

EVENING SITTING

SECOND READINGS

Bill No. 51 — An Act to Provide for the Imposition of Taxes on and the Collection of Taxes from Certain Purchasers of Certain Fuels and to Provide for Rebates of Taxes to Certain Purchasers

Hon. Mr. Lane: — Mr. Speaker, I could wax eloquent on this initiative but I understand that . . . In the interests of moving matters along this evening, I will give an outline of the Bill respecting the fuel tax and I will refrain from my written comparisons of what it used to be prior to 1982, for the interest of the hon. member. I may have to do that in closing debate but we will see how the debate proceeds.

The Bill repeals the current fuel tax Act and replaces it with the Act effective June 22, 1987, providing a tax of 7 cent per litre on fuel used to operate motor vehicles in the province. In addition, the tax on aviation fuel increases from 2.9 cents to 7 cents per litre and the tax on locomotive fuel used by railway companies increases from 13.6 to 15 cents per litre. Certainly, Mr. Speaker, the Bill addresses the concern raised by many that interprovincial truckers and non-residents should pay fuel tax for the use of our roads and highways.

Mr. Speaker, Saskatchewan residents who purchase fuel for personal use, other than aviation fuel, will be eligible for a full rebate of the tax paid. To receive the rebate, applicants will submit their fuel receipts with an application form. These applications forms will be made available early in 1988 to Saskatchewan residents to enable them to apply for the rebate. Mr. Speaker, the rebate forms will be assessed and the processing will be done by summer students. We have reviewed a number of options for collecting the fuel tax and providing relief to Saskatchewan residents. The fuel tax rebate is the fairest method of providing relief.

Another important feature of the fuel tax program is the implementation of the fuel tax exemption permit system. This permit system enables farmers and other primary producers of renewable resources to purchase their fuel in bulk, tax free, from a bulk fuel dealer. For fuel purchased at a retail service station, the farmer and the primary producer may apply directly to the government for a rebate. I'm pleased to say, Mr. Speaker, that through the use of exemption permits, farmers will not be required to use purple fuel as they did prior to 1982 in order to receive an exemption from the tax.

Mr. Speaker, previously the tax was assessed on a 20 per cent variable rate. Fuel tax rates were automatically increased when there was an increase in price at the pumps. This does not happen with the Bill before us today. The tax of 7 per cent per litre will apply to gasoline, diesel fuel, and propane. A higher rate of tax is not being imposed for diesel fuel as was the case prior to May 9, 1982. The tax will essentially be collected by the major oil company suppliers on behalf of their vendors. This system of collection reduces paperwork for both fuel dealers and the government.

Farmers and certain other primary producers of renewable resources are eligible for an exemption of tax. These primary producers include commercial loggers, fishermen, and trappers. In addition to the rebate to Saskatchewan residents for their person use fuel, and fuel tax exemptions provided to farmers and other primary producers of renewable resources, I am pleased to say that the tax does not apply to heating, cooking, lighting . . . for lighting purposes. In summary, the Bill provides a fuel tax targeted at out-of-province vehicles, commercial carriers, and vehicles used for business purposes. In this way the province can benefit from out-of-province traffic and receive revenue from interprovincial truckers and other commercial users that utilize our highways. Mr. Speaker, I move second reading of The Fuel Tax Act, 1987.

Mr. Speaker: — Order, please. Would the hon. members please be seated.

Mr. Kowalsky: — Mr. Speaker, this is the tax that you feel every time you drive up to the gas pumps in any village or town or city in Saskatchewan. This is the tax that represents the promise which this government made in 1982 and which elected this government in 1982. It represents a promise made in '82 and it represents a promise broken in 1987.

Mr. Speaker, not only does it represent a broken promise to all of Saskatchewan. Then they go ahead and they deceive people that are in charge of operating our school boards, operating our municipal governments, by not advising them of what was going to happen because this tax was going to come down.

This promise, Mr. Speaker, was written up in much of the literature, of the campaign literature of 1982, and I have in my hands the campaign literature from The Nipawin Journal on Wednesday, April 13, 1982, from the member from Shellbrook-Torch. And he has in it a little chart, a little chart about what you pay at the pumps and that time it was 43.7 cents — 43.7 cents. And what is it now, Mr. Speaker? What is it now when you go to Nipawin or Prince Albert or Paddockwood? Forty-nine cents — 49 cents and you might get the 7 cents back if you can manage to put them away and get them out of your glove compartment or get them out of your wallet or get them out of the show box.

But, Mr. Speaker, it is a broken promise, and I repeat what it's done to the school boards. School boards were advised that they were going to get some money, increased money for busing. They were advised of that. And they needed increased money for busing because their buses were getting worn out and with increased inflation and increased costs, they planned according to that. They planned according to their budgets. Some of them purchased new buses, some of them had to make repairs to their buses, and some of them added the occasional route. Then what happens? Once their budgets were set, this tax came down, and they feel betrayed, Mr. Speaker, greatly betrayed by this tax.

Mr. Speaker, this is another broken promise like we had

the broken promise of the E&H tax which was supposed to be reduced — we see it increased to 7 per cent; like the promise to reduce the income tax — and here we have a flat tax imposed; like the broken promise to preserve and enhance medicare — we see a decrease in the funding to medicare and the result also in the increased prices that people have to put up now, up front, for prescription drugs, and the school dental plan which is being sadly missed, particularly in the rural areas. The hospitals' waiting lists, Mr. Speaker — 10,000 we've heard about in Saskatoon, 3,000 in Regina, 900 in my home town of Prince Albert.

Now, Mr. Speaker, I would like to make additional comments on this at a later time and so would many of my colleagues, and I would at this time move to adjourn debate on this Bill.

Debate adjourned.

Bill No. 52 — An Act to Amend The Department of Revenue and Financial Services Act

Hon. Mr. Lane: — Thank you, Mr. Speaker. The amendments affected by this Bill are consequential to enactment of The Fuel Tax Act, 1987. Part III of The Department of Revenue and Financial Services Act, which this Bill amends, contains the general administrative and enforcement provisions that apply to most of the tax legislation administered by the Department of Finance.

These consolidated provisions which deal with such subjects as the filing of returns, audits, refunds, offences, and appeal procedures currently apply to such other taxes as E&H tax, liquor consumption tax, and tobacco tax.

By making The Fuel Tax Act, 1987, subject to these provisions, we are ensuring that the new fuel tax will be administered in a manner that is consistent with these other taxes. Mr. Speaker, I move second reading of the Bill.

Mr. Kowalsky: — Mr. Speaker, this Bill is introduced in conjunction with the Bill previous, and as we would like to advance debate on this Bill at the same time as we advance debate on Bill No. 51, I would move that we adjourn debate on this Bill.

Debate adjourned.

Mr. Kowalsky: — I would ask permission of the members in the Assembly to make introductions.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Kowalsky: — Mr. Speaker, I would like to introduce to the members of this Assembly some visitors who are members of the 87th Cub Pack, England District Cub Pack, which is centred at the W.H. Ford School. They are guests of my seat mate, the member from Regina North West. They have just finished taking some pictures with the member, and I am going to be pleased to be able to

meet with the group later on. The member from Regina North West has asked me to distribute some pins to you and to have a question and answer period. I welcome you to the House.

Hon. Members: Hear, hear!

(1915)

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Rural Development Ordinary Expenditure — Vote 43

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

Hon. Mr. Hardy: — Mr. Chairman, on my left here I have Bill Reader, deputy minister of Rural Development. Directly behind me here I have assistant deputy minister of Rural Development, Ernie Anderson. Right behind Ernie is Larry Chaykowski, director of management services; and over on my right is director of development services, Dennis Webster.

Item 1

Mr. Koskie: — Thank you, Mr. Chairman. Mr. Minister, I want to begin in respect to rural development to indicate to you my concern with the problems that are being faced by rural Saskatchewan in these very tough economic times. And it seems to me that we are on the verge of having rural Saskatchewan transformed unless someone in the government will come to their senses and realize the seriousness of the problem that's facing the farming community today.

I want to say, Mr. Minister, that I say that rural Saskatchewan is going to be transformed unless immediate action is taken because many of our young farmers are being forced off the land. And I want to give you some of the indicators of my concern as I progress with my remarks. I think it's common knowledge that you realize yourself that there's heavy debt burden laid upon our young farmers. I think you will agree that there has been a reduction in the commodity prices. And I think that you will agree that while the government during the election year gave the impression of addressing some of the problems, that today in the state when the farming economy has digressed further, there is in fact no government assistance to those that I refer to — that young generation of farmers who may well be . . . Their very existence may well be under review at this time.

And I say to you also, we had a proud rural Saskatchewan. And I can only use best the reference in my own constituency of the family farm. I go to my home community in Muenster, and they are reasonably small family farms — reasonably small family farms, but they've made a good living. And I can go to other communities — to the Annaheims and the St. Fronts and the Quill Lakes and the Leroy's and the Wynyards and the Lanigans and Jansens and Drakes and Lockwoods. And there is, I say to you, in Saskatchewan a great depth of love for the land. And I say to you, Mr. Minister, as rural development minister you have to do more than just hold annual conventions with the R.M.s. You're part and parcel

of the solution or the problem.

And so I ask you . . . In looking at it, I see the trends that are developing. I see the trend where it says: in Saskatchewan, farmers pay most interest — 15 per cent of farm expenses in this province, by far the highest in the country. Even more significant is, the interest payments were made by 42,332 farmers out of a total of 53,242. The Saskatchewan farmers pay most interest.

Saskatchewan farm capital depreciated from 31.3 billion to 29.2 billion. The bank in 1981 indicated that the size of rural Saskatchewan farms are increasing, and I understand that that has been a progressive move as mechanization came in. But I say to you that there is a fear in rural Saskatchewan today, and the fear is that young farmers are going to be driven off the farms.

And so without making a long speech, I ask you as Minister of Rural Development, meeting with all of the 299 councils of the R.M.s throughout this province, I ask you if you would be good enough to outline your vision . . . what you see for Saskatchewan five years, 10 years in the immediate future. So I ask you to project — this is your opportunity, Mr. Minister — to take a look as Rural Development minister and give your vision. Tell the young farmers your vision of rural Saskatchewan of tomorrow. Is it going to be the corporate farms? Is it going to be the equity finance corporation where outside investors own the land and young farmers are the tenants? This is the question that has to be addressed.

And unless a government has a vision for rural Saskatchewan, I'll tell you there'll be a transformation the like of which you have never seen. And I'll tell you they had . . . where government has refused to intervene. We can go to our sister states, the North Dakotas or South Dakotas, and we find that the population is half of what Saskatchewan is. And what has happened there is you have your huge inland terminals and you have your variable rates and you have all of the other structures that increase size of farms and drive young farmers away from farming. So I ask you to take it seriously and that's the presentation that I make to you tonight — to not take it lightly because at issue here today is rural Saskatchewan; rural Saskatchewan of tomorrow.

Hon. Mr. Hardy: — Well, Mr. Chairman, to project into the future five or 10 years, I'm sure there's nobody in Saskatchewan and nobody in Canada can do that. But I can tell you some of the things that we're doing today that may have a future, may have a reference five or 19 years into the future, some of the things that were not done 20 years ago that maybe should have been done 20 years ago. That is such things as value-added industries to our agricultural products.

We have been the exporter, Mr. Chairman, of raw

products for ever out of here; we have not, in fact, been the exporter at all of finished products. And when you export your raw products, you export your youth and your job opportunity and your growth opportunities here in the province. And we've done a lot towards that already, Mr. Chairman. And we're going to . . . probably a lot more in the future.

To give you an idea of what's been going on today, Mr. Chairman, I had in 55 communities meeting in Regina here, one representative of each community talking about rural development, rural diversification, value-added industries to agriculture and to other things in the province. The meeting's been on all day; in fact, I've just come from the meeting just now. There's 55 communities there, each with their own representation and each making their own presentation on what they see they could do to value-added industries in this province. There's been 102 different proposals put forward, all the way from ethanol plants to tourism to finished products such as finished products that you would find in your store. Those are the kind of things that's happened in Manitoba years ago, that's been happening in Alberta for many years, and it's just starting to happen here now in the province of Saskatchewan.

And you look at such things as our meat packing plants. You can look at such things as our upgrader; we're finishing oil products. You can look at such things as Intercon, turkeys . . . or chickens at Wynyard. You can also look at the ethanol plant that's being built out here on a reserve. Those are value-added industries to a province that has never really had the opportunity before, and we'll continue to build on that.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Well, that is quite a vision. That is a great vision, Mr. Minister. Maybe you want a second try, because I'll tell you, you need another try if that's the best you can do.

I sat here and I asked you in respect to the crisis on the farms and the depopulation of the farm community, and you side-tracked it. That's exactly what you said. You said you have no answers to the young farmers, and the high debt ration of the young farmers in Saskatchewan, you never even mentioned, and he said he's been here since 1982, and now he says, oh, a value added on . . . value-added industries.

I'll ask you, Mr. Minister, we had rural development in the past, and I'll tell you I could use my constituency to demonstrate it because not only did we have the family farm but we had industries in small communities. And I defy you to name in my constituency, or throughout this province, similar development in conjunction with rural towns and small industries. I have gone through this before. I can go through every community in my constituency and there is an industry that has been set up and it was set up under the New Democratic Party. I go into Anaheim, Mr. Minister . . . (inaudible interjection) . . . Oh, we've got some chirping now. They're getting hurt a little bit, so they can't take it, they can't take it.

The member from Pelly, he won't get into the debate but

he wants to chirp. I'll allow him to chirp — get into it. Why didn't you get up and speak on your taxation increases and tell us how it's helping the farmers?

I ask you, Mr. Minister, in a serious manner not to take the question lightly, and I'll give you a second chance. I ask you: what are you doing and what is your plans and what is your philosophy and what do you see for Saskatchewan in the future? Is the family farm a myth under the Tory regime? Is the equity corporation an investment from Hong Kong and West Germany? Is that the future of Saskatchewan?

I'll tell you that the young farmers that I've talked to said, get this government to demonstrate their position. And that's what I'm concerned about, and I'm talking about farmers. Are you saying that you want to depopulate the farms and put them into the cities? Is that your solution?

So I'll give you another chance. Do you have any sort of a vision to keep the family farm a viable unit in Saskatchewan?

(1930)

Hon. Mr. Hardy: — Mr. Chairman, you know it's interesting to hear the member from Quill Lakes talking about what there should be for the farmers and talking about the future. I go back to 1981 when I was farming, and many of us were out there farming, and I believe interest rates were 24 per cent. I sat on the opposition side of the House and I can remember then the premier, I believe, at that time, saying, you know, we can't do anything about interest rates, we can't help the farmers. Had they done some help then, it may have been a lot different now.

Let me tell you a little bit about what is going on out there in rural Saskatchewan. Sometimes it's hard when you live in Regina here to really realize what's going on out there in rural Saskatchewan. There's a farm symposium on financing farm debt to be held here next week. There will be 200 farm leaders from Saskatchewan at that symposium discussing one of the major concerns — farm debt, interest rates. They will be major concerns.

If you look at the overall feature of why the farmers are in debt, you can go a long ways back. But you know, when you go back into the '70s when land was fairly high priced, the interest rates were 25 per cent — no help for them at that time, writing it down, the accumulation of debt, and now the debt is very high.

And you know, there has to be some things done with that, and the first step that we're looking at — or not the first, but one of the ones we're looking at — is a symposium on farm financing. And there'll be 200 leaders in here next week discussing the alternatives and the opportunities that could be there.

But let's go back a little bit about what you talk about rural Saskatchewan. Right now, the Department of Rural Development is working with approximately 200 rural communities to look at diversification and development based primarily on agricultural products. And if you maintain the agricultural base out there and maintain

industries related directly to that, you maintain the jobs and you maintain rural Saskatchewan. So you can plan now and for the future. And each community . . .

