

EVENING SITTING

COMMITTEE OF FINANCE

**Consolidated Fund Budgetary Expenditure
Tourism, Small Business and Co-operatives
Ordinary Expenditure — Vote 45**

Hon. Mr. Taylor: — Thank you very much, Mr. Chairman. It gives me pleasure to introduce the officials that will be assisting me tonight in the estimates of our department. Seated directly behind me, Mr. Chairman, is Don Shalley, who is the acting executive director of tourism within our department; seated beside Don is Harvey Murchison, who is the director of administration; and seated to my right is Walter Keyes, the secretary of the northern affairs secretariat. Joining me in the House now, seated beside me, is my acting deputy minister, Ken McNabb.

Item 1

Mr. Lautermilch: — Thank you, Mr. Chairman. Before I begin my questioning tonight I'd like to make a few remarks, if I might. I would like to talk a little bit, if I could, about the small business department and tourism as well.

It appears to me that, Mr. Chairman, this government has emphasized its commitment to a comprehensive and stable long-range plan for Saskatchewan's economic development. We're all aware of the open-for-business rhetoric and the Partnership for Progress and Saskatchewan Builds. We've heard all of that. But I would like to suggest in reality, we've seen a wide assortment of job creation and economic development programs initiated at the politically appropriate moment and always abandoned it not long thereafter — not necessarily when needed, but when politically appropriate. And this government has proven itself to be incapable of developing or sustaining a co-ordinated economic plan or strategy. And I would like to say tonight, Mr. Chairman, that business wants action, not slogans.

In the hope of diverting attention away from the failure of this government in the promotion of small business growth, it's now turning to the tourist sector. Economic diversification hopes are now almost exclusively pegged on this sector alone, and the small business community is left to fend for itself in tough economic times.

This government has clearly displayed that it has no game plan but is reacting to the terror of its \$3.5 billion deficit, a deficit that's been amassed since 1982. A government that inherited a surplus, turned it into a massive deficit, and I say now they react in terror.

Literally all of the business grant programs have been eliminated in this past budget. The industrial incentives program introduced last June with \$17 million in incentives that was intended for small business to create jobs and attract investment to the province, was cancelled this spring. And apparently, through cancelling that grant, the government must be satisfied with the present level of economic growth in the small business

sector. Well I say, Mr. Chairman, that we on this side of the House surely are not.

Similarly, the small business interest abatement program, which was promised in the '82 election campaign, then delayed for two years, and finally implemented in May of '85, was also cancelled this spring. The entrepreneurial training program established last spring to meet the individual needs of people planning to start their own business, once again this spring was eliminated.

The list goes on, Mr. Chairman. Also eliminated in this year's budget were the community economic development program, the Saskatchewan marketing benefits, venture capital tax credit program, northern business development and grants for northern economic development, grants for general business and tourism development, the Main Street program, industrial and technical assistance — all were scrapped.

The government claims to have reviewed all of these programs and come to appreciate the needs to simplify and streamline our operations. Simplifying and streamlining has really meant abandoning small business. All of the various programs designed to assist economic development and diversification have been consolidated into a single fund — the economic diversification and investment fund, a fund of \$22 million. An overall loss in funding when compared to all of the previously existing programs that the fund has incorporated.

Now one might think that in the interest of stability and equal access and the reduction of bureaucratic red tape, that the government wouldn't constantly be reorganizing support programs to small business. We can't expect stable programming from this government. Their record indicates that we can't expect it. It's just not going to be there. The reorganization taken to create the Department of Tourism, Small Business and Co-operatives has created a nightmare, a nightmare of bureaucrats and programs for the business community. Reorganization is how this government makes it look as though it's doing something, when in fact it isn't.

Mr. Chairman, I think the most important thing to note, however, is that we are five months into the current fiscal year and there are as yet no program guide-lines for the economic diversification and investment fund. The fund which has taken the place of all of the ones that I mentioned that were there to support small business — this fund — five months into the fiscal year and nobody knows what it's about. Business leaders in this province had initially adopted a wait and see attitude about the new fund, but now they are wondering about its priorities — research and development, trade and tourism — specific industrial priorities, and they are also wondering about the entrepreneur institute promised. But without a shred of detail in this year's budget address, we hear about the programs; five months later we still wait.

It says to me that perhaps the minister doesn't have a commitment to small business in this province. If he had a commitment, why then would that program not have been outlined during the budget, or shortly thereafter, so

the business community knew what to expect. We find on this side of the House that that's an appalling situation, and I say we commend small business for their patience.

We're all clear and, I think, we're all sure that the two main strengths in the Saskatchewan economy are agriculture and small business. Saskatchewan small business is dynamic, creative, and innovative. It provides the goods and services for our people in all communities and particularly in the small rural communities. It provides jobs and job opportunities. In fact, Mr. Chairman, if each of the 30,000 or so small businesses in Saskatchewan could create just one new job, the serious unemployment problem that we face in this province could be very much reduced.

But all across Saskatchewan small business under this government is experiencing difficulties in our cities, in our towns, and our smaller communities. Many of those small business people right now, whether they be in urban or in rural Saskatchewan, are having to make some very tough decisions. They're having to look at what's happened to their businesses over the months, the past months and the past year since this government's been in power. And they're having to make decisions that affect people's lives, Mr. Chairman. Those decisions I speak of are whether or not they're able to keep those people under their employ.

Mr. Chairman, by any reasonable and objective economic indicator, we see that the Devine government's economic performance has been bad for small business. It's not just a question of ideology; it's a question of performance. Small businesses much more interested in the reality of their own bottom line than in the rhetoric of open for business.

And, Mr. Chairman, for business the bottom line is that business growth in Saskatchewan has declined. Budget cuts and new taxes and the deficit have taken the edge off of spending and business growth in 1987. And a member opposite, I didn't hear which one, was hollering, wrong. Well I ask you how much time you spend out there asking small business whether their gross has been increasing. You wouldn't hear that kind of a statement from someone who understood what was happening out there because the reality is, is that business growth just isn't there.

Decreases in government programs have caused unemployments — cuts in discretionary spending and a downturn in retail sales. And if you don't believe that, you go out there and you talk them and look at the small little businesses that have closed. Walk down any street in Saskatoon or Regina or Moose Jaw or Prince Albert. Look at the numbers of bankruptcies and the number of businesses that have closed. That's the indicators you should be looking at. But not you guys, open for business, we're building, we're growing, we're diversifying. But while you guys are doing your hype, businesses are going bankrupt.

Mr. Chairman, since this government took office, the unemployment in Saskatchewan's doubled from an average of 21,081 to an average of 38,000 or more in '87. How do those people spend? People on unemployment insurance don't spend lavishly. The bankruptcy rate in

Saskatchewan is sky-rocket to unprecedented levels, and we've had four consecutive years in which business failures have topped the 300 mark. We've got the second highest bankruptcy rate in Canada, and I say, Mr. Chairman, this government should be ashamed.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — In both '85 and in '86, Saskatchewan had record low levels of new housing starts — the lowest in a dozen years, and that hurts small business. In fact '86, Saskatchewan had the fourth lowest rate of increase in new housing starts in Canada. Is that a record to be proud of? I say not.

Investment capital, expenditures show little improvement, and recent forecasts indicate that capital spending by large corporations will decline over 20 per cent in 1987. Saskatchewan is expected to have the biggest decrease of any province, and I say that this illustrates a less than enthusiastic response to pour investment dollars into this province. Saskatchewan's annual percentage increase in gross domestic product has been consistently lower than the annual rate. Saskatchewan's growth rate has been less than the rate in the majority of the province. From 1982 to '85 the Atlantic provinces, Quebec, Ontario, and Manitoba, all out performed Saskatchewan's economy in terms of gross domestic product and growth.

And I say that the bottom line is that while the PC government managed to find large sums of money for large corporations and their political friends, Saskatchewan's small business are abandoned to face tough economic times. And not only has this government abandoned small-business grant programs, it totally ignores the growing tax burden of small business and the real concerns that small business has. It ignores the whole issue of municipal tax, business tax, or of how it should be applied to avoid inequities.

Reduced provincial funding causes increases in municipal taxes. The Minister of Finance says that it's a problem at the municipal level. But this government used public funds . . . if they used public funds more efficiently, increased municipal taxes wouldn't be necessary.

(1915)

And the 7-cent-a-litre gas tax they introduced in this budget, I want to say that the Saskatchewan business community is not very happy. I tell you, when I talk to truckers who are spending \$28 a trip twice a week and they're doing that 104 weeks out of the year, they're not happy with you. And when I talk to salesmen who make their living in their vehicles, who aren't exempt from that 7-cent-a-litre gas tax, they're not happy. I say that these are decisions by a PC government that have been directly harmful to small business, both in urban and rural areas.

Mr. Chairman, this government has also scrapped smaller plans — the cancellation of many small business collection agents for Sask Power who provided service to the people of the province and a little bit of revenue to themselves by bringing people to their stores; dramatic increases in world car dealers fees; auction company

license rates have been tripled. I say these are actions of a government that cares little about small businesses, and small business is losing confidence in you.

I'd like to turn to tourism, and I'd want to suggest that, not only do I have major criticisms and questions about the small aspect in this department, but I've got some questions and concerns about the new tourism initiatives that this government has taken.

The minister espouses a lot of hot air, but he's never revealed the priorities or specifics of this year's budget for tourism. We have yet to see any of the details of the government's proposals made in October of '86. I'd like to know what they're talking about in terms of the Saskatchewan tourism and hospitality institute, and we'll be asking the minister about theirs. I'd like to know where it is. The institute was to be in place by this fall, we understood. Well, Mr. Minister, this fall has come, and many of our young people have been waiting for training opportunities in the hospitality industry in this academic year. Symbolic initiatives, I say, not real initiatives.

But I want to suggest as well that I feel that they feel tourism to be their new lift raft. Open for business clearly didn't work, so now they switch to tourism. I recall during the last election campaign the government referring often to the Canada-Saskatchewan tourism agreement as though it was a new program or entirely new provincial money. But what's the reality, Mr. Chairman? When the tourism subsidy agreement to provide \$30 million over five years was signed with the federal government in December of '84, the industry had high hopes, but it, too, has been mismanaged.

A lack of spending on the part of the province is preventing the industry from receiving all potential funding. I say that's a shame in a province and from a government that wants to hang its hat on tourism. And similarly, many people in the tourist industry believe that if the agreement wants private enterprise to be responsible for promoting, marketing the province, then the program must be properly funded. And I say that this is especially important if tourism is to become the great revenue producers.

One million dollars, Mr. Chairman, was to be made available for industry support under the federal-provincial tourism agreement of 1984. The funding hasn't been used to develop Saskatchewan's tourist industry until now. TISASK, the Tourism Industry Association of Saskatchewan, with limited funding, has received for tourism promotion and the operation of visitor information centres, makes it look as though the government is going to create a great deal of development and work towards developing tourism potential in the province, but I say in reality, the government has been remiss and is not doing an adequate job, not in comparison with other provinces once again. Once again, an example of inadequate and incompetent management.

In reality, Mr. Chairman, this government has so badly managed the public finances that it is now in the process of abandoning the operation of provincial camp grounds. It is tendering — and given their track record, I would say,

probably unfairly — 26 provincial camp grounds and asking eight other local communities to take them over. This government is asking the same municipalities, which will be getting less in government funding this year, to add on the cost of running camp grounds and recreational sites, passing those taxes directly on to their taxpayers. I say that this government has not only failed in its tourism initiatives and its management of existing tourism facilities, but it's adopted contradictory policies which prevent growth in the tourism industry.

