also introduces a significant expansion in the Saskatchewan tax incentive program. This program was initially established in 1984 with the introduction of two tax credits; the venture capital tax credit, which to date has generated over \$32 million of new investment capital; and the livestock investment tax credit, which has helped maintain a healthy climate in the livestock industry during a period of unstable market conditions.

I'm pleased to say that the government will continue to assist farmers and small businesses through a continuation of these two measures. However, the province is also expanding its support to business through the introduction of three provincial tax credits: first, as a major incentive program to encourage the production of livestock in Saskatchewan, the government presents the livestock facilities tax credit. This provision will provide a significant encouragement to prospective investors who are willing to construct the necessary capital infrastructure for the raising of livestock. It offers a tax credit equal to 15 per cent of the capital cost of eligible livestock facilities, and will therefore reduce the fixed costs associated with them investing in the livestock industry.

And combined with the \$25 per hog interest-free cash advance program and the 8 per cent loan program on new or expanded facilities, the government has clearly demonstrated the strength of its support behind the important Saskatchewan industry. We are especially determined to see a significant expansion in the hog industry in order to meet future demands created as a result of the recently announced expansions by Gainers and Intercontinental Packers.

The Bill also introduces the stock savings tax credit. While I'll have more to say with respect to this measure when I present . . . as I presented the stock savings tax credit Bill for second reading, I would like to point out just a few of the more important aspects of that particular program.

As I indicated, our province has developed an extremely strong, small-business base through an unwavering commitment by Saskatchewan entrepreneurs and through targeted support by the government. However, our medium- and large-business community has demonstrated a slower growth in terms of industrial base

and the creation of jobs. This is due in large part to the province's reliance on primary industry and the present downturn in international commodity prices.

It is therefore important to provide an incentive for medium and large business to develop its productive capacity through the encouragement of equity investment in those firms. The stock savings tax credit will achieve those objectives. It is our belief that this program will accelerate the diversification of our economy, including the development of northern reserves activity.

Our government has also announced the introduction of one other tax credit, the labour-sponsored venture capital tax credit. This measure will provide an opportunity for Saskatchewan employees to become directly involved in the support of Saskatchewan business. In turn, by encouraging equity involvement by employees, this measure creates a new avenue with which to finance business expansion and maintenance while increasing the employees' commitment to the work-place.

Specifically, this measure provides a 20 per cent tax credit for individuals willing to invest in ventural capital companies that in turn make equity investments in small and medium-sized industry. In addition, the federal government will also provide a 20 per cent tax credit to the investor, so that the result is substantial support for investment in the creation and protection and maintenance of jobs in Saskatchewan.

The legislation supporting this new initiative will be presented later this session. We have delayed the introduction of this particular Bill in order that we can solicit advice on the design of the tax credit from interested parties, including the trade unions and associations and the federal government.

The initiatives I have announced will play an important role in the development of a strong business community in the province. However, there is a cost associated with this support. We are therefore raising the general corporate tax rate from 16 per cent to 17 per cent. This rate is levied on only the largest 2,500 corporations operating in the province. Small businesses will continue to pay corporate income tax at the reduced rate of 10 per cent.

Combined with the corporate capital tax increases that are being levied on large businesses and financial institutions, I'm pleased to say that the business incentive package provided through the tax system will be virtually self-financing.

One final policy change that is addressed in this Bill is the elimination of the Saskatchewan capital gains tax rebate program for transactions occurring after 1984. The program served Saskatchewan farmers and small-business people well during its operation by providing capital gains tax relief on their business holding. In doing so, it enhanced the farmer's ability to provide for his retirement through an increased return from the sale of his business property. With the introduction of the \$500,000 capital gains deduction for federal and provincial income tax purposes in 1985, our rebate program became redundant, and we are therefore

repealing it. As a matter of fact, without repeal, some not paying capital gains by virtue of the federal exemption could still apply for a rebate. Residents wishing to make application respecting a capital gain from a prior year may still do so until the end of 1987.

Finally, this Bill introduces a number of technical amendments at the request of the federal government under the terms of the Canada-Saskatchewan Tax Collection Agreement. These amendments serve to make our legislation consistent with the federal law so that taxpayer compliance is made as simple as possible. Technical amendments deal in particular with the overseas employment deduction, and some of the taxable benefits received as a stock option from the taxpayer's employer, again dealing with the foreign tax deduction.

The second aspect is that the provincial tax reduction for . . . the child tax reduction, there was some question as to whether two taxpayers could apply for the same child. And we are clarifying that so that one taxpayer only can apply for the one child. Those are the technical amendments, Mr. Speaker. It is my pleasure to move An Act to amend The Income Tax be now read a second time.

Hon. Mr. Blakeney: — Mr. Speaker, I will at the conclusion of my brief remarks be asking that the debate be adjourned, but I do want to make a few comments. I want to make a few comments on what is in the Bill, and I want to make a few comments on what is not in the Bill.

Firstly, what is in the Bill is very, very interesting in certain aspects. We have stood in this House, or sat in this House and seen others stand in this House and talk about tax reform and tax simplification and how we are going to make our tax system simpler and understandable to the taxpayer. And then we have this tax Bill that would defy an ordinary lawyer and would defy some tax lawyers.

The minister very kindly provides us with simplified explanations of what the provisions are so that we will all have the clear and simple meaning of what is provided, and that is very, very helpful. I know that none of us would have any difficulty with a simple explanation, the one on page 11, which . . . It's a new provision, and the amendment permits the regeneration of tax credits previously claimed under section 8.3 where taxes owed during the averaging period are less than the tax credits claimed during the first four years of the averaging period. And that is his simplified explanation. This is by way of making our tax system simple. They offer that. They have talked about their livestock facilities tax credit and stock savings tax credit — and this is the simplified layman's explanation of what they have in mind here.

This section must also be amended to permit the return of tax credits previously claimed against provincial taxes owing in situations where the application of block averaging has resulted in a reduction of tax credits applied. This amendment is to be made effective for the 1986 and subsequent taxation years — another very short and simple explanation of this simplified tax system which they are introducing.

So I think that all talk of tax reform and simplified tax

system adds up to what so much of this government has said about taxes. It is talk. When the opportunity comes to follow through, there is no follow-through. When the opportunity comes to simplify our tax system, our tax system gets more complicated.

And no one on the opposite side can say that the income tax system, the provincial income tax system, is not now more complicated than it was when they came to office, even though they've suggested on many occasions that they were in favour of tax reform and a simplified tax system.

I leave that point and go to a second point, and that has to do — and this is a point of some substance that I hope the minister will listen to because I want to raise it in the committee stage — and that has to do with respect to the capital gains tax.

He proposes to repeal the provision whereby a taxpayer can get a refund of capital gains which he paid. Not only does he propose that, Mr. Speaker, but he proposes to do it retroactively so that it will apply as of December 31, 1984. Anything done in 1985 will be subject to full capital gains.

Let's understand what our situation here is, Mr. Minister. The capital gains . . . There is no capital gains tax as such; there is an income tax on capital gains. And for these purposes, that's not merely playing with words. It means that when the federal government imposes a tax on capital gains, our province must impose a tax on capital gains. And we have dealt with this in the past, for the last eight or 10 years, by refunding the capital gain which was attributable to the provincial income tax on that income. and that's what's been done since, oh, 1978 or thereabouts.

Understand, Mr. Speaker, how this works. A person sells his business and makes a substantial capital gain. And this shows up, or half of it shows up in his income, and that is subject to income tax — a federal income tax and a provincial income tax. And there is no way that the province can avoid imposing that income tax unless they wish to set up a totally separate income tax system, which nobody advocates. We have dealt with this in this province by saying: well where a person sells a small business he may be able to — and makes a capital gain and a portion of that, a half of that is taxable as income — we will refund the tax he pays as a result of provincial income tax.

And it's been possible to get refunds of 30 or \$40,000 and I'll pick a figure — perhaps a good deal more than that — but I'll just pick a figure of \$30,000. suppose a person sold his business on March 31, 1985 and made a capital gain of \$200,000, 100,000 of which is taxable, and he may well have paid a tax on it which would amount to \$30,000 of provincial tax. If my figures are wrong, we'll simply adjust the figures because many people do pay significant amounts of provincial tax on capital gains.

(1500)

Now it seems to me that until very recently, at least until the budget, the citizen had every reason to believe that he

would be able to apply for this refund and get it.

The minister is now taking that right, effective back in 1984, or January 1, 1985. The minister says this won't matter because he won't be paying federal tax because he can claim the federal exemption on capital gains, to which I say: not true. For the year 1985 all you could claim was a \$10,000 exemption, unless I'm very much in error. In subsequent years this may make some sense. But I think that for calendar '85 what we're doing is taking away a right, raking away the right of the person to apply for \$30,000 — in my example — tax refund, and you're saying, not to worry, you can get 10,000 from the federal government. Well he is not going to be quite so sanguine about this as the Minister of Finance is.

Unless I misunderstand this Bill completely, we are taking away a right to apply for capital gain — my argument doesn't necessarily apply to farmers, I concede that out of hand — I'm talking about small-business people and possibly residences. And it seems to me that we are taking away something from small-business people, from people who sold small businesses and very, very unexpectedly. We're taking it away retroactively. And there's no way that a person can rearrange his affairs.

He heard the minister's budget in March of '86, but unfortunately he sold his business in March of '85. There's no way he can go back on that; there's no way he can rearrange his affairs to avoid this tax which he didn't know he had to pay.

So that it's entirely possible, as I say, for a hotel owner in Regina North or Rosetown or Kindersley or wherever . . . And unless I misunderstand this — and I have done a little checking on it; not enough, I admit, because I don't claim to be a tax expert — but unless I misunderstand this, we are taking away something retroactively and very unfairly. And I want to say that we think that's entirely wrong.

The third point I want to make is what is not in this Bill. And what is not in this Bill is any dealing with the now-notorious flat tax. A year ago the then minister of Finance, the member for Kindersley, introduced a flat tax, and he did it on the grounds of making our tax system fairer. That's what he said. And Mr. Speaker, and Mr. Minister, I think it is now clear to the public that that change in the tax system did not make our tax system fairer, but it made it demonstratively less fair — demonstratively less fair.