Today was an interesting day down there with those 55 communities making their presentations, talking about all the things that can be done out there to diversify our economy and to build on rural Saskatchewan, small town Saskatchewan. And you know, like the people out there are optimistic and they have a lot of different ideas, and many, many of them they can put into place. And certainly we'll be working with them. We have a department now of Rural Development, and that Department of Rural Development is just exactly that. It's not only roads and bridges, but it will be a development of rural Saskatchewan. And I don't think anybody ever planned that ever, ever before in the past. This is today, and we're planning for the future.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Well I'm awfully glad the opposition is clapping for that statement. I gave the man a second chance, but he bombed again. He has no vision. I asked him in respect to what I can say that your vision is in respect to the community of young farmers. That's what I asked you. Is the family farm continuation going to be viable under your projection, or is it exodus to the cities?

The percentage of farmers under the age of 35, my friend, rose to 21 per cent in 1981 — young farmers going into the agricultural community. They rose to 21 per cent in 1981, from 15 per cent in 1971, but has dropped back to 19 per cent by 1986, the number of young farmers. And what you're having is the exodus under your regime. It rose, the number of farmers under our government. It rose to where there were 21 per cent; 21 per cent were under the age of 35, and today that percentage has fallen. It hasn't increased. And you have been saying . . . (inaudible interjection) . . . Pardon?

An Hon. Member: — That isn't surprising.

Mr. Koskie: — No, it's no surprise. Of course I'm not surprised. It's the Tory government, with no policies to keep young people on the farm. That's exactly the situation. And now I see them huddling to get some information together.

Well, Mr. Minister, if I could have your attention, the percentage of farmers under the age of 35 rose to 21 per cent in 1981 from 15 per cent in 1971, but has dropped back to 19 per cent by 1986. I want to say what is happening here is a trend. We're losing our family farm community, and we're losing it under your administration, Mr. Minister, as is evidenced by the remarks that I've made from the *Star-Phoenix*.

Also, it's indicated here, Mr. Minister, that people are in fact moving to the cities. And they're indicating that by 1981, the ratio was up to 58 per cent; that is 58 per cent living in the cities. And according to a recent study commissioned by the government that will reach 65 per cent — 65 per cent of all our population will then be in the cities.

Now obviously it means ... this is by Sask Housing, commissioned by the Tory government, predicting that they have absolutely no policy for maintaining young farmers on the land, nor a policy for the viability of rural communities. That's exactly where it's at, Mr. Minister.

And you have failed the young farmers of Saskatchewan, and now what you're rearing as a solution — that if they want to farm, is to become tenants to landowners from Hong Kong. That's exactly what your position is. That's the position of your symposium. And you're representing rural Saskatchewan, and that's the solution that you're offering to rural Saskatchewan.

So, Mr. Minister, I ask you: specifically, what are you looking at in respect to the problems of the family farm, what it's facing today? I'll tell you, 29 per cent say they will not be on the land in two years time. And you can talk about all your volume-added industries, which is just a press release at this time, just like during the election, but I'm asking you, I'm asking you to give a clear-cut message as to what we can tell the young farmers, that 29 per cent that are going to be forced off the land. Do you have any vision, any method, any government programs which will guarantee the viability of family farms, or are you prepared to let them fold and larger and larger and outside investors to take over? I ask you that; I want you to address it, that specific question.

Some Hon. Members: Hear, hear!

Hon. Mr. Hardy: — Well, Mr. Chairman, just to answer some of his questions earlier before he got down to the final request of his there. He was talking about the difference in the young people on the family farm from 1971 to 1982, that it went up from 15 per cent, I believe he said, to 21 per cent. But what he didn't tell you, Mr. Chairman, was that from 1971 to 1982, 11,000 farms were lost in the province of Saskatchewan — 11,000 family farms were lost in the province of Saskatchewan in that same period of time.

So it tells you, Mr. Speaker, that although here were some young people coming back, because people were leaving the farm and coming back, all right, they were losing in numbers — 11,000, Mr. Chairman, amounts to almost, almost 20 per cent. That's 18 per cent. So just look at it that way.

And he asked another question, what are we talking about assistant agriculture out there. Well if you go back and look in the late '70s, if the former administration had made available to our farmers 1.2 billion of dollars at 6 per cent interest, I doubt if we'd have a debt problem today for the farmers out there. I doubt if we would, Mr. Chairman. They would be financially sound, and we would not be facing the major problems we're facing today.

Besides that, Mr. Chairman, we had made available to the livestock industry, which is doing extremely well in this province — it's never done so well before, even in tough times — we have made available livestock cash advances, livestock cash advances. We have brought into this province and expanded the red meat industry like it has never been expanded before. And I could go through

a whole series of things that we have brought in to assist the farming industry in this province.

And I grant you, Mr. Chairman, there's still lots more to be done, but we have to deal on a long-range basis as well as a short-term basis.

Mr. Koskie: — That's exactly what I was asking, what is your long-range philosophy? You don't have one. So I just want to indicate part of your speech, Mr. Minister, to the conference, 82nd annual convention, Saskatchewan Association of Rural Municipalities, you said, "We see the role of our government (and these are the old clichés) to build, to diversify, to protect."

Ask the 29 per cent of the farmers that are going to lose their farms in two years unless something is done with debt restructuring. Ask them whether you are really protecting. Ask them. And you've lost 1,000 farms during each year of your administration — farmers — and what is more, there's the highest rate of bankruptcies in Saskatchewan and in Saskatchewan agriculture of anywhere in Canada. That's where it's at. And you say you're going to build and diversify and protect.

You know what you said to this here conference? You said, "With farm size increasing," which you are accepting, that farm size automatically will be increasing, you say, "the elevator points consolidated." You say, "branch lines abandoned, and resource and development projects coming on stream." And that's what you are saying here. You're saying that the farm size is increasing, elevator points are consolidated, branch lines are abandoned, and resource development coming on.

I think that you're saying in that, one, is that the family farm is going and we are going to let it go. Your Premier has, before he entered this House, indicated that you had to lose about two-thirds of the farmers because they are inefficient. Large farms — that was his policy, and that's your policy, Mr. Minister.

You know, you stood up and deceived the people of this province and rural community when the people of this province were fighting to maintain the Crow rate, and you put together your slick Ontario-based, blue-machine clichés, "We'll keep the Crow and let Blakeney go." That was your cliché. Very good. Laugh, Mr. Minister, laugh. Well I'll tell you, the Crow rate is gone and I want to say the second step is under way, the second step is under way. The variable rates — and this minister hasn't even said boo in respect to the entrance of variable rates. He wants them to go.

And so, Mr. Minister, it's very clear that your policy is as it was articulated and I articulated with the Premier the other day. His deputy minister of Agriculture said that the restriction on foreign ownership of our land is archaic, that we've got to open our borders to the investors — that's what it says. And the deputy minister of Agriculture said it. And the Premier also says the borders can't be closed to outside buyers of our farms. And the article went on also to say ... (inaudible interjection) ... It's a good issue in rural Saskatchewan, my friend. It's a good issue and I'll use it. I'll use it. You're right. I'll use it.

(1945)

And I say to you, Mr. Minister, that's the direction of your government. You won't save the family farm and you won't save the 29 per cent of the farmers that are in serious trouble, because your mission is simply to see them go and to be replaced by larger farms.

Mr. Minister, in rural Saskatchewan today, during the eight years of your administration, I'm going to say that there was virtually no small businesses started in rural Saskatchewan. Virtually none . . . (inaudible interjection) . . . Okay, laugh.

I'll tell you I have a constituency that's representative, and I'll tell you there's a whole series of small business that helps to co-ordinate and work with the rural community. But that's not your vision. Your vision is the Weyerhaeuser's of the world to come in and take over. Give them a pulp mill — that's your vision for the people of this province. And that's going to be your vision in respect to the agriculture of the future.

And I'm going to say to you, Mr. Minister, I stood before you here and asked you to give some hope to the farming community by this government. But the farmers of Saskatchewan know, they know they can't trust this government any more. Because rural communities voted, as did many of the other urbans in '82, and they did it, as was introduced today — the reintroduction of the gas tax. In '82 you stood and you went across and you said to farmers, there's a tax on farm fuel, which there wasn't. You said you were going to take off 40 per cent and there was no 40 cents per gallon.

I'll tell you, Mr. Minister, your credibility is shot. I think the best place you can stay is in Regina because I'll tell you, you have no popularity and you have no credibility — nor has the Premier — in respect to these promises that you made.

And so I say to you, Mr. Minister, if you think you've been doing so well, let's take a look at some of the cuts. Let's take a look at the myth of you supporting rural Saskatchewan. As I said, the polls indicate that the farmer is in the worst possible shape, and I defy you to stand here and say that farmers in '86 are not worse off than they were under our administration.

I say to you, Mr. Minister, I want to run through some of the good things that this government is doing to protect rural Saskatchewan.

First of all, the provincial government has cut the agricultural department budget by 25 per cent. They've eliminated the property improvement grant, \$83 million that helped all of the rural areas, helped the farmers pay their taxes — 83 million you took off. You've cut the agriculture budget by 25 per cent. You gave the farmers a fuel rebate, before the election, of 21 cents a gallon, and then after the election, you said, well we'll cut it back now. So they did — to 9 cents.

You promised that you were going to have a land transfer program to get young farmers involved in farming. You

promised it in 1982, and you came in and you announced it — fewer young farmers on the land, my friend, today than in '81.

And you know what you did with the land purchase program? You phased it out, you phased it out, deceived the farmers again. You phased out all provincial funding for agricultural fairs and exhibitions. You phased out funding for all the 4-H regional program — 4-H. You have reduced the grants to various producer groups such as the Saskatchewan Livestock Association and the Sheep and Wool Marketing Commission. You planned to eliminate all the provincial funding with the prairie agricultural institute which tests and develops farm machinery. You cancelled travel grants and clinic operating grants for veterinarians meaning . . . You eliminated \$120,000 grants in rural municipalities for perennial weed control. You eliminated \$365,000 in grants to R.M.s for rat control. You cancel the grants to the University of Saskatchewan totalling \$200,000 for feed testing. You cancelled grants to the University of Saskatchewan totalling 80,000 for soil testing. Those are just some of the cuts.

And you stood there s the minister of rural Saskatchewan and you watched the dental program, which was particularly useful in rural Saskatchewan, and you sat there and you agreed with it. And this was the dental program that brought it to the schools and provided not only dental care but preventative dental care.

And so I say to you, Mr. Minister, you destroyed the prescription drug which was used in rural Saskatchewan, and those are only some of the areas that you have decimated rural Saskatchewan. And I say to you, the people of this province are now aware that Tory governments, that you can't be trusted, Mr. Minister, that certainly your Premier can't be trusted.

I have an article here, "A kick to the farmers." This is the regional . . . "Provincial government cuts to rural programs are like kicking rural residents when they're already down." And he refers to the various cuts that have been made, and it says here, "cuts to production-related programs," such as funds to perennial weed control, grants supporting soil, and reduction of ferry service, only to save the government about 1.2 million, while creating hardship at a time when farmers are already financially strapped.

And many of these measures are not even cuts; they're just transferring the cost, Mr. Minister, from the province to the rural municipalities or to individuals. And this is what you've done. You've been unfair. You promised a heaven, and you're giving rural Saskatchewan a living hell today. That's what has happened, and in this budget here, and as we go through it, Mr. Minister, it's one of the greatest deceptions that any rural affairs minister has ever presented to this House.

And I want to ask you how you justify, when farmers are on their back, when they're indebted, as I have indicated to you, when commodity prices are down, when they're strapped, why you would cut your budget — and I'll illustrate it — by over \$4 million? That's what you've done, and you've transferred costs over to the R.M.s, and

you've said, well, we kept the operating and the grants to the R.M.s about the same. Oh yes, you did.

Well we'll find out about that because that's not true either, because we've taken a look at it, and I've talked to a few R.M.s. And well, sir, you've transferred now to them . . . Remember this gas tax that you took off? And now you have put it back on the backs of all the R.M.s and we'll go into what it's costing the R.M.s in respect to the gas tax and to the E&H tax — what it costs R.M.s. And you're saying, oh, I'm sticking up for rural Saskatchewan in these tough times. Well I'll tell you, you'll never fool the farmers again, Mr. Minister.

And so what I want to ask you: how do you justify, as a rural affairs minister standing in this House, allowing the massiveness of the cuts that I have demonstrated and have only touch the tip of the iceberg? How do you justify pushing on the backs of farmers when they can't afford to support further taxation, further cuts in programs?

This is the last occasion, the last possible time that you should be cutting back to the extent that you have. So, I ask you simply: what is your justification of the massiveness of the cut-backs to rural Saskatchewan?

Hon. Mr. Hardy: — Well, Mr. Chairman, it's interesting to note that the member from Quill Lakes says — what? — he's saying that we haven't done very much for farmers in the last couple of years or haven't in any way put financial assistance out there for them.

And if you look just over the last year, or year and a half now, there's been over . . . approximately \$415 million in Saskatchewan — in Saskatchewan — from a deficiency payment. There has been \$1.2 billion at 6 per cent money; in fact it's been interest free for a year and a half to the farmers. There's been \$70 million this year in livestock cash advances, interest money free, and there's been almost, if not over, \$500 million in western grain stabilization money into this province — in the last year. In just shortly over a year, that's just how much in cash has come into this province. It's direct cash input into this province.

It was interesting him saying that, what are you doing to protect the family farm. That's what he said. I have to go back, Mr. Chairman, and say, when things were really good, the best time this province ever had, the best time this country has ever seen in the economic times around the world, 11,000 families left the farm. Now that's quite a question for him to ask us when you realize that there's been almost no exodus of families from the farm in the last few years. Now they have a debt out there, I grant you, and we've been working on it.

You take a look at, he said, what did we do to help establish new farmers out there or young farmers. From 1971 to 1982 they bought under state control and established 1,100 farms out there in rural Saskatchewan; at the same time they lost 11,000, remember. From 1982 to now there has been 5,400 farmers assisted at 8 per cent financing to establish them on the farms. In the last three years, the province of Saskatchewan has put \$519 million direct cash out to help the farmers of Saskatchewan. In the last 10 years of the NDP administration, the last 10 years

of the NDP administration, they put out \$489 million.

An Hon. Member: — That's Department of Agriculture.

Hon. Mr. Hardy: — That's just Department of Agriculture. That tells you, Mr. Chairman, how much we care about it and how we've been working towards it.

The world price of grains, the world economy which reflects directly on us as exporters of raw materials and not the processor or manufacturer of any of these materials or the value-added industries which he last said, and says it doesn't mean anything. Value-added industries in the provinces and across Canada where they are, are doing very well. They are very beneficial for long-term benefits to our farmers.

So if he says, what have we done, we've done much, Mr. Chairman, over the last three to five years.

Some Hon. Members: Hear, hear!

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, I like the way you keep telling the farmers of Saskatchewan that they're better off today than they were in 1971 to '82. Do you really think they believe that? You can keep telling them that until you're blue in the face, but their pocket-book tells them different. And it tells them different for a number of reasons that have already been outlined, and I'll just add a couple of more reasons.

(2000)

You ask the farmer of this province how much it's going to cost their school districts to cover the cost of the gas tax to the school divisions. Ask them that. And I can tell you they're going to say it's going to cost us plenty. And the school division people will tell you the same thing. As in the Wakaw unit, \$30,000 extra — \$30,000 extra; \$45,000 in P.A. rural. You tell the farmers how that's better than they had it in the years past.

And you ask them where that money's going to come from. Is it going to come from the food budget on the farm? Because the money has to come from somewhere. Is it going to come from some of the payments to the banks, or their machinery payments? Where's that money going to come from?