And the PC gas tax has helped to increase the price differential between the U.S. and the Canadian gasoline. And I say that this has got a negative impact on the economy generally, but I say that it's got a big impact on tourism. This government has claimed to make a substantial financial commitment to the tourism industry on one hand, and on the other hand, levies a tax which is going to keep people out of the province. Eighty-five per cent of tourism travel in North America is done by automobile, and surely this government can appreciate the harm done to the industry by the unfair gas tax. They've shown incompetence and contradiction.

The underfunding and deteriorating highway system in this province is just another example of contradictory policy which hurts the development of a more viable tourism industry. When the rate increase at our provincial parks and recreational sites are added to the gas differential, our province becomes a far less attractive tourist destination.

I say, Mr. Chairman, that it's not surprising that tourism industry statistics are beginning to show a decline in the number of tourists visiting this province. The number of visitors checking in at Saskatchewan's tourist information centres decreased by 20 per cent this year. And I say that those aren't good signs. I say that those are signs of a government that has embarked upon a new Messiah, embarked upon this new Messiah, setting up rules that won't make that industry flourish.

I think when we look back on this year and these debates, we're going to see in a couple of years that their initiatives haven't worked. I suggest to you the failure will be as dismal as what the open-for-business philosophy was. And I would say to you that the small-business people involved in the tourist industry will feel no more favourable to you than those who are involved in the retail industry, who have had a look at your kind of government.

Mr. Minister, I'd like to turn to a few questions, if I may, and I mentioned before in my opening remarks that it seemed that every one of your business initiatives in terms of programs were short-lived. And I indicated I felt they were a nightmare of bureaucracy and the kinds of things and the kind of requirements weren't what business were looking for. And I would also say that they were poorly and unfairly administered and that they were based on wrong priorities and improperly targeted. A big business bonanza but nothing for small business. And I want to say that these facts are widely agreed to and becoming more widely agreed to by the business community.

Mr. Minister, if I might . . . and if I can just take a moment

to get my papers in order, I'd like to ask you about business development grants and tourism development grants, and I'd like to know if the minister might explain to me how these grants will operate. I'd like to know who they will be targeted toward and when we can expect some details. And I'd also, as well, Mr. Minister, like to ask about who has been consulted in terms of the structure of these grants.

Hon. Mr. Taylor: — Well, Mr. Chairman, I feel it only right to, at the outset, correct some of the misinformation and some of the incorrect statements that the member opposite indicated.

He started out talking about small business. I want to tell you, Mr. Chairman, the background of the development of the department of which I have the honour of heading at this time, the Department of Small Business, Tourism and Co-operatives, along with the northern secretariat.

In 1983 my predecessors went out to the business community of Saskatchewan, who had not had a very conducive attitude towards it under the previous government, and asked them what are the major problems facing small business in this province today. Basically there were three things, Mr. chairman, that was brought to their attention. Number one, they said: we need information; we need information of how to access government work, for example. We need information on how to have the best types of accounting procedures, the best types of support, where we can find opportunities for business, where we can find opportunities to expand. Because as you know as I do, Mr. Chairman, coming from a rural constituency, not all of those things are at the beck and call of each individual out there who may be interested in starting or improving a business that he has.

So based on that, we saw the necessity to institute business resource centres, and I can stand in this House today and announce to you, and I'm very proud to do this, that we have some excellent business resource centres across this province — 12 of them. Street-front resource centres where men and women from all walks of life can walk in to very competent and capable people and sit down with them and analyse their businesses as they're functioning now or ask them for help and direction in how they can start new businesses and where the opportunities are. We have these across the major parts of the province, and I can say that we have request after request after request. I believe something — I'm going from memory now — around 34,000 requests in the last year or the last two years. So I want to say to you that there was one of the things, a need that existed in this province, obvious need that this government and this department are now filling.

There was a second question that was brought to the people who went out there to ask what are the needs of business in the province of Saskatchewan today, and that was in 1983. And they said we need financing; we know that is always a need of business and especially starting business. I guess if I have learned anything in this portfolio in the last while, it is that that first year and a half or so of operation is crucial to any business.

And then we have seen previously, time after time, where

people have had fairly good ideas but did not have that financing to get them over that initial hump. So we thought, how can we address this? And some of my predecessors who had this portfolio said, yes there is a way. Let's form a venture capital corporation; let's allow other people in Saskatchewan who have some money and would like to see that money funnelled into small businesses in to help these young entrepreneurs and people who want to start businesses. So let's look at a vehicle by which we can address this.

And that gave growth to the venture capital corporation — the venture capital corporation of which we have about 113 of them registered today in the province of Saskatchewan; in which we have a large number, a large amount of dollars that have come together to allow these people who needed that capital to give them the opportunity to get that financing that's so necessary if your business is going to survive. And also with these, the people who invest that money get a tax break, so that they will put their money into helping Saskatchewan grow and develop.

(1930)

And thirdly, the people said if there was anything that really was hampering small business and was frustrating small business, it was the red tape of which they had to go through. Mr. Chairman, I know I don't have to tell you and members on this side of the House that that was one of the things that the 11 years of the Blakeney government were known for; not to give the helping hand, not to make it easy, not to put the financing there, but to put in a myriad, a myriad of useless regulations.

Since taking over the regulatory reform, our department in co-operation, in co-operation with the private sector, have at this time taken around 1,500 regulations off the books of the province of Saskatchewan. And I can tell you that that regulatory reform is ongoing between members of the department and members of the private sector.

But that isn't all, that isn't all. Another aspect that we saw and an opportunity and an avenue in which business could develop in this province was to have a program that would allow Saskatchewan people to supply the needs of Saskatchewan business and industry. It started, I remember, in I think it was in 1982, when one of colleagues was the minister in charge of the Saskatchewan Power Corporation.

Saskatchewan Power Corporation is a large corporation by anybody's standards, consumes an awful lot of consumable products. This minister looked at it as he inherited it from the previous government, and he was appalled to see the number of things that were purchased outside of this province for Sask Power that could be made and produced here, that could start new businesses and start new industries right here in Saskatchewan. And that was the birth of the Buy Saskatchewan program.

Today we have a very active Buy Saskatchewan program that is designed to help the small businesses of this province source right here in Saskatchewan the things that we should be producing here, the things that will help our businesses have greater employment of our

people and produce those needed commodities for our Crown corporations and for other businesses right here in the province of Saskatchewan. Mr. Chairman, those are some of the things that we have done in the field of small business.

I listened with interest to the critic give his introductory speech, and he mentioned about tourism, and I will branch into tourism for a moment. And he picked a few statistics, and he says, entry into the province is down. He talked about tourism, about some small parks, some areas in Saskatchewan, the communities have taken over operation. And you know, I sat and I listened to him, and with all due respect to the member opposite, that indicated to me exactly, exactly where he party's view of tourism is.

They don't understand the magnitude of tourism and what tourism means to this province and the people of this province. You can talk to any statisticians across North America who will tell you that one of the fastest growing elements in the economic activities of any state or province is that of tourism. And that is true of Saskatchewan. Tourism is the wave of the future, and that tourism is much bigger than some park and some point of entry.

I didn't hear him mention the largest tourism attraction in the province of Saskatchewan that has grown up over the last few years, in the Big Valley Jamboree. I didn't hear him mention about Folk Fest and Mosaic, rated in the top 100 by the American coach drivers — top 100 attractions to see, right here in the province of Saskatchewan.

I didn't hear him give the slightest mention about our world famous Western Canada Agribition, the greatest show of its type in this country. I didn't hear him mention about the Farm Progress Show. I didn't hear him mention about the new convention centre that's being built in this city of Regina.

I didn't hear him mention about the all-season resort complexes, four-season resort complexes that are being built around this province. The Western Development Museums. The private enterprises like Gopherville, out on the west side and the east side of our province, where one man with a vision and a dream and a family built a first-class and world-class type of attraction.

That's what tourism is. That's what we believe in and those are the things that this government will try and foster and try and develop.

So when I hear the member opposite talk about some roadside park and talk about perhaps one point of entry into the province of Saskatchewan, and the one he probably picked was Fleming. And yes, the entries into Fleming are down this year because, Mr. Chairman, Fleming is the point of entry on the east side of our province, and as we all know, people that cross the Trans-Canada Highway where I live, know very well that last year there was a large number of people came right through the port at Fleming, that eastern entrance into our province on their way to Expo. So that traffic isn't there this year, and that's understandable. So therefore the number of people coming in at Fleming, that number

is down.

But there are some other interesting statistics which I would like to put forward just to indicate that the member opposite was attempting . . . and I hope he wasn't trying to purposely mislead; I think it's more from misinformation. He has a speech prepared by the research department, and from what I know of their research department, I wouldn't put an awful lot of faith in them. So I don't want to be too hard on the member. He was providing and reading what was written for him, and that's fine and dandy.

But I have a few other facts which I would like to give you, and this is for how is tourism doing in 1987 — that's this year. U.S. residents entering Saskatchewan by automobile for one or more nights' stay from U.S. — up 7.7 per cent. Park statistics, January till June, vehicles entering provincial parks — up 11 per cent. Visits to provincial national historic parks — up 3 per cent. Visitation to the Western Development Museums, January to June — up 2.8 per cent.

Attendance at annual events, Regina Exhibition — 9.2 per cent up. Western Canada Farm Progress Show, which he failed to mention — he doesn't have that concept of understanding the bigger part of tourism — up by 25 per cent. Restaurant receipts, January to April — up by 20.4 per cent. And the value of Tourism recreation construction in major cities, the construction — I mentioned the new tourist centre and the convention centre that is coming here in Regina — up by 349 per cent.

Mr. Chairman, I think some of those statistics would indicate to you that certainly here in Saskatchewan we're on a building mode in tourism. Mentioned something about the building permits, and I'd like to indicate to him that the building permits issued in 1986 were worth \$741.5 million — the highest level in the 1980s and considerably higher than the previous year, which was 1983, of \$613.5 million. Retail trade in 1986 had also increased by 24 per cent.

So, Mr. Chairman, at the beginning I would like to indicate to the member opposite that some of the information that he provided in his opening remarks just simply isn't the way it is. It's simply not correct. I understand that the member has to operate from the information that he has at his fingertips.

But let me tell you, and I've sat in this House . . . And the member from Moose Jaw chortles and laughs in his seat; he laughs and he chortles from his seat. But I can tell you, I sit here day after day, and I listen to the comments, and I look at some of the times that the members, especially the new members, are sent up with just what is simply inaccurate information. And if I were giving you a little bit of advice as a new member, I would look very, very seriously at the research department of your caucus. They are not serving you well. You could probably spend your money in a better way. For them to give you some of this misinformation that tourism is down, that entrance is down, is just simply not fair to a new member in this House.

With that, Mr. Chairman, I imagine there are some pointed questions, and you did ask one at the end of your introductory remarks. If you would like to repeat that, we can get on, and we can answer and have a very good dialogue.

And I challenge you, I challenge you as a critic of the department to take a high road tonight. You know, you can come out, and you can kick everything and say it's all bad and it's no good and so on, and then I can get up and I can say it's all find and it's all dandy. But that isn't really what . . . (inaudible interjection) . . . Well if the member from Moose Jaw would be quiet, I think the critics and I could carry on a dialogue that would be beneficial to the province of Saskatchewan. But if you want to keep chattering from your seat and disrupt these estimates, that's fine; we will put up with your chatter.

I was just going to say to the member opposite, and I challenge him, I ask him . . . And the member from Riversdale will well remember when I sat on that side of the House, and he will remember this exactly, that in the dialogue and the discussion of the estimates of education and continuing education — he will remember this — that we had a dialogue in which there were positive suggestions and alternatives. And that's what I challenge you as a new member in this House, a new critic in this portfolio, if you have ideas and suggestions that are better, if you believe there are ways that we can improve the tourism industry and the small business industry in this province, I welcome those suggestions, because really that's what this place is about.

