

## EVENING SITTING

## ROYAL ASSENT TO BILLS

At 7:03 p.m. Her Honour the Lieutenant Governor entered the Chamber, took her seat upon the throne, and gave Royal Assent to the following Bill:

Bill No. 18 — An Act Granting to Her Majesty certain sums of Money for the Public Service for the Fiscal year ending on March 31, 1990

Her Honour retired from the Chamber at 7:05 p.m.

## COMMITTEE OF FINANCE

## INTRODUCTION OF GUESTS

**Mr. Lingenfelter:** — I wonder if all members would join with me welcoming a group of Lakeview Brownie Pack No. 26 to the Assembly tonight. I'm introducing them on behalf of my colleague from Regina Lakeview. I know that all members will want to join with me in welcoming them here tonight. The process that we have seen here, the few minutes that they have been in the Assembly, was the Royal Assent to a Bill that the legislature passed and accepted yesterday.

I want to say that we enjoy having the company of the group here tonight, along with their chaperons and guides and the teachers, and I know all members will want to join with me in welcoming them here.

**Hon. Members:** Hear, hear!

**Consolidated Fund Budgetary Expenditure  
Saskatchewan Housing Corporation  
Ordinary Expenditure — Vote 51**

## Item 1 (continued)

**Ms. Smart:** — Thank you, Mr. Deputy Speaker. May I just describe to the Guides that what we're doing this evening is discussing the estimates for the Saskatchewan Housing Corporation, and on this side of the House I am the critic for the housing issues.

Mr. Minister, yesterday in discussing housing estimates, we talked about the implications of the federal PC government's proposed national sales tax on the housing industry, especially as it will impact on new-home builders and first time home buyers.

The cost of a new home is estimated to go up by \$10,000 if the housing industry is taxed with a national sales tax, and new housing starts are already down in Saskatchewan. If this tax comes into effect, it will be devastating. We learned yesterday that the minister believes that the Saskatchewan Home Builders' Association is pleased with the efforts he has made on their behalf, although he admits to not doing very much.

We learned that the minister does not believe in taking action to ensure that such a regressive sales tax is not implemented. Instead he wants to coast along doing

nothing until the sales tax is here. His method of planning and policy making is obviously to close the barn door after the horse has bolted.

We learned that the federal PC Finance minister, Michael Wilson, has said at some point that the sales tax may not apply to "affordable housing;" however, our provincial minister of housing has developed no guide-lines or definition of affordable housing that would apply in Saskatchewan to new-home building. At the same time he told us in the Crown corporations meeting on February 6 of this year that he thinks his role is to promote affordable housing. I said in the throne speech debate that the government members opposite create an Alice-in-Wonderland world full of strange characters who don't make much sense, and this is another example of them.

Mr. Minister, I want now to ask the page to carry over to you some documents that I want to question you about this evening, and I'll just wait for a minute while he's bringing them to you. What I have, Mr. Minister, is a certificate of titles for a house that was built in Saskatoon, Mr. Minister; a house called lot 127, block 962 in Saskatoon. And you will see that the house, when it was sold to Douglas Ronald Hickson and Heidi Hickson, was valued at \$73,516, and that it was made by Crawford Homes Ltd. in Saskatoon, and that the mortgage is held by the Royal Bank of Canada.

Now, Mr. Minister, Crawford Homes is one of these developers that is producing what's called sweat equity housing. They charge \$100 down payment for people to get into these houses, and then people find themselves with the mortgage payments that continue for some time. The first certificate of title, as you see, belongs to the Hicksons. The second certificate of title is for the Royal Bank of Canada, which took over the housing from the Hicksons when they were no longer able to pay their mortgage payments. Subsequent to that the certificate of title passes to the Saskatchewan Housing Corporation in 1984. Now Mr. Minister, this house, which was valued at \$73,516 when it was bought in 1987 . . . was bought in 1987, Mr. Minister, and repossessed by the Royal Bank of Canada in 1988, and was on the market — it's a private developer, it's a private sale, sweat equity house — was listed on the market as being owned by the housing corporation and selling for \$64,500.