We have a situation in Saskatchewan today where the hard-pressed farmers are being asked to pay more and more and more by your government. We see the fuel tax affecting the rural municipalities; we see the fuel tax affecting the R.M.s, and here, I'll just quote from the *Western Producer*:

Many services cost more in rural Saskatchewan. Saskatchewan rural residents pay more property tax per capita for municipal, school, and hospital services than do urban dwellers, according to a study done by Saskatchewan Association of Rural Municipalities.

And why, I ask, is that so? Why do they pay more taxes? Municipal and school and hospital taxes, why do they do that? And I tell you they do that because you have cut the

funding to them; you have raised the gas tax to them; you have raised the education and health tax, and now they have to pay. They have to pay out of their pockets. Many of their pockets are empty. And so what happens? The services are cut. What happens to the school busing situation when all of a sudden there's no money? Are you going to supply them money to keep their kids going to school? The way you operate, I doubt it.

And then I ask you about the farm fuel rebate — cutting the farm fuel rebate in half. How is that helping the rural people of this province — \$26 million coming out of their pockets and you're helping them? I ask the minister this: can you tell me, Mr. Minister, what the total value of your gas tax means to the school districts in this province and the R.M.s? Give me the total, and then I want you to tell me where that money's going to come from.

Hon. Mr. Hardy: — Well, Mr. Chairman, I believe that question was answered in the Education estimates. My understanding was, and I think if you'd go back and look in Hansard, it will probably tell you the exact figures, but that it was built into the formula and the grant structure knowing the tax was coming on, and there was extra amounts of dollars allocated to each school unit to allow for the amount of school busing that they would have at the 7 cents a litre.

Also, with the R.M.s — and I think all R.M.s got the letter — that where they were doing construction work or building of roads and that, that we also funded the extra that it would cost them because of the 7 cents a litre. So all R.M.s got the letter — it was sent out to them — and any of them that requested it, it was refunded. It would be refunded to them.

I don't know when the letter was sent out. It was about . . . In fact, we've got a copy of the letter here that was sent out. I won't read it all because it would take a while, but it said, August 10, and it just goes on to say that if you had a cost occurred or you're building roads and the 7 per cent wasn't allocated within the budget — we realize that — that we would pick up that. That 7 cents a litre on your fuel would be picked up on a cost-shared basis with the department.

I don't know how many letters we've had back on it but certainly I believe that's what they asked us for, that's what SARM (Saskatchewan Association of Rural Municipalities) asked us to do. I've met all around the province in the spring with just about, I think most of the R.M.s in this province. I was to all the district meetings. I had the opportunity to meet with them, and that was their request at that time and we honoured that request.

Mr. Koskie: — Let's get specific here on it because I have phoned a number of R.M.s and I can tell you that I can detail some of the costs.

In July, in this municipality here, it would have cost them from the time that it was instituted until July 16 about \$1,120 extra, just on the tax. August 19 . . . It came into effect, I think, in June, June 21 to August. July 16 to August 19 — this is one of the R.M.s — they indicated it would be \$1,347.50. I spoke to another administrator, and this R.M. uses about 500 gallons of fuel per day in

midsummer and would go down to about 350 gallons now. And on 500 gallons of fuel tax, it would be about \$160 a day, and 350 gallons, the fuel tax is about \$112 per day. That's what they're saying they are paying.

Also this municipality luckily purchased a new road grader just before the 2 per cent sales tax came in, and this piece of equipment cost them \$100,000. So if it had been purchased after this budget came down, a 40 per cent increase on the E&H, that cost to the municipality would have jumped by \$2,000. That's exactly what it says — the E&H tax applies to everything on the R.M. buys, from stationery to earth-moving equipment, there are few exceptions. Electricity purchased for the street lighting, water, sewer, light, other recreational facility, is not taxed.

Another R.M., and here's . . . Well I won't even mention it to you. I'll just tell you I've got the details here. The municipality purchased a \$36,000 tractor after the E&H tax went up to 7 per cent, so \$720 extra was assessed to the municipality. This is what the R.M. secretary told me. And the R.M. will buy about 150,000 litres of fuel this year. It has been as high as 190,000 — years when a lot of road building was done. And so you can calculate 7 per cent will therefore cost the R.M. about \$10,500 in extra tax on gas. That's what you've done in respect to the R.M.s.

And you brought in a budget which is deceptive. But in your budget, yourself, you've cut it from previously 57.703 million to 54.469 million, and that's a myth. But there it is — over 3 million on your own figures that you've cut from the budget and then you've imposed the E&H tax and you imposed the gas tax.

Mr. Minister, how do you justify these unconscionable increases to the R.M.s at a time when you cut your own budget to them by over \$3 million, on your figures? And your figures are not the truth, because we're going to establish that. How do you justify it?

And you say, in respect on August 20, you sent out indicating that it would be cost-shared basis. I think perhaps . . . Would you file that letter so that our side would be able to take a look at it to see? Because I am very surprised, Mr. Minister. Why wouldn't you, if you had that intention, why didn't you put it in your budget? How can your revenues, from the estimation in your budget, be correct if you have after August 20 changed the rules again?

So I ask you: will you table the letter, or would you indicate how it's possible that only so few municipalities have indicated that they want to go into this new deal that you're giving them. Could you outline, in specifics, the nature of that deal in that August 20 letter because you said it's cost-shared. What does that mean? They pay a half, you pay a half? Or do they pay it all? What's the arrangement? Let's come clean with it, because this is not what the R.M.s are saying, and I'll tell you I'd rather believe the R.M. secretaries which gave me this information. Would you please explain that?

Hon. Mr. Hardy: — Well, Mr. Chairman, it's obvious he doesn't understand much about how rural councils work

or rural Saskatchewan works as far as R.M. roads go.

For years, Mr. Chairman . . . it's not something that we've brought in since we became the government; when they were the government, it was the same. There's a cost-shared program in regards to building main farm access grids, heavy haul roads, primary grid roads, and they vary, Mr. Chairman, from 70 per cent all the way up to 90 per cent government share.

So what we have said to those R.M.s that we will . . . If the tender was out, regardless of when it was, if there's an additional cost involved because of the 7 cents a litre tax, we will cost share that at the rate that we normally do it, which runs between — he must remember the 7 cents a litre is cost shared from 70 to 90 per cent. So it could vary from 2 cents a litre or 1 cent a litre — the R.M.s share — and the government's share would be the difference.

The letter was sent out, Mr. Deputy Chairman, on August 10. I'll just read a portion of it to you because it takes a while. And it just says:

This is to advise you that in those instances where council is of the opinion that some adjustment of a contractor's tendered price is justified because of the new fuel tax, the department will be prepared to cost share on such adjustment in those cases where the council feels an adjustment is warranted. The department will also cost share on the tendered of common excavation unit price.

So what it tells you is that they will, if you were doing your own contracting out there, or the R.M. was doing it, we'd cost share proportionally to help pay for that fuel tax, as well. So all the road construction in this province was cost shared. The additional tax on fuel was cost shared. Most of it would have been picked up by the Government of Saskatchewan, a small portion would have been picked up by the local R.M.s.

Mr. Koskie: — Well, let's get specific, Mr. Minister. Is it the cost sharing that you're talking about relate to the tenders that were put out prior to the announcement? Are those the only tenders that you're talking about?

And what happens once it has been applied? Once the increase came in in June 21, and now I put out a tender after June 21, is the same consideration applied?

Hon. Mr. Hardy: — Mr. Deputy Chairman, of course it is. The reason that we allowed . . . The concerns of the R.M. was that a lot of tenders go out prior to the announcement of the tax, and they would have awarded those tenders to contractors, in some cases the contractor is their own outfits.

They'd awarded those contracts, and all of a sudden they found that the contracts at 7-cents-a-litre fuel tax was an extra cost onto the contractors. Many of those contractors work on a very marginal amount of money, so we have said to those R.M.s that you can expand, or that you can change the contract, we'll warrant it, and we'll pick up the difference of whatever, or cost shared the difference. And that cost sharing runs between 70 per cent and 90 per cent, and the government cost share that. It does in all

contracts.

So any contracts that come out after, after the 21 of June, the contractor's aware of it, and he bid accordingly. Again, we cost shared all of those costs, as we always have done, and it always has been that way.

Mr. Koskie: — Tenders you talk about. Tell me how many municipalities tendered out their work out of the 299, and how many of the municipalities do their own construction?

(2015)

Hon. Mr. Hardy: — I don't have an exact number of how many R.M.s do their own work, but I just asked the folks with me and they're saying about 10 to 15 per cent of the R.M.s do their own construction work, and the balance would be under tendered contract to whoever else they would tender it out to within the province.

I believe most of the contracts that R.M.s do tender out are awarded to Saskatchewan contractors. I think we had a . . . I remember the ratio was about 98 per cent, I believe — was it not last year? — that were Saskatchewan contractors. In fact, in a lot of cases they use local people because it fits within their . . . They're using their own taxpayers in a lot of cases or their own local people.

Mr. Koskie: — Mr. Minister, I want to give you an example. I have an R.M. here which I've contacted, and they indicate that in June they used \$4,300 in fuel; in July '87, 6,400; in August, 7,700. So you have 10,750 litres since June 21 when the tax increase came into effect. This R.M. does all its road work and construction and maintenance.

I ask you, do they not indeed have to pay the E&H tax? The information that I got, and it's from the secretary, municipal secretary, is that in July, from the time it came in until July 16, about \$1,120; July 16 to August was 19,250 gallons, 1,347. And that's what they're paying in respect to the use on the gas tax. Is that accurate?

Hon. Mr. Hardy: — Well I'm sure if the R.M. council sent it to you, they felt it was accurate.

Just to clarify for sure so you understand, if you were using local R.M. equipment for contracting your own roads, there was an additional 4 per cent built into what they call the excavation price that normally go, and it's an average price, and that's how it's done year after year. It's averaged every year to give you that price, and the R.M. councils know what they are previous to starting it, and it's built in. So there was an additional 4 per cent built in to accommodate those R.M.s who were doing their own because of the increase in the fuel price. So they would get an extra 4 per cent moneys paid to them because of a fuel tax that was added that we brought in to allow for any extra costs that they would occur because of that.

Mr. Koskie: — You know what? You're not being honest with the committee in my view, because when you take a look at the grants to community economic development,

they're down, they're actually down. And where else in there would you possibly be giving the funds to the R.M.s? It has to be either in unconditional grants or in conditional grants. And if the E&H tax is a new add on, new tax, and if you're paying less to the municipalities as a group, then you have to be cutting some other service because your overall funding to the municipalities is reduced. In your own budget . . . your own budget indicates that the grants to the municipalities is reduced.

Well I can read, 48,574,000 plus in 1986-87, down to 48 million this year. Now you tell me, where else other than out of the grants structure do they receive their funds? And if it's funny, then maybe you can ask your deputy to explain it to you.

Hon. Mr. Hardy: — Well I know the answer without having it explained to me. First of all, when he said I wasn't telling the truth, I was telling the truth. I told it exactly how it is, and if you're an R.M. council out there, you know that's how it is. You've got the letter; you know how it works. And you can . . .

An Hon. Member: — Well I've got it here.

Hon. Mr. Hardy: — I don't know what you're reading, and I suppose that's your prerogative; I do know how it works out there. And to tell you that . . . You talk about how come the budget can be down or the allocation within our budgetary expenditures can be down by 3 million of dollars, and we haven't changed the grant structure, the grants formula. Well, last year because, I suppose, of tougher economic times and whatever else, the R.M.s themselves did not use up all the money that was available to them for expenditures. In fact, on the conditional side where they build roads, there was almost \$5 million left unexpended which we sent out, that there were . . . where R.M.s had built in advance, just to help them out, you know, so we sent it out. But there was almost \$5 million unexpended from what was in the budget from the previous year, which we do send out to them on futures, but at the same time, we estimate that this year there'll be probably some left again because a lot with the road rationalization program we're proposing, they're waiting to see how, in fact, and where they should be building the roads.

As you know, we've been travelling around the province meeting with every R.M. council. We've sent . . . we've talked to and met with every R.M. council in regards to roads and road rationalization and road reconstruction. So they have held back in building some of the roads, waiting to see where they should build it, what communities are going to be needing the service, and how they should service their farmers. But just to be specific, there was \$5 million less in the budget this year, end of this year because of less road construction. And we will send that money out in sort of an advance to next year to the R.M.s.

Mr. Koskie: — You've just admitted that what you have done is cut back, that the road construction is down, and what they've had to do is to take money now from their road construction grants — that's what you were saying;

that's what you're saying — and transfer it over to cover off this massive E&H tax and also in respect to the gas tax. That's what you have said. You've said that they aren't using up their road construction, and, you know, at a time when you're introducing and allowing the variable rates, when more and more trucking is being done and more and more wear and tear on the road system, that's what you're asking is that all over the head . . . The minister has sat here in the House and, you know, he hasn't made a speech on his feet. It's awful funny . . . The member from Morse is chirping. Yes, I'll tell you I'll believe the R.M. secretaries any day before I'll believe a Tory.

Some Hon. Members: Hear, hear!

Mr. Koskie: — And I'll tell you in the R.M. that I've dealt with they are saying they're paying \$1,120 for the gas tax in August, \$1,347. Also in another municipality it would come to about \$160 a day on the gas tax.

I want to . . . It's clearly established that what you have done is transfer onto them. You've kept your budget in respect to the funding of the municipalities less than last year. It's down from last year; you can't deny it. And I'll tell you what you did: not only did you cut the grants to the R.M.s but you also rolled in another \$2 million that they got last year into the grants . . . (inaudible interjection) . . . He says they are the same. That's what you've done in your budget. Total deception.

I ask you then in respect to the . . . I think the R.M.s are fully aware of the situation. I asked the minister if he would table the letter so that we would have a copy of that for our perusal. And I would repeat that: would you be prepared to table the letter that you sent out to the R.M.s?

Hon. Mr. Hardy: — Well, we'll get you a copy of the letter and send it to you. I've no problem with that; we'll get you a copy of the letter and send it to you. The one I've got here, I've written all over, but I'll certainly get you a copy of the letter and send it to you. It's public knowledge. It went out to 299 R.M.s, so I don't think it's very secretive . . . (inaudible interjection) . . . Well but they've still got the letter.

In regards to the . . . you're talking about the mileage. I want to make it absolutely clear, absolutely clear what I said before. I said last year there was some \$5 million left unexpended mostly because of . . . well all because of not used up in capital expenditures. Some of that was because a lot of the contracts came in much less expensive than they had normally been coming in and for 1987, just so you know exactly where it sits at. In 1986 there was 1,016 kilometres of road reconstructed that was under the grant formula in Saskatchewan, and in 1987, to the end of September, there was 972 kilometres of road either built or reconstructed. And the total value for 1987 for almost the same amount of roads is estimated to be close to \$13 million. And in 1986 the total estimated value was some \$14.4 million, just to give you an idea.

So there's only 30-some-odd kilometres less built in 1987 than '86, yet the cost is down about \$1.5 million. So I'm saying there probably will be some left over this year, which we, in fact, will sent out to the R.M.s. And some of them, they do some construction ahead of time, ahead of

knowing the money will come, and they may be two or three years ahead of the grant formula, so we send that out to help them continue to build in the future.

Mr. Koskie: — Well, Mr. Minister, that's a changing story because you stood up and said first that there was a saving because road construction was down, because I wrote it down as you said it initially. Now you change the story; so I don't know which story to believe. I'll believe the R.M.s.

But I ask you, out of what provision of funds within your estimates here, out of the estimates, does this here so-called August 20 cost-shared basis to cover the E&H? Where does it come out of? And was it included in the June 17 budget?