I don't know what they told you when they first came in, and it may have been that every time a Tory says something, get up and say it's all wrong and all negative. But that doesn't serve you well as a member; that doesn't serve the process well; and that wastes a lot of time in this House.

So I ask you, and I ask you most sincerely, let's have a question and answer; let's have a dialogue; but let's have some positive suggestions brought from your side. And I can tell you, I can tell you and I can give you that commitment, if there are things that make sense and can be undertaken, they will not fall on deaf ears. So with that, let's get into a good dialogue that can benefit and build small business and tourism in this province.

Mr. Lautermilch: — Perhaps, Mr. Minister, we could start with some answers to the questions I ask you. I certainly didn't expect a lecture this evening, but since I've just received one I'll take it in good faith.

In terms of suggestions to improve the department, I think members on this side certainly have suggestions as to how to improve the department, as a matter fact, to improve the whole government. You could start by a little honesty and some sound management.

The question, Mr. Minister, that I asked was under the Tourism, Small Business and Co-operatives, the business development grants, you have estimated some \$9,000,512, and under tourism development grants, you have estimated some \$2,000,766. I would like, Mr. Minister, an explanation as to how these grants will

operate, who will they be targeted towards, when can we expect some details, and I'd like to know who you've consulted about the structure of these grants.

Hon. Mr. Taylor: — Yes, in regard to the \$9.5 million budgetary item is the first one you asked me, and that's regarding the business development grants.

The breakdown on them is that there's a general business grant and that can be for various and sundry things of \$10,000. An entrepreneurial institute — grant or money set aside for that of \$150,000; the small business interest reduction program, which of course is ongoing of \$8.3 million; the commerce student consultation grant of sixteen thousand eight; Big Valley Developments, a grant of a \$126,000; Special ERDA (Economic and Regional Development Agreement), 60,000; NEDSA (Northern Economic Development Subsidiary Agreement) or Northern Economic Development grants of a \$100,000; and the venture capital tax credits of \$750,000 — so that should come to nine five twelve. If I went too fast, if there's any of those you want repeated, I'd do that for you.

(1945)

An Hon. Member: — If you could just send those over.

Hon. Mr. Taylor: — Yes, I can give you some . . . And under the tourism and development grants, under the tourism sub-agreement, a million one; the tourism opportunities program, \$1 million; hospitality institute, 400,000; and the support to TISASK, \$266,000. So those are the figures.

And then you ask me, well when we would see some action. That's the budgetary amounts as far as . . . and I'm sure you'll have some other questions regarding the hospitality institute and entrepreneurial institute, and we can get into those in more detail. I've given you the amount of money.

The consultation . . . I guess the consultation is the same as you do in any budgetary process in any department, is that ministers have contacts with people who come into their offices when you're out visiting various chambers of commerce, various groups and functions that you may attend. The bureaucracy have continual dialogue and discussion with various aspects of the business sector, and it is from those type of discussions and dialogues that one structures a budget.

So to tell you who all the dialogue would have been with is almost an impossible task. But it's ongoing, and that's just the way it operates in government. You have groups, cabinet continually have groups that will come and put forth their concerns and how they think you should be improving the business climate in the province. And certainly you have personal contacts with people coming into your office, your bureaucrats have a lot of contact with the population.

Conferences, you hear what other provinces are doing, other initiatives which may be very interesting, and you follow up on some of these. So I guess the consultation and who you talk to is very wide-ranging. It goes on all through the year, and then all of those kind of

consultations and dialogue comes some decisions that the cabinet eventually makes as to how they're going to structure the budget, what's in the budget, and what the expenditure levels for the various components would be.

Mr. Lautermilch: — Mr. Minister, I trust you'll be sending those lists across this evening, then, so that we can have a look at where the money is allocated and to whom.

I had asked to who these grants or who these dollars will be targeted to, and I guess I was asking as to whether it's going to be Saskatchewan small business, whether it's going to be large multinational corporations, or out-of-province operators, and I don't believe I had an answer to that. Perhaps when we have a look at how you've broken those dollars down, we may have a better understanding but at this point I certainly don't.

Mr. Minister, going back just one step, you quoted retail sales figures up some 24 per cent. I would like to know where in the world you would have found retail sales in Saskatchewan up 24 per cent, out of which particular document that may have come from, and I would certainly appreciate if you would undertake to send that over to us this evening as well.

Hon. Mr. Taylor: — That's retail sales. I was stating figures and maybe you were misled by 1982-86 figures. That was over that period of time.

Mr. Lautermilch: — Oh, so we're talking retail sales figures from 1982 to 1986, an average of roughly 6 per cent a year. If we were to take inflation at 5 per cent and give you 1 per cent for increased retail sales growth, that would be the actual retail sales growth perhaps. Is that what I'm understanding?

I have a hard time following those kinds of figures that you're putting before the people of this province because I think any small-business man in this province knows that retail sales certainly haven't been up on any one year since you guys have been in office, and so that figure was . . . that was a little, I think, misleading, Mr. Minister.

But we'll be getting into the retail sales figures, I hope, in a little while down the road, because those are the questions that I'll be asking and will be comparing to other jurisdictions in Canada as well . . . (inaudible interjection) . . . My colleague tells me from '82 to '86 inflation's been up some 34 per cent. I have no figures to document that right at this point, but certainly I don't find it terribly hard to believe.

I'd like to know, Mr. Minister, under the 1987 tourism marketing program, just . . . and I believe it's subvote 8 in the amount of \$1,011,400. I'm having a hard time to understand. You were quoted in a Yorkton paper, I believe it was, as indicating that you're going to be taking a more regional approach to marketing. I'd like some explanation of that, and as well, if you could explain joint promotions, and I'd like to know how TISASK is going to be involved in tourism marketing in this program, or marketing the tourism program this year. If you'd give me a breakdown as well of that million-and-whatever dollars as to how that's going to be spent.

Hon. Mr. Taylor: — I think what you have interpreted, or what the . . . I don't know the paper that you're quoting from, but I do recall being out in Yorkton about a week and a half ago or two weeks ago, in which we had one of our consultation meetings — well-attended I should say — by people in that area on tourism, small business, and things of this nature, co-ops, and northern development.

Perhaps I think what they were referring to is the tourism opportunities program, when you talk about regional marketing. And by that, I believe very strongly — and it was reinforced by the people that were there that day — that there are many things in Saskatchewan on regional basis at the community level that could have a very significant tourism attraction and impact, and that we should be looking at ways and means of trying to develop these. So in discussion . . . I remember the reporter I was talking to. We were discussing just that aspect, that certainly there were things in that part of the province that could be developed and could be built into tourist attractions, that people in another region of the province would be most interested in seeing.

I think it goes without saying that there are many things that can be developed in Saskatchewan for Saskatchewan people to see. One of the things that we find in our analysis of tourism visitations and so on, which is a part, I guess, of our culture and our heritage, is that a lot of the people coming into Saskatchewan as tourists come because of family connections. In other words, it can be people coming back for school reunions which we know are big things and happen from year to year in various parts of the province. There's also the anniversaries of towns and areas.

So what we are trying to develop and what we were talking about is saying, then, if the people in the province would, from one area, realize that there were attractions of significant importance in other areas, that we would get the Saskatchewan people moving around to see these various things with their guests who may be in to see them. So that's what we're really talking about by the regional marketing. I hope that explains to you what I meant by that type of development.

I'm sure you know from your own area in Prince Albert. I suppose you're a little more blessed there with the Prince Albert National Park and a strong tourist attraction there. But I'm sure, as I've said to you previously, that you could suggest some areas in that part of the province that that type of development could take place. I think of the areas in the historic importance of the Duck Lake, Batoche, Fort Carlton area, which certainly has good potential for developing some first-rate facilities and attractions that could benefit that area of the province, as well as the province in its entirety.

Mr. Lautermilch: — Mr. Minister, I asked that you would undertake to give me a breakdown of the spending in terms of that particular million dollars. I trust you'll be sending that across tonight.

Hon. Mr. Taylor: — Is it the tourism sub-agreement program? Is that the \$1 million you wanted to breakdown on, the tourism sub-agreement program?

Mr. Lautermilch: — It's under tourism marketing, item 8.

Mr. Minister, while you're finding those figures, you had spoken about regional development and you mentioned my particular riding and my area. I have some questions regarding regional development in the Prince Albert-Duck Lake area. During the election campaign the former member, Mr. Dutchak, was in the press and was indicating that there was to be a major development in our particular area, which we certainly are looking forward to, if in fact it's there.

Apparently there is a study ongoing, and it's been ongoing for some time, of the Fort Carlton-Batoche area. It's referred to as the Fort Carlton-Batoche destination area study. I wrote to you on January 13, 1987. You indicated to me that your department — in a response on February 12 — that the initial target dates were set for the end of March or mid-April of 1987. This was a letter on February 12. Again, I inquired, and your last response was September 3, 1987, and you indicated that the study is not yet complete and there have been some study items in the process that have taken longer than anticipated.

Mr. Minister, I would want to suggest that there are a lot of people that felt it was a little political play during the election campaign, and given the length of time that we've been waiting for just a study, a simple study to be complete as to the development in the Fort Carlton and Batoche area, a lot of people are becoming a little sceptical.

Now you indicated that you are all for regional development this evening, and I would like to know this evening if you have that study completed and if you are seriously committed to that proposal that the former member, Mr. Dutchak, was in the election campaign.

Hon. Mr. Taylor: — My officials indicate to me that the study is still going on. There's been some new market information that has been brought to the study team, and they are hopeful that the study will be completed in the not too distant future.

Mr. Lautermilch: — Mr. Minister, I'd like some indication of what the "not too distant future" means. Does that mean 1987, '88, '89, or just prior to the next election? The people of the province, and I think the people of Duck Lake and that area have a right to know if they were just being duped by the former member from Prince Albert-Duck Lake or if, in actual fact, he was serious and your department is serious is about that study and about that development.

Hon. Mr. Taylor: — The not too distant future, to me, would be somewhere around the end of the year.

Mr. Lautermilch: — That would be the end of this year, I would hope, Mr. Minister. I'd like to know, did you indicate to this House that the study has been completed or has the study not been completed?

An Hon. Member: — No.

Mr. Lautermilch: — It hasn't been completed. Could you give us some details as to why it hasn't been completed?

What specifics are holding you back?

That area has been there; it's been a historic site for, you know, not decades, it's been a historic site for over a hundred years. Surely to goodness if your department is concerned and really interested in that area, you shouldn't have any problems in getting that study completed and getting on with the work and getting on with development in that area.

(2000)

Hon. Mr. Taylor: — Phase two of the study started in May of this year, and as I indicated just a few minutes ago, but obviously you were not paying attention, that there has been some added market information that the people doing the study felt it should be included. So that is going to be included, and as I say, approximately around the end of the year, we expect the study to be completed.

Mr. Lautermilch: — Mr. Minister, I would ask for some preliminary report but I know, at least I feel not very optimistic that we would receive a preliminary study. If you wouldn't be willing to give it to this side of the House, I would certainly hope that you'll be in contact with some of the people in Carlton and in the Fort Carlton-Batoche area, some people who you maybe trust to share that information with, or at least write to the members or the people of that area who have been involved in tourism development, who have been lobbying your government, who talked with the former member and indicate to them at least that it's going to go ahead.

Mr. Minister, I'd like to turn to the industrial incentives program. We've questioned the Minister of Economic Development earlier on as to who got the funding. He has indicated that it's going to be coming to this side of the House — haven't received it yet — but at any rate, I have some questions regarding that program. I would like to know what percentages of the businesses receiving funding under that program really needed that money in order to do the development. I guess what I'm saying is: what percentage? Do you have any figures of businesses that developed under that program that wouldn't have developed had it not been for that program?