Now, Mr. Minister, my question to you obviously is, who has paid the difference between the \$64,000 that the housing corporation now estimates the house to be worth and put on the market and the \$73,000 that the Royal Bank had in their mortgage claim?

I might add, Mr. Minister, that on Whelan Crescent in Saskatoon, there are at least a dozen homes in the hands of the banks and the trust companies, and more in the Dundonald area. So this is not a unique incident. CMHC (Canada Mortgage and Housing Corporation) apparently doesn't guarantee these homes, but the Saskatchewan Housing Corporation does.

**Hon. Mr. Klein:** — Well, Mr. Chairman, you know here we've got a case again of my critic just not at all being

familiar with the real estate industry. Unfortunately, my critic, the member from Saskatoon Centre, just absolutely doesn't understand real estate one single, solitary bit. And it's really unfortunate. I'm going to answer the question; don't get excited.

First of all, why doesn't she take a real estate course if she's going to be your critic? Don't lecture me, don't lecture me on the weakness of your critic with experience about real estate.

**An Hon. Member:** — Why don't you offer a course?

**Hon. Mr. Klein:** — I'm not teaching real estate any more. I used to when I was president of the Regina Real Estate Board. It's unfortunate . . .

**An Hon. Member:** — Answer the question.

**Hon. Mr. Klein:** — This isn't even a question for this kind of a forum.

**An Hon. Member:** — Of course it is.

**Hon. Mr. Klein:** — It isn't. I'm going to answer it but it's not even a question for this kind of a forum. It's a silly question to bring in here.

Yesterday, she was bringing in, Mr. Chairman, questions on affordable housing and on the national sales tax which is non-existent. A non-existent tax. She wants the answer. If the member from Prince Albert would just quit jumping up and down . . .

**Mr. Chairman:** — Order. Order. All members will get opportunities to ask questions in Committee of Finance so allow the minister to answer.

**Hon. Mr. Klein:** — I'm trying to answer; you people aren't allowing me to answer. Just sit down and pay attention, I'll give you the answer.

Let's talk about the housing situation first that she brought up, and the system of affordable housing and a non-existent national sales tax that she was blurbing about yesterday afternoon.

I have a press release issued November 11, 1988 by the Canadian home builders, two months before we went into Crown corporations on this very corporation on hearings. Same thing in Crown corporations — the NDP questioned me for about 45 minutes on the national sales tax, when this press release was issued two months prior.

(1915)

And in the press release, Mr. Gary Santini, the president of the Canadian Home Builders' Association, said:

This means (talking about the national sales tax) housing will not be subject to the disruptive and unpredictable effects of quick-fix remedial government programs designed to compensate for the sales tax . . . As a result, we are satisfied that sales tax reform will not affect the affordability of housing for Canadians (will not affect the

affordability of housing for Canadians, and that) . . . The association will continue to work with the Department of Finance in the design of such new tax.

Now I can't be more clearer than that. That's the Canadian home builders.

As far as your accusations, I'm going to set for the record one more time, because your accusations are totally unfounded and have nothing at all to do with the fact. The Canadian home builders and the Saskatchewan home builders know full well that I carried out my responsibility effectively and efficiently regarding any representation on the national sales tax. So let that be clearly understood.

My Minister of Finance went to Ottawa with that Minister of Finance to represent the home builders of this province on the national sales tax issue. And for you to publicly state that we did nothing is an utter fabrication; that is nonsense that I will not allow stand in this record. That's number one.

Number two, you talk about affordability of housing, and I was trying to compare it with a question that my grandchildren ask me. How high is up? Same thing, same thing here. We researched . . . Today I researched a LePage Melton national magazine on housing prices, which you could very well have done and armed yourself with, if you would have paid some attention to your job and come in here with a little bit of background and knowledge, instead of coming in here asking questions that you shouldn't be asking.