Hon. Mr. Hardy: — Just so you have it absolutely clear, first of all, you said that what I said was contradictory to my previous statement. That's not true. That's absolutely not true. I said, amount of road construction that we cost shared was down, and I told you later it was down. It was down from 1,016 kilometres to 972 kilometres. And what I added to it, so you would understand it fully, was also the total cost of that construction of those roads was also down from \$13 odd million to \$14.4 million, from 1986. It was '86 it was 14.4, and '87 it was only just, not quite even, \$13 million. And which is at one point, \$5 million savings. And that's what I've said before and that's what I . . . I want to make sure you absolutely understand that.

You asked where this here additional dollars would come out of. It comes out of the overall funding under the grant formula that's for rural development and for the R.M.s out there. And so that's where it fits in, and it always does because it's always these types of things that fit into it.

An Hon. Member: — It wasn't there last year.

Hon. Mr. Hardy: — Well you can look. It's under item 11 which is your overall funding, and if you notice, there's little or no difference from one year to the next. In fact, it's up a slight bit — about \$500,000.

Mr. Koskie: — All right, Mr. Minister, let's take your scenario. Last year you said you have essentially the same amount of grants, all right. Let's take that scenario. About the same amount of grants to the R.M.s. You say that's where it comes from.

I ask you then, have you done a calculation as to what the gas tax, the total cost to all R.M.s in Saskatchewan, based on their information of number of gallons used, as I've done just for three or four, have you done a calculation to determine the amount of money that it will take to come out of this here grant to cover off the E&H?

(2030)

It has to be hundreds of thousands of dollars because you look at one municipality and they're paying 1,200, 1,100, 1,300. Over here they're paying \$160 a day at 500 gallons a day and part of the time it's only 350. But even at \$100 a municipality . . . and it's going to be more than that; it has to be.

So I ask you, did you do a calculation and can you tell me the impact of the cost of the impact on R.M.s in respect to the increase of the E&H tax from 5 per cent to 7 per cent? And what that means because what you're saying — you aren't giving them any more money — you're saying, if there's anything within that budget that I send out there that you don't use, I guess we'll cost share. Because that's what you said; it's all wrapped up in here. It was never covered in your budget. So now either you haven't appropriated any more money . . . You haven't said that. You said it comes out of the development grants.

So I ask you, if the R.M.s were paying it on their own — let's say that — what would be the total estimated cost to the municipalities, based on their average use of fuel per municipality?

Hon. Mr. Hardy: — Well, Mr. Chairman, we haven't done a survey on the actual cost to the R.M.s. We did do a . . . We sent out a letter to the R.M.s asking them to tell us about their mill rate for 1987 and what it would be, and we were concerned that there may be some increases. And we were pleasantly surprised to find that 73 per cent of the R.M.s out there had no increase in mill rates, 10 per cent decreased their mill rates, and 17 per cent had a slight increase in mill rates, which, I think, tell you basically that the R.M.s held the mill rates in line.

And if you look at the formula — you were talking about how this would fit in — if there is an additional increase in the cost to each R.M., under the formula which was devised many years ago they would automatically trigger additional moneys in the unconditional side of the formula for 1988.

In 1987, to help offset some additional costs that may occur . . . They brought in a regravelling program in 1986, as you know, to allow them to regravell up to 100 yards on all designated roads in the R.M.s. We extended that program to 1987; in fact, we increased the funding by 10 per cent to allow them, if there was any additional cost involved in doing their own gravelling which a lot of them do or, in fact, contracting it out to, in fact, maintain the road system out there and maintain the 100 yards per mile gravel program.

So, Mr. Chairman, I guess, first of all, to be clear, we know we haven't done an overall survey in regards to the cost to each R.M. We certainly will be looking at that over the next few months for 1988. But we did build in additional moneys to offset their grading or contracting or building of new roads. And we also, for the maintenance of the existing road system, we built in an additional 10 per cent on the regravell side.

Mr. Koskie: — I'd duck that question too, Mr. Minister. I'm appalled. I guess that's why we're in the mess that we're in in Saskatchewan, because you brought in a budget, mister, which indicated that E&H was going to jump 40 per cent. And it's going to have an impact on 299 rural municipalities. And you didn't even take a look as to see what that impact would be on the R.M.s?

That puts a pretty good picture as to where you're at, Mr. Minister. You don't know what's going on, I guess. No, I don't think you do. I think you know, and I think you

officials can give you the answer if you asked, but you'd be so bloody embarrassed to stand in this House and give that figure that you're denying that you know.

I ask you: haven't you done an estimate as to the cost, what moneys will have to come out of the allocated grants that you're giving to rural municipalities? I'm telling you here that it's costing up to \$160 a day for the R.M.s that I've contacted. And you haven't even the decency to stand here and tell us that you've done a calculation.

I ask you, Mr. Minister, do you really indicate that you went through your budget process, cut the grants to the R.M.s, cut the grants substantially because you rolled in another program of \$2 million, so it's down substantially? And are you saying here that you didn't even do a calculation to realize? And certainly you didn't build into the grant structure to cover it.

I ask you again, can you give us a ballpark figure as to the impact of the cost to the municipalities?

Hon. Mr. Hardy: — Well, Mr. Chairman, he has been reading and looking and talking to a couple of R.M.s out there, and I'm sure that he has that information that he feels is adequate. I don't want to make any guesses. I would like to think that we went out and talked to the R.M.s and got exactly, and put together, the information that he has asked for for next year so we can look at it as an overall feature. But let's make sure that he understands that the fuel tax may have been and may be whatever he says — 4 or \$5,000 per R.M. You know, some rough estimates, and I believe it's something in that neighbourhood. I'm not sure what it is.

And we did do some assumptions, and I'll give him the assumption that we did. The annual fuel consumption of, say, 65,000 litres a year would probably cost each R.M. about \$40,000, and that was an average cost. That's two motor patrols and with no road construction equipment. Now you understand that the road construction equipment is cost shared, and we pick up a share of that tax that would be increased or added on to it.

But just to be sure, just to be sure that the R.M.s did not in any way suffer from any additional taxes that may have occurred, we continued with the regravelling program. And, Mr. Chairman, we were just going through some of the lists of what some of the R.M.s would get, directly get, in addition to their revenue sharing, in addition to their unconditional grants, and in addition to their conditional grants. On top of that, some R.M.s would get as much as almost \$60,000 per year, \$60,000 for 1987, and most of them run in the 25, 30, 35, 40, 45, \$50,000 from our share to help them regravell the roads that was never there and never there before. We brought that in in 1986 to help them through a wet year.

We continued this year because we felt that those R.M.s would need those additional dollars, and I know that there may be \$4,000 estimated. That's an estimate in regards to fuel tax put on to where you're doing two motor graders and two motor patrols. But to supplement that, and not directly, but indirectly supplement it, we did

bring in a program, and continue a program, that would have given them an additional 40 to \$50,000. In fact, you could get as high as \$60,000 and I believe that's very, very substantial and would offset any additional costs that they may, in fact, have incurred.

And in many cases, Mr. Chairman, just the increase in the amount of grant that we made available for regravelling — the 10 per cent additional one — would probably be more than the E&H tax on the total amount that they would spend that year.

Mr. Koskie: — Mr. Minister, I know why you're dodging the question. If you take an average of \$160 a day for the 300 municipalities — that's \$48,000 a day — and multiply that by what?

An Hon. Member: — Five working days.

Mr. Koskie: — Five working days in the week, 48,000 a day — it comes out to about \$240,000 a day.

An Hon. Member: — A week.

Mr. Koskie: — A week, rather — \$240,000. That's about the impact — just a rough calculation in respect to the R.M.s.

I want to go on. Obviously you're hedging. I mean, I can't believe that any man would bring in a budget, place upon the municipalities a huge increase of 40 per cent on E&H tax, gas tax, rather, for their fuel, and decrease the amount of grants to rural development and say that they're better off. None of the R.M.s, I'll tell you, that I have talked to, believe you, Mr. Minister.

I want to ask also: how you have worked into this here decrease in grants to the municipalities the impact in respect to the E&H tax? Have you covered that off? Because my information here is that if you go out and buy a \$100,000 piece of equipment, that it would cost a 40 per cent hike, and sales tax would jump it by \$2,000 — \$2,000, Mr. Chairman. The R.M. here purchased a tractor for 36,000 and the E&H tax went up to 7 per cent and so \$720 of that is extra E&H tax.

I wonder if you could explain whether you did a calculation in respect to the impact of the E&H tax on the municipalities.

Hon. Mr. Hardy: — Well, Mr. Chairman, maybe I heard him wrong, but I heard him say their purchased something for \$50,000 and it went up . . .

An Hon. Member: — A hundred thousand.

Hon. Mr. Hardy: — Well, I don't know much out there that's worth \$100,000. I suppose it wouldn't be a motor grader, but it might be something — bigger equipment.

Even at \$100,000, when the increase in tax, Mr. Chairman, was from 5 per cent, which the NDP had there for many, many years, to 7 per cent, that seems to me that it would be \$2,000, is what it would be. I think he said something like \$2,500 or something.

But anyway, I just want to make it clear that in regards to the tax on gas for the R.M.s, you know, under the formula, you know, we have looked after, it's about \$4,000, and we've done many things to put it into place.

He's asking about the E&H tax on, in regards to equipment, yes, and that's true there would be some additional costs involved there. And under the formula, as it's been there for many years, if there is additional cost, whether it's capital cost, whether it's expenditures under maintenance cost, it is built into the formula, and it triggers the following year. So if there's some cost, it triggers in the following year.

And that's the way it's always been. That's the way they had it when they were there, and that's the way it's been ever since then.

Mr. Koskie: — I think, Mr. Minister, I asked you whether you, in respect to the E&H, will you agree that it applies to all of the purchases or essentially all of the purchases that are made by the R.M.s?

By the way, just not to confuse you and if you'd listen, I did say that a road grader costing \$100,000, that the 40 per cent hike in the E&H tax would be \$2,000 — I didn't say \$2,500. So don't start that game of putting in facts that I didn't put in. Two per cent of 100,000 is \$2,000, so don't play your goofy games in respect to misinterpreting what I said, because this is what was given to me by the R.M.

I want to ask you, you know, anything so incredibly incomprehensible as what you're trying to say here — everything that the R.M. gets is either through the grant program, conditional or unconditional. The grants to rural development went down; E&H tax jumped 40 per cent. Okay? Gas tax jumped 7 cents a litre. You're giving them less in grants than the year before and you're saying it's covered within the formula. Now obviously if they're paying some items they didn't pay last year, then something has to be decreased. That's the obvious fact.

But the fact is, Mr. Minister, the R.M.s across this province have been heaped upon with extra costs both in the gas tax and in respect to the E&H tax. And I want to ask you, Mr. Minister, did you do a calculation as to the impact of the massive increase of the E&H tax of 40 per cent that that would have on the municipalities?

(2045)

Hon. Mr. Hardy: — Well, Mr. Chairman, we could go on and on in a lot of different ways. But just to clarify it again, and certainly when he asked the question, is any road equipment or anything purchased by the R.M. tax exempt, and my understanding, no, it's not. E&H tax is applicable to all road graders and any type of construction equipment.

But when he's talking about new road patrols or other equipment that you purchase . . . And he knows how it works. You put it under a capital program and it's expended out over the years and there's some financing costs absorbed. The bottom line is that we built in, directly or indirectly, or however you want to call it, to most municipalities a \$40,000 benefit in regravels that

would offset any additional costs they may have incurred.

And I think when you go back — I hear them laughing over there — but when you go back and look at what the R.M.s have done with their mill rate, building almost the same amount of roads, maintaining the same amount of roads, in fact more — when you build more, you've got more to maintain — you look at it and you say 73 per cent of the R.M.s did not increase their mill rate, and they tell us 10 per cent decreased their mill rate. That tells me, Mr. Chairman, that in fact what we have done with rural development, the way we fund it, the changes we have made, the way that the regravels program is in, that in fact there hasn't been an extra burden on the R.M.s. In fact they've been able to hold the line and probably one of the . . . This is the second year in a row that they've been able to do it, and still build almost as many roads as they built before and maintain more roads. Because each year when you add another 1,000 kilometres of roads, you, in fact, you add . . . and this year another 972; that's almost 2,000 kilometres of roads that you have added, that's been added to the system, and they're maintaining them and still reducing or maintaining their mill rates. It seems to me that that is not only a responsible type of government for the R.M.s, but it also tells us that, provincially, we're funding in the right way to help maintain the system and, in fact, keep the mill rates right where they were.

Mr. Koskie: — Mr. Minister, did you hear the question? Did you do a calculation on the cost that it would . . . a massive increase in the E&H tax would cost the R.M.s, or was that not considered either?

Hon. Mr. Hardy: — I told you . . . I told him, Mr. Chairman, that we built the cost, the estimated cost, any extra cost plus a lot more, into doing other things, such as the regravels program. And I went through the whole area of what the R.M.s have done. And when he says there's a 40 per cent increase in the E&H tax — you talk about misleading the public; like sometimes there's a limit to how far you can mislead anybody. That's a 2 per cent increase in the E&H tax; that's what it really is, not 40 per cent.

You can take any numbers you want; you can drag them out any way you want. I mean, that's certainly an option, and if you are getting . . . If you're selling, if you're selling beef to a farmer for \$1 a pound and it goes up 10 cents a pound, that's a 10 per cent increase, right? So, that's \$1.10. So, you know, he can just change it any way . . . change around any way he wants. The bottom line is that the E&H tax went up 2 per cent; that we've built into, that we have built into the overall structure by using regravels program, by using different types of maintenance programs, by putting into place . . . leaving in place the unconditional grants the same as they were, and by using the same formula that's been there for years, never changed it at all, other than to bring in some new additions to it. We have managed to do that, at the same time managed to control our budget and the R.M.s managed to control theirs, because it's obvious they've never increased their mill rates.

Mr. Koskie: — I guess the minister missed the question or didn't address it. You said you built in the estimated cost in respect to the massive tax increases. By the way, your

sales tax did go up 40 per cent. You said you built in the estimated costs into your budget to cover that, knowing that in the budget there was going to be tax increases. I ask you: what was the estimated cost that you built in?

Hon. Mr. Hardy: — Well, there's two things, Mr. Chairman, you have to realize. First, the R.M.s don't normally tell us when they're going to buy a grader or trade a grader off; in most cases it's trading one off. If they go in and buy a grader, usually it's a trade-in. I don't know what the grader prices are. When I was reeve of the R.M., I know the graders ran around 40 to \$50,000, 60, with a trade-in, and there's a difference.

The other part of the question that I believe that he asked was, how did you build it into there. You must remember that R.M.s don't buy a new grader ever year, a new road patrol. They just don't do that. They may buy one every five or six years. So the overall scale that we built on, and I went over it three or four times for the member, it's been built into there. There's ways of maintaining the system and building the system even better and using the budgetary expenditures in a very efficient way. I believe that's what we've done.

I believe that most R.M. councils would agree with that. And certainly, another year we'll be meeting with the SARM executive, which I did today. I met with them twice today, in fact. We talk over many, many different issues, and they touch the folks out there as much as anybody else. I meet, as you know, on an ongoing basis with R.M. councils. I'll be meeting with them again, starting district meetings and then into the mini convention and then at the major convention.

I met last year, I think I can say, with 70 R.M. councils during the convention. I travelled the entire province. I've met with just about somebody from every council in this province over the last year. That's consultation and we'll continue that and we will look at the overall view of budgetary expenditures for 1988.

But for 1987, I believe that most R.M. councils were satisfied with what was done. It was done in a very fair and a very appropriate way, and I don't know why the member would continue to belabour an issue such as this one. I think the R.M. councils would say to you — 99 per cent of them would, anyway — that they're satisfied with the way it went so far, and they'd like to continue not only the process but the consultation process which has been going on over the last few years.