Hon. Mr. Taylor: — That was administered by the Department of Economic Development and Trade, and we have no information as to their figures on that. I think you questioned the other minister in quite some detail. That was their program and we do not have any information on that.

Mr. Lautermilch: — Rather unfortunate, Mr. Minister. I would have thought as the minister responsible for Small Business and a program that affects small business, you may have some understanding of what's happening.

I have a quote here from Mr. White of the Canadian Federation of Independent Business, and he indicated that their operation feels that only 10 per cent of the businesses actually use government programs and that only 30 per cent of those actually need the money. And I'm wondering if you don't have some handle on how that affects the small business community in Saskatchewan and aren't able to tell this side of the House and the

people of the province how many people really needed it. But if you indicate you don't have those figures, I guess there's no way you can get them from you.

The program — I have another question under the program — paid \$7,500 for every new job created through business expansion or a startup. I'd like to know what your definition of a new job is and does it have to be full time?

Hon. Mr. Taylor: — Again, you know, I think you are questioning in the wrong estimates. That is a program that we never administered or had anything to do with in that regard. But you asked what a new job would be; to me, a new job would be an incremental job that wasn't there before.

Mr. Lautermilch: — Well, Mr. Minister, you sit at the same cabinet table with the Minister of Economic Development and I would hope you have some input into the kinds of programs that affect the business community.

Let me ask you a little more specific: are all of the jobs at the North Battleford's Gainers plant for which Peter Pocklington received money under this grant, and, as I said, as minister responsible for Small Business, can you tell me if this grant is paying for full-time jobs in that branch or in that plant, or for part-time jobs, or do you not know that either?

Hon. Mr. Taylor: — You should have asked those questions to the minister who was administering that program; you had that opportunity last night.

Mr. Lautermilch: — Oh, it's a little difficult sometimes here. I don't understand, Mr. Minister, when you sit at the same cabinet table, the same group of people making the decisions, that you haven't informed yourself of the program, that you don't know whether they can use part-time jobs, whether they can use full-time jobs in order to get funding under the program.

It shows to me, Mr. Minister, of lack of interest in the business community, and I wonder if the former minister would not have been better fit in the small-business portfolio. I wonder if perhaps he hasn't a little more interest in the department than you have.

I'll go on to another question — clearly I'll get no answers from that. In terms of the small business interest abatement program, I'd like to know why you scrapped the program, and I'd like to know why you didn't inform the business owners when the end of the program came on February 15 when you knew it was done. That's what I would like to know, Mr. Minister.

Hon. Mr. Taylor: — Actually what happened is, under the interest reduction program, we had reached the cap of the amount of money that was budgeted for it, and when we reached that cap, the decision had not been made yet as to whether the program would continue or not. So that was why that period of time of some degree of uncertainty, I guess, was in there, is that we had reached the cap of the budgeted money and then had the decision had not been made as to whether to program would be

continued or terminated. There was a period of time in there before the decision was made.

Mr. Lautermilch: — Mr. Minister, you spoke earlier of cutting red tape and you spoke highly of the business resource centres. I want to say to you that on the outset that I think the business resource centres are a very good plan and I think that they can work. But, Mr. Minister, in order for the business resources centres to function, your department has to keep them in tune with what you're doing.

You may know that some 335 business owners applied after February 15, and many had their applications approved, set their budgets, made their plans, and then they were told by a dishonest and incompetent government, who they put faith in, that their applications that were approved were no longer approved.

I say to you, Mr. Minister that that is unfair. How do you justify that kind of an administration of your department? Why don't you get on top of what's going on in your department so that these kinds of errors won't happen and you won't be putting small-business people in this province into what may be a very sticky situation?

Hon. Mr. Taylor: — Well I guess it's the same as I told you previously. We had reached the cap on the program and unfortunately there were some letters went out to individuals which had to be rescinded. We didn't continue the program and those letters were rescinded.

Mr. Lautermilch: — Well, Mr. Minister, it's pretty clear that you weren't consulting with the business community, at least the small business community. But do you think that it's fair that Peter Pocklington has approval for funding under that program for the next two stages of development of the Gainers plant, and small businesses who expected the program to be in effect, because you hadn't announced that it was gone, are ineligible after February the 15 — after that cut-off date — and after you told them, or failed to tell them, that it wasn't cancelled.

They applied, got accepted; a week or so later you tell them they're not there, but you've got funding for Peter Pocklington. Why don't you scrap part of the program for Pocklington and make it right by the 355 businesses who applied under the program and were refused funding?

Hon. Mr. Taylor: — You know, it's of interest to see the member, you know, again focus in on Peter Pocklington. He seems to have some type of fixation on that, not thinking at all — just completely negative — regarding the whole Gainers bacon plant in Prince Albert. Now obviously if he'd go to Prince Albert and if he'd ask his member who is there what they feel about the job creations that have been there, I think he would find out that the people are quite supportive of that.

And also he focuses on . . . I'll indicate to you that the cap on the program had been reached and then the decision to continue the program . . . to discontinue the program was made. But he doesn't give credit to the fact that there were some 8,254 eligible small businesses that accessed

the program. There was about \$18 million in expenditures that were there for those people in the program.

But you see the member opposite would not look at that side of it — the positive side of it — where it came to help. But I would like to remind him. . . And I see the minister from Quill Lakes again is noisy from his seat tonight — the continual chatter, bantering and bleating from his seat that goes on in this House night after night.

But I would indicate to the member opposite that you, again, will not focus on the positive things that have happened. And I will remind you of the record of the government that was in place before we came to power. The NDP, of which you are a member, and when interest rates were rising for small business, when interest rates were rising for home owners, when interest rates were raising for farmers, the chirping member from Quill Lake and the one from Regina Centre sat like stones and would not do one thing for either of those components of our society. They wouldn't help farmers, they wouldn't help home owners, and they wouldn't help small business. Not one bit of interest reduction. Not one bit of it.

And you will stand here and you will try to make a big thing out of a program that had been capped, and make light of the fact that \$18 million in interest help went to small businesses in Saskatchewan, and that some 8,000 of them received help, when your colleagues sat there like stones and wouldn't help the people of Saskatchewan when they were crying out for help, when they were losing their homes, and the people were crying out — I remember it distinctly in 1982 — asking for some help on their mortgages. No, there was none coming from the NDP.

(2015)

Well I guess the people of Saskatchewan . . . (inaudible interjection) . . . The member from Moose Jaw is back in the House again. The member from Moose Jaw is chirping again.

That's what the people of Saskatchewan asked for in '82. We promised them that type of help, and we delivered on that type of help not only for home owners but for farmers and small business also.

Mr. Lautermilch: Well, Mr. Minister, by your own numbers you've indicated that what you've done in scrapping this program is wrong. When 8,000 people can use it and use it to the betterment of their business, and you have to scrap it because you're too busy subsidizing your big corporate friends, then, Mr. Minister, it tells me where you stand in terms of the small business community.

I tell you, Mr. Minister, members on this side of the House have been and will continue to be standing up speaking for small business. When you've got money for your large corporate friends and you haven't got money for a little business man in Moosomin because you've dumped all of the money onto your big buddies, you can be guaranteed that the New Democrats will speak on the small-business man's behalf.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — I also, Mr. Minister, would like to spend a few minutes talking about rate increases that the business people of this province have had thrust upon them, and I'd like to go to what to you may seem so terribly insignificant, something as small as the increase in the boiler rate for inspection fees. And I want to know why you haven't been speaking out for the small-business people when that happened.

And I'd like to know in terms of The Direct Sellers Act, why you allowed increases in '84 from \$10 to \$25. And in April of '87 you made them pay their \$25 for a five-year period as opposed to the one that they were allowed to pay for before, and invest another \$100 to help you cover your deficit.

And I'd like to know why you weren't speaking to the car dealers in the rural areas and the auctioneers. And I wonder why your colleague, the Minister of Highways, didn't come into your office and tell you that what he's doing to the . . . what you're doing to the small-business people who make their living as auctioneers, and you've increased their rates unfairly.

I have here, Mr. Minister, some invoices, and I want to read them to you. I'm going to start in 1982: inspection fees on a thin-tubed boiler, no cost, but then again, you just got into power — 1983, no cost; 1984, \$19; and you're moving right along. You're starting to see that your mismanagement is costing you money and you've got to pick up some dollars somewhere — 1985, \$30; 1986, \$60, but only 30 if paid before a certain date.

Mr. Minister, you've been picking away at the business communities' incomes, left, right, and centre. And I want to know where you were when these fee increases were . . . when they were made. Why weren't you speaking for the business community and the small-business people out there? I think it's your responsibility to ensure that those small-business people are able to have a decent bottom line. And when you pick a way . . . It seems insignificant, and the members on your side — is that all you can do? It means little to them, 30 or 60 or \$50, but they maybe come from a different background. But you start multiplying the 30's, and the 40's, and it comes to an awful lot of money, and I want to know where you were when these decisions were made.

Hon. Mr. Taylor: — Well, where I was is where I am all the time, doing my job, working at the cabinet table, in this House, across Saskatchewan, talking to people in the business sector. You come around with me for a few days and you'll see where I am, and you'll be tired out by the time night comes, my son.

But let me point out to you, there are times . . . (inaudible interjection) . . . Well the member from Quill Lakes again chirps and says we're afraid to go out. I invited him; I remember inviting every member opposite to the business opportunities show in Saskatoon. I believe the member from Nutana showed up. But it was a fantastic show . . . (inaudible interjection) . . . I'd just like to tell you what some independent people say about it. Just one

moment.

Seeing you're so interested in finding out, we'll just tell you. A tremendous success. Something that certainly the NDP could never talk about. This comes from the Saskatoon board of trade. And there may be some members opposite might be interested in hearing this. And I'll read this letter to you. I think it would be interesting for the House to hear this.

Mr. Chairman, with your permission, I'd like to read it. It's to myself, the Minister of Tourism. It says:

Dear Graham: (Dear Graham, it says) On behalf of the executive of the Saskatoon Board of Trade, I would like to extend heartiest congratulations on the outstanding success of the Business Opportunities Show this past week.

Many members of our organization heard the positive comments from the exhibitors; most of whom indicated that the show greatly exceeded their expectations.

Comments such as: I have more solid leads than I could have imagined; or in particular, I talked to someone from every city in Saskatchewan; were common reactions to the show.

Some time ago as you will likely remember, some members of our organization expressed concerns about whether this show would interfere with other private sector trade shows, and in particular, whether the market existed to follow through with the concept of marketing franchises and distributorships, rather than products, as the officials of your department had intended.

We congratulate yourself and your officials on the resolve which you displayed in maintaining the philosophy of the show, that being the promotion of business opportunities. Again, Graham, our congratulations to you and your department on a job very well done.

Now I never heard a letter like that, and I never heard an NDP cabinet minister stand up and have a board of trade congratulate him and his department for taking an initiative and developing small business in this province, in Saskatchewan. Never once did that happen. No, you were more inclined to make the red tape, to put in the 1,400 needless regulations that have been removed to this date; 1,400 to 1,500 of them.

And I want to tell you that I could go on reading letter after letter after letter to indicate to you the support of the people of Saskatchewan for that kind of initiative. There were 6,400 people came through the doors that weekend in Saskatoon. Did the critic for the NDP who stands here and professes that he is interested in small business, who I believe has accessed grant after grant in his own business perhaps, did he come into there? He was personally invited.

I remember standing in question period two days before the show and giving you a personal invitation. Your

shadow never crossed the door of the place, and you stand here like a hypocrite and say, I'm interested in the development of small business. I believe only one member of your caucus came, and that would be the member from Nutana. He dropped in for a cup of coffee for a while. So I don't think you're fair in saying that we on this side of the House have not got an interest in the development of small business.