Out of that same catalogue from across the country, a typical detached bungalow of 1,200 square feet, three bedrooms, bath and a half, one-car garage, Mr. Chairman, full basement, on an average 50- by 110-foot lot, ranges in price from south Halifax, \$180,000; Montreal, \$175,000; Toronto, \$340,000; Manitoba, \$104,000; Calgary, \$177,000; Vancouver, \$315,000. All right? All for the same house, all in the same general area, all in the same lot. Well in Regina and Saskatoon, we're looking at 90 to \$94,000. With such a discrepancy like that across the country, how are you going to have one definition? It's impossible. And anybody can figure that out. You don't have to be a mental giant to understand that.

Now as far as it relates to your question regarding that particular seizure, if you would have taken the time to study that back in 1986, when this government introduced the first time home buyers grant, we also guaranteed the mortgages for the first time. Under that mortgage guarantee, what we said to the people of this province is, yes, we will help you find affordable housing. We gave them the \$3,000 grant, guaranteed their mortgage. Obviously, this family who you choose to drag through publicly again, through this Assembly — and I won't refer to their name — had difficulty in making their payments. The Royal Bank, the mortgage holder, then processed, Mr. Chairman, to take this house back.

Now under the term of the guarantee, which is a public program that the critic should be aware of, we come in and we reimburse the bank and end up owning the

property. We have it appraised by an independent appraiser and we put it out on the market to try to recover the taxpayers' dollars. Now it's just that simple. That question shouldn't even be in this Assembly, Mr. Chairman.

**Ms. Smart:** — Mr. Minister, this house was bought in 1987. I understood that that grant was only available in 1986.

**Hon. Mr. Klein:** — Mr. Chairman, in order to assist the home building industry, because we're concerned with them and as everybody knows, there was a certain section of houses that were approved to various builders at the tail-end of the program that they could carry over and be sold in the next year so long as they were started in 1986 . . . And they had until, I think, the end of March, as I recall, to put in the foundations and the end of July to sell the house.

**Mr. Lingenfelter:** — The minister has said at least 10 times tonight that these questions are not in order in the Assembly. I notice that you haven't ruled in that manner that they're out of order. I wonder if you would take the time, having listened to the questioning — we feel they're in order — for you to make a ruling whether, in fact, the questions are in order, and the minister would quit his nonsense of saying they're not.

**Mr. Chairman:** — I find the questions in order. They're related to housing. So the estimates will continue.

**Ms. Smart:** — Thank you, Mr. Deputy Speaker.

So, Mr. Minister, the point is this, two things: one is, the sweat equity program allows somebody to buy a house for \$100 down. You're saying that the mortgage that you gave them, some mortgage . . . the mortgage supplement, so that they could pay into their house . . . If that was the case, Mr. Minister, why didn't you have the same kinds of controls on that mortgage program that you have on the loan program, the \$10,000 at 6 per cent, which has to be approved by the lender, Mr. Minister?

The lender, the banks presumably, or whoever they're getting their loan from, has to approve that loan. A person who can only pay \$100 down on a house is not even within the CMHC guide-lines which said that 10 per cent of the house should be the down payment, Mr. Minister.

So it seems to me that what's happened here is that the province, the province with that mortgage payment has taken a bath in terms of the public money — that you have paid to the Royal Bank a lot of money, and the people still have no house, that they've been able to get into a situation where they have lost their home, the taxpayers have lost their investment, and the Royal Bank makes more profit, Mr. Minister. That's what's happened with this program.

Now Mr. Minister, I want to turn to something else here. And I want to talk a little bit about the co-op housing. Mr. Minister, in the Crown corporations discussion on February 6, in response to a question regarding the PC government's failure to support co-operative housing, you said:

There is no demand for that particular kind of housing. And we have the budget dollars if the demand were there. It's just that simple.

Now, Mr. Minister, just lately, April 7, 1989, there was an article in the Melville newspaper about a seniors' project being rejected. This was a project for co-op housing. CMHC turned down the proposal by the Co-operative Housing Association of Saskatchewan in December, and an appeal by that association is being dropped.

The co-op housing association, a private consulting organization which works with groups involved in co-op housing, received more than 50 applications from local seniors when it held an information meeting here in September. The city council (in Melville) has disputed the CMHC's findings, citing a zero vacancy rate for quality senior housing in Melville, and large waiting lists for the limited number of local housing projects for seniors. The chairman of the local *ad hoc* committee involved in the application said if more senior housing isn't built here, seniors wanting to move from their homes into rental housing will be forced to leave the city.