Mr. Koskie: — You should get a cap for that answer. Some kind of a Houdini you must be, because what you've done is paid the municipalities less and then you heaped on taxes which they have to cover out of the operating grants. And it's as simple as that, and therefore, there's going to be less and less capability of carrying on. And you can't say that the funds are same or equal, and no amount of juggling can change that. That's the fact. That's what the municipalities have indicated.

Mr. Minister, I'm disappointed that you wouldn't, in fact, indicate when the municipalities . . . and when you announced to the municipalities that the operating grants were going to remain exactly the same — the conditional

grants. That's what you indicated. Conditional grants would remain the same as the previous year, and you said the unconditional grants would be cut by 1 per cent. That's what you said prior to the budget, by the way. Before you gave us the opportunity to even to look at the budget, you were making these great announcements and trying to sell it.

But I tell you, you didn't put in your press announcement the massiveness of the taxation that would have to come out of a 1 per cent cut. That's what you said in your press release, that you cut the funding in the unconditional grants by 1 per cent. And not only did you do that . . . That's what you indicated in your press release and I can pull it if you want. And you said the conditional grants would remain the same.

Then what you've done is heaped on to the municipalities, which you didn't put into your press release, oh, but we're sorry, out of your operating grants, out of your grants to the municipalities, conditional and unconditional, that you would have to pay, indeed, a massive amount of taxes, which you promised the people of Saskatchewan that you wouldn't put back on.

And you won an election in '82, and you deceived them, and you're part of the team that did it to Saskatchewan people and to the R.M.s. And you're heaping more taxes at a time when they can ill afford it.

Some Hon. Members: Hear, hear!

Hon. Mr. Hardy: — I don't know if there's a question there or not, Mr. Chairman, but I asked my officials to give me a sort of a breakdown of . . . be sure that I make it absolutely clear what we did with the budgetary expenditures for the Rural Development.

Under the maintenance grant, the maintenance grant, it went up, I believe, 1 or 2 or 3 per cent. The unconditional grant, although we did tell the R.M.s it was going to drop by 1 per cent, it didn't. We left it exactly the same. The conditional grant was where it went down. In fact the regravell grant went up 10 per cent, but the conditional grant because we . . . two reasons: one, less roads being constructed. That started back in 1986. There was \$5 million left over, and in 1987 there is going to be a few less. I believe it's 38-odd kilometres of roads that's going to be not built in 1987. Again, I think I told you that the amount of dollars spend on roads, on capitalist construction of roads, is down. And so, therefore there probably will be a substantial amount left over again this year.

An Hon. Member: — That's roads?

Hon. Mr. Hardy: — That's right. So therefore, the unconditional grants remain the same as 1986. The regravell program went up 10 per cent and the maintenance program, I believe, went up — I'm not sure — 1 per cent, 2 per cent, maybe up to 3. Yes, it ranged from 1 to 3 per cent, depend on the formula. So it went up in that area.

So the area that was down under the budgetary expenditures was really under the capital or rebuilding or

road building side which, in fact, the R.M.s are building less of, which just wasn't all being used up. There was unexpended money left last year, and there will be some again this year. So R.M.s again could go out and build the roads. They just weren't using up all the moneys that was there.

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, as a percentage figure, what was the reduction of funds to the rural municipalities in your budget?

Hon. Mr. Hardy: — Mr. Chairman, maybe he'd like to rephrase the question. I'm not sure if he means the revenue sharing from 1986-87 to 1987-88, which is down about 1 per cent overall, or does he mean each individual ones that I just outlined a few moments ago. Is that what he was meaning? Because I was . . .

An Hon. Member: — Overall, overall cut.

Hon. Mr. Hardy: — Well the difference is: in 1986-87, it was \$48,547,420; in 1987-88, it's \$48,061,950.

Mr. Upshall: — So, Mr. Minister, what percentage of a cut would that be overall to the rural municipalities including every aspect of the revenue from the government?

Hon. Mr. Hardy: — Well the difference, and I think I said it, between the two overall budgets is about 1 per cent. It's about \$500,000, is the difference between '86-87 budgets and '87-88 budgets. So that's the difference of it, which is about 1 per cent.

Mr. Upshall: — Well, Mr. Minister, I have a clip from one Sinclair Harrison, the director of the SARM (Saskatchewan Association of Rural Municipalities), and he says:

. . . however several grants including the \$2 million for upgrading of heavy-haul roads rolled into the revenue-sharing money, making the overall cut nearly 6 per cent.

Do you agree with that statement, Mr. Minister?

Hon. Mr. Hardy: — Well if you're asking, is the heavy-haul, high-volume roads budget within the Rural Development overall road rationalization program, then the answer is yes. When you talk about the overall budgets put together and if you talked about, like, the heavy-haul roads, the Rural Development corporations, the revenue-sharing, I mean when you package them altogether, then you would come out with about 5.6 per cent difference in funding.

Mr. Upshall: — Yes, Mr. Minister, that cut of 6 per cent, I'd like to ask the minister, in order for those rural municipalities to maintain their function in that community that they represent, the roads, the ditches, all the programs they run, I ask you: where do you think that difference of 6 per cent is going to come from?

(2100)

Hon. Mr. Hardy: — Well, I know, maybe you weren't listening, but I told the other member where that

difference in the money would . . . where the difference is.

Your maintenance has went up slightly from 1 to 3 per cent — that's your maintenance program that's been there for a long time. Your gravel program which we brought in in '86-87, we increased it by 10 per cent. And our unconditional grants — that's the one the R.M.s do whatever they want with; they don't have to account for it back to the government, they've got to account to their own taxpayers — that's remained the same.

The difference, the difference in the dollars comes in road construction; and in the heavy-haul, high-volume roads; in the grids; in the main farm access; in the primary grids. That is where the overall construction is down. And also it was down about, I think, close to 40 kilometres — 38 or something. But also the cost of construction went down. So that there's two areas . . . And besides that 1987, or 1986, the road construction year for 1986, the unexpended money left with rural development for road construction was 5-odd millions of dollars.

Mr. Upshall: — Well I tell you, Mr. Minister, the way I look at it, if you have \$100 and you're \$6 short, you've got to find those \$6 in order to maintain your service.

So, you've got an option. You can raise the mill rate and pick the pockets of the farmers more because the government's not picking up their end, or you have reduced services, and that's what happening. Because you're cutting back to the rural municipalities, the money is coming out of the pockets of the farmers. I don't call that rural development. I call that using the farmers who are hard pressed already for cash.

Now, Mr. Minister, I just want to ask you one more question that I alluded to before and you didn't answer: where will the cost of the . . . First of all, how much extra cost will it cost the school division to maintain their school buses because of the 7 cent a litre . . . the 40 per cent increase in your gas tax?

Hon. Mr. Hardy: — Well, Mr. Chairman, I believe that they asked that three or four or five times of the Minister of Education. He answered it, it's in *Hansard*. I don't have the details of what it costs to school units; that was done by the Department of Education. They did do those analyses; it was built into the overall funding grant, I understand. If you go back in *Hansard* and look back, you'll certainly find those answers there. I don't know what else you could say; it's there three or four or five times in *Hansard*. I urge you to look for yourself in there.

Mr. Upshall: — Mr. Minister, do you agree that that shortfall to the school divisions will have to come out of the pockets of the farmers?

Hon. Mr. Hardy: — Well I think if you look in *Hansard*, there was no shortfall. I can't remember the amount left over, but it seemed to me it was above and beyond what was allowed in the formula, was about 3 or \$400,000 left above and beyond the allowing for that 7-cents-a-litre tax. I don't believe there was any additional cost to the farmers there.

If you . . . and you live out in rural Saskatchewan. I'm

surprised that you don't, in fact, realize that the major cost to farmers today isn't whether there is an extra \$100 or \$200 in taxes one way or the other. Our major costs out there today are two-fold: one of them is debt out there and the payment of the farm debt. That's a major, major concern and we've been trying to address that in a very, very broad scale. It's got to be addressed and everybody knows it.

If you want to take it back a ways — I'm not going to go back — but you go back to why it's there, and I'm sure that your side of the House could accept a lot of that blame for that or a portion of that anyway. And the other important part of the concern out there is the price we get for our product that we sell. Export prices are down.

So two major concerns: debt and the price for our product that we sell. I think that's the two major concerns out there and those are the ones we've got to address. Whether the taxes go up \$10 or whether the taxes go down \$10, maintain the level we got, but address the real issue, and that is debt. And that is the farm income that we need to keep farmers alive out there and keep them surviving well. Those are the issues we should be addressing, and not whether it's \$10 in taxes one way or the other.

Mr. Upshall: — Well I'll tell you, Mr. Minister, I do live out in rural Saskatchewan and I know the situation and I know that debt is one of the things — the big thing. But let me tell you, your government's not doing anything about that debt. And let me tell you about some of things that you're loading on top of that debt, and I'll add them up. There's the rat control program that you've cut for \$365,000. There's the perennial weed control program that you've cut, that comes out of your . . . The gas tax that you've put up, the flat tax that you've put up, the E&H tax that you've put up, the cuts to the soil and feed test lab that you've put up. All the other things from all the funding that you've cut, you add those up to the farmers of this province and it's not a slight to them. It doesn't mean just a little thing to them, because their mill rate goes up, their out-of-pocket cost goes up, and it's you and your government who has caused that. And if you think that those farmers in Saskatchewan today are any better off now than they were from '71 to '72, then I tell you, Mr. Minister, you are sadly mistaken.

And I think that the farmers of this province know that, add up all the cuts from your government, that the rural constituency in this province is hard hit, and they're hard hit by a government that does not care, by a leader of that government who is more concerned about running around the world than talking to Saskatchewan farmers.

I think that's the problem that you have, not knowing, not representing your constituency to the Minister of Education. You didn't even know what the costs of school busing tax was because you didn't represent that rural constituency to the Minister of Education, saying, no, that's wrong, they shouldn't pay that extra tax. You let the farmers of this province down, down badly.

Mr. Koskie: — Thank you, Mr. Chairman. Mr. Minister, I want to summarize here in respect to the massiveness of the cut and the deception that you put out in your release.

Today you stood up and you agreed that there was in fact a 6 per cent decrease in overall funding compared to the previous year. And still you go forward and put in your press release the deception to the public that there was no cuts — exactly the same — a 1 per cent cut in conditional grants and unconditional grants you put in your press release were the same. And here you stand up in the House and you have to admit it because one of the executive officers of the R.M.s indicated and you agreed that it decreased by 6 per cent. Because what you didn't do . . .

You said, take a look at the grants to rural development and it's just about the same. That's what you said. But you know what you didn't do? You didn't say that the previous year that the municipalities had grants for upgrading of heavy haul roads of \$2 million which you, in fact, rolled in to this grant system. So that's a deception. And I think that, you know, you have to come clean with the public.

You put out in a press release that the unconditional, no . . . the conditional grants are down 1 per cent and that the unconditional grants are the same. And when we grill you on it and we look through your budget, there's an obvious cut of about 6 per cent. Why would you deceive the people of Saskatchewan by indicating in a press release that you only cut the budget by 1 per cent? Why would you say that, when in fact, if you look at the total budget, it's down by over \$3 million, and in respect to the R.M.s themselves, you've rolled in another program worth \$2 million?

Obviously, you have to have eliminated something and you say you haven't cut it. Why do you use that deception? Why would you say in your press release one thing, and here today in the House, you've had to admit that there was really a 6 per cent decrease in the grant structure to the municipalities? Can you explain that?

Hon. Mr. Hardy: — Well, Mr. Chairman, I think we went over it three or four times, but just to explain it to him one more time. The \$2 million he talks about in the heavy-haul, high-volume roads is what we estimated that would be used in 1986-87. In fact, I believe it was somewhere around 1-point-some-odd-millions of dollars that was used. In 1987-88, we estimate it will be somewhere around 1.3, 1.5. And I don't know if it's going to be that high or not.

Estimates, budget estimates are the best estimates that we can get in regards to R.M.s., and given to us by R.M. councils on what they intend to do, carried over from the previous year. As I said to the member before, there was 5-odd millions of dollars that we carried forward, that we paid out in advance before the year end. So in fact . . . And there will be leftovers this year which we will pay out in advance to the next year to help R.M.s get going and get the year started. And you met with R.M. council; you know that's absolutely true. In fact, they wait for the advance cheque to come. In fact, they'll start phoning before the end of March wondering how much they're going to get in advance.

So in fact, what I'm saying is that although there was a difference, and there's been no doubt about it, about 5.6 per cent, which is 2-point-some millions of dollars, there

is in fact going to be left over money not spent by R.M. councils, not substantial, but dollars left over. It's be in the 2, 3, 4 millions of dollars again this year, left over that won't be spent because of road . . . not as much road construction, and because the road construction is down, or the price of road construction is down. So there in fact will be and has been over the years and continually been done that way.

So what I'm saying is, every program remains the same. The heavy-haul, high-volume program is the same as it was when we brought it in. The regravell program increased by 10 per cent. The maintenance out there, the maintenance program which has been out there for the last, I don't know how many years, it went up slightly from 1 to 3 per cent. And the unconditional grants, the unconditional grants stayed the same. And the conditional grants, which are available to R.M.s when they build a road, the percentage pay-out is still the same.

So really although the overall budget is down because of less usage of it, the actual programs remain the same. And that's why R.M. councils felt very comfortable with it.

Mr. Koskie: — Why did you indicate in your press release other than the facts? But leave that aside, Mr. Minister.

This is what you have told the municipalities here, that:

Government funding for municipalities cannot be expected to increase greatly in the near future. If your revenues are static or declining, then your council has one option left if tax increases are out, and that is to reduce services.

That's what you've said, and that's what's happening, Mr. Minister, a reduction of services. You have indicate . . . what I want to do, and I'd ask you if you could give us a breakdown, Mr. Minister, in respect to the unconditional grants. Would you give out of the breakdown of the \$48 million the total amount paid this year in unconditional grants? What is that figure?

Hon. Mr. Hardy: — Well, Mr. Chairman, because the budgets haven't been approved totally . . . but the amount that we will pay out whenever we get these budgets completed, or if it continues on into the next year — I don't know how that'll work out — but we will pay out in unconditional grants \$17,254,207 whenever we get our budgets finalized and through here so we can do those kinds of things.

Mr. Koskie: — Don't start giving us this little gist about getting the budget through. Who sat on the budget until June 17? Who made the announcement before this legislature had an opportunity to even look at it? It was you. So don't start giving us that run-around, Mr. Minister, if you want to get through this budget. I'll tell you that.

(2115)

Now what I want is the conditional grants. In the previous report, Mr. Minister, in your annual reports, you broke them down. And can you give me the itemized breakdown and whether there's any other item included in respect to the items under conditional grants? The

items that I have — and if they're the same, Mr. Minister, these are the items that I want: primary grid, the total amount for that; main farm access roads, the total amount; bridges, maintenance, exactly the same as in your annual reports; maintenance, industrial access roads, resort roads, traffic safety, traffic counts, regional park roads, Indian access roads, timber roads. I'd be interested, fire, recreation, legal surveys. And if there are any others, please give me that breakdown and those figures because I want to know the amount allocated to each of those items and if there are any other additional items which make up the total for the conditional grants, and I also want the total amount of the conditional grants.

Hon. Mr. Hardy: — Well it's, you know, as you realize — and you can say what you want — the budget is not finalized. But we do have some estimates here that we feel . . . And never mind the budget, we haven't . . . There's still five or six months to go out there with the R.M.s. So these are estimates that we think that will . . . This is how it'll probably work out. They're the best estimates that we got and what we're budgeting for. That isn't what the annual report that you're reading. You're reading the actual dollars that was spent in that report; that's different. You'll get the actual report next year on what we've spent this year.