And certainly I think you have to realize that from time to time in our society, that fees will increase. You stand here and you squawk about a deficit. You say, why have you got a deficit, and then if you do something to modestly increase some fees, you say, well why would you increase fees? Well, my dear friend, you can't have it both ways, and the sooner you learn that, the better it's be for you in this place. You can't have it both ways. So there were some increases in fees and there will probably be more increases in fees as the world develops and goes on.

So I think that should explain to you where I was. I'm consulting with the small businesses. We're putting on shows that develop small business. I've had two consultation seminars, one of 400 in Weyburn this spring, one of 250 in Yorkton about two weeks ago, and I invite you right here and now to come to the one that I will have in Swift Current. Come to the one in Swift Current; see for yourself what will happen there; hear the dialogue that will take place and the suggestions. I offer that invitation because that's where I'm holding the next one.

Mr. Lautermilch: — Well, Mr. Minister, I wish you success in this particular conference that you had, and any that you may hold. And I want to tell you why. Because the people of this province spent some \$300,000 on an open for business conference shortly after 1982 that was a disastrous flop, and every economic indicator in this province in terms of small business will show that, and you know it.

You stood tonight, you've used two different figures in terms of regulations, so you must have a list of the regulations that your government has done away with. One figure is 1,400, one is 1,500, but I'll accept the list of either amount. But I certainly would like to see the regulations you've done away with, and I think every other business man in this province would like to see it as well, because I don't believe they feel that that's been happening.

If we can get off of your hype and your little rhetoric here, Mr. Minister, I'd like to ask you some questions in terms of your government's position on the business tax. But before I go on to that, I want to know if you will agree to table that list of 1,400 or 1,500 regulations.

Hon. Mr. Taylor: — Well I can't do that tonight. I imagine we'll have to dig them up and I'll try and provide them for you as fast as I can.

Mr. Lautermilch: — Well, Mr. Minister, if you can't get it tonight, when will you get it?

Hon. Mr. Taylor: — Well I guess at the first opportunity they can be pulled together.

Mr. Lautermilch: — Mr. Minister, that's simply not good enough. You used the information; you used the number. The people of Saskatchewan have a right to know if you're talking 1,400 or 1,500 regulations that you've done away with, and I say to you, they don't believe you. And I'm telling you if you can't put that list together and give me some kind of a time frame as to when you can, I don't believe you either. I'm asking you, when will you get that list to this side of the House?

Hon. Mr. Taylor: — Well I'll give you my commitment — as quickly as we can pull the list together for you, I'll provide it for you.

Mr. Lautermilch: — Mr. Minister, could you give us some kind of an approximate time frame? Are we going back to the same number? Would it be 1988, '89, '90, '91, '92? You know, in at least weeks or months?

Hon. Mr. Taylor: — Well as I say, as soon as they can be pulled together. I can't tell you if it's going to be five hours or three days. We'll get it put together.

Mr. Lautermilch: — Mr. Minister, you came up with the figure, so certainly if you came up with the figure of the regulations that you've done away with, you must have had a look at a list. Somebody must have completed them. So that would mean to me that they don't have to come from this department or this department. That would say to me that as the Minister of Small Business you have that list in your office or one of your officials' office. Now tell me this, is there a list of 1,400? Is it a figure that you're pulling out of the air, or is it real?

Hon. Mr. Taylor: — Well I indicated to you that we'll pull the list together of regulations that have been . . . were in existence under your government that are not here now and we will bring that for you. I don't know how long it will take to get it put together . . . (inaudible interjection) . . . No, I said of regulations that were here when you left office that are not there now.

Mr. Lautermilch: — Yes, Mr. Minister, you always speak in that term of business, and now you're talking in terms of the whole global picture of regulations that you've done away with. I still say to you, if you know the number is 1,400, certainly you must have a list. Why don't you tell the small-business people out there how many regulations that you've done away with that affects their daily lives, and why won't you give a commitment as to when you'll be able to do that?

Hon. Mr. Taylor: — We will provide you with the list as soon as it's available. I can get it for you. And certainly, as you realize . . . and I don't think you listened when we started our discussions in that we had the Business Regulatory Reform Council is continuing at all times and they're meeting regularly with my department, and from time to time from these meetings, there are more regulations that are stricken from the books.

Mr. Lautermilch: — Mr. Minister, that is simply not believable. It's another example of Tory hype and rhetoric. You pulled a figure of 1,400 regulations out of the air. You've been broadcasting that figure for the last two, three years when I can remember. So I just say to

you, you're not believable in terms of the 1,400 regulations that you've done away with. Otherwise you could submit a list of the people of this province through this opposition side so that we would better know whether in fact you've done what you said, and I don't believe you have.

(2030)

I said we'll leave it at that because I can see we're going to get nothing from you in terms of that. But please don't be going around insulting the people of this province, the business people who know they're still dealing with the kind of regulations that they had for ever and probably will have for ever. Don't insult their intelligence, because they know better, Mr. Minister.

I ask you in terms of the business tax, if you've had any consultation with the business community over the last year or two years, and if you've had any discussion with your ministers and municipal governments as to how you might relieve that kind of a tax burden on the business community, and I would like to know specifically, Mr. Minister, if you have any plans to reduce that tax burden on the business community of the people of this province.

Hon. Mr. Taylor: — Well certainly we've had discussions with the business communities, as I indicated to you previously that I've been around the province a fair amount, discussing with various groups in business, and often the whole aspect of business tax comes up for discussion. You well know that the business tax is allocated at the municipal level and varies from area to area. But in regard to, is there anything going on or taking place, there is a committee that has been formed — intergovernmental committee with a membership from my department and also from Urban Affairs, along with members from the private sector that are meeting and will be meeting and discussing possible ways in which the concerns expressed regarding business tax could be addressed.

Mr. Lautermilch: — Mr. Minister, we're all fully aware that the business tax is assessed at the municipal level, but we're also aware, without some provincial aid, that that's probably not going to happen. And I ask if your government has any commitment financially or is willing to put some financial commitment to the municipalities and through the municipalities to the business community to alleviate the business tax burden that they face that you know that they've been asking you to do something about.

Hon. Mr. Taylor: — Well, Mr. Chairman, I just mentioned to the member opposite that we have struck a committee of people from Urban Affairs and people from Small Business and people from the private sector who are sitting down and addressing this, and I'm sure we'll be bringing forward some recommendations for consideration.

Mr. Lautermilch: — Can you give this House some indication as to when those recommendations might be forthcoming, or is it some time, somewhere, somehow, the same as the 1,400 regulations that you've done away with in terms of getting a . . . I would like, Mr. Minister, a

target date or a specific date as to when you feel that committee will come in with their recommendation.

Hon. Mr. Taylor: — The committee has just been put together, and they're having their first meeting in another day or two. So I think for you to try and ask for a target date when they come in with the recommendations is something that just doesn't make sense at this point in time. They're having their first meeting, so I don't think it would be very fair to ask them and say, well when are you going to report. I imagine there's going to be an awful lot of dialogue and discussion before they come up with a decision of how this rather difficult problem can be addressed.

Mr. Lautermilch: — Well I think, Mr. Minister, the business community are looking for some changes to that business tax, and they're looking soon. And I would like if . . . I'm sure the business people of this province would very much appreciate it if they could see in the spring budget a move on behalf of your government to alleviate them of that tax, rather than more tax increases.

And speaking of tax increases, Mr. Minister, I would like to ask you about the 7-cent-a-litre tax that has been thrust upon a number of small-business people. I would like to ask how you feel that affects them, and whether or not you agreed in taxing the 7 cent, putting the 7-cent-a-litre tax, on the small-business people of this province.

Hon. Mr. Taylor: — In consultation with my officials, I understand we haven't had a great flood of complaints. People realize that if we're going to have many of the services that we have in this province, that it's going to take money to run those services. I think any solid-thinking individual would realize that. And certainly the 7 cents a litre will go to help fund some of the programs that we in Saskatchewan feel are very beneficial — programs in health care and in education that we'll lead the nation in.

And so I think the majority of the people, whether they be in small business, whether they be people in the professions, whether they be people in the public service, or whatever walk of life they may be in, realize that the 7 cent is part and parcel of paying for the benefits and the values we have in our province. And I can say that we have not had a great flood of people writing in and saying that the 7 cents a litre was crippling their small business.

Mr. Lautermilch: — Mr. Minister, I would suggest to you, through dialogue that I've had with sales people, independent truckers, that some of them are very concerned and very upset. I spoke a week ago with a small independent trucker and that gas tax has cost him some \$7,000 . . . or some \$3,000 a year. And I would suggest to you that he's not alone. There are a number of his colleagues that are a little upset with that gas tax — and not even so much with the gas tax, Mr. Minister, but the fact that the Premier of this province promised that as long as this government was around, there would never, ever, ever, ever be a gas tax in this province.

And I want to say to you that some of the people that supported your government in '82 and in '86 — not expecting to have that gas tax thrust upon them — are not

very pleased. And I want to say to you as well, they feel betrayed by your government.

I asked if you were in favour of the implementation of that 7-cent-a-litre gas tax on the small business community. And through your answer, you've indicated to me that you seem to be quite in favour of it and that we have to pay for programs. And we all understand we have to pay for programs in this province — for health care that you're cutting back on, and dental care that you're cutting back on, and the drug prescription plan that you've cut back on. But also we're paying for mismanagement. And you're betraying those that trusted you in 1982 when you said there would never be a gas tax in this province under your administration.

I remember it well, Mr. Minister, and a lot of independent truckers in this province remember it well, too. And I'm going to tell you that through rate increases to every retailer who has stuff hauled around this province, they feel betrayed as well. And that spins off to the consumers who buy from those retailers who are going to have to increase their freight rates because you put the 7 cent a litre on that you promised would never be there — that they feel betrayed as well. And I think, Mr. Minister, you've been remiss in not speaking up for the consumers, the retailers, and those that haul those goods around this province, and I would say to you, you should be ashamed of yourself.

Mr. Minister, we have more questions of you this evening and I'll pass it over to my colleague. He has some questions to ask of you and we will carry on a little later.

Mr. Koenker: — Thank you, Mr. Chairperson. Mr. Minister, under the business development grants, I noted earlier this evening that you had cut the grants to tax-exempt bodies under venture capital credit programs from \$1 million down to three-quarters of a million dollars. I'm wondering if you can tell me why it is that that was done.

Hon. Mr. Taylor: — The reason for that figure, or for that money in the budget, is that under the venture capital corporation there are some that invest in the venture capital corporation that are non-taxpaying types of organizations. I guess the best example I could give you is perhaps a pension fund, something of this nature. So that money in the budget is to pay that grant whereas the other person, the venture capital . . . say if it was yourself or someone that invested in a venture capital corporation, because you're a taxpayer you would get the 30 per cent tax break.

The reduction is that we didn't feel in this year, in this budgetary year, that we were going to have that much of that type of investment in the venture capital fund. So that was the reason for the reduction.

Mr. Koenker: — Thank you. What was the level this past year for pay-outs in grants, two tax exempt bodies under the venture capital tax credit program.

Hon. Mr. Taylor: — Yes, last year we budgeted 1 million and I think we required 1.5 million. But I should indicate to you that there was a very large one in there last year,

and that was the Regina trade and convention centre.

Mr. Koenker: — Mr. Minister, this is very curious, because I note that in '85 . . . Okay, you say that last year you had budgeted 1 million and you had a demand of 1.5 million, is that correct? Yes, you acknowledge that's correct.

(2045)

The previous year you had budgeted 1 million and you had a demand of one and a quarter million. In fact, your revised estimate in *Public Accounts* reflects that you actually had to increase the estimate by a quarter of a million dollars. This year, this past year then, the demand increases by yet another quarter of a million dollars and you cut the level of funding in half, to three-quarters of a million dollars. How can you explain that, if you have the demand there?