And I say again, and I give my example of my two twin brothers, one of whom is a schoolteacher and one of whom is a lawyer; one of whom makes an income of \$35,000 and is married and has two children. And he doesn't invest in the stock market, and he doesn't invest in MURBs (multiple unit residential buildings), and he doesn't invest in frontier petroleum projects, and he doesn't invest in video or film manufacturing. He just supports his wife and children and makes some contributions to his church. And the income on which he pays his money is virtually his entire salary, subject only to some very modest, modest deductions for his STF dues and the like.

My other twin brother is a lawyer. He goes to a convention in Hawaii. He invests in MURBs — multiple unit residential buildings, nothing wrong with that as an investment — I'm just saying that's what he does. He is single. He invests in frontier drilling credit arrangements. He is in partnerships that drill for oil and the like. His income is \$100,000, but of course, that's gross. That's before he takes off his trip to Hawaii, which of course comes off before he calculates his flat tax. Any advantage, any tax deductions which the MURBs, the multiple unit residential buildings, give him, that of course comes off before he calculates his flat tax. Similarly, any investment in frontier drilling credits or in drilling partnerships here in Saskatchewan or in the manufacture of films and videos, all of those are deductible before he calculates his flat tax.

But his brother, the schoolteacher — no deductions. The schoolteacher makes some contributions to his church; they unfortunately are not deductible either.

I ask you, Mr. Speaker: how is this capable of being defended on the grounds of fairness? Each of them pays the same tax rate. Even though the one has an income three times the other, there is no progressive tax. Even though the one is married and the other is single, there is no allowance for that. Even though the one has dependent children and the other doesn't, there's no allowance for that.

The flat tax is unfair; the flat tax should be dealt with in this Bill. This Bill change the provisions with respect to personal income tax, and it does not change them in the way that I'm suggesting it should change them. I think we all know that what I'm saying is accurate.

Mr. Speaker, I am talking about The (Saskatchewan) Income Tax Act, and I am therefore not going to talk about other things that are not in the Bill, because they do not deal with income tax. But I am dealing with income tax, the income tax imposed by this Bill which is being amended. And I ask members, once again, to consider whether or not some of these amendments to this Bill should not be changed to permit the restructuring of the flat tax so as in effect to do away with it. We have here proposals for livestock facilities tax credits and stock savings tax credits. Could we not have some relief from the flat tax? And I think that it is every bit as relevant to providing for a fairer tax system to have some relief from flat tax as it is to provide additional tax incentives to people who buy stocks listed on the stock exchanges.

I wonder, Mr. Speaker, why members opposite are in effect cheering a Bill which will have the effect of providing yet further tax benefits to my bachelor lawyer, who will be one who will no doubt invest in these stocks listed on the stock exchange, but offer nothing to my married, with children, teacher, who will not have any money to buy shares listed on a stock exchange. He will just pay his additional flat tax, which has doubled this year over last. But more benefits for the investment in stocks or the like.

We all, I think, can find something to be said in support of almost any tax saving, for somebody. But it is highly relevant to whom tax savings and tax breaks are directed.

And here, Mr. Speaker, this Bill directs the tax savings, and the tax breaks once again to people who, by and large, will be in the higher-income groups that will be the principal beneficiaries of livestock facilities tax credits or stock savings tax credits. yet there is no relief offered for people who are of much more modest incomes.

Mr. Speaker, a comment has been made with respect to labour venture capital funds. I look perhaps in vain in the Bill to find a provision for them, but it may well be there — it may well be there. We will have an opportunity to pursue this further at another occasion. But I want to say, Mr. Speaker, that I need hardly say that this Bill is a complicated Bill. The speech given by the minister made that very, very clear.

I have made the three points I wanted to make of a general nature: firstly, that this is tax confusion, not tax simplification; secondly, that the capital gains provisions, as I understand them, are retroactive and unfair . . .

An Hon. Member: — To the business community.

Hon. Mr. Blakeney: — . . . and yes, to people who we have held out something to and are now taking it away from them retroactively; and thirdly, that the Bill does not do anything to make the tax system fairer. It doesn't attack the most unfair aspect of our income tax system here in Saskatchewan, the flat tax, and it continues to offer further benefits for higher-income people.

Mr. Speaker, there are other aspects of the Bill to which I will want to turn my attention, and accordingly, I beg leave to adjourn the debate.

Some Hon. Members: — Hear, hear!

Debate adjourned.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Morin that Bill No. 25 — **An Act to amend The Tobacco Tax Act** be now read a second time.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Morin that Bill No. 26 — **An Act to amend The Corporation Capital Tax Act** be now read a second time.

Hon. Mr. Morin: — Thank you very much, Mr. Speaker. I just want to make a few brief comments in closing debate on this Bill, and they relate back to the member's comments on second reading.

To begin with, he made some allegations about this being a phoney tax, a token tax on banks. I think, in fairness to the public, they should know what the figures are, and I'd like to take this opportunity to give them. In 1982 the total capital tax on banks was \$1.6 million; estimate for

1986 is \$10 million. I don't think anybody, by any language, would call that a token or a tiny, foolish, little tax.

In addition, the member said something to the effect that we're trying to start a phoney war with the Boyd Robertsons of the world to pretend that this is a little fight with the banks and then say, see, we're like the NDP; we don't like the banks either.

Well on this side of the House we never very often, in fact never take the opportunity to say we're like the NDP. We take a great deal of pride in extending the difference between the two of us. Certainly the differences are, when viewed in terms of taxation, their massive tax increases during the 1970s in spite of high revenue, and to contrast that, our reduction in taxes on such things as gas, clothing, some of the items that the Minister of Finance just outlined providing measures for people to reduce their income tax.

(1515)

One final comment that I would like to make on this matter is to simply say that for anyone to suggest that this is a token tax is pure foolishness; that the tax in Saskatchewan is 3 per cent on capital, the highest in the country. That's roughly three times what the national average is. It's certainly twice what it is in NDP Manitoba. So if anybody has a love affair with the banks in this country, it appears to be the NDP. I don't know what the product of such a love affair might be, but no doubt it would be a hideous-looking monster.

We hear them run down the banks and other corporations in this House day after day, and certainly I would just like to add and read into the record that the banking community in this province employ 4,600 people. They pay a payroll of \$131 million, and we appreciate the jobs created by all sectors of the economy, and we appreciate being able to have these people here to tax and to generate revenue in the province, whereas they, being consistent with their political philosophy, try to run everybody out of the province, Mr. Speaker.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Morin that Bill No. 28 — **an Act to amend The Education and Health Tax Act** be now read a second time.

Hon. Mr. Blakeney: — Mr. Speaker, I just want to address a few words to the House on this Bill. This Bill in effect tinkers with The E & H Tax Act by way of exempting certain goods . . . (inaudible interjection) . . . I will attempt to make it clear, Mr. Speaker.

What I'm saying, Mr. Speaker, is this: the Bill exempts a relatively small class of goods from The Income Tax Act, relatively small in terms of the total amount. And it comes from people who promise to take the whole tax off. Every one of those people opposite said that they would remove the entire sales tax in their first term of office — every one of them. There is the member for Rosemont shouting from

his seat, and he campaigned saying that all of this tax would come off, every bit of it, all of it in his first term of office. He's already been in office as an MLA longer than anybody since World War II, between elections. Nobody has sat longer in a seat between elections since World War II than the member for Rosemont — nobody. So I don't know what he meant by his first term.

All I can say is this, he said he would take off the entire tax . . .

Mr. Speaker: — Order, please. Give the member the opportunity to make his points. There's too much chatter in the House.

Hon. Mr. Blakeney: — Well, Mr. Speaker, I will attempt to make my points uninterrupted by members, wherever they may be.

I want to say this: clearly, clearly the members opposite promised to remove the entire E & H tax in their first term of office. And if they wish me to bring in the ads, the large half-page and page ads — and I have an interesting collection of them — I have one from the member for Kindersley, removing the E & H tax entirely in their first term of office, many, many more. You all know that because you all ran those ads. You know that you promised it, and you know that this will be, in all probability, the last session before an election.

You know you have The Education and Health Tax Act before us, and you're not doing it. That is a promise made and a promise broken — a promise made and a promise broken. And I think that that point is the first point that needs to be made with respect to this Bill. It represents a serious breach of promises made by every single member who was elected as a PC member. And this wasn't a casual promise. This wasn't number 43. This was one of the three or four major promises included in the ad of every member opposite, and now they are admitting they're not going to keep that promise — they're admitting they're not going to keep that promise.

Now let's come back to one other point. One other point deals with used vehicles, and this is highly relevant to the Bill before us — trucks, cars, snowmobiles. Notwithstanding the promise to remove the entire tax, a tax was imposed last year by an amendment to The Education and Health Tax Act, introduced by the member for Regina South. Now that's what was introduced, and for nine months they collected this tax from 60,000 vehicle purchasers, and they collected 4 or \$5 million. And they finally admitted that the tax was wrong, finally admitted it was a mistake, but they won't refund the money — but they won't refund the money.

And why won't they refund the money, Mr. Speaker? Because they intend to reimpose the tax. That's why. No, Mr. Speaker . . .

An Hon. Member: — That's why. There's no amendment here to do away with it.

Hon. Mr. Blakeney: — Members opposite chuckle that the tax was removed, supposedly, by some fiat from the Premier's office. I say to you, Mr. Speaker, that according

to our practice in this legislature and in legislatures all across the Commonwealth, if you remove a tax or impose a tax — and they've done both in this case — it can be done by announcement of government policy, but the government then has the obligation to bring in legislation to confirm the imposition or removal of the tax.

Keep in mind, Mr. Speaker, we're not only talking about the removal of taxes from used vehicles, but imposing a tax on new vehicles for which there is no statutory base. No base. They're out there collecting taxes — and they have been since last December — on no statutory base.

And they had a special session in January and perhaps, understandably, they didn't deal with it. Then they went on, and we are now in day 46 of this session, and they have not introduced it again. Now why, Mr. Speaker, would they, if they're so proud of themselves for having withdrawn the tax on used cars, why wouldn't they bring in the legislation which withdraws the tax on used cars? Why wouldn't they?

Well I'll tell you — I'll tell you why it's not here. It would have been here had they intended to withdraw it permanently, but the problem with bringing it in here is that if they want to put it back on again, they have to come back to the legislature. Their current situation is that in order to reimpose that tax on used cars and trucks, all we need is a press release from the Premier's office, because the law now requires it to be collected. It's not being collected, but it can be collected with one word from the Premier.