So, okay. Under the main farm access reconstruction and primary grid work — now that's how I got it broke down here — is 13,096,000 and some-odd dollars. I won't give you the odd dollars, it doesn't matter. On the industrial access, just about 345,000; regional park, 517,000; resort road, 159,000; Indian reserve access roads, 117,000; grid maintenance, 3,750,000; regravell program, 7,138,000; timber haul maintenance, 103,000; bridges, 3,382,000; traffic safety, 62,000; fire, 248,000; recreation, 193,000; heavy haul, 1.5 million — 1,500,000.

Mr. Koskie: — Mr. Minister, what's the total?

Hon. Mr. Hardy: — The total, plus the heavy haul is . . . The total without the heavy haul was \$29,113,930. The heavy haul was \$1,500,000 additional on top of that.

Mr. Koskie: — Can you sent over a copy of those? We weren't able to get those down at the rate that you were going. I had a left-handed writer here, and he put it on the wrong side of the sheet. I wonder if you could send over a copy of the breakdown so that we could take a look at the expenditures, estimated expenditures — of course that's what it is — and what we're passing is the estimates here of your budget. So I'm not concerned with . . . I'm concerned with what your estimates are in respect to each one. So would you mind sending that over so that we would have that for posterity's sake.

Hon. Mr. Hardy: — Mr. Chairman, we've just written all over these, and I've done some other . . . had written something out of it. I'll send over the information as . . . It's a little scribbled up on, but we'll send it over to him anyway. So if somebody could take it over to him.

Mr. Koskie: — Thank you very much for your . . . This isn't scribbled on.

All right. I have your conditional grants, your figures which is 29,113,930, and under conditional grants of 17,178,070, total revenue sharing. What you have down in your book here, in your estimates, you have \$48,062,000. I ask you for grants for rural development and you send over to me total revenue sharing, 46,292,000.

Mr. Minister, these are your estimates, this is what you've put in your book. When I asked you to send it over and the breakdown, the figures are not accurate. I asked you to indicate in respect to what . . . and you have total revenue sharing. Can you indicate to me the discrepancy in respect to the amount that is indicated here?

Hon. Mr. Hardy: — Well, Mr. Chairman, that's not true. I said, I told him there was an additional \$1.5 million for heavy haul. And I told him that. I said it wasn't on that sheet. And he knew that, so that's not really . . . he didn't really state the whole facts there. So I just want to make it absolutely clear that he understands that.

And the other thing that's not on that sheet is rural development corporations, the funding for those, and the RDC's, as you know, they're all around the province — are starting up all over — there's \$250,000 for them. So those are two that are not on that sheet and I told him that before I sent it over. So just to make it absolutely clear that above and beyond — and those are estimates — and just to tell you why we hesitate to send it over, because I think it said 17 million 100-and-some-odd thousands of dollars when it came in, and those are estimates. Another come in at 207,000, I believe, not 178. So there is some changes and there will be some changes in those as we finalize those. Those are estimates only.

Mr. Koskie: — Mr. Minister, let's come clean. I asked you to break down the revenue sharing . . . (inaudible interjection) . . . All right, then you add on. But what you've done is you don't have grants to upgrading of heavy roads as a separate item. You have excluded what was a \$2 million item for upgrading of heavy-haul roads. You have indicated in your estimates here that it's rolled into the grants . . . grants to rural development. That's what you've said.

What I want is all of the expenditures that you've rolled in here. Why haven't you included, then, in here the 1.5? But even if you add on the 1.5, Mr. Minister, it doesn't come to the amount that you have indicated. It comes to 47,792,000, not what you have here. All I asked you is a breakdown of the expenditures of the grants to rural development. I don't want a half story; I want the full story. I don't know which to believe. What is the other items that we should be adding in?

Hon. Mr. Hardy: — Mr. Chairman, I gave him exactly what he asked for and that's not normally done because those are estimates and they can change somewhat because of the situation out there.

To make it absolutely clear, I said to him, add on to that, because that wasn't on the sheet, \$1.5 million in the estimates. And if you look in your estimate book for heavy-haul, high-volume roads, and \$250,000 for rural development corporations which goes out to the funding

of these RDCs which are being established around the province, which comes to \$1.75 million. Add it to what I gave you, what you asked for, specifically asked for, detailed in fact. Like add to that and you'll come out to exactly the amount of \$48.062 million.

Mr. Koskie: — I said the items that were in the annual reports and any other expenditures made within the grants for rural development. Yes, I know, but don't say that you gave me and I'm misinterpreting, because I said any other grants that are rolled in.

All I can say is in respect to this, what you have done is clearly you've cut out of what was supplied to the rural municipalities the previous year. You've cut back \$2 million, 1.5 million. So out of all the items of main farm access and primary grid work, industrial access, regional park, resort, Indian reserve, grid regravell, all of those items, traffic safety, fire, recreation, the \$29 million there, what you've basically cut out of what you had last year, \$1.5 million. So they get 1.5 million less for all of those other items than they did the year before, plus the \$250,000 that you've rolled in in respect to the grants to community development corporations, and plus all of the extra taxes.

And you can stand up and say that you only cut the budget by 1 per cent. What a misrepresentation. What an exposure that you've had to present to this legislature. The deception of the Minister of Rural Development in respect to the funding to rural municipalities.

I'll tell you, Mr. Minister, I hope you have an opportunity to come back here the following year. I say, Mr. Minister, we've exposed totally to you the massiveness of the cuts. We're going to move on because I want to get on with some of the important other issues and to find out where you stand on them.

So I ask my colleague from North Battleford to take on another subject.

Some Hon. Members: Hear, hear!

Mr. Anguish: — Thank you, Mr. Chairman. I'm sure that the minister realizes the importance of rural Saskatchewan and the importance that the make of rural Saskatchewan has played in our way of life as a province and the people who live here.

We're very concerned, and I would hope that you are too, that the roads are important as a transportation, especially in times when variable rates are coming in, and we're going to be looking at heavier loads being hauled over those roads. So transportation is very important to the life of rural Saskatchewan. I think also communications are a very important aspect.

(2130)

It seems to me, Mr. Minister, that many departments affect rural Saskatchewan, but I would think that your department has an overall responsibility or an overall view of rural Saskatchewan. And it would seem that some of the things that might fall within other departments or agencies would be of concern to your department as well.

So I would like to start off, Mr. Minister, by asking you about the telephone system in rural Saskatchewan. I'm sure that you've had contacts; I know that the minister in charge of SaskTel has had contacts.

The example I'd like to use is the community of Maymont. Now Maymont residents in the immediate rural area around there can't phone anyone else but their neighbors. If the senior citizen wants to phone for a doctor's appointment, it's a long distance charge. If the farmers want to phone to see what's happening at the implement dealer in North Battleford or Saskatoon or Radisson, it's a long distance charge. If the village office or the R.M. office want to make a phone call to another centre, it's a long distance charge. I would like to know what contacts the minister has had with the minister in charge of SaskTel and if there's anything within the Department of Rural Affairs that they're willing to front to try and resolve this very serious problem for Maymont and other communities like that.

Hon. Mr. Hardy: — Well, Mr. Chairman, it's interesting to note that the opposition raise telephone service in the province of Saskatchewan. I realize that he raises a good point, that a lot of area because of rationalization of communities, because they are going further in a lot of cases, go long distance, or even the service industries are further away, the telephones do in fact become long distance. And 10 years ago or 15 years ago it may not have been so. But over the last 10, 15, 20 years, service industries have moved and if you go for parts you don't always get it in your own small town; you may have to go 50 or 60 miles. I know, I live in the area where I drive 70 miles for parts to get for my equipment.

But there's two things that's went on since we became government. One, there was a . . . I don't remember the name of it, but there was an advisory group went around the province, held hearings in regards to boundaries. I think it was called SaskTel boundaries commission or something, and they went out and they held hearings and I believe there's been a report back to the minister in regards to how these could be better allocated, how the phone system could be set up to service an area.

But the one thing that I think that we all know that's come in in the last two years is individual line service. That is very, very important, and as they install the individual line service around our province — which is very, very important to our farmers out there — they are also looking at the whole boundaries and seeing where is our service areas for those farmers, and then they are looking at putting it together in an overall picture. And I know in my area they're looking at that; in other areas they've done the same thing.

I appreciate what you say up there in Maymont. That may be true and I really appreciate what the farmers must feel when you have to pay long distance to get to your nearest centre to get a part or phone for a part. But part of the overall plan of SaskTel, I believe is fair to say, is individual line service to every farm resident in this province and it's come a long way. I believe it's almost half completed, and looking at the regional boundaries so that the service areas will be serviced by that telephone system.

It'll never be big enough because, as you know, no matter where you are . . . Nipawin's a good area; there's a problem up in that area, where, in fact, you get further and further. I go in my area all the way to Saskatoon and Regina sometimes for parts. So you'll never be totally able to look after it, but certainly some of the small areas, especially where there are private telephones before, individual or what would you call private telephone companies before, and now they've been either part of or still are now part of SaskTel. And I know what you're talking about. I appreciate it and I know they're working towards resolving that.

Mr. Anguish: — Well I appreciate all the information on the private lines service. I was actually more interested in particular about having access to a larger community. And you expand your logic a bit too far. I know that there's times when people have to go into Saskatoon and Regina and no one's asking about that. But I can tell you, Mr. Minister, that from the city of Regina you can phone all the way out to Regina Beach and it's included as a local charge call.

I know that the community of St. Louis has a similar problem to that of Maymont. And I know that Maymont was told by their local member of the legislature that they would know by the end of December 1986 what the plans were and what the results are of the telephone exchange boundaries review board, which is the name of that study group that is supposed to have been consulting with rural Saskatchewan, consulting with those telephone subscribers who have to pay some penalty for living where they do.

And I want to know a couple of things, Mr. Minister. One, did your department, the department of rural affairs, have any involvement in the telephone exchange boundaries review board? And if not, why not? And can you further tell us when we can expect to know, for communities like St. Louis and communities like Maymont, when they will have an expanded area of coverage so they can phone to their doctor and the drug store and the implement dealer?

Hon. Mr. Hardy: — You know, I can't answer for SaskTel or the minister responsible for it. I know that they've been out there; I know they looked at the boundaries. But I understand — and I was just asking my colleagues here — that SaskTel has been before Crown corporations and I'm sure you had the opportunity to ask that question then. I assume that you would have.

I'm sure if you ask the minister, you know, privately, he can answer that. He's not here and I certainly can't answer for SaskTel. I don't have any officials to be able to give you that answer.

All I can say is that individual line service is certainly very important to rural Saskatchewan and the boundaries are being looked at, I know, by a group of people who travel around the province. And you say that you've talked to, or asked those questions in SaskTel, and I'm sure you got the answer there. If not, you know, you should ask him because he'd give you better, more adequate answer in that regards than myself.

Mr. Anguish: — Well, Mr. Minister, I'm not on Crown corporations, and I thought that you, being minister in charge of Rural Development, you would have some knowledge, and I would have hoped that you would have had some input into the boundaries commission. And if you keep chirping like the Deputy Minister over there and extend the questions, you're certainly not going to get done in Rural Development estimates tonight, sir.

Another thing, Mr. Minister, beyond the telephones — and I can appreciate that you can't give us an answer and their local member of the legislature can't give them the answer. The answer they got from the minister in charge of SaskTel didn't come true, so I guess people in areas that are concerned about their rural exchanges and limited access to their telephones will just have to suffer through for another length of time as to whenever this government shows some compassion and understanding and meets the commitments and deadlines that they set.

Another very important thing in terms of communications for rural Saskatchewan, Mr. Minister, that you'd be well aware of, is that issue of post offices and the cut-backs in services of post offices to rural centres right throughout the province of Saskatchewan. And I'm wondering if the minister could tell us what representations you or your department have made to the Canada Post Corporation in support of strengthened services, or at least retained services, by the post office to rural Saskatchewan?

Hon. Mr. Hardy: — Mr. Chairman, I'm not aware of any request from any community, any R.M., and, as you know, I meet with SARM on a bi-weekly or monthly basis and, in fact, I met with them today. I've had no request from them in regards to post offices in rural Saskatchewan or any request to lobby on their behalf. I appreciate that . . . And certainly, as you know, and as brought up here last, I believe, last fall or last spring, the Premier has lobbied on behalf of retaining post offices in rural Saskatchewan.

I certainly agree with maintaining post offices in rural Saskatchewan and I believe that there was a federal government statement made that there would be no closures of post offices in rural Saskatchewan without consultation of the people in the area. But I haven't had no further comments from not one R.M. or one local community of any kind or from SARM, who are certainly in touch with the folks out there. So that's about all I can say, except that, you know, I really don't think at this present time it's a problem.

Mr. Koskie: — I'm very, very surprised with what you say. I went around and visited the rural councils this spring with a member of parliament, and one of their basic concerns that they raised at the municipal offices in my area — in the good old Quill Lakes where I've never lost — they raised the very issue, the issue of rural post offices. And it was a concern to those rural municipal councils.

It's really amazing, Mr. Minister. I asked you this question in the legislature and you said that you were making representations. I just want to say what is likely to happen here:

Among other wholesale changes to the Canadian mail delivery, the business plan calls for a

thorough reworking of Canada Post's rural network of 5,200 post offices.

Simply put, 3,500 largest would be offered to private contractors, while many of the remaining 1,700, at least those within 18 kilometres of the post office, would be closed — a massive restructuring of the rural postal system. And here you are, Minister of Rural Affairs, I have never spoken to it; no one brought it to my attention; I never raised it. I asked you on behalf of the government and a representative of rural Saskatchewan . . . (inaudible interjection) . . .

And the fellow with the moustache, from Weyburn, is chirping again, saying nothing of course, as usual — as empty-headed as ever. An empty barrel makes a lot of noise; that's the true indication of that member.

I simply ask the minister from Kelsey-Tisdale: are you not aware of what is transpiring? Is this part of your vision of continuation of services? Will you undertake to raise that issue with the rural municipalities? And will you, in fact, make representation to the Mulroney government to retain as many as possible — indeed, all — of the rural post office as is requested by the rural municipalities, which I have, in fact, communicated with?

Will you act on behalf of rural people which is part of the obligation that you have?

Some Hon. Members: Hear, hear!

Hon. Mr. Hardy: — Mr. Chairman, I certainly will, as the member asked, do what I can to convince the federal government to maintain, I believe the cordage he used, as many as possible post offices in rural Saskatchewan. In fact I'll even go further than that, Mr. Chairman. I would urge the federal government to maintain all the post offices in rural Saskatchewan.

And certainly I have no problems raising it with SARM. I have no problems raising it at the SARM convention. I have no problem raising it at district meetings, or with R.M. councils. I just simply said, which is absolutely true, it has not been raised with me.

It seems to me, Mr. Chairman, some of the major, major issues out there are not necessarily the post office, or not necessarily, like I said, whether the taxes are up or down \$10, but it's that farm debt that we're looking at. It's the price for our commodities we're looking at. Those are the two major, major issues, and we really haven't dealt very little with them tonight.

Mr. Anguish: — We'll get into that in just a moment, Mr. Minister.

There's two other topics I want to cover with you, but first before doing that, I'm wondering if you've had any . . . Mr. Chairman, could you call the member from Weyburn to order. I can hardly hear myself talking, let alone to communicate with the other minister over there . . . (inaudible interjection) . . . You don't want to do that? You can't hear that side. Well, that's fine, Mr. Chairman.