Hon. Mr. Taylor: — I don't think you understand exactly what we're discussing here. In the previous years, and I mentioned in the last year there was the Regina trade and convention centre which is a very large VCC of that nature. The year before there was one also very large of that nature. My officials in this year, as striking the budget, did not feel that that type of venture capital corporation would come into place this year with that non-taxable large component.

So in striking the budget we thought that we would be satisfactory at the \$750,000 figure. All indications to date would show that perhaps that figure will be satisfactory.

Mr. Koenker: — Well perhaps you could tell us, Mr. Minister, just how large this Regina trade and convention centre draw was on the funds.

Hon. Mr. Taylor: — Yes, the one last year, the total VCC (venture capital corporation) for the convention centre was 5 million, and the grant was 1.5 million towards that.

Mr. Koenker: — Am I to understand, then, that the grant to the Regina trade and convention centre was 1.5 million last year?

Hon. Mr. Taylor: — Yes, the grant to the pension fund in the Regina convention and trade centre was 1.5 million, but to the pension fund.

Mr. Koenker: — I'm told that you had budgeted, you said earlier, \$1 million for last year and the total draw was 1.5 million. So now the only conclusion I can deduce is that the Regina trade and convention centre pension fund was the sole application for a grant under the venture capital tax credit program. Is that correct?

Hon. Mr. Taylor: — Yes, the only one last year that was completed under the non-taxable portion of that pension fund was the Regina trade and convention centre.

Mr. Koenker: — Do you, Mr. Minister, have any problems with one pension fund being able to exhaust, more than exhaust, all the budgetary allocation under the program?

Hon. Mr. Taylor: — No. The officials indicate to me that usually any of the very large ones is where the pension funds would kick in and take part in it. And I want to add this to indicate to you, for your information — and I hope you would support this — that I think this was a good thing because that keeps our pension funds, our Saskatchewan pension funds, right here in Saskatchewan doing things for this province. Otherwise they would probably be investing in other parts of Canada or in other areas. I support this type of investment right here in Saskatchewan, building the type the tourist facilities that will attract more conventions of a larger style here to Regina, and will certainly help the cash registers of this province.

Mr. Koenker: — I certainly support Saskatchewan pension funds and investing in Saskatchewan, too, Mr. Minister, but that prompts my question. Why, when you have two successive years of draw or demand more than you have budgeted for access to this tax credit . . . or these grants rather, why you would cut your level of funding to three-quarters of a million dollars? How can you explain that if in fact your genuinely are concerned with keeping pension investment here in Saskatchewan?

Hon. Mr. Taylor: — I guess the reason for that is that my officials who are with me here tonight are working daily with all groups who are wanting to either start a VCC (venture capital corporation) or develop one. And they have . . . I don't think there's anybody more knowledgeable in the province as to what is going to happen in VCC within the coming year. And over the last two years we have had two very large ones come into place. From their intelligence and their contacts across this province they felt in this year that we could reduce that amount because we wouldn't have another one of those large types coming in this budgetary year. As of now, it appears that their judgement was correct.

Mr. Koenker: — You speak of the two large ones in two successive years. Perhaps you can explain what the large one was in the '85-86 year, that placed such a heavy demand on the grant structure.

Hon. Mr. Taylor: — Yes, as I said, the one in the last year, and we've talked about that, was the Regina trade and convention centre. The one the year before, and it's our largest venture capital corporation in Saskatchewan, is called First Merchant Equities.

Mr. Koenker: — Did First Merchant Equities receive funding under the grants for tax-exempt bodies?

Hon. Mr. Taylor: — No, there are pension funds invested in First Merchant Equities, and then the grant goes to those pension funds.

Mr. Koenker: — Well this is again curious, Mr. Minister, because I'm looking at *Public Accounts* '85-86, page 559, and I note that of the 12 pension funds indicated there to whom grants were given, I don't happen to notice First Merchant Equities as having received any grants under these grants to venture capital tax credit program. How do you explain that? Maybe I'm missing something. Maybe you just aren't clear; I don't know.

Hon. Mr. Taylor: — No, you're just not understanding. It isn't First Merchant Equities that receives the grants, it's the pension funds that are invested in First Merchant Equities. So therefore, you wouldn't see First Merchant Equities in the *Public Accounts*.

Mr. Koenker: — Okay, perhaps then you can tell me which of the 12 funds listed then did have connections to First Merchant Equities.

Hon. Mr. Taylor: — All 12 of them for varying amounts.

Mr. Koenker: — Okay then, when it comes to — and now perhaps I am understanding — when it comes to the \$1.5 million that you indicated for the Regina trade and convention centre fund, were there a number of funds who had tie-ins to that particular grant, to that \$1.5 million? Or was that one grant made to the Regina trade and convention centre?

Hon. Mr. Taylor: — My officials believe there were two, but we will confirm that for you. Their best information . . . they don't have the *Public Accounts* with them at this point in time, but their best information is two. But they . . . I will confirm that. That's what they inform me now. They believe there were two, but to be absolutely sure, I will have them confirm that and get that to you.

Mr. Koenker: — Will you also have your officials indicate the relationship between these two firms, you know, fiscally in terms of if there was a tie-in to the Regina trade and convention centre grant — you know, what the level of tie-in was for each of those two companies?

Hon. Mr. Taylor: — There is no tie-in or anything of this nature. I don't know what you are insinuating at there. But if you want to know how much money they invested in this, yes, sure. I don't have it with us right now, but we'll get that for you.

Mr. Koenker: — Would it be too much to ask for your officials to give me a thumb-nail explanation as to how this grant structure works, as well? I'd find that very helpful if that would be possible.

Hon. Mr. Taylor: — Sure, to expedite the proceedings here, if you want to at the end of the session . . . What you're saying, would my officials meet with you outside the House and explain all this to you — they'd be more than glad to do that.

Mr. Koenker: — To shift gears a bit, I'd like to talk about the other dimension of venture capital and ask: what was the total of the tax credits authorized under the equities portion of the venture capital program, the individual shareholders?

Hon. Mr. Taylor: — Did you want it by year or did you want it cumulative/ You asked for the total tax credits, and the program has been in place since '84. Did you want it by year, or did you want it cumulative, or just what were you after?

(2100)

Mr. Koenker: — It would be helpful if you could give that

figure by year, for each year.

Hon. Mr. Taylor: — In '84-85, the first year of the program, it appears to be \$358,000; in 1985-86, the second year of the program, \$8,538,000; in 1986-87, \$8,358,000; which gives you a cumulative total of \$17,254,000, but that would be to the end of last fiscal year. This year we haven't paid out any at this point in time. So that will take you to the end of the last fiscal year. Okay?

Mr. Koenker: — What assistance does your department offer in the establishment of venture capital corporations?

Hon. Mr. Taylor: — I think my best answer to that is depending on what the investors want. I mean there's different degrees of sophistication in ventures, as you and I well know. There's those who come and have never been part and parcel of anything like this before, and need virtually help every step of the way. And there are those who come and say, well I've been in a VCC; I'm looking at doing something, and they understand it or have studied it well.

I have three individuals in my department that I know virtually will take a group of people, shall I say by the hand, and walk them right through and have them prepare, and indicate to them the type of documentation that they would want or need.

So I guess my best answer to you is that if someone came . . . Let's take a situation. Say someone came, two or three people say we want to form a venture capital corporation where they knew nothing more about it than they read in the paper that there were such things. The gentlemen in my department would take them step by step by step right through to where that would be complete VCC (venture capital corporation) at the end of the process. So I guess every bit of assistance that they would require would be provided.

Mr. Koenker: — What assistance does your department offer to the individual investor who's looking at investing in a venture capital corporation?

Hon. Mr. Taylor: — If it would help you in your understanding and be of value to you, I have here a draft of a shareholder's agreement. If you would want that, I would provide it for you, and it shows everything that they would do as some of the assistance to a . . .

An Hon. Member: — One type of assistance.

Hon. Mr. Taylor: — Yes. Just one thing. I mean, they will put these together for individuals.

You mentioned . . . Now that's in forming the venture capital corporation. I think your second part of your question was: what about the person who invests? Well we do not pass judgement, nor should we, on whether a project is a good project or a bad project. That's not for us to say.

The people in the department, if the investor comes and asks for assistance from us, will point out to them some of the

things that one should watch for and some of the things that you should look at. I guess one of the major things that we all know — and we hear case after case of this — is that I guess it can't be stressed too strongly that one has to read the document, read all the documents and understand the documents. And I think that's about the assistance the fellows would give. But it depends on whether those investors would come. Now where towns or villages want to form a VCC, they work very, very close with the town and village in putting one together, they indicate to me.

Mr. Koenker: — I can understand how you might not pass judgement on the worth of an individual project in relation to an individual investor, but I do have some questions about giving \$8 million annually in tax credits to individual investors where there is apparently no regard given to the worth of the project or even the likelihood of it succeeding more . . . being in existence even more than a month.

If the taxpayer is being asked to put a 30 per cent tax credit into a flimflam corporation, certainly it would seem that your department has some modest responsibility to pass some preliminary judgement on the worth or the viability of a project in which you are going to issue 30 per cent tax credit which is a cost to the Saskatchewan taxpayer. Is there no provision for any sort of preliminary review of projects?

Hon. Mr. Taylor: — Through the normal course of events of putting together a venture capital corporation, by the time it has gone through all the accountants, the lawyers, the people in our department, the securities commission, and so on, in most cases those that are not sound will usually fall by the wayside.

But let me indicate to you, and I think you would realize this, that it isn't ironclad; it is risk capital. You're taking a risk when you invest in a venture capital corporation. And I guess it's up to the investor to try and minimize or try and avoid any kind of investment that would not be a solid investment for him. However, as happens in any type of risk capital, sometimes they go down.

You mentioned about flimflam or that kind of thing. I don't think that is taking place. We haven't evidence of that. And in Saskatchewan, if that were the case, an individual's reputation would be pretty well ruined. It's a smaller community, and I don't think you would see that type of thing happening — certainly not happening a second time, if it did happen in the first occasion.

The other thing I think you must realize is that if there are investment dollars, if we don't have them being invested here, they will probably invest somewhere else outside of our province. So sure, there's some risk there. There's a risk to the person that invests; there's a bit of a risk from our side of it in that you may be giving a tax credit for something that fails. But the statistics, as the department tells me, is about eight out of ten, if you were going to look at this type of investment, across the country are successful, and our record is equally as good.

Mr. Koenker: — Well perhaps we could talk about a specific instance. My concern, of course, is not that there will be no risk. Life is full of risks, and venture capital is

certainly that much more of a risk. My concern though is that you as the minister be responsible for not subjecting the Saskatchewan taxpayer to unnecessary or undue risk in giving a tax credit to a venture capital corporation.

And so just as one example I'd ask you: what was the level of tax credit that was given with respect to the food factory Ambrosia venture capital venture? What was the cost to Saskatchewan taxpayers for that venture capital corporation?

Hon. Mr. Taylor: — I'm advised that we can't comment on that one at this time because the Securities Commission is investigating it, and it wouldn't be right for me to give any comment, and I couldn't at this point in time, with that type of investigation going on.

Mr. Koenker: — Well, that illustrates my point, Mr. Minister. There's a company that is in existence for only a couple of months — two or three months. That certainly illustrates my point.

I'd ask you another question, just one final question in this regard. How does the department view takeovers of venture capital corporations by outside interests?

Hon. Mr. Taylor: — Outsiders cannot purchase the VCC. However, if a business became ineligible, then we would go after our 30 per cent and recoup that.

(2115)

Mr. Koenker: — My question concerns outside interests taking over a venture capital corporation. How do you view that sort of activity — acquisition?