Now obviously, if they wanted to establish the fact that they intended to repeal this tax permanently, there would be something in this Bill before us. That's because they're supposedly proud of this. They're supposedly proud of it. They're supposed to have learned their lesson, I think, was the phrase used. But they didn't do it, and they didn't do it because they intend to reimpose it if they get the chance. But it doesn't matter, Mr. Speaker. It doesn't matter because they're not going to get the chance.

Some Hon. Members: — Hear, hear!

Hon. Mr. Blakeney: — They're not going to get the chance because I say to you, Mr. Speaker, following the next election there will be legislation, and there will be an amendment to The E & H Tax Act which will repeal the tax on used cars and trucks, and repeal it permanently.

And that will happen. And that will happen, notwithstanding the covert designs of members opposite to reimpose it with a fiat from the Premier's office. It's not going to work, and I tell them, and I tell the people of Saskatchewan, that that tax is gone, because after the next election legislation will be brought in the amendment to The E & H Tax Act which will bury that tax for ever. And it will be buried just as sure as the Progressive Conservative Party will be buried at the next election.

Some Hon. Members: — Hear, hear!

Hon. Mr. Blakeney: — Now, Mr. Speaker, as I indicated, there are other aspects to this Bill which I want to refer to, and I beg leave to adjourn the debate.

Mr. Speaker: — Order, please. The member indicates that he hollered no and I didn't hear it. Order. Order. Order. Those in favour of adjourning debate say aye; those opposed say no. I believe the ayes have it.

Debates adjourned.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Dirks that Bill No. 38 — **An Act to amend The Municipal Revenue Sharing Act** be now read a second time.

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

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Rural Development Ordinary Expenditure — Vote 43

Mr. Chairman: — Would the minister please introduce his officials.

Hon. Mr. Hardy: — Thank you, Mr. Chairman. To my left here I have Dan Gilewich, the deputy minister of Rural Development; behind him I have Larry Chaykowski, director of administration; sitting at the back I have Lloyd Talbot, director of community planning; and beside him, Dennis Webster, special assistant to the deputy minister.

Item 1

Mr. Engel: — I'm not sure what system you follow here. Sometimes the ministers have an opening statement; sometimes they don't. You didn't have one today.

Thank you, Mr. Chairman. Mr. Minister, there's a number of things I and my colleagues would like to raise with you today, and that we want to consider before estimates on behalf of our party regarding the Department of Rural Development. I have lived in rural Saskatchewan all my life. I'm gravely concerned, Mr. Chairman, and Mr. Minister, about what's happening as far as events and trends are concerned in the past two or three years. I'm very concerned.

I think back of ministers like E. I. Wood, that raised Rural Affairs to the forefront in Saskatchewan, second only to Agriculture, and we had a department that was singing and humming. Now we seem to have a department that is backed off into the woods and is shelved and is fifth-rate, let alone third-rate. You hardly hear the minister, hardly hear concerns. The rural people and the rural elected people that are representing rural Saskatchewan are considered second-rate — second to all companies, second to banks, second to financial institutions.

But that's going to change very soon. That's going to change very soon, because I know when our party forms the next government, if you ever get up the courage to call an election, there's some issues that we think need to be concerned and maybe this is a time when we can forewarn some of your staff to start preparing already, and giving you some advice and directions in areas that you

should be going.

In the last three years Saskatchewan has lost over 3,000 farmers, 3,000 — 5 per cent of the farmers, either through retirements, some of them of that, but people that have decided to sell off and get out of farming and move out of rural Saskatchewan. Some are foreclosures; some are bankruptcies. But the thing that disturbs me . . . and over the weekend I picked up a paper and I looked in the paper, Mr. Chairman, and I don't know if bankers and people like that look at that section or not, but what really concerned me is the number of auction sales that are advertised across Saskatchewan. I think that's an indication of what's happening in rural Saskatchewan.

Maybe you think that some of my remarks are going to . . . or should be saved when we do Agriculture estimates, but it relates directly to you, Mr. Minister, and to the Department of Rural Affairs. And the kind of environment we're going to create out there that shows an example, or shows to the people that are in municipal government and shows to farmers that we intend to have them around for a long time, and that we intend to have programs that will make survival of rural communities — one that's healthy, and not one that says to the rural people and to the people that are elected from rural Saskatchewan, look, you know, agri-business is the way to go; the big farmers is the way to go. Our trend now is to bigger is better and we're going to consolidate. Some farmers just aren't going to make it no matter what. We'll put up some little committees to look at their situation. And if they decide they're not going to hang in there, tough luck, and let's go with those who have. I suppose that's maybe why there's so little emphasis on rural development.

You know, you've named your department . . . you've renamed it since you people have been in office, and like my leader just said a few minutes ago in the last Bill, your mandate has extended beyond any government's mandate since the war. Since the post-war period, you've had the longest term of office.

To indicate to rural Saskatchewan that you believed in rural Saskatchewan, you renamed your department. And I remember talking about that when that happened, and you called it Rural Development. And I says, well if you're changing the name, let's hope that there's some emphasis and some direction as far as development is concerned. But just the opposite is true.

You know you say one thing and do another. You're wolves in sheep's clothing. You talk about development and how we're going to encourage rural Saskatchewan, and you dry it up. You just create the opposite. You create an environment there that isn't conducive to a good, healthy rural society.

Last year the grain crop was almost non-existent in southern Saskatchewan. And in your area, Mr. Minister, I've had the privilege of doing some mini-tours with some of my caucus colleagues, and we visited a lot of Saskatchewan — many, many of the constituencies in rural ridings. And I was impressed with the mental state of mind that I encountered when I met people at either machinery dealers or at elevators or wherever, and even though their bins were full, their attitude wasn't any

different than it is amongst farmers down South whose bins are empty. There's a depression out there amongst farmers and there's the sense there that there's no hope there. They see no future coming from your people.

When they're talking about the present government, they're talking about a government that has high priority for the banks, high priority for the oil companies, high priority for those with a few bucks, like Peter Pocklington or George Hill. But when the farmer and the rural conditions are talked about, and they talk about the availability of gravel or programs to oil their roads or rebuild their roads, or grants to build community facilities, or help to rural Saskatchewan just to create an environment that gives people some hope, it's not there. It hasn't been coming. It hasn't been coming.

So I think, even though there's some grain in the bins up in the North, there's a real drought for cash. The northern farmers are saying, we can't afford to spend all the money drying our grain. In Saskatchewan, for example, no. 1 and no. 2 used to grade about 80 per cent of our grain that we grew. Last year it was down as low as 29 per cent. The financial loss to Saskatchewan due to just the reduced quality, it costs well over \$60 million.

So I'm concerned about what's happening and the quotas that are there for tough and damp wheat and for grades that are poorer than no. 1 and 2. And when you add that up to the conditions that exist, I'm wondering what rural people have to look forward to. I'm wondering what you hold out there for a vision. When I look at the estimates under Rural development, I'm wondering: what is there for a development vision for the future in your estimate? What is there and what have you got there?

Somebody was saying to me this weekend, why are estimates taking so long? And we had a nice function I was at, at the 60th anniversary of the Legion in Assiniboia. And it was a great occasion. I had a chance to visit with many of the Legion people. And they've been wanting to upgrade their hall, and they say, are you people going to reintroduce the community capital fund? Now that may be straying a little bit, Mr. Minister, and you're going to look into it, but the R.M.s got a share of that. And they said, you know, where are those days when we get 75 or \$100 per capita, that the town can pin—point and say to a group like the Legion that we can rebuild our hall and we can expand our facilities?

The place was packed and we didn't have room . . . we didn't hardly have room to sit. And that's kind of nice, when you go to a social function and you haven't got a table to sit at and you move from one table to the next. You get to visit with everybody that's there, and they don't really realize, you know, that they're doing you a favour.

But every person I talked to said, every person I talked to told me, what has this government got for a vision or hope? When do you think the election's going to be, was the second question on everybody's mind. And I think when we add it up, people are sick and tired of slogans and expression and talk, clichés that say one thing and mean another.

Change the name to Rural Development and then cut

development completely. Take development right out of it and cut programs one after the other. I think it's time you spell out . . . And oh yes, what I was starting to tell you is that, when they said, why are estimates taking so long; why are estimates taking so long? And you know what my answer was? This government put together a little book here for their estimates for '86-87 with no intentions of implementing it. No intentions.

Maybe you're going to implement the money you're spending for communication. That was in there, the increases in communication, the advertising budgets. And give Dome Advertising a little extra money — that's part of the package. But when it gets right down to the expenditures, this government has no intentions of implementing these estimates. They thought they're going to call an April election. They'll print a little book, read the budget, call the election, and then they've got a chance to show the people where the numbers are really at. Let's show the people what the numbers really are.

And I'd like to see, and from your department today, we want to have a little discussion on what are your real intentions for developing rural Saskatchewan, for rural development. What are your true intentions? Not what you printed in the book to get a little election book together, but what's the long haul? What are we going to have to work with for the year '86-87?

And I think, when I look at the farm debt in Saskatchewan, for example, the average over the period in 1972 to '82, that 10-year period, the farm debt increased by \$949 million. Today it has gone up to \$3.15 billion — a 350 per cent increase. Your government has added to that. They told farmers, you aren't going to sell enough grain to make a go, but borrow some money. Borrow a little extra and that will carry on. Saskatchewan farmers owe today well over \$5 billion to lending institutions. That's the kind of debt Saskatchewan farmers are carrying, and all you've done for them in your period of time, you have forced on them a third of that debt.

The Department of Social Services has been forced to pay social assistance to family farms and have changed their rules so some family farms could get social assistance. For the first time in my lifetime — for the first time in my lifetime — we have food banks down in my constituency. food banks. I think that is a measure of this government.

Food banks are great to help people out in third-world countries — third-world countries. Or in a capitalistic regime like California, where you have a lot of people making lots of money, then you set up rescue missions for those that can't make it, and you feed them at a rescue mission, and you throw them a few crumbs to salve your conscience.