Seniors who reside in co-op housing are eligible for monthly rent supplements depending on income. Tenants own and operate the housing project with volunteers forming an executive to determine design, location, and policy.

Now, Mr. Minister, can you tell me then how you justify saying that there's no demand for that particular kind of housing when there obviously was a project in Melville where seniors wanted to have a housing co-operative, and you said you had the budget dollars there if the demand were there?

**Hon. Mr. Klein:** — Well, Mr. Chairman, I wrote that member a letter earlier in the year about all of this, but in any event, the co-op housing program is delivered by Canada Mortgage and Housing Corporation. The co-op housing program is not delivered by Sask Housing.

**Ms. Smart:** — I received that letter, Mr. Minister, but I'm holding you accountable to what you said in the Crown corporation, that there was no demand for that particular kind of housing and that you had the budget dollars if the demand were there. The demand is there in Melville. You are the housing corporation minister representing groups, like the seniors wanting a co-op housing, to the federal government, and you would have had the power to support that project if you had the will to support co-operative housing.

Now, Mr. Minister, in co-op housing wealthier people subsidize the less wealthy by the rent brackets that people are in. And you said in the Crown corporations regarding co-op housing — which you don't support and we know that because your government has done away with the department of co-ops — but you said in the Crown corporations meeting, "I've got a little bit of trouble with government building a housing project that will be used by some professional that's earning 60 to \$65,000 a

year.” And that was one of your reasons for not supporting the co-op housing because someone with that kind of an income might be able to be part of that co-op housing; a senior with a good bit of income might have been part of that co-op housing and then another senior on a lower income could have been subsidized.

Now we’ve got those kinds of housing developments in this province in many places, which you could look at as examples if you wanted to inform yourselves about how co-op housing works.

But I was interested in that statement, Mr. Minister, because where you say that you have a little bit of trouble with the government building a housing project that will be used by some professional that’s earning 60 to \$65,000 a year, you turn around and support the home improvement plan which provides people with \$65,000 and \$100,000 homes and on beyond that with money for jacuzzis and swimming pools, and you don’t seem to have any trouble with that, Mr. Minister. You don’t seem to have any trouble with that program.

Now, Mr. Minister, the home improvement plan, which you don’t seem to have any trouble with, which gives money to people who are already wealthy, takes up two-thirds of the budget for the Saskatchewan Housing Corporation right now.

As I said earlier when I was talking about the sweat equity program, the home improvement loan application, which people have as part of this home improvement program, means that you have to qualify with a lender for the amount of that loan. You can’t qualify with a lender in the private sector unless you’ve got the money to start with, so it’s a program for people who are already wealthy.

And your own chamber of commerce, your business people, have said in their news-letter that:

While the construction industry is currently very slow, contractors of all sizes have felt that the home improvement program overheated construction activity and forced projects that may have been spaced over a period of years into a concentrated time frame. This same concern, although less strenuously, has also been expressed by certain retail outlets catering to the home repair market.

So that’s some criticism from the chamber of commerce.

We have had a number of people contact us about the home improvement program, saying that there’s been a lack of inspections; that there have been the possibility of fraud with that program — of people filling out applications for money that they never used on repairs.

And I want to compare that, Mr. Minister — your lack of inspectors on that program, your lack of any kind of security as to how that public money is being spent — I want to compare that with the heavy inspection, almost a Gestapo type inspection, on the poor people who are getting social assistance in this province. And for a mere pittance of money that they get from the government, they

go through all kinds of surveillance these days, Mr. Minister, but not the people with the jacuzzis and the swimming pools; they don’t get that.

Now in your response to the throne speech, Mr. Minister, you referred to your research surveys which show the job creation that the home improvement program has made, even though jobs in the construction industry have not increased. And I want you to tell us now who did those surveys, how much they cost, and will you table them in the legislature.

(1930)

**Hon. Mr. Klein:** — Mr. Chairman, I don’t know . . . She asked a lot of questions in there. I suppose that I should start with this, the home program that she seems to be unhappy with.