Hon. Mr. Taylor: — Again, they can't take over the venture capital. They can take over the eligible business, but they can't take over the venture capital. The venture capital doesn't run the business, if you understand that. Okay.

Mr. Koenker: — Okay, I'm not going to belabour this any more. I'd like to turn to the product development management program. I'd like to know if I could have the information that I requested by letter and you indicated that you would release during estimates.

Hon. Mr. Taylor: — But we do. We have a contract with the Saskatchewan Research Council who really do consulting work for us. They make the decisions as to who this is with and then they charge it back to us. I would provide this for you if this is what you want.

Mr. Koenker: — Well, Mr. Minister, I don't know what it is that you have to offer me. If you'd send it over here, I'd appreciate that. Is it the information that I requested?

Hon. Mr. Taylor: — Well I don't have your letter in front of me at this point in time, but it's a list of the people or the groups that received assistance in 1985-86 and 1986-87. It tells me the name of the firm, the location, the amount of money, and I presume it's the date at which this took place, the total expenditures for each year. Is that what you want?

Mr. Koenker: — If that's what I requested, and I believe I requested that kind of information for you, I'd be pleased to receive it now if you could send it over.

I'd like to ask about the product development management program, and I'd like to ask you why funding for that program was cut and the program itself was terminated.

Hon. Mr. Taylor: — I believe that's what you're wanting. I see you have your copy of your letter here, and you indicate: "please indicate the nature of the projects funded and the amount of funding provided these firms." So I think that is the information that you requested.

You ask me in your questioning why we terminated the program. The program was one that was first brought in, was cost-shared with the federal government. About two years ago, the federal government pulled out of their cost sharing, and in this last year we decided with the restraint program, this was one program that we would eliminate.

It may well be, with the western diversification fund and things of this nature that have now come to the fore, that there can be some assistance forthcoming for product development management.

Mr. Koenker: — What was the federal-provincial split in terms of the cost sharing for this program?

Hon. Mr. Taylor: — When the sharing was in place, my officials indicate to me it was 50-50 cost sharing.

Mr. Koenker: — Mr. Minister, I think that many Saskatchewan firms in the manufacturing segment of the economy are going to be very disappointed that there is no funding provided for this program. It's a very important program, to provide engineering services and marketing assistance for strategies for small Saskatchewan firms. Some of them, I note on this list, are not so small. They export internationally, and they now no longer have the value of this engineering appraisal. They no longer have the value of government assistance to do product development and marketing studies.

I further note that in the last year of the program, from *Public Accounts* '85-86, that you spent less than half of the funds allocated for this program. And I'm wondering, did you stand with the federal government and plead for a continuation of funding for this program, or did you let it die a natural death and just accept it? Or did you actually initiate the termination of this program and approach the federal government and indicate your desire not to continue it?

Hon. Mr. Taylor: — They tell me it was in '82-83, they believe, when the federal government pulled out of the program, and there was consultation with SRC (Saskatchewan Research Council) and the federal government and the department. But they were not able to have the federal government reinstate or continue their commitment towards the program.

Mr. Koenker: — Well, as Minister of Small Business, what are your plans to facilitate engineering assistance for

Saskatchewan's small-business firms? The help isn't coming from the Department of Science and Technology. We know that after those estimates. Where are you going to turn now for help — concrete, tangible, product-development help for Saskatchewan firms, now that you've terminated this program?

Hon. Mr. Taylor: — It may well be one of the options that we look at under the economic development diversification fund, or it may well be a suggestion that we bring forward to the western diversification fund that is headed by Minister McKnight.

Mr. Koenker: — It may well be. It may well be. What you're saying, Mr. Minister, is that you've taken no steps whatsoever to provide this kind of assistance for Saskatchewan manufacturing firms; that you're leaving Saskatchewan manufacturers who need engineering assistance high and dry.

The students in industry, graduates in industry program, also run by Saskatchewan Research Council — funding has been cut for that by Science and Technology. Your department cuts funding for the product development management program. In a word, you've taken no steps to replace the loss of these programs, unless you can get up now and tell us about concrete actions you've already taken in cutting this program to replace it with others. Can you provide any information in that regard?

Hon. Mr. Taylor: — I just indicated to you two minutes ago, this may well be something that is developed in the diversification fund. At this point in time I can't give you that commitment.

Mr. Koenker: — Well I think your words speak for themselves, Mr. Minister. We have yet another betrayal of Saskatchewan small-business firms when they cannot receive engineering assistance. I note that in the agricultural sector, the machine testing station in PAMI (Prairie Agricultural Machinery Institute) is going to forego funding because your government has announced its decision to pull out of PAMI, and that provides no assistance either for Saskatchewan manufacturing firms. So when it comes to product development and engineering assistance, technical assistance, it's clear that Saskatchewan small-business firms are going to have to go out of province.

Mr. Anguish: — Well thank you very much. I noticed earlier, Mr. Minister, you listed a number of programs to the member from Prince Albert-Duck Lake for which people were eligible for through your department, but I noticed that you had not listed the youth entrepreneur program. I was wondering if you could tell me to date how many people have applied to that program and what you have granted in terms of assistance to the youth entrepreneur program.

(2130)

Hon. Mr. Taylor: — That program, although I'm responsible for it, it's in another jurisdiction; it's under Sedco (Saskatchewan Economic Development Corporation). When those estimates or discussions are up, I'd be more than glad to discuss that with you, but I

don't think it's fitting for here. It's administered by Sedco.

Mr. Anguish: — Well, Mr. Minister, if a constituent of mine or a constituent in the Prince Albert-Duck Lake area came into the office of Tourism and Small Business, would they, in fact, not provide that information to people who came in off the street or by appointment to their offices?

Hon. Mr. Taylor: — If you had a young person in North Battleford come into our centre there and say: you know, what is there of assistance for me? We would indicate that there is the YEP program, the youth entrepreneur program, but it is . . . They would access that through Sedco, not through this department. But as an information, we would tell them that's certainly available and consult them and tell them how it works and so on. But for questions from you asking me how many and so on, that's best given in the Sedco estimates, as you understand.

Mr. Anguish: — Well, I can appreciate that, Mr. Minister. We're getting into the specifics. If your people in the regional offices know that information, I'm sure that you do as well, and so I'll ask you some specific information as to whether or not your offices provide that.

I suppose the first one would be: one of the qualifications that the young people have to meet is that they have to be a registered corporation in the province of Saskatchewan. Does that mean if they were a proprietorship or a partnership or a business name registered in the province of Saskatchewan, they'd not be eligible for that program; they'd have to be an actual corporation, to pay the new \$250 fee that your government just increased from \$100?

Hon. Mr. Taylor: — If they came to the Business Resource Centre, and if the guide-line was that they had to be a corporate entity, then that's what they would be told. They don't have to come through the Business Resource Centre to access the program; many go directly to Sedco. And the rules and regulations and administration of the program is entirely under Sedco. At the Business Resource Centre, they would be advised that this program is there as with the Buy Saskatchewan program which is under the property management Crown.

But if you come in — I'm giving you an example here — and wanted to know as a business man what the Buy Saskatchewan program was about, then they would indicate how it would impact upon your business and be of some assistance to you. The same thing with the co-ops now rolled into the business resource centres, if you came in and wanted to know how do I establish a co-operative, they would sit down and go through that type of information. So that's what the resource centres do, and that's what they do in the young entrepreneur program, too.

Mr. Anguish: — Mr. Minister, with all due respect, unless they know how the program functions and what the requirements are, I don't know how they can intelligently discuss that program with people coming off the street wanting information. In as far as I know, the youth entrepreneur program are one of the few programs that the province of Saskatchewan offer to business at the current times, especially people in that age group who

don't have a proven track record in small business. So are you saying to me that they don't discuss the program, or you won't discuss it here this evening, or they actually refer the program to Sedco without any discussion about the program?

Hon. Mr. Taylor: — I'm telling you that they will discuss the program with them, or they will say to then, you can go to Sedco and they will tell you the rules of it. But I'm telling you that I won't discuss it here because it isn't fitting for me to discuss a Sedco program under these set of estimates.

When we're in Sedco, I'll be more than pleased to outline all of that to you. But if I start discussing an aspect of Sedco now, then that opens up the whole . . . we'd be into Sedco. So I will not describe a Sedco program under my Small Business estimates but in my business resource centres, certainly they would describe it as best they understand the program or they would refer the person directly to Sedco (Saskatchewan Economic Development Corporation).

Mr. Anguish: — Mr. Minister, are you not the minister in charge of Sedco?

Hon. Mr. Taylor: — I Said I would discuss this when we come up in the Sedco discussions.

Mr. Anguish: — Well then I would have to assume that Crown corporations would be the appropriate place to discuss such things that fall under Sedco?

Hon. Mr. Taylor: — That's correct.

Mr. Anguish: — Well, Mr. Minister, I'll look forward to that opportunity. I think it's too bad that the small business office — the resource centres as you refer to them as — are quire well accepted. And I would not want to personally give you any credit or your government for the resource centres, but the resource centres are well received by people who attend those resource centres. I should maybe say, specially in The Battlefords, that the resource centre is a valuable service that is provided by government to people that are entrepreneurs or wish to enter into business in the are of The Battlefords.

And I'm sorry we can't discuss the youth entrepreneur program here this evening, but if you decline to discuss that, so be it. I hope to have the opportunity, although I'm not on the Crown Corporations Committee, to have that opportunity when Crown corporations come up and Sedco appears in that forum.

Could you maybe tell us the, Mr. Minister, what programs specifically — and I apologize if you've answered this already this evening, but I don't believe you have — what programs does your department, the Department of Tourism, Small Business and Co-ops, have to offer entrepreneurs, small-business people within the province of Saskatchewan?

If I come into the small business office — the resource centre as you refer to it — in the city of North Battleford, what would your people in that particular office or other offices within the province of

Saskatchewan say to the person coming in? These are the specific programs that we offer through our department, not through Sedco, not through some other department, but through your department.

Specifically, what programs are in effect today, by statute or regulations, that you offer to small-business people and entrepreneurs in the province of Saskatchewan?

Hon. Mr. Taylor: — Getting back to the question previously of, would I supply the information to you, I'd be more than pleased to give it to you in Crown Corporations, and if you can't be there at any time, come and see me and we will go through it in detail. It's just that I don't think it's fitting I discuss the detail of a program in another Crown during these estimates. And I think you realize that at the Business Resource Centre they would tell them about the program in detail.

You asked me about programs that we would have within our department. Basically when you come into the . . . you ask what would happen if you come into the resource centre, and I think you understand they would tell you about a number of things: buy Saskatchewan, and so on and so forth.

In regard to our own department, at this point in time we don't have grant programs within our department of Small Business and Tourism, offered at this point in time. We have a diversification fund which we will be developing. And you asked something about the services, and I can go through these if you would like to know all the services, by maybe you know that. I'll let you clarify. If you want that, I'd be more than glad to provide it for you.

Mr. Anguish: — Well if you could maybe table that, Mr. Minister, to save time in the estimates. We don't want to unduly drag out the business of this House, but what I want to know is specifically the programs that can be offered by your department, and I understand, the counselling service, and that's very valuable to small business and entrepreneurs who wish to expand or to get into business. But you say to me that there are no granting programs through your particular department.

I'm wondering if not the small — I don't know the exact name of the program — but the interest reduction program that I believe was administered by your department, whether or not that interest reduction program is still in effect?

Hon. Mr. Taylor: — My answer previously was basically on the southern part of the province. In the North we do have some specific granting programs — three or four of them in the North which I could certainly provide for you.

The second part of your question that you were wanting . . . it slipped my mind at this point in time. What was the second part that you were wanting to know? We do have some granting programs in the North . . . Oh yes, the small business interest reduction program; it is ongoing for those that have qualified. But no, there are no new ones falling into it now. We terminated the program as to admitting new ones in this budgetary year. But there are payments still going out — you will see a budgetary item

for it — for those who had qualified under the program previously.