But in a society like Saskatchewan, in a place like we grew up and like we're used to living in — Mr. Minister, the whole 20 years that you farmed and worked under a CCF government, you never saw a food bank. You never saw a food bank; you never saw one soup kitchen during our term in government. During 20 years of Tommy Douglas or 11 years of Allan Blakeney government, there wasn't such a thing as a food bank or a soup kitchen. And that speaks of the nature and where this government's

heart really is.

Rural Saskatchewan, that used to be a place where people prided themselves that they could make it go and they could survive under any circumstance, have found out that it's different. And I want to tell you, Mr. Minister, you are as responsible as anybody for people facing the tough times that they are when they're saying that old slogan over, that came from 50 years go, that Tory times are tough times.

This is serious, I'm telling you, Mr. Minister, that to sit by and stand by and call your Department of Rural Development, and see things go backwards like they have, it's a disgrace. It's a literal disgrace. I'm ashamed to be a citizen of Saskatchewan under this kind of government. I can't wait for an election to be called to turn things around.

I'm embarrassed. I'm embarrassed to talk to foreigners or people from outside of Saskatchewan and see what's happening right across the piece. I'm embarrassed with the maintenance of rural roads and the kind of money they got, and the grid road program, and the super-grid program, and the farm access program, because of the cuts, and you haven't kept pace with the increased costs. I'm embarrassed by what's happening.

Falling land values have hurt farmers even worse than any other province except Prince Edward Island, and this is just not a loss on paper; this is a loss that's happened because of the depressed value and your government's plans and programs to help these people.

(1545)

Between the end of harvest in 1984 and the end of harvest in 1985, Saskatchewan lost 75 machinery dealerships. That's something to be proud of. That's something to be proud of — an indication of the kind of environment you've created and the kind of situation that's been created because of your administration.

I want to tell you, Mr. Minister, that grain prices are falling, and you sat idly by. You travelled around Saskatchewan with the committee. You travelled around Saskatchewan; you even had a hearing in my own constituency; and you listened to farmers. You listened to them talk about chemical prices and all. And I'm sure that at every hearing you were at you got the same message you did in Assiniboia, and that message was that farmers can't afford to operate under the depressed price.

I don't hear your government saying anything about deficiency payments. I don't hear it. Everybody else is picking up on it. Now all of a sudden the Premier goes down to Ottawa and says that we've got to change the U.S. farm Bill. Instead of Canada picking up their share and helping Saskatchewan farmers compete, we want to tell the Americans to change their Bill.

An Hon. Member: — I thought he said Reagan needed a hug. About six months ago, he was his friend.

Mr. Engel: — Yes, give him a little hug. Keep up the good work, Brian and Reagan, is what our government is

saying.

And I think things in Saskatchewan haven't been that good for farmers. At a time when farmers and small-business men who depend on them have had a very difficult time coming up with enough money to live on, let alone pay their ever-increasing property tax, the Department of Rural Development has year after year refused to provide enough revenue-sharing money to R.M.s to keep pace with the increased costs. I think the revenue-sharing program is . . .

Mr. Chairman: — order. Order. Order. Why is the member from Thunder Creek on his feet?

Mr. Swenson: — Mr. Chairman, to introduce some guests, if possible. They are on a fairly tight schedule and have to leave fairly soon.

INTRODUCTION OF GUESTS

Mr. Swenson: — Thank you, Mr. Chairman. I would like to introduce to the Assembly seven students from Brownlee School in Thunder Creek constituency. They are accompanied by their teacher, Werner Janzen, and their bus driver, Wayne Cozart. They're here on a tour of the buildings and watching the proceedings in the Assembly today. I hope that it proves educational to them and that they can take back to their school the essence of our democratic process at work.

I'm sure, from watching the members interact today, that they will definitely learn something. And I'd ask all members of the Assembly to please join in welcoming them.

Hon. Members: — Hear, hear!

Mr. Engel: — Thank you, Mr. Chairman. I, too, would like to add my words of welcome to the group from Brownlee. Welcome here, and I hope you enjoy the proceedings.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Rural Development Ordinary Expenditure — Vote 43

Item 1 (continued)

Mr. Engel: — I think, getting back to rural affairs — and I was just talking about revenue sharing — every budget that you have introduced, Mr. Minister, you have frozen or given less than inflation rate to revenue sharing that you've contributed to urban municipalities. Millions of dollars have been diverted by your government over the last four years from grid road maintenance, and farm access road construction, and bridge construction, improved ferry service.

You haven't made it tougher for the likes of Imperial Oil. The oil companies are getting more than \$300 million a year more than they did under our administration. You haven't been tough on guys like Peter Pocklington, who are able to get \$20 million to build a pork plant and 10 million of it is going to be written off as a gift. You haven't

been tough on guys like Mark Silver, like you've been on the R.M.s. Your pals and your party have done very nice at the trough — they've done very nice.

But what about the people that depend on revenue sharing to keep the taxes down? What have you done for them; what have you done for them? There was a little program in place to help the small farmer and the home owner and the business man with a real shot in the arm. You moved last year to remove the rural home improvement grant, the property improvement grants and rebates. That move cost the rural home owner \$230 a year. Every small-business man lost \$250 a year. Every renter lost \$150 a year. Farmers lost in the neighbourhood of \$675 a year, depending on what their tax was on their home quarter. And you call that rural development. I'm saying it's rural destruction, Mr. Minister.

You've taken out of the pockets of individuals that kind of money, that they expected every fall when they paid their taxes. And not only that, it was an incentive to get their taxes in. I'm going to be touching on that one a little later on.

But the priorities of your government and your department are clear to me, Mr. Minister. There's no help at all for hard-pressed taxpayers and municipal governments, but there's lots of money for the biggest cabinet in Saskatchewan's history — close to 100 international junkets by yourself and your ministers to places like Hawaii and Paris and . . .

Mr. Chairman: — Order, order. Order, order.

Mr. Engel: — Now what's the matter?

Mr. Chairman: — Order. I think the . . . As I see the purpose of the chairman of this committee is to see that the exchange goes back and forth and that things keep moving. I think that's my job.

I think that when you get into areas and start making comparisons that are irrelevant to the subject matter, I believe then that we've gone beyond the realm of the estimates at hand. I would ask you to remain on the department.

Mr. Engel: — Well, thank you for your ruling, Mr. Chairman. If you would have been listening, at the top of page 6 in my notes I was talking about the priorities of the minister's department and your government to help hard-pressed taxpayers and municipal governments. And I said that revenue sharing has been cut and that money was used.

And if I can't talk about that, I'll abide by your rulings. But everybody knows that the minister and his colleagues have been spending money on things that didn't relate to rural development. When you talk about rural development, I'd like to see money, additional money, for development — seed money — put into rural affairs and to rural development.

But no, we've got millions — millions, with an "s" — extra for advertising, but less for revenue sharing. We've got millions extra for trips when the Deputy Premier went

to Beverly Hills on an extended stay at \$300 a night. We had money for that, but we didn't have money for gravel. We had money for that, but we didn't have money for gravel.

Now if you don't want me to talk about priorities, I won't. But I want to say to you, Mr. Minister: where's the money for bridge building and improved ferry service? Where is it? I see \$390 million loan guarantee for Manalta Coal to buy a coal mine in my riding with \$12 million down, and pay for the power, but I don't see any money for Coronach R.M., any additional funding like they used to get.

I met with those people down there, and they told me the difference. They told me. The surface rights committee told me how this government was running roughshod over the farmers. And you know, when that coal mine was originally in the drawing stages and they had the original meetings down there, the department of municipal affairs were those that were in charge and were placed as the trustee of the rural people. And the department of municipal affairs looked after the interests of the farmers in the town to make sure they got a good deal from Sask Power, and they got a good deal from those involved, and the contractors that came in, and the oil drillers that came in. They made sure that everybody gave the farmers a good deal. And what did this government do?

What did this government do? They turned the coal mine over to their friends, Manalta. They gave them a coal mine — \$230 million coal mine for \$12 million down and they sold it to them for \$145 million. Instead of being the custodian and the guardian of the affairs of the rural people at Coronach, you gave it to a private company so they could run roughshod over the farmers — so they could run roughshod over the farmers and that the farmers could see how they get by.

Let me give you one example, Mr. Minister, and maybe you can answer this one for me — maybe you could answer this one for me. They had an agreement, and I'm raising this here, Mr. Chairman, unless you know, and give you the facts: the department, when it was called municipal affairs, when they were concerned about the interests of people and they didn't change their name to Rural Development to camouflage the erosion of rural Saskatchewan's population, when it was called the department or whatever it was supposed to be, looking after the affairs of rural people, they were in charge of what was happening down at Coronach.

Today the coal mine told the farmers that had . . . When Sask Power had an option on their land they told the farmers, look, we're going to buy your land in such and such a time; this is the time frame we're going to dig your farm up. So these farmers went to work and they bought a new farm site, planted trees, built some quonsets, and intended to move over there — made a lot of expense. Now, all of a sudden, Manalta says: we're not going to dig there; tough luck, boys. And they're not going to be compensated for the additional expense they made. I think that is your department's problem, and you should

be custodian of those people's concerns and need.

Do you know what, Mr. Chairman? The minister won't even meet with them. He wouldn't even meet with them.

People that were very perturbed with the former government . . . And I can assure you that when you develop a new coal mine, you lose some friends. And I'm chuckling a little bit when our Premier thinks that Rafferty dam is going to be an election gimmick for him, because when we came into Coronach to build the Cookson reservoir and to buy up some land to make a coal mine, it cost me a lot of votes — it cost me a lot of votes. I gained a few when the people moved into town, and the workers that were there think it's great.

But now the farmers have a chance to look at this minister and this department and his friends in government, and compare it with Jack Messer and with Kim Thorson and some of the former ministers of Sask Power, and they say, hey, what did we do? Why did we get rid of those guys that used to listen to us? — Doug McArthur. Those guys used to come in and they'd come down; they'd go to meetings; they'd listen. But what do you guys do when they've got a problem? Won't even meet with them. You won't even meet them.

And I want to tell you, Mr. Minister, if the Premier thinks that Rafferty is going to be a good thing, I've got news for him. I've got news for him because you can't flood people's land, you can't take their oil wells away on them, you can't flood out Bible camps and church camps and the Mainprize park and beautiful places like that — you can't destroy that and win votes; it just doesn't work. There's no combination of having that kind of development and being electorally successful.