(2145)

Mr. Minister, you've certainly had correspondence, I'm sure — at least some of your members of the legislature have — about the business transfer that's being proposed as part of Mr. Wilson's federal tax reform. I just have an example of two school divisions here. The one school division, it would cost them an extra \$31,600 a year by their estimate. The other school division, it would cost them a total of approximately \$90,000 per year with the business transfer tax coming into effect. And I'm wondering if your department or through the Minister of Finance, to express your grave concerns about the business transfer tax. Or do you, in fact, support the business transfer tax? This has an application, I would say, Mr. Minister, to your department because when it comes into place, certain mill rates are going to have to go up or a rural municipality is going to have to find funding from elsewhere for education. And this applies specifically to education. They're going to have to come up with those funds from somewhere.

Hon. Mr. Hodgins: — Mr. Chairman, I think we on this side of the House, and certainly yourself, have showed great patience this evening with the line of questioning undertaken by the members opposite. We have listened to items for some time now, for some time now, that have been with respect to federal matter. I don't know if the member from North Battleford thinks that he's still in the federal House of Commons or what he thinks. But these are federal matters, Mr. Speaker, and I would ask you to rule on it.

Mr. Chairman: — Order. The member from The Battlefords has raised those in those federal issues and asked the Minister of Rural Development if they have been raised with him, and I find that the member from The Battlefords is in order.

Hon. Mr. Hardy: — It was interesting to hear the member from The Battlefords mention about the business transfer tax. I want to remind the member from The Battlefords that I personally went to Ottawa and before the Commons committee, the Standing Committee on Agriculture in the House of Commons, and presented to them a brief stating precisely that the business transfer tax in no way should affect our farming community, and it should not be put on in any way, shape, or form if it was to do that.

I appeared before the Standing Committee on Agriculture, the House of Commons Standing Committee in Agriculture, I believed, honestly to say, this was the only government — the only government — that appeared before them in regards to farm input prices and in regards to the business transfer tax. And I appeared before them last, I believe it was in May of last year, or this year.

Mr. Anguish: — Well, we certainly appreciate your intervention asking that the business transfer tax does not apply to the agriculture community or to farmers or their products.

What I was asking you, Mr. Minister, was in the fact of

school divisions in the province of Saskatchewan. I've cited you two examples where they're going to have to pay increased amounts, and that's the question I pose to you. So we'll leave that. We're rapidly running out of time.

The other thing I want to refer to just briefly, Mr. Minister, was when you talked earlier this evening about the value added to products in this province of Saskatchewan, in rural Saskatchewan, and how that has been a large boost to what had been there before.

I'm wondering, Mr. Minister, what studies your department has done to show which of these value-added products — or the normal commodities and resources that we have in rural Saskatchewan — as to where they can be marketed?

I would assume that you're very keen on the free trade deal that's tentatively set up between Canada and the United States, and I'm wondering if you can tell us which value-added products, and which commodities or resources that there will be going to those greater access of markets in the United States?

One of the problems in rural Saskatchewan, Mr. Minister, that I'm sure you're well aware of is information and technology transfer so that farmers, people in rural Saskatchewan, know what governments are thinking and what the best direction is for them to take. And I think it'd be very beneficial for them to know what products, value-added, in what commodities there are greater access to the United States with the free trade deal. I'm sure your department has looked at that, Mr. Minister.

Hon. Mr. Hardy: — Well, Mr. Chairman, there's many opportunities if you want to go south of the border.

In regards to the opportunities to market, many, many of our products, value-added products, either it's processed or manufactured here in the province . . . What we have done at the rural development level has looked at what is consumed in the province, what could be processed or manufactured here for local consumption, and looking at it on a smaller scale. At the same time I'm sure there's many opportunities across the border because there is, you know, 177-odd-millions of people over there that we have access to a market if we can produce the product here. But until we can establish processing or manufacturing lines here in this province, we won't be able to market any manufactured products across the border.

And certainly the only ones that as you . . . may be complaints about it, but Gainers at North Battleford and your home town certainly is manufacturing bacon into United States. Intercon is doing the same thing with bought beef and bacon in the United States or hogs.

There's many, many opportunities there, I'm sure, but we've been looking at . . . or what can we establish for local market, local consumption. You go to any store, you know that's absolutely true; there's many things there that we eat that is produced in a raw material here in our province but manufactured outside of our province.

Some Hon. Members: Hear, hear!

Mr. Anguish: — You didn't hear the question, obviously. I asked first off if your department had done any studies to identify what those products were and what value-added products would find expanded markets. And if you know that, then you should let the people of the province of Saskatchewan know that, especially people that are under the jurisdiction of your department, the department of rural affairs.

You can't provide adequate answers on the telephone exchange problem; you say no one's made representation to you on the post office issue; you didn't understand the business transfer tax; and now you won't tell us what products there are that are value-added, and what the commodities are that we'll have greater access to the markets in. And it seems to me, Mr. Minister, that you're not doing a very honourable role in serving people in rural Saskatchewan. As rural Saskatchewan dies, you give us these rhetorical answers in the legislature here this evening, and I think you owe that information to people in the province of Saskatchewan.

Hon. Mr. Hardy: — Well, you know, I don't want to go into it because we haven't done a study into United States. But we did have Jake Brown, who is very familiar, a professor at the University of Saskatchewan at Saskatoon, Dean of Agriculture, who did a study, a rural development study around this province. He toured around this province, and in that study, his report back to us, he estimated that free trade could benefit Saskatchewan by \$95-odd-million. That's just his estimate, and that was done in 1985. So I mean he's saying — and I'm going by the gentleman's own words and his own research — that there is many opportunities there.

But to answer your question, we haven't went out and done studies. That's ED and Ts job.

Mr. Koskie: — Mr. Chairman, with the privilege of the inexperienced member from Melfort, I want to raise another issue which is federal but has a great impact on Saskatchewan people. And what I'd like to ask the Minister, if he could outline and whether he has reviewed the detrimental effects that the white paper on taxation recently proposed or introduced by the Hon. Michael Wilson, that genius of a Finance minister — the friend of the farmer — and whether you would, in fact, indicate to this House some of the basic effect that that proposed white paper will have on farmers in Saskatchewan?

Hon. Mr. Hardy: — I believe the Department of Finance has been doing those analyses, and when it gets to his department, I'm sure he'll be able to answer those questions for you.

Mr. Koskie: — Well, Mr. Minister, right in the councillor, the *Rural Councillor*, they have put in here a total submission of their concerns.

Have you looked at it? Have you met with SARM and deal with the concerns that they have. I ask you, what are the details of the concerns of the rural municipalities association in respect to the white paper? Can you outline

them?

Hon. Mr. Hardy: — Well it's interesting to say that you haven't read, you know, whatever you're reading there, and I don't know what you're reading.

But it's interesting to know that today we met with SARM, the entire executive. And we met with them for over an hour, and their concerns were listed to us, and I wish I'd have brought it in. I could have listed off their concern. The news media had it.

And you're asking me if we have done . . . You ask me if we had done an analysis of the impact of the white paper by the federal Finance minister on Saskatchewan. That is a very detailed, and would take analysers to do it, and it would have to be done . . . An analysis have to be done on it. And we asked the Department of Finance. They'll do it and I'm sure when you get to his estimates that he'll be able to answer that question — the impact on Saskatchewan in regards to that white paper.

Mr. Koskie: — Mr. Minister, there is a joint submission here on the white paper on tax reform by the rural municipal associations of Alberta, Saskatchewan and Manitoba.

I ask you: have you discussed the details with respect to the R.M.s' association here in Saskatchewan? And if you have, would you indicate that, and would you indicate to me what are the basic concerns as it affects the farmers of Saskatchewan in the proposed white paper.

Hon. Mr. Hardy: — Well, first of all, I'll tell you that I haven't discussed it with . . . You call them rural — it's SARM executive. I haven't discussed it with them. We have ongoing meetings, and they may want to discuss it at a future date.

I would like to have all the analysis done. I'd like to know exactly what it's going . . . we estimate it will be done, what the impact would be on the province.

You can read all the reports you want, and there's lots of them out there to read, and some of them, you know, have different comments and different ideas how it can be. We'll do our analysis, and when it's completed we will then be able to, at least, address that in a very informational type of way.

Mr. Koskie: — Mr. Minister, are you indicating, are you indicating to this House at this time that you are not even aware in the slightest regard to the concerns that have been raised in respect to the joint submission; are you saying that you have not analysed it on your own with your officials? Is that what in fact you are saying? Is this the way in which you are working with the R.M.s, that they have made a joint submission, and are you saying you haven't read it and that you have no knowledge of their concerns? And if you are saying the opposite, that you have knowledge of it, all I'm asking you is to give me a general analysis in your own humble way — in the simple way that you can put it — as to what are their concerns.

Hon. Mr. Hardy: — Well I don't necessarily want to give it in a simple way and I don't know if he meant to — I'll

stop at that point. Anyway I have read it, it is their views. I have not discussed it with SARM. They probably will down the road, we'll have the opportunity to discuss it. We met with them today for over an hour; they did not raise it as one of their concerns. I met with them tonight for supper; they did not raise it as one of their concerns. And I'll be meeting with them, I believe next week again, and they may well raise it as one of their concerns. But at that time then maybe we'll discuss it further with them. I can't say my thoughts on their views; I don't think that would be appropriate.

When we've done our analysis of it, then maybe I'd be more prepared to talk about what we think of it, not necessarily what SARM are saying about it or not saying about it because I'm sure each one has its own views on it.

(2200)

Mr. Koskie: — Mr. Minister, you really, really indicate how little you are concerned or how little you know about the issues that we have, because there is a devastating effect upon the farmers in Saskatchewan with the white paper, and to say this white paper has come down — a considerable length of time, Mr. Minister — and you haven't even taken the time, apparently, to get a copy of the analysis by the Minister of Finance, and here is the joint submission by the R.M.'s association of three western provinces and this man says, first of all, he doesn't know a thing about their concerns; he's wiped his hands of it; and secondly, he is saying I have made no representation whatsoever, but gosh darn it, you know if they happen to raise it with me even though they public the *Rural Councillor*, which I suppose I had one here, your speech was involved in it — and not much of a speech by the way, either. But here is . . . I read it. Here is a submission of concern about the white paper, and the minister of rural Saskatchewan stands here and he throws up his hands. He says, oh well, if they come to me, I'll look at it, but it's over in Finance. I don't know what's going on. And it's a devastating paper in respect to rural Saskatchewan.

So what I want to do then is to ask you: will you agree with me that you don't have any knowledge; that you haven't turned your mind to it; that you don't initiate any topics of interest at all that affect Saskatchewan?

So I'll leave that, and I'll send it out to the R.M.s exactly what your answer is, along with the *Councillor*. And I'll send out the facts in respect to the massive deception in respect to grants that you have demonstrated here — that you really cut them 6 per cent and not just 1 per cent as you indicated. I'll send that out. I want just to demonstrate one point further — the inadequacy of you as minister of rural affairs.

There's another little federal matter, but it affects Saskatchewan people, and I'd like to know whether you have ever discussed with the rural municipalities, the association, anything in regards to the implementation of variable rates as been introduced and allowed by the PC government in Ottawa. Has that topic ever crossed your mind, as rural affairs, and did anyone twig you that it might be of interest to farmers across the province? I wonder whether you could indicate whether you've

discussed that with them, whether you have a position on it, or is that transferred over to the Minister of Finance and he's looking at the impact. Please give us the indication whether or not you had an opportunity, or anybody shook your shoulder and said, this here may be an issue.

Hon. Mr. Hardy: — It certainly was raised with me several times at the SARM convention in the spring. I think the position that we've stated has been very clear, and SARM, I think, agreed with it. But other than that, I can't say anything more about it.

Mr. Koskie: — Mr. Minister, on that vital issue was there a concern expressed by the association of rural municipalities?

Hon. Mr. Hardy: — Well I think that goes without saying. If you've read *The Rural Councillor* . . . You said you read it all the time, including my speech, which I appreciate very much, and I hope you read the next one because I've got a better one in there next time.

Certainly they've raised it. We've talked about it much and a lot. And, you know, I suppose the bottom line is that their concern is certainly — has been and will be, continue to be, in regards to variable rates. I think Mr. Thiessen, who is the president of SARM, has expressed himself several times on that, and certainly our views and his views are very much similar.

Mr. Koskie: — Mr. Minister, thank you for that information. I'm glad that you discussed some issues with the R.M. And in respect to your speeches, you can go nowhere but improve in the next one.

So I ask you though, Mr. Minister, I ask you Mr. Minister, in respect to variable rates though, SARM is opposed to it, SUMA (Saskatchewan Urban Municipalities Association) is opposed to it, farmers generally are opposed to it; I ask you, have you issued a public statement in respect to your opposition to variable rates. You, as minister of rural affairs, have you issued a statement?

Hon. Mr. Hardy: — I don't know how many times we've been before the committee, including myself, and certainly we've stated very vividly our position against variable rates. You know, if you've listened or been to any of the meetings, you would know that's true. I don't think that . . . unless you're in favour of it; I know we're not, and we've stated that many, many times.

Mr. Koskie: — Do you on this vital issue join with any of the representatives of SARM to make a presentation to the federal cabinet in respect to their possibility of revoking the approval that was given to the institution of variable rate? Did you ask, or did you join, or did you initiate the possibility of going to Ottawa and making a submission?

And if you didn't, which is very likely you didn't, are you aware of whether any department of government did, in fact, intervene on behalf of the farmers of this province in respect . . . urging the federal government. Obviously it didn't work because they allowed it to go forward. But can you give me details of whether you joined with the SARM representatives, go to Ottawa and make representation to the federal cabinet.

Hon. Mr. Hardy: — As you know, we've presented arguments to the CTC (Canadian Transport Commission). No, I have not joined with SARM to go to Ottawa to make a presentation to the federal cabinet. I don't know of any group that went and appeared before the federal cabinet. Certainly we've made our position very, very clear, and we will continue to do so.

Mr. Koskie: — Just a sec. I just have a couple other matters that I can wrap up. I have another rural development page, it's called. I just want, in respect to the rural development corporation, Mr. Minister, we passed the Act allowing for the development of rural corporations. Could you update us as to the number presently operating in the province. How many of the rural development corporations . . . I know that a few really got initiated prior to the implementation of the legislation. Can you bring us up to date as to how many there are?

Hon. Mr. Hardy: — I can, Mr. Chairman. There's three now already in operation, the one at Wood Mountain, the one at Dana radar base, and the one up at Meath Park called NORDCO (New Opportunities Rural Development Corporation). There is about 16, I believe maybe even 18 other groups now, of communities that are looking at forming RDCs; I believe six of them are just about ready to sign up as a rural development corporation entity. There is another . . . We've had RDC meetings on here right now, and EDC (Economic Development Corporation) meetings and there may be some more come out of this again, but there's 16 about to be signed. There's 16 we're working with, and that includes about 135 to 140 municipalities. We've already signed up three, and I believe that probably within a year there'll probably be 15 to 20 of them.

Mr. Koskie: — Within your guide-lines, you indicate that there has to be a minimum, there has to be a minimum of four adjacent municipalities, one of which must be a rural municipality, in order to form a rural development corporation. I notice in respect to the details in funding that you set out here is that year one, you'll give 75 per cent of the operating costs and survey costs to a maximum of \$25,000; year two, you have a formula and year three, four, and five.

My question to you really, in respect to the funding there: I want to know the size of these development corporations can vary, and, for instance, you say in year two, 75 per cent of the operating costs to a maximum of 50,000. Does it matter regarding the size? In other words, if it goes just to the minimum size, do they get the same amount, or if they're a larger corporation — in other words, take in more municipalities. Is there any adjustment made that for the larger size, or is this the set amount that is scheduled for regardless just to each and every rural development corporation?

Hon. Mr. Hardy: — Mr. Chairman, it's a set amount no matter what the size is; the more communities in, the more funding that have to draw on.

We haven't set any variable type of rates in there or anything like that because we wanted to get it up and running. I suppose down the road we may look at

something like that, but right now it's set up a set rate for all. If there's four municipalities in, or six or eight, it's still the same amount of funding. It's available to the same all over the province.