Mr. Anguish: — Well, Mr. Minister, I think . . . I depend somewhat on small business for my livelihood, and just in way of advice, and your side doesn't often take advice from this side of the House, but I would like to see more of the programs that do affect small business and entrepreneurs in this province who wish to either expand or get into business to come more under one department. Instead of people coming into your resource centre in North Battleford, or Yorkton, or Prince Albert — wherever that resource centre might be — instead of referring them to yet another agency, that the buck stops with your particular department.

Because one of the things that Progressive Conservative governments have promised to do across Canada, and in Saskatchewan, is to reduce the amount of red tape that people have to go through in order to qualify and get assistance from the provincial government, who so often dominate small business by the amount of red tape that they have to go through.

Mr. Minister, if I can get your attention for just a moment, you had a list there of the services that are provided by the resource centres. Instead of tabling that, or if you could table that as well, if you could send that by page over to our small business critic, I would appreciate that very much if you would undertake to do that.

I want to close off, Mr. Minister, and I appreciate your co-operation by offering to provide some of the information that actually falls under Sedco in reference to the youth entrepreneur program. If you'd undertake through one of your officials to provide with the questions which I will ask you now, because as I said, I'm not on the Crown Corporations Committee; I may not have an opportunity to be present there.

So I'm wondering first off, Mr. Minister, if you could tell us specifically if people who qualify in every other respect under the youth entrepreneur program have to be a corporation in the sense that they have to go down or through a lawyer, go through the corporations branch of Consumer and Commercial Affairs and register as a corporation, or whether or not there are some other ways they can go about that, either by registering a business name or being a proprietorship or a partnership agreement in the province.

I think it's very restrictive and very dominating for a young person who has a good business idea and some initiative to have to go through the whole procedure of forming a corporation just for the sake of the program when maybe they don't have to do that. So I'm wondering whether there are some other avenues they can go through.

Secondly, the program in terms of the guide-lines has to be 50 per cent owned by a resident who is between the age of 18 and 30 years of age. I am wondering whether or not in the case of — say there are four people who are involved in a corporation which is to enter into this program, to apply for funds or assistance through that program, whether or not those four people, if there was one person who was involved who was a spouse of

another person who was not in the age guide-lines, but the person themselves fell under the age guide-lines, and the other two individuals did not fall within the age guide-lines — whether or not that particular person could qualify. They may have a corporation, four people involved; three of those people are not within the age, one of the people are. Does that individual still have to own 50 per cent of the corporation, or can that individual and spouse own 50 per cent of the corporation and qualify for the program? And I'd appreciate clarification.

(2145)

When you talk, Mr. Minister, in the guide-lines under that same program, it says that Sedco will match the applicant's equity contribution to a maximum of \$20,000 in terms of the equity. I would like to know whether or not that equity has to be actual cash equity, so that the young person has to come up with \$20,000 to achieve the maximum contribution from Sedco, or whether or not that young person can put that equity in in terms of the physical plant itself, the equipment that would go into the plant to operate the business in terms of supplies, equipment, or whether or not it has to be strictly cash that the person has to put into the program.

There is also a vague area, Mr. Minister, in terms of the repayment of the principal and the guide-lines state that 25 per cent of positive net cash flow yearly have to go towards repayment of the loan that comes from Sedco. And I'm wondering whether or not there's some leeway in that, or that's a very strict guide-line.

Secondly, in regard to that, I'd like to know what the actual interest rate is. Does the interest rate float? Is it a fluctuating interest rate? Is that interest rate locked in? Do the people that qualify under the youth entrepreneurial program, whether or not they know that from the actual application date.

Mr. Minister, another thing that troubles me somewhat is that the principals, the total number of people who are involved in the corporation, their salary is limited to \$20,000 per year as an aggregate. So if you had, say, five people involved, and even if they were all within the age of 18 years to 30 years, that would mean that five people would be limited to a salary of \$20,000 per year — that's \$4,000 per year each if there's five people. That seems to me to be almost an unworkable situation, and as minister I'd like you very much to have a look at that and determine whether the guide-lines have some flexibility. Because if a young group of people got involved in this program, had an energetic and thriving business that was generating lots of revenue and they could pay back Sedco, I see no reason why they wouldn't be able to draw more than \$4,000 each for a salary out of the company because they would be combined income entrepreneurs, I suppose, in one respect or another, because who could live off of that kind of a salary even if you did have a thriving business. I think that Sedco is providing a very unfair limitation on making that stipulation that the aggregate salary has limitations of \$20,000 per year.

Those are the concerns I have about that particular program, Mr. Minister, and I appreciate your

co-operation even though these estimates don't particularly pertain to that, that you would get that information back to me as an individual member of this legislature, and I would therefore turn it back over to the actual critic for Small Business, Tourism and Co-ops. Thank you.

Hon. Mr. Taylor: — Well I want to being by saying to you, I was going to have my officials take down your questions, but I think it would be fair, and you would be in agreeance, if I lifted them from Hansard tomorrow and then had my officials in Sedco . . .

I will give you this offer: if you want a written response we would do that, or perhaps maybe, with the interest that you're showing in the YEP program, it would be advisable if an official visited with you. And if you would like that, I will arrange it for you. So you could just let me know after the House how you want it handled, and I'd be more than pleased to comply with your request.

I also want to take this opportunity to thank you for the suggestion you gave me. And I don't know if you were here when we first started the estimates when I mentioned to the critic — and I say this in all sincerity — that estimates — and certainly I've been on both sides of the House in estimates, and one questions things, and sure, one becomes critical of things, and that's part of the whole thing.

But there also is a place in this Chamber for positive suggestion, and you came with one, and I want to thank you for the comment on the business resource centres. I hear that across this province. I suppose I can be partisan and say, you know, we started them and fine; but they're a good service, and they're a good service to a lot of people.

But I do want to thank you for the suggestion of kind of the one-stop shopping under one department. I think that's a valid concern, and I've registered your suggestion. So if the critic would like to ask some questions now, I'd be more than pleased to try and provide the answers, but I want to say to you, the member for North Battleford, thank you for the suggestion.

Mr. Lautermilch: — Mr. Chairman, thank you very much. I, too, would like to offer some suggestions, Mr. Minister. And suggestions come from your government's record of 1982 to this present time. And when I look at the number of employees in this province and the lack of growth, I would say that — or employers under, say, 49 people in this province — I would say that there's very good need for suggestions. And, Mr. Minister, what I want to suggest to you tonight is that your government has to change direction.

And I'm saying this in a very positive fashion. I'm trying to present this as it's presented to me by people in the business community. And what I'm saying is, Mr. Minister, that this government has to stop polarizing income. It's known that in Saskatchewan since 1982 there are becoming more and more working poor in this province with less and less disposable income, income that they can use to shop at the small businesses throughout this province.

And I say, Mr. Minister, that the number of people that are on unemployment, that weren't prior to 1982, has increased dramatically, and I know you know that. And my suggestion is that, as government, you're going to have to propose some real open for business policies that work. And I look at the figures: 1982 to 1983, the number of business with 49 employees or less, 1.2 per cent increase — very, very minimal; '83-84, little better year at an 11 per cent increase, and I don't know what you might attribute that to. But I see again in 1984-85 — .01 per cent increase. And my suggestion to you is, Mr. Minister, that you're going to have to get some money into the hands of working people who shop in Saskatchewan and who support their local businesses. I'm afraid I can't see that that's happening.

I suggest that your programs are going to have to be targeted to the 2,234 businesses that disappeared from the corporate register in 1986, businesses that just closed their doors. And my suggestion again is — because a lot of middle-income people don't have the disposable income that they might have in order for them to support these businesses and allow these people to create employment.

You know, and I know, that small businesses are one of the quickest ways to generate employment, not only in Saskatchewan but in Alberta and across the rest of this country. And I say . . . I'm trying to be positive about this because I'm trying to make you understand that that's not been what's happening. You've been polarizing dollars in this province, and the figures, I think, are very clear in that.

The people of North Battleford, I'm sure, are pleased with the jobs that Mr. Pocklington has brought to their community, but I ask you at what cost? And why wasn't that money spread about the small business community? Because if you look at the amount of dollars that this government has invested to create those jobs, the ratio is dismal. It's not a ratio that you're going to be able to continue. The investment to job ratio in there is just too high, and you can't create jobs using public money on that kind of an enterprise because the private entrepreneur that invests, or that should be investing in there, has got to have something at risk, number one; and number two, we can't afford to be subsidizing those kind of employers at the rate that you did that particular instance and expect to have a buoyant economy. You've taken money away from small businesses who would reinvest in the province and create those jobs.

And again I say to you that small business is the best vehicle you have for an employment generator, but you're not using it. I know that members in your caucus and in your cabinet want to see low unemployment rates, but we've been consistently, in this province, losing ground. We've been having more and more of our working people who can be injecting and being a positive part of our economy, but we've had more and more of those people relegated to the roles of what I call the working poor.

And that's a direction that I urge your government to change because you're not going to have a buoyant Saskatchewan economy unless you do. I mentioned the

bankruptcies. The jobs in manufacturing in 1981 — there were 25,000 jobs in manufacturing in this province, and it's my understanding that there is still 25,000 as of — and I'll just look it up here, but I believe it was 1985 or '86. It was 19986. And that's not the kind of moves, those kinds of things . . . The hype and the rhetoric is fine, but you've got to get into the real world, and you've got to understand that you have to have people working in order to have a buoyant economy in this province.

We all know — it's been said a hundred times; we've said it before, and we'll say it again — that small business generates employment. And I've indicated tonight that if only the 30,000 small businesses in this province were to average one more employee, just imagine what that would do.

And I'm saying to you that we on this side are trying to be positive in terms of that. We're asking you to get off of the high horse; stop the rhetoric; deliver some meaningful programs for small business. You can't keep taxing them into the roles of bankruptcy. That can't happen. There's got to be some help for those people.

The revenue-sharing grants to the municipal governments has been decreasing, which means higher municipal taxes, which means more of a burden on those small businesses. And, Mr. Minister, that has to change.

In closing, I just want to indicate to you, Mr. Minister, that we on this side of the House want to work with you, and we want to work on behalf of the people of this province, the business men and women, because that's why we believe that we were elected.

We don't always have the solutions; I'm sure you know that. And we know that you don't always have the solutions. But what we've been doing is asking you to change direction. If at any time you want some advice, we're here to listen as well, and we're here to offer our suggestions. But we ask you to change your direction, understand your direction is wrong.

Mr. Minister, I'll close on the Small Business portion of these estimates by thanking your officials and thanking you as well for the answers that you have given. I am hoping that we have a good co-operation when we do the Tourism estimates in the days to come.

Hon. Mr. Taylor: — Thank you. I just want to point out though — and I listened intently as you were giving me your thoughts. I just want to go back over this because I think it's really what we're talking about, certainly what we're talking about from this side, and I think you would support this.

I want to cite just once more the business opportunities show that took place in Saskatoon. It was completely self-financing. We did it on a break even basis. There were 182 franchisers there, 6,400 people interested, a possibility of 300 businesses starting, good solid type of leads; some of them with an investment — and you'd be interested in this — in the health food business at about 500 bucks. And I don't know, you'd be better qualified that I am to say what they could start with \$500, but that was one of the franchisers there. There were other ones in

fast food chains up to a half a million dollars.

(2200)

So it was there for all walks of life — young people, women in business, retired people wanting to start a business. And I believe that's what we should be doing, and I think you would support that type of initiative.

So with that, Mr. Chairman, I think we'll end this part of the estimates tonight.

The committee reported progress.

The Assembly adjourned at 10:04 p.m.