And I want to tell you . . . The minister of Rosemont just perked up because he thinks he's going to have a crack at the leadership. Well maybe our little cheer-leader's going to do the same thing as Bennett did and quit before he goes to the polls. Because Bennett realized he wasn't going to make it, and I suppose you won't here either because, I want to tell you, that's bad news.

And the people and the farmers in that area need a custodian. They need somebody that's going to be on their side, not only in appearance but in reality. And I'm going to challenge you, Mr. Minister: go down to that country; go down and visit the valley out of Estevan and listen to their concerns and be their champion; stand up for their rights. Don't defend the little cheer-leader that's going to flood them out and walk roughshod all over them, because that isn't going to do the farmers any good.

And the other area I want to challenge you on is: please, listen to my farmers down in the Coronach area and the way they're being mistreated — the way they're being mistreated by Manalta Coal. They wish Sask Power were back there dealing with them instead of a private coal company that won't listen. And they, for now if they ever did, now they need a champion on their side. They need somebody that cares.

Mr. Minister, as I said before, you have a pretty sad record. When you compare the tax holidays for the oil

companies with the benefits to the farmers, it's dismal — it's dismal. You call yourself Rural Development; I could give you a new name. If you want to change your name one more time in this long term of office you've got, we can give you a new name. Because I can tell you what the farmers are calling in the bar rooms and around the country. I can tell you what they're calling this government. And they're saying, why don't they get up the courage to call an election? Why don't they get up their courage to call an election so we can change it?

(1600)

You know, Mr. Minister, the R.M.s made representation to the former minister of Rural Development, asking for the right to set their own level of penalty for late payment of taxes. Some R.M. councils feel 12 per cent isn't even enough, and they want the same rights extended under the new urban municipal Act to the urban governments to set their own penalties. Is this something we are going to see, Mr. Minister? Are you planning on changing that?

I am concerned that things are going to get pretty tough for my friends back on the farm if you'd get a chance for one more term at them. I think if the development in Rural Development continues at the rate you're going — at the rate you're going — I'd hate to see what Saskatchewan would look like in four more years. I'd hate to see the condition of our roads that need rebuilding and of roads that need to be taken into the super-grid program. That isn't happening. I'd hate to see what would happen under the name of Rural Development.

So to start off, Mr. Minister, I suppose the first thing I'd like to ask you: can you give me the names and the present salaries of your personal staff members.

Hon. Mr. Hardy: — Thank you, Mr. Chairman. I'm going to answer some of the questions that the member from Assiniboia-Gravelbourg brought up as he went along. He went on to some 40 minutes of talking about . . .

Mr. Chairman: — Order, order, order.

An Hon. Member: — Let's have order here. Let's have some order in this place.

Mr. Chairman: — That's exactly what I intend to get. I would ask you to keep order in here and let the minister now reply. It was quiet when you were going through your presentation. Now give the minister the same opportunity.

Hon. Mr. Hardy: — First of all, I'll start out by giving my staff's names and their salaries. I have no problems with that. I can either send it over or I can read it in; it doesn't really matter.

An Hon. Member: — Send it over.

Hon. Mr. Hardy: — I'll send it over. As the member from Assiniboia-Gravelbourg went into his 40 minutes of discussion on times regarding Rural Development, I sort of kept notes of what he talked about. And some of the areas, the concern that he brought up — and I'm sure it's a concern to him — was one of the ones the named going

back, he said, into when the NDP and the CCF were government. He said rural Saskatchewan never had major problems. In fact, they were always there to help them.

I'd like to just start out by saying, Mr. Chairman, that I can remember back in 1951 in the Hudson Bay area where we hadn't had no crops for three years. And in fact the then government, the CCF government of that time, sent a letter to my father saying that there would be some help for him. He went down to the local LID (local improvement district) office, and do you know what he got, Mr. Chairman? He got one case of Klik — one case of Klik to do us for the winter. That was their food bank line for the whole year. There was no other assistance out for farmers in those days. They had absolutely zero to help the farmers in those days. You root-hogged or died, was the saying, as that went out in our part of the country.

And he went on to say that this government had done nothing for rural Saskatchewan, nothing for agriculture in rural Saskatchewan. Well I happen to have a little booklet here that we had with us when we were out on the farm input cost tour. We had 13 meetings in this province in February and March. We travelled around this province. We had 2,000 people out to the hearings; we met with another 1,000 people. And you know, Mr. Chairman, I think I can honestly say that they felt that this government had done a great deal, in fact all that would be expected of them, in regards to farm input costs and helping the farmer.

Now I'd just like to go through a few of the things that the member from Assiniboia-Gravelbourg said, that we haven't done anything. And I think it's time that we sort of brought it to his attention some of the things that we have done. And maybe he's not aware of it.

By the way, Mr. Chairman, we were in Assiniboia-Gravelbourg; in fact, we were in Assiniboia, and I never noticed the member at the meetings. He never came out and made a presentation on behalf of his farmers. He'd never come out to those meetings. We were there the whole day, and never did he come out or have any representation as an MLA there. I think that's just, you know . . . I don't know, maybe he didn't care about his farmers at that time, but certainly he had the opportunity, Mr. Chairman, to come out and voice his opinion to that farm input cost committee, and he didn't do it.

We were also in Shaunavon, and I never noticed the member from Shaunavon out either. I did not notice him out there. When we were in Swift Current, I saw the member from Swift Current; I saw the member from Morse there. In Moose Jaw, I saw the member from Thunder Creek there. But, Mr. chairman, I didn't notice those folks out there.

I'm just going to read into the record a few of the things that we have done for rural Saskatchewan in the last couple of years. In the last couple of years, Mr. Chairman, the production loan program, \$25 an acre; 6 per cent money for Saskatchewan farmers. Can you ever, ever remember any government in this province ever giving farmers 6 per cent money or any type of loan at all of that

type? Never, Mr. Chairman.

The oil royalty refund, it's the first time — no it isn't the first time. I remember one other time that the former government for one year, for one year or two years, had it out there at 4 cents a gallon — 4 cents a gallon. That's what it was, Mr. chairman. We had one out that is now 21 cents a gallon and it's tied to our oil royalties.

And, Mr. Chairman, there's much more. There's the farm purchase program, 8 per cent money for young farmers. There's the livestock cash advance, \$125 per head for cattle, and it's interest free. There's a livestock investment tax credit, the feeder association loan guarantee, the feeder-to-finish market insurance, the cow-calf finish market insurance, the hog incentive, Mr. Chairman, the farm land security Act, the counselling assistance for farmers that we brought in.

And certainly, Mr. Chairman, that was one of the very highlights that we got from farmers, from bankers, from just about everybody when we were out on our farm input costs tour, is the farm counselling assistance, how beneficial it was to the farmers who, in fact, many of them were able to sit down with these counselling people and put together an agenda. They could take it to the banker and the banker accepted it. In fact, it worked out quite well.

And there's many more. The natural gas distribution system in this province. For the first time the farmers will have natural gas available to them. The individual line service for telephones, and we can go on and on, for rural Saskatchewan — building rural Saskatchewan. That's what it's all about.

I noticed that the member also brought up when he was talking about municipal affairs — he said it was called municipal affairs. Well when they changed the name — it was at one time municipal affairs — they changed it to rural affairs, and now it's called Rural Development, and just to make sure he understands. And, Mr. chairman, I think it's come a long ways in the last year or two years since it has been changed. It's got a long ways to go.

I believe it's got a long ways to go. We found out when we were out on our farm input cost tour the need for short-line distributors, the need for processing, the need for small business in small communities. Rural Saskatchewan has to have some assistance there to build it and to put it into place and to recognize that. I think that's one of the things we'll do with our economic development corporation is, in fact, Mr. Chairman, put in place an avenue for small communities to in fact develop with their own resources.

Another thing that the member from Assiniboia-Gravelbourg brought up that we hadn't met with the R.M. of Coronach. Just for your information, and I've only been the Minister of Rural Development for five months or six months, we had met with them in December of '85, February of '86 — the department has — and in March of '86 I met with them. So we had met with them three times in the last five and a half months. I just don't know where he got his information from.

You're talking about the taking over of the land and not now taking the land over. I remember, going back a few years ago, when the NDP took that land from those farmers down there. It seemed to me that they were some upset about it. They tore out the culverts; there was protests; what else went on down there. I'm not just sure if the farmers really wanted their land taken away from them.

I think he mentioned something about the property improvement grant, and the need to replace it. And the only thing, in my view . . . And one of the things the property improvement grant did — and he brought it up — it did in fact help, was an incentive to bring taxes back into the R.M. offices. But when we were at Esterhazy, one of the farmers made a presentation to us in regards to the need to reinstate the property improvement grant. And the question I asked him was, will this help stabilize your farm in any way? And he looked at me and he said, no, but it would be good spending money. That's what he said to me at the Esterhazy meeting. And I think . . . I'm not sure that that relates to every farmer, but it certainly related to that particular farmer. But what he did say was, the 6 per cent money was a great lot of help; the \$125 of interest-free money was a great deal of help, and more should be done to help stabilize the farm income. And that's where he felt he needed his money.

You mentioned food banks, that you had food banks down in your area. That may be well true, but I also noticed that . . . I think I saw you drive up in a new Lincoln here the other day, and so certainly everybody down in your area doesn't have food banks — I can see that — or need for it.

You were talking about ministers travelling all over this country, or all over, out of the province. I just want to draw to your attention that in over a year I haven't been out of this province. I have not left this province in over a year. In fact, I travel very little out of this province. But I'll tell you one thing I do: I travel a great deal inside this province. In six months, I've been around this province almost totally twice now — almost around this province twice. And then in June, I'll be back out at the executive meetings that are being held all over the province again. So that'll be three times inside of six months . . . (inaudible interjection) . . . yes, I probably did. Well I'm sure he brought up some more questions, but I'll leave it at that and we'll see where he takes it.

Mr. Engel: — I appreciate the minister opening it wide up to personal attacks, Mr. Speaker, and we'll keep that in mind. We'll talk a little bit about that.

You talked about travelling around the country with your input costs, and mentioned that my colleague from Shaunavon and I attended your meetings. Well I want to tell you, Mr. Minister, we read those meetings for what they were. They were a little political charade where you were trying to build some support out in the country. But it kind of fell flat when one of your members made some snide jokes about farmers and tells stories like this. The reports I heard from that series of meetings is that it wasn't money very well spent. And by the way, what did that whole series of meetings cost the taxpayers of Saskatchewan? What did this little political charade cost us?