Mr. Koskie: — Do you think that makes a lot of sense?

Hon. Mr. Hardy: — Mr. Chairman, we have some with four, and we have some with eight in them; we haven't had any complaints from any of those that's joined. We now also have another one that could have about 10 or 12 in, and because of the large drawing area they would have from, they feel — they haven't voiced any opinion anyway — that it wouldn't be sufficient to do what it's supposed to do, and that's get them up, get them running, and do some consulting work, market studies, and all the other things that go with rural development corporation.

Mr. Koskie: — I just want to ask you, Mr. Minister, in respect to the municipal employees' superannuation plan, I understand that that was a separate plan. Can you indicate whether that was previously administered under the jurisdiction of your department and whether it continues to be administered under your department?

Hon. Mr. Hardy: — I think if you looked at the estimates you know where it went. But it was under our department; it is now under Department of Finance where all the other pension plans are.

Mr. Koskie: — I want to ask you, Mr. Minister, before the change was made, was there consultation with the employees — the municipal employees — under that plan that is transferring it from under the jurisdiction of the department separate and apart to the Minister of Finance?

Hon. Mr. Hardy: — I believe it's administrative. It's the same people went over with the board to administrate it over . . . under the Department of Finance. It just — that's where the investment part is. I think you understand it probably better than I do . . . (inaudible interjection) . . . As a lawyer you should, anyway. And therefore . . . but it went over there. It's under Department of Finance, and there was consultation with the board members before there we met with them. Even after that I was personally involved with meeting with them at least twice now. It is under there. I believe they're satisfied that it's going to be run independently, yet under the Department of Finance.

Mr. Koskie: — Thank you for what I suppose one could consider a compliment that I know more than you about it, but I don't think that it's a great compliment because you know nothing about it, so it doesn't take much more to know . . . to be better than you.

But seriously, though, this is of concern. And I want to ask you whether you have had any letters from the employees who are affected by the transfer and have concern in respect to the transfer of this pension funds under the jurisdiction, and separate and apart, as a separate fund to the Minister of Finance. And God knows what will happen when it gets into the Minister of Finance's hand, because you know his financial genius.

Hon. Mr. Hardy: — My understanding was that we

haven't had any requests from any of the employees in regards to a concern about it. They also . . . that it was an independent body; it went over, under Finance. And I believe that's why they felt that it was . . . that it's still the same group administering it, only under Finance, and it really hasn't changed nothing except under a different department.

Mr. Koskie: — I have had correspondence from employees that have been affected. I'm not going to disclose individuals because of the witch-hunt, but:

. . . the recent transfer of municipal employees superannuation plan under the auspices of your department directly affects me, a rural municipal administrator. In view of the fact of this transfer is a *fait accompli*, I realized there is nothing we can do. It is apparent that your government answers to none other than yourselves and is accountable to no one. I demand that the present superannual commission board be retained and that you assure myself and all other administrators in this province that our pension funds will be kept autonomous from the department's funds and that the strictest accountability of pension funds be made.

There is concern, Mr. Minister, and all I can say to you again, that you didn't do your job.

Surely you would have some contact with the employees that are affected and are concerned. They have written to this government, and they have written to the Leader of the Opposition. And your handling of pensions and the teachers' pension, which has been dealt with here, leaves a lot to be desired.

(2215)

So I want to raise that concern with you. If you ever have the occasion to meet with the employees affected, you might explain to them why you didn't consult with them, because they would like to know.

Mr. Minister, since you have no knowledge in respect to that item, again, as with most of the others, I want to close by saying that I am concerned in respect to this government's actions, in respect to rural Saskatchewan; there has been a massive decrease here in the budget. There's really a basic deceit in even comparing the figures because there's 57,700,000 last year; this year it's reduced to 54,469,000.

But you throw in another item here and that is payments to the Saskatchewan Property Management Corporation — a cut of \$414,900. You've decreased it by that. You added it in. It wasn't there last year, so what it does is increase the appearance of the size of your budget and an apparent decrease in the amount of the deficit.

I can only say to you, a real disappointment on this side that some of the major, major issues that are facing the farmers of Saskatchewan and rural communities, that you have not even been informed. You have no knowledge in respect to the effect of the white paper on taxation by Wilson. You have done nothing in respect to variable rates. You have cut massively here the budget items and

the grants to the rural municipalities. You have decimated the ferry service of this province — and my friend wants to deal with that. You have cut massively the municipal financing, financial management services; you have cut massively the road services; you have cut massively, as I said the ferry services; you cut substantially the grants to rural Saskatchewan, rural development; and also you have even cut grants to community economic development, even though you're indicating that so many more are coming on board — all through this budget that you have massively cut.

All I can say, Mr. Minister — as you said yourself, not me — that they're going to have to increase their taxes to maintain the services, or they're going to have to cut services. And I say that both is happening. And I think that you have demonstrated here that you're not on top of the issues in respect to the concerns of Saskatchewan.

You weren't concerned enough to deal with some of the very vital issues. And so I can only close, Mr. Minister, and I would hope that in the future that what you promised to the people before when you first were elected — and how soon you forgot it — that you would consult. That's what you said you were going to do, and this government has totally and completely lost any consultative process with the people of this province.

You hold up your hands and you say, oh, if they raise it with me, maybe I'll discuss it. A pitiful display here this evening — a disappointing display, because I had pretty high regard in respect to you before I had the opportunity to cross-examine you in respect to your performance. And I'll tell you time is passing and, Mr. Minister, I'm prepared to let these go. I would like to stay here for a week and drill you through this, but I'll tell you, I think the picture is fairly clear, because I'll be able to send out these estimates to the R.M.s across this province. I'll send it out to the employees that you know nothing about their pension fund being thrown over to that Finance minister that has no credibility left in the management of the fiscal affairs of this province.

I also just want, in closing, to ask you whether you made any representations in respect to one other thing — and very close to my constituency — and that is whether you can convince the Premier not to cut back, as he has intended, the funding to PAMI (Prairie Agricultural Machinery Institute) in Humboldt which has done another service to rural communities. There's a great concern.

The Alberta government announced this year that they were dropping out of the funding completely. The Manitoba government indicated that they would intend to continue the funding of PAMI. The Minister of Agriculture indicated that this year it would be cut back substantially and will not, in subsequent years, be funded. And so I ask you: has anyone raised that with you, and did you make any representations to the Premier or to anyone in that cabinet whether we should, in fact, keep that PAMI in Humboldt?

Hon. Mr. Hardy: — Well there's one thing I want to say just before I wind up, with a couple of other comments. But it is very, very clear that I sit at the cabinet table and I

talked many, many times about all the different issues out there in rural Saskatchewan, and certainly PAMI would be one of those issues that we would discuss.

I just want to make it real clear when you talked about the cuts, as you put it, to rural development. And I want to make it absolutely clear that you understand that, number one, there was a 10 per cent increase in regravels; number two, the maintenance program that's been in place for years increased from 1 to 3 per cent; the unconditional grants remained the same, and the conditional grant formula was not changed; the heavy haul formula was not changed. It's just so that everything remained basically the same as last year, or some increases, and so, therefore, that is why most rural — and I think all R.M.s — were fairly satisfied with the budget as it was. And I will continue the consultation that I've started a few years ago and will continue to work with them in regards to not only to this year's budget but next year's budget and on in the future.

Item 1 agreed to.

Items 2 to 7 inclusive agreed to.

Item 8

Mr. Lautermilch: — Just a few short questions. And I guess on behalf of the constituents of the member from Kinistino, as well as the constituents from Prince Albert-Duck Lake. And it has to do, Mr. Minister, with the operation of the ferries in this province.

And I'd like to ask you specifically about the closure of Fenton ferry and the subsequent re-opening of the ferry. And I would like to know, in terms of costing, how much it's costing to operate that ferry now. I'd like to know if it's leased under a lease arrangement, or if it's rented by the month, just what the arrangements are with that. And I would like to know who is leasing them, and how long the contract is for.

Hon. Mr. Hardy: — My understand is that it will cost in the neighbourhood of about \$15-odd thousand to operate it for the year.

Let me see, the operator of it is a Mr. Melvin Evans, who came forward and made an offer to operate it. We did contact the two R.M.s up in there and offered the same type of arrangements to them. They weren't interested. I believe that it's been operating ever since — and I'm not sure of the date, early . . . late June, early July; oh, June 29, it is here — and that it's continued to operate as of right now.

Mr. Lautermilch: — Mr. Minister, is there any kind of a long-term contract, or is that just for this particular season?

Hon. Mr. Hardy: — Just this season.

Mr. Lautermilch: — Can you tell me how much the cost to operate it would be for the months of July, August, September and October under the previous arrangements that were . . . when it was operated by your department?

Hon. Mr. Hardy: — It normally costs around 10 to 12,000 per month to operate it, and normal season is, I believe, six to seven months, so it runs anywhere from 70 to \$80-some thousand.

Mr. Lautermilch: — I'm not sure I understood. You're saying it cost around \$12,000 a month to operate and that was for a six month period?

Hon. Mr. Hardy: — I believe last year that our figures were \$76,000 for between six and seven months. So it's between 10 and \$12,000 a month.

Mr. Lautermilch: — What other costs are your department picking up that are not being paid by the . . . what other costs do you have other than . . . that are not showing here?

Hon. Mr. Hardy: — The only cost we would assume is if there was a major repair such as a cable or a tower or something like that. That is the only cost we would incur. There's been none to date at all.

Mr. Lautermilch: — Something doesn't jive, Mr. Minister. You're paying this gentleman \$15,000 for four months to run that ferry. From what I understand in the book here, there are about 9,000 people going across that ferry, which generates revenue, at \$1 a vehicle, of around \$9,000. That comes to a figure of around \$24,000.

You tell me that you're not picking up any costs at all, and it costs \$12,500 to operate under your administration. Can you explain that to me?

Hon. Mr. Hardy: — Well this gentleman's operating it himself, so I don't . . . his costs would certainly be down. He's doing his own operating, where we would be hiring not only operators but stand-by operators and part-time and maintenance people and all the other stuff. So there was a cost built in. Also if maintenance would occur, we'd have to send somebody out, probably from Regina, to do it. Those costs are all built in in the system.

Mr. Lautermilch: — Mr. Minister, are you telling me that you aren't picking up any maintenance costs, and at the figure of \$12,000 a month there was no depreciation? There was absolutely no other costs, and you're picking up not one other cost in terms of the operation of that ferry, and that your only costs are the \$15,000 paid to Mr. Evans?

Hon. Mr. Hardy: — Well, Mr. Chairman, there could be . . . (inaudible) . . . I said we would pick up any major cost to date. To date there's been no major costs, and the major costs are such things as the tower, such things as the cable. Those are what we call major types of costs; there's been none to date.

Mr. Lautermilch: — Who's paying for putting that ferry in or taking the ferry out in the fall? And who pays for putting it in in the spring if it goes in?

Hon. Mr. Hardy: — The launching and the removal of the ferry will be the responsibility of Mr. Evans.

Mr. Lautermilch: — Can you tell me, Mr. Minister, when

we sit in estimates next year if it's in the spring and if I ask you if you have any intentions of operating the Birch Hills ferry, the Fenton ferry, the Cecil ferry and all of the ferries in the area that affect both Mr. Saxinger's riding and my riding, and I can say to you that he's got many constituents . . .

Mr. Chairman: — Order. Order. I'd ask member not to use other members' names.

Mr. Lautermilch: — I'm sorry. I apologize. The member from Kinistino, if I referred to you by name, Mr. Member, I apologize.

Hon. Mr. Hardy: — Mr. Chairman, I can't guarantee that there would be whatever, but we have looked at them. I would say that the services, the ferry services that are there, we believe are needed. We will look at the Birch Hills ferry crossing — the ferry crossing itself — how it's worked in the private sector. This has been sort of a private sector operation. We'll review it at the end of this year, and then we'll make our decision after that.

Mr. Lautermilch: — Well I certainly hope, Mr. Minister, you will review the situation. I want to share with you the feelings of the constituents of the member of Kinistino and as well as the constituents in my riding, and they are very adamant about having that ferry service maintained. Whether it's run under department head or whether it's run under private operation, I'm thinking, is not really that much of a point right now with a lot of those people.

What their concern is, that you are going to pull those ferries out of the water this fall, and that you are not going to put them back in the water next spring, and that there's going to be added to cost to them by having to drive all the way around to whichever particular place, and haul farm machinery from here to there and other places and make, in some cases, distances in excess of 25 miles in order to get to the other side, and in some cases even more than that.

I want to know, Mr. Minister, have you had any consultation with the farmers in that area or with the municipal governments in those areas in terms of that service?

(2330)

Hon. Mr. Hardy: — Well as you know, I had consultation this spring. You are aware I was up there and met with both R.M. councils, twice in fact, and our intentions is not — at least right now our intentions are not to discontinue the service, and we will review it to be sure that it has served the needs of the people and served to the best financial response to the government of Saskatchewan.

Mr. Lautermilch: I just want to close, Mr. Minister, by saying that if you had been consulting, and if you'd been talking to the people in the rural areas you say you've been, you would have never closed down that ferry service earlier this summer. And I think you know that.

We talked earlier today about the lack of consultation by members on your side, and this may be a small item to you — it's a small dollar item in the whole scheme of the

provincial budget — but I tell you that it's a big concern to the farmers out there. And I know that you and the member from Shellbrook or from Rosthern don't feel to be too interested in an amount of maybe only 15 or whatever thousands of dollars it is. And in terms of this one it's not a great deal of money, but I want you to know that I'll speak for the member from Kinistino and from the other members around there, and I'll speak long and hard if you have plans to remove ferry service anywhere in that area. That's service that is badly needed by those farmers and by those people that live in those small communities, and they're just not going to accept you taking a service that used to be a 24-hour service supplied by the former administration that you cut back to a half day service and then charged the dickens out of them when they've got to get across with their farm equipment late at night. And I just say to you that the cut-back of that service is bad enough, but the total removal of it will be totally unacceptable, and we'll be talking about this further, I'm sure, in the next estimates if that does, in fact, happen.

Item 8 agreed to.

Items 9 to 11 inclusive agreed to.

Item 12

Mr. Koskie: — Just in regards to item 12, there's one item that — a number of items that have been deleted, and one was the grants to the Saskatchewan Association of Rural Municipalities. And the administrators' association was previously \$6,000, and that has been completely cut. I wonder for what reason was that discontinued?

Hon. Mr. Hardy: — Mr. Chairman, we had consultation with SARM and the administrators association, and we had made other arrangements to assist them.

Mr. Koskie: — Mr. Chairman, just one question. You consulted with them, and I suppose you're saying they asked you to get rid of the grant that they were receiving. I doubt that very much, but you said you made other arrangements. I wonder if you would elaborate on the other arrangements, other than giving them nothing.

Hon. Mr. Hardy: — Well, Mr. Chairman, we have agreed that we would help them with their convention in regards to the banquet and that, which is always done. We're just going to do it in a different manner, that's all.

Vote 43 agreed to.

Supplementary Estimates 1988 Consolidated Fund Budgetary Expenditure Rural Development Ordinary Expenditure — Vote 43

Mr. Chairman: — Are there any questions?

Hon. Mr. Hardy: — I'd like to thank my officials for the information they supplied me and for the work they've done over the last year. They're great people. They've done a good job, and I appreciate very much their back-up and their service that they've supplied to only to myself but to the people of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Mr. Chairman, I join with the minister to thank the officials for this evening. I know there was some embarrassment with the inability of the minister to relate information. But I thank the minister also, Mr. Chairman, for the information that he provided. I think the concern, as I indicated to him, we've made our point and I thank him for the information he provided.

The committee reported progress.

The Assembly adjourned at 10:38 p.m.