Hon. Mr. Hardy: — Mr. Chairman, I don't know. It's under the Department of Agriculture. I was only chairing the meetings. You'll have to ask the Minister of Agriculture.

Mr. Engel: — It seems to me that that's about the rate that this man administers things. He was the chairman of the committee and doesn't know what it costs. That's why he hired somebody to manage Sask Forest Products for him when he was the minister in charge of Sask Forest Products; paid him \$10,000 a month plus; \$2,500 a week — \$2,500 a week.

But you know, to my friends at the table that didn't hear this story before, they hired a guy to come in from B.C. They paid his flights back and forth; they paid his flights for his wife to come and visit him; they bought him . . .

Mr. Chairman: — Order, order. Sask Forest Products has nothing to do with these estimates. Order. And would you carry on with your . . .

Mr. Lingenfelter: — On a point of order if I could, Mr. Chairman. During the minister's comments, I believe he was talking about automobiles of the member opposite and that type of thing, and you sat there and allowed it to go on, never moved a finger to straighten him out. I wonder if you could be a little bit . .

Mr. Chairman: — Order, order, order. I cannot anticipate that the member is going to . . . (inaudible interjection) . . . He quit talking about it and I would ask the member to . . .

An Hon. Member: — Hear him out. Let him finish.

Mr. Engel: — Mr. Chairman, I appreciate your ruling. I know why you're making it. I know what the government's trying to do. But the point I'm making is that that man is incompetent. He was the chairman of a committee that travelled across and did a political junket and doesn't know what it costs.

He was the minister in charge of Sask Forest Products. That same incompetent member was the minister of Sask Forest Products that paid \$10,000 a month to one man, bought his pork and beans and his groceries, paid his trips for his wife. That incompetent minister doesn't know how to spend money? He's the chairman of the rural . . . he's the minister in charge. This same minister is in charge.

(1615)

When he is a member in his own constituency, they took a back hoe in and dozed down the Piwei campgrounds right in his own constituency; took a building that the people built to . . . The farmers of his constituency got together and put up a place. And he took a back hoe and knocked it down and destroyed the campgrounds. He closed down the Green Bush correctional centre in his riding. And I want to tell you, this minister is incompetent to the nth degree, that can stand up in this House and criticize me for the kind of car I drive.

Well I think that shows the arrogance of this government.

I'm telling you, Mr. Minister, if you want to get into personal attacks, I will tell you I know what you're doing. We've got a little letter we're going to read into the record from some Audrey somebody that I'm not familiar with, but I'll let my colleagues do that one.

But, Mr. Minister, you toured Saskatchewan as a chairman of a committee and tried to raise the hopes and tried to suggest what you were hearing. But the reports I heard from farmers that went to it said what a farce it was — said what a farce it was. And as the minister responsible, who had your way paid to travel around and do some politicking across here, what did you get out of it? How much extra did you get paid?

Does the minister not have to listen or answer my questions, Mr. Chairman? I asked him a question . . . (inaudible interjection) . . . Well, if your colleagues would quit hollering from their seats and shouting like they're doing, the members . . . and if they want me to name them, I can. If they would quit hollering from their seats, you could maybe hear the question. I was going to repeat the question again, and I see they're bringing in a new chairman to try and shut me down, but we'll see. He does it before.

Mr. Chairman: — Order.

An Hon. Member: — I don't believe this.

Mr. Chairman: — That is exactly right, if I may quote members of the opposition. I don't believe this. You know full well . . . And if I have to cite to you rule 117, there will be no imputation regarding the role of the chairman and what he will do or will not do. And there will be no reflection upon the rulings or the duties of this Chair. If you have questions, you will ask the minister responsible and you will not refer or reflect those kinds of feelings upon this Chair.

An Hon. Member: — It depends on how you act, that's what. It depends on how you carry out your duty. Who do you think you are — Gestapo, or what?

Hon. Mr. Andrew: — Mr. Chairman, on a point of order. The member from Shaunavon indicates to the Chair: what do you think you are — Gestapo, or something?

Mr. Chairman: — Order, order. The member has risen on a point of order.

Hon. Mr. Andrew: — Mr. Chairman, that type of statement is not very respectful for this Assembly or for the members of this Assembly. And no matter from what side of the House you come from, surely members of the legislature can do better than that. And I think that we should surely have some order in the Assembly with regard to the yelling and the . . . (inaudible) . . .

An Hon. Member: — A comment on the assumption that the minister is making that I, when I made the comment from my seat . . .

Mr. Chairman: — Order. Would you please be seated. Now, are you rising on a point of order?

Mr. Lingenfelter: — No. I'm not rising on a point of order. The minister made a point of order and I would like to speak to the point of order made by the speaker.

Mr. Chairman: — Please proceed.

Mr. Lingenfelter: — I appreciate that very much, Mr. Chairman. The comments that were attributed to me by the minister, which he says I made from my seat, and then he goes on to assume that it was made to the Chair — I never mentioned the Chair. I was saying of the government, that a government with this massive majority that attempts to shut down members of the opposition by hooting from their chairs is, in fact, acting in an outrageous manner. That's the point I was making. The remark wasn't made to the Chair; it was made to you and your members opposite who continue to try to shut us down in doing our work that we're paid for to be here and elected to do.

Mr. Chairman: — It is very difficult . . . I was trying to get your attention. It is very difficult to decide one way or another on this matter. However, there have been numerous cautions this day in the House, and I will add to it my caution to the House.

Rule 117 states very clearly:

Reflections upon the character or actions of the Speaker may be punished as breaches of privilege.

Be very careful; be very careful.

Rule 325 — in so far as my role as the Chairman here and what I may or may not do — and I will read it to you to caution you:

When the Speaker takes notice of any expression as personal and disorderly, and tending to introduce heat and confusion . .

I have the option of standing up and bringing the House to order on that.

What I will state in my decision regarding the point of order is that, in order to continue on with this House, I would hope that cooler heads would prevail; the questions that would be from members to the minister would be just that, and replies from the minister back to the member.

Hon. Mr. Blakeney: — Mr. Chairman, is the Chairman suggesting that the proceedings in this committee are confined to questions and answers? Are you suggesting for a single moment, sir, that substantial statements by any member, that are in order in the sense of being in the area that is being considered by the committee, are not in order? Are you suggesting for a single moment, sir, that members should conduct themselves on the basis of questions to the minister and answers by the minister?

Mr. Chairman: — To the member of Regina Elphinstone: I was asked to make a ruling on a point of order. I've indicated my thoughts on that matter. I am not suggesting that members cannot ask questions of the minister in a broad sense. The member from Elphinstone, as a

long-time member of this House, is probably a lot more familiar than the Chair or the Clerks regarding the rules of this House.

On many a time I've indicated that rule 494 does allow for questions that are broad in nature on the topic of general administration. So I do not . . . In fact, rather than say "I do not," I do not think it's reasonable or necessary to imply what my thoughts are on this matter. The questions shall go on.

Mr. Engel: — The discussion will continue. We were moving along rather nicely for quite a little while until, I don't know, it got bogged down when you decided to do a personal attack, when you decided to personally attack us on this side of the House.

And I hope that you will, as a minister, set the stage and example, and answer the allegations we've made. And if you want me to go through the former question again, I can. And the question was simply put: how much did it cost the taxpayers for the committee you chaired to tour around the province?

And don't try and put off, because you're responsible. You were the chairman of the committee. And don't try and put off answering this question till we debate it on another topic, because you were the chairman, Mr. Minister. And the broad topic is talking about rural affairs and rural development and the direction your department is taking.

And there's a ballpark number rolling around that everybody knows. but I want you to be man enough to stand up and say, we spent X amount of dollars on this little public enterprise of ours, or this little venture where we tried to gain some respect from farmers.

Hon. Mr. Hardy: — Well, Mr. Chairman, it's obvious that I wouldn't have the dollars and cents that it cost to do the farm input cost study, because it was under Department of Agriculture. And I was appointed by the Premier as chairman, which is appropriate. He may appoint anybody. He could have well appointed one member from the opposition if that was his wish.

So I wouldn't have the cost in regards to that. And I'm sure that I never did hear the costs of what it cost on the Crow, when the former minister of Agriculture went around the province in regards to the costs and travelling around when he went around. And I'm not sure that it's relevant to the point, but I don't have the costs. And if you ask the Minister of Agriculture, when you're doing his estimates, I think you'll find them out then.

Mr. Engel: — Mr. Chairman, I would like to challenge the statement you just made. You said that you don't have the costs of the Crow committee. Do you want me to read from *Hansard* when you actually quoted the number that Gordon MacMurchy spent on his little tour around the country? And I know that you're referred to that number, along with all the other colleagues in your House, and we know how much this little venture paid.

But the difference is . . . There's a little difference there. That Crow committee was out there trying to tell farmers

— and I travelled with it; I was Gordon MacMurchy's legislative secretary; I travelled with him on a lot of those meetings at my own expenses. But I want to tell you something; I want to tell you something, Mr. Minister. We were out there to alert farmers, saying that the cost of moving your grain is going to go up, and go up severely. And we had a recommendation in place that we were going to take on the federal government, and we were going to fight to maintain a cost factor that the farmers could count on.

And what do you do? You let it go. You let the Crow get away. You opened the door to the cage and told the railways, step up, stick your hands in the pockets of farmers and take all you can.

And, Mr. Minister, your little committee — who had a member on it that had just come back from a paid trip to Venezuela defending the farmers. The member got his expenses paid by a chemical company to go to Venezuela on a little holiday on your committee, and you took him around with you to hear farmers talk about input costs.

And you wonder, why didn't any recommendations, why didn't any recommendations come out of that committee? How come we haven't heard anything in the budget from that committee? How come we haven't seen any new direction in agriculture to save the farmers some money?

You took and travelled around the country, and I estimate that — with the advertising and the hall rental and the entertainment and the lavish things you tried to pour on the farmer — I estimate that that cost a pretty buck. That cost a good amount of money. And I could throw a number into the air and let you challenge it, because there's been numbers quoted in the press on what that little venture cost. And you know what it cost. Don't tell me you don't know what that little operation cost. You're deceiving us if you tell us you don't know. And I think you had an expensive little venture there.

We talked about the estimates of Tourism and Small Business, and how they increased their role and the money they're spending on communication — and let's get our message out there and let's let the people know what a good government this PC government is. Your little agricultural committee went out there, and the idea of that committee — that input cost committee went out there — and the idea was, let's convince farmers we're worried about input costs; we're going to do something about it. Where's your action? Where's your action?

You knew when your committee went out there that your term had run out. You knew it was on year 4. You expected me and my colleague to come to your political gatherings? You really expected that? You thought I'd go to a meeting that was politically oriented with your kind of people — when a pro-chemical man was on your committee to talk about the chemical input costs, and somebody that had just come back from a trip, and to colour your committee with that kind of information — and you expected me to attend that political meeting?

Well I want to tell you, your Premier has a little picnic

down in Thompson Lake Regional Park; I don't go to it. They have a Premier's valentine ball in Limerick; I didn't go to it. I don't go to those political meetings and I don't expect you to come to mine — I don't expect you to come to mine. And let's wise up and let's do a thing . . .

But the trouble is, you're paid; you're paid to go to them. And the taxpayers paid a pretty penny to travel you boys around in style and have some lavish little meetings around. I was in some of the towns while you were there, and I don't think you can get away with hiding those kind of numbers.

(1630)

And it's the same way as you couldn't get away with your manager of Sask Forest Products — the company lost more money than ever. And the same way as you lost your campgrounds; you lost your correctional centre. You're just not on top of things, Mr. Minister. You just don't seem to know what's going on and managing your department.

Now the other issue I raised, and that is that some R.M.s are asking about higher tax penalties for farmers that can't afford to pay their tax. Has this been drawn to your attention, and have you discussed it as a department to change the penalty they can charge for late payment of taxes?

Hon. Mr. Hardy: — Well, Mr. Chairman, in regards to the arrears or the penalty for late payment of taxes, we have a rural law review committee travelling around the province — have been out there for six months now — and they've been meeting with R.M. councils and ratepayers and they've been . . . The ratepayers so far and the councils have some reservations about being able to set their own. They've been saying . . . We've asked them that question, and they're simply saying, well we don't know, maybe it's best if it's set at a provincial level so it's all the same.

When the committee's finished and we get the recommendations back, we'll certainly look at them and see and then discuss with the SARM (Saskatchewan Association of Rural Municipalities) people what they think should be done, because before we make any decision in regards to rural development or the activities within rural Saskatchewan related to our department, we usually discuss it with the SARM executive and a lot of taxpayers and ratepayers around the province.

So before we bring in or make any changes, certainly we'll do that. But they're telling us out there that they would like to . . . well they have reservations; there's some that maybe think they should, and some that think they don't, and some have a lot of reservations about it.

Mr. Engel: — How many meetings has the rural committee held to date, or how far along are they? Have they published an interim report?

Hon. Mr. Hardy: — No, they've had no interim report. They've held eight meetings, but there's been questionnaires sent out to all R.M. councils that are now starting to come back in again. I'm not sure when they're

going to have an interim report.

Mr. Engel: — Who are some of the people of this committee?

Hon. Mr. Hardy: — Well just so I have it straight here, Mr. Chairman, John Marusiak is the chairman; Bill Street, from SARM, a representative of SARM that they've sent to put on the board; Jim Angus from the Saskatchewan association of rural administrators; a reeve, Dahl, from the north—eastern part of Saskatchewan; and a Godenir, he's a reeve from the south—eastern part of Saskatchewan; and Gerry Parrott from the department are the ones that are sitting on the review panel.

Mr. Engel: — And they haven't made a recommendation or they haven't given you an interim report?

Hon. Mr. Hardy: — They haven't given us an interim report. We expect one about some time in early July.

Mr. Engel: — Well I was just wondering why you put these people through all the work. It's similar to what you did in your own committee. Your committee travelled around and listened to farmers and got it in. It's similar in only one respect. Listen, Mr. Minister, don't make me repeat a question 50 times and disagree with me before I've made the statement.

The timing is bad. I appreciate . . . and I know over half of these people on this committee, and they could do some excellent work, but the timing part of it, when you're telling people to have some input and not going to report after your term of office, you know.

In all likelihood, when these were appointed, you expected the election to be in April and at best June. Like my leader said, we're well beyond your normal term of office. You've been in power longer than any government since the war. And only one other Tory government tried it that long and they came back with not one member.

Your committee went out . . .

An Hon. Member: — What government was that?

Mr. Engel: — The Anderson government. My friend from Shaunavon was well aware that when those boys were around, they decided, we're gong to try and change public opinion and travel around the country and do a few things to increase public awareness. And I'm sure that's what your committee was all about.

This rural law review committee is talking bout seeking a fair tax system . . . isn't quite the same as the question I asked you. The question that I asked, and I'd like an answer for, Mr. Minister, an don't try and evade them . . . The Chairman has suggested we get into a reasonable discussion here and debate and answer the questions. You can help us move this thing along by co—operating a little bit and not always changing the topic every time I ask a question. Are there proposals kicking around, or have you intentions of raising the penalty for late payment of taxes?

Hon. Mr. Hardy: — Well, Mr. Chairman, I said that, you

know, the law review committee that is travelling around the province is asking that specific question of delegates from rural municipalities. And SARM right now, and I'm speaking from what they've told me, is that they would have some reluctance about changing it. And so, unless the Saskatchewan Association of Rural Municipalities and the R.M.s in general wanted it changed, I don't believe we would change it. We would have to have their concurrence that they would like to have that happen.

Mr. Engel: — I'm just checking here with a *Leader-Post* of an article that says, "Higher tax penalties wanted." And the reeve of the R.M. of North Battleford thinks rural municipalities should have the same right as the cities do to levy up to 18 per cent tax. And that concerns me a little bit, with as tough as things are back on the farm, to push the farmer still further with their backs to the wall. And my question is: do you have intention of changing that and giving a leeway to charge over and above the 12 per cent that they now can charge?

Hon. Mr. Hardy: — Well, Mr. Chairman, I said, no, I don't, unless . . .

An Hon. Member: — That's the first time you did.

Hon. Mr. Hardy: — No. I said: unless the association of rural municipalities and the R.M.s themselves directly asked for it. I don't intend to change it unless they're in concurrence with what they want done. There is regional meetings being held in June, and that will be asked at those meetings. There's also a law review committee out there looking at the whole rural development Act. And so, you know, if that was their wish, but I would doubt very much . . . I believe that most councils are responsible and they wouldn't want to raise it beyond a reasonable amount, and 12 per cent is a reasonable amount. So I would wonder if they would.

Unless they come back to me and said raise it, and it was their decision, then I guess you would have to go by what they'd want. But I don't believe that they would do it, nor would I ask them to do it.

Mr. Engel: — Well you say no, but. Because you said if the councillors ask for it, and I have here a press release where he said he would like to see R.M.s allowed to set their own penalties at higher rates like Regina's 18 per cent penalty, to act as an incentive for people to turn over taxes earlier.

And I'm saying to you, Mr. Minister: what is your position on it? You have the authority. And are you planning . . . and will you put the minds of the rural ratepayers across Saskatchewan that are having a tough time making ends meet; people that have had to borrow a billion dollars at 6 per cent and think that that's even too high — 18 per cent or 12 per cent isn't reasonable. I'm wondering what your position is on it; and don't give me a no, but, or yes. But I'd like to know just where do you stand on this issue.

Hon. Mr. Hardy: — Well, Mr. Chairman, I don't know; that might be one councillor saying that. I can't speak for one councillor. I speak for all the councillors in Saskatchewan, and the taxpayers in Saskatchewan. I would hope that that's how I'd represent them.

It's in the statutes now, and unless we bring it back to this House and change the statutes, it won't be changed. And what we're saying simply is, unless it's the desire of the people to have it changed — and I'm talking about the people in general — then it's not going to be changed.

Mr. Koskie: — I was just wondering, Mr. Minister, if you could indicate whether the rural municipalities are having greater problems in collecting their taxes these days, and whether you could indicate to your knowledge whether there is a greater amount of arrears of taxes through out Saskatchewan at the present time. And I was wondering whether you could . . . Well I'll let you give me some of that information first.

Hon. Mr. Hardy: — Well an assumption would be . . . And we haven't got the end of '85 with the rebates back, that's related to the R.M.s, and I wouldn't know where they stand exactly at the end of '85. But I would assume it's been pretty tough times out in south and south-western Saskatchewan and all over Saskatchewan. And when you have tough times, farmers are probably more in arrears, and I figure that's probably a fair statement.

Mr. Koskie: — The information . . . You're the minister, and I would have thought that you'd have a pretty good grip on this. But the information that I get, and in talking with the R.M.s throughout my constituency, is that there is in fact a larger amount of arrears, and there is a reason for it. And the basic reason for the increased arrears is there is . . . you've taken away the incentive for people to pay it. And the incentive that you took away was the property improvement grants that we had in place.

And you go into every town and every village and to the R.M.s, and they're having increasing problems. And your solution now is to penalize people to pay their taxes by increasing the interest rate on delay of tax payment, rather than having the incentive that we had there before.

I want to ask the minister: have you received any representations in respect to the government's decision to remove the property improvement grants from the R.M.s? Have they in fact passed any resolutions indicating that they would like to see a reinstatement of the property improvement grants? Basically what it did, as I said, was to guarantee that payments would be made in time.

Hon. Mr. Hardy: — Well, Mr. Chairman, I'm sure that most farmers would like any kind of a rebate that they could have in tough times. You take whatever you can get. And certainly that's been true. And I went on and I mentioned before some of the things we have done.

One of the things that I did announce at the SARM convention, which I believe has been well received in Saskatchewan, in rural Saskatchewan, and it'll certainly be beneficial to our road system, we announced a regravell program, which I understand that they've asked for for quite a few years. And we announced it this year, feeling that it was probably the appropriate time to put in a regravell program. Maybe due to some of the taxes, some of the

farmers having problems trying to keep all their taxes paid up, and just, you know, the way the weather's been. And also, it would also sort of revitalize those roads to some degree and at least keep them up into the standard they are.

And so we've announced . . . It was a \$6.5 million program. It'll allow all designated roads in all R.M.s in the province of Saskatchewan to put 100 yards per mile on at 50 per cent totally cost shared, and it's quite a substantial amount. It varied from about \$10,000 at the least in one municipality to well over \$60,000 in some municipalities, so it's a substantial amount of money to most municipalities in this province.

Mr. Koskie: — Mr. Minister, as a result of your government's policies, one of the things that we have been seeing, and which is very evident, is that there has been a tax shift — that is a tax shift to the local taxpayers. And certainly it's indicative of the tax shift because what you did, and you representing the rural municipalities allowed it to happen and we're a party to it — a very substantial tax shift, in fact. Because what you did is remove the property improvement grants — \$80 million across this province was taken away; a benefit, tax relief to people in rural municipalities in the towns and villages in Saskatchewan.

(1645)

And when we take a look at it, Mr. Minister, we find that in this tax shift what you did is, in respect to the rural home owner, lost \$230; each small business lost \$250. We find that renters lost 150. And then with farmers in a time when they need it most, as you indicated yourself, that there's tough times out there, do you know what this government did to the farmers? They took away about \$675 from every farmer in the province by the removal of the property improvement grant and the education tax rebate. That's what you did.

And what you did, in fact, is turn around and say, oh yes, there's increasing arrears and taxation in Saskatchewan, but times are tough out there. Well how do you justify in one hand saying that times are difficult for the farmers, and then your policy of addressing that is to remove the tax relief that you got under the property improvement grant? I ask you: can you give a rationalization in respect to why would you, in a time when the farmers need it, pass a greater tax burden on to the rural municipalities and the taxpayers in their rural municipalities? What is the rationale for that massive tax shift and the elimination of the property improvement grant — some \$80 million in total?

Hon. Mr. Hardy: — Well, Mr. Chairman, you could go into a whole booklet of things we've done for rural Saskatchewan and the farmers. But just to touch on a couple of them: there's been a removal of the gas tax and it was about . . . It's 40 cents a gallon, approximately, to anything of personal use on the farm. And certainly wives on the farm, they drive to and from the skating rink, curling rinks, or just to town, and certainly they're the ones that travel a great deal. We've also removed the tax on children's clothing — in fact, all necessary supplies, you might say, because we removed it off of school

supplies, we removed it off of power bills. And the clothing is a very, very major one. For farm wives who go to . . . families who go to town to buy clothing, that was a substantial amount of savings.

We've also certainly . . . We have a tax rebate to farmers for farm fuel of 4.6 cents a litre, and there's a federal discount now of 5.5 cents. That's almost 50 cents a gallon on our farm fuel that's certainly coming back directly in the farmers' pockets, or being saved.

And you know, we've put out 6 per cent money on a lot of other things — \$125 a head for cattle, interest free, and many other things. So we've done a lot of things.

It may not have been done directly in the form that the former administration did, but certainly a lot of money, millions and millions of dollars, have been put into the farmers out there — much, much more than the property improvement grant would relate to it in many, many ways.

Mr. Koskie: — Well how can you, in a time when the farmers you indicate . . . You have to answer the question. Why would you, representing the farmers and the R.M.s and rural Saskatchewan, how do you justify though — that's what I want to know — how do you justify removing the benefits, even a part of your programs, of the education tax rebate program? I mean, farmers were getting up to 600, \$700 annually in the rebate in their taxes, and what has happened now is that because of lack of additional funding what has happened is that, to support education and to support other costs, the taxes are increasing at the local level. What I wanted to know . . . And similarly what you did in respect to the tax on used vehicles. Here is another one where, primarily, people buying second-hand are normally those that have less income and are buying used vehicles. And last fall, I know, in talking to rural people, because of the weather conditions, many of them had to buy a second truck for the purposes of drying their grain. And what you have done there is to tack on a tax on used vehicles.

So, Mr. Minister, I think what you're doing here is really counter-productive. You've taken away a benefit of some \$80 million which the Saskatchewan taxpayers were benefiting before and farmers were benefiting the most — you've taken that away from them. You've put on a tax on used vehicles. You've transferred the cost of education with your zero increase in budgets for rural affairs last year. You've transferred more costs on to the rural municipalities.

And so what I'm saying, Mr. Minister, is that rural Saskatchewan hasn't been doing very well under you. At the same time of increasing the taxes on the farmers, what you have done is transfer more taxes on to the local taxpayer in the perception that you're really helping rural Saskatchewan.

So I want to make it very clear to the people of Saskatchewan that while this government is indicating that it has policies which are beneficial to rural Saskatchewan that that in fact has not been true. Because under your government, Mr. Minister, we have seen the greatest imposition of taxation in the history of this

province. And you can't deny it. And you stood by and watched the erosion of tax benefits to the farmers of Saskatchewan. You allowed your government to remove the 600 to \$700 benefit to every farmer in Saskatchewan. You stood by and watched them put on a tax on used vehicles. And I'll tell you, the farmers of Saskatchewan won't forgive you for that unfair and unjust tax because they needed it. They had to buy used vehicles during the last harvest, as you may well know. And they said, if it is unfair and if this is the admission of being unfair, then why aren't they being rebated that unjust tax?

And so I say to you, Mr. Minister, on behalf of all of those farmers that paid that unfair and unjust tax on used vehicles in their attempt to purchase second-hand used vehicles to get their crop off . . . But I want to ask you, Mr. Minister: are you prepared to make representations or have you discussed with the rural municipalities that your government will be prepared to rebate that unjust tax that you have taken, particularly from the farmers, in a time when they can so little afford it? Have you had discussion with them to pay back the amount of around \$5 million that you extracted on the unfair used vehicles? Have you had any communications with the R.M.s indicating that you will, in fact, be prepared to make representations to your government to pay this unfair tax back?

Hon. Mr. Hardy: — Well, Mr. Chairman, I have representation and met with a lot of R.M. councils over the last six months, I would think in the neighbourhood of 100 to 150 R.M. councils I have personally met with over the last six months plus being at the SARM convention meeting with most of them. You talk about the rebate on the used car tax and certainly it was removed because we didn't feel it should be on there, but rebating of taxes has not been a policy of any government that I'm aware of in Saskatchewan or Canada.

And when the former government had a succession duty tax on — it amounted to about \$28 million — it wasn't rebated and they removed it and certainly they said at the time it wasn't appropriate. So, you know, there's many types of taxes that are put on and taken off and I believe it's fair to say that governments usually . . . If the tax is collected, it's usually retained whether it's right or wrong.

Certainly we have done some things in rural Saskatchewan that I believe are credible over the last four years, and it's been a pretty tight four years. You go back into the '78, '79, '80, and '81 when interest rates were extremely high, in the 20—some per cent, and there really was no relief for farmers, young farmers, or anybody else buying land. Now we have a farm purchase program of 8 per cent. We brought in 6 per cent money for short-term financing for farmers to put their crops in. So we've done that.

Also the mill rate last year went down. In fact, it didn't raise. This year, with our regravelling program, it actually should reduce, on an average, about 6 per cent across the province. That is a substantial amount of saving to the rural taxpayer.

If you look back at what we have given to the municipalities over the last four years in conditional and unconditional grants, what the increase has been, it's

been 24.4 per cent over the last four years, which is substantial, I believe, in view of the times and conditions. So we have done a lot of things, Mr. Chairman, that in fact helps out there.

Nothing, Mr. Chairman, will fix the problem out there, only a better pricing for commodities that we've got to sell. And certainly that's an international market out there and it's really tough to deal with.

We did make a presentation to the parliamentary committee travelling around the price of wheat, and our position was that it should be raised to \$11 per bushel and it should be pooled all across Canada and then paid out as a payment. And our estimation would come somewhere, it depends . . . And that would pay out on all wheats — all wheats — that's produced in this province, and in Canada, in fact. It would average somewhere between 40 cents a bushel all the way up to \$1 a bushel. There would be a variance there, and it depends on how it would be paid. But that would be a substantial amount of income to our farmers, especially when the international price of wheat is down. So we've done some things to help — not fix, but help — out there in rural Saskatchewan.

Mr. Koskie: — I asked a particular question. Have you received representations from R.M.s requesting a rebate in respect to the unjust and unfair tax on used vehicles? Have you had any representations from farm groups or R.M.s in that respect?

Hon. Mr. Hardy: — Mr. Chairman, no, I have not had any requests from SARM or from any R.M. council in regards to the rebate of the used car tax.

Mr. Koskie: — Mr. Minister, I have been alluding to the fact that when we were in government we had the property improvement grants. In addition, you put in the education tax rebate on the home quarter. And as I indicated to you before, the benefit to an average farmer was between 6 and \$700 annually. You know that and the farmers of Saskatchewan know it.

And so I ask you, under that particular system where you could get 6 or \$700 rebate back on your taxes on the average per farm, I ask you: that system which was in place which you have destroyed, would you agree that it was of benefit to farmers who were starting up and to smaller farmers? I ask you, Mr. Minister: is it not true that having the education tax rebate on the home quarter plus the property improvement grant, did it not direct, in fact, a reduction of tax most felt by smaller farmers, and also by beginning farmers? Because often they were the smaller farmers, as opposed . . . To those who may have the 30 or 40 or 50 quarter sections, it's not very meaningful.

But I'll tell you, to those that were out there, the young farmers who were starting up with a relatively small land base, it was a significant amount. And to the family farm, the average family farm, it was quite significant, Mr. Minister.

And what you have done is to remove that particular aspect of fairness of reducing the tax on the smaller farmers and the beginning farmers. And what you have

done is turned it loose so that that benefit to the smaller farmer and to those that are just developing a farm base is removed. And what it is now, the benefit is passed over to the large landholder. That's what you have done — basically very, very unfair, what you have done. And when I talk to farmers throughout the province and many of the farmers in my constituency, they are saying and asking us: will you be prepared to bring back the property improvement grant and tax relief to those smaller farmers throughout Saskatchewan, the family farm, and those that are beginning farming on a smaller land base?

And I can tell you, Mr. Minister, you took it away and the farmers across this province appreciated it. You took \$80 million out of their pockets, that's what you did. And I'll tell you when we get the opportunity, if you ever get the nerve to call an election, which is pretty evident that you're scared to, that I'll guarantee you that we will bring it back. We will bring it back, given the opportunity . . .

Mr. Chairman: — Order. Since it's near 5 o'clock this committee now stands recessed until 7 p.m.

The Assembly recessed until 7 p.m.