In Saskatoon, the number of loans under that program, 13,754 — 13,754 — almost 14,000 loans. You go back to tell Saskatoon that 14,000 home owners over \$65,000 or without affordable housing didn’t take advantage of that loan program and spent over \$83 million. That’s on the loan side — \$83 million. And don’t even begin to try to tell the public there’s 14,000 jacuzzis and swimming pools and the like in that one.

Now let’s talk about the grant side. Another 53,500 in Saskatoon — 53,500. You go back to tell Saskatoon that it’s a lousy program where they spent almost \$37 million improving their homes. You go back and tell your constituents what a lousy program that is, and let’s just see how far you get with that nonsense.

Let’s talk again about affordable housing; let’s talk to the people. You speak with pride about the property improvement grant. A lousy \$230 is what your government came up with, and had nothing to do with the economy. Let’s talk about, even now, the mortgage protection plan at nine and three-quarters, where if a person’s mortgage would be thirteen and a half per cent they save \$100 a month, today — \$100 a month!

What did you do in 1982, your government, in 1982 when the interest rates went up to 20 per cent? You know what you did for the home owners? Zip, nothing! Zero, zero you did. And you stand there and contradict the home program. You say nothing about the mortgage interest protection plan. And if the member from Quill Lakes has a question, let’s have it after I’m done with my answer. Until then, if you’d give me the privilege, I’m trying to answer your critic that is asking these questions with some kind of information that hopefully she’ll get a message with. So I’ll talk to you in a moment.

But in the meantime, and getting back to the co-op housing, the co-op housing program is delivered by Canada Mortgage and Housing Corporation. That is not our program. All right? So if they choose not to deliver one, I can’t help that. That’s a federal matter. But I can tell you this, I can tell you this, that during each of the past three years, the co-op movement has failed to utilize the existing rent supplement budget of 36 to 40 units — failed to utilize three years in a row. Well what do you expect Canada Mortgage to do if the co-op movement won’t use

that for three years running?

And also, we, the province, are concerned over the fact that there has been no family project developed under the co-op housing, no family project under co-op housing for the last three years even though a budget was allocated for that. So your facts are not quite straight.

**Ms. Smart:** — Mr. Minister, may I remind you that I asked you three questions regarding the research surveys that you've done on the home improvement program. I asked you who did the surveys; how much they cost, and whether you will table them in this legislature. Those are the three questions I asked you.

**Hon. Mr. Klein:** — Mr. Chairman, I've been advised that my corporation officials, using studies that were available to them, and I'll give you the three studies that they used: "Labour Requirements For Residential Construction", Hansen, Canada Mortgage and Housing Corporation 1975; "Labour And Material Requirements For Residential Rehabilitation", Canada Mortgage and Housing Corporation 1983; "Renovation Construction Economic Impacts", Clayton Research Associates 1985. Now using those studies, corporation officials put together the numbers that you're referring to.

**Ms. Smart:** — Well you called it a research survey, and I assumed that it meant some understanding of what was going on actually with that program, but it obviously doesn't. It's a way of looking at some other numbers and putting them together in some sort of a magic pot and stirring them up and coming up with whatever. I mean, if you want to table the formula that you used in putting those things together, that might give us a little bit more insight into it. But at the moment, I think, all we can say is that the figures that you come up with are your own. And given the credibility of someone like yourself in terms of speaking the truth, I don't know that what you have to say is of much value.

But, Mr. Minister, I want to talk now about the public housing and ask you to follow me, please, in this concern about the funding for public housing because there are many words being used by the housing corporation in terms of enriched housing, innovative housing, public housing, non-profit housing, etc., and it becomes a bit difficult to unravel it.

In the Crown corporations meeting . . . Now people are still saying, Mr. Minister, and it was quoted in the *Star-Phoenix* in 1988, that public housing is funded . . . This was an article, July of this year in which you announced 22 housing projects approved for Saskatchewan. In the *Star-Phoenix* they were still saying that non-profit organizations get CMHC mortgages and subsidized portion of it. CMHC pays 75 per cent of the cost, the province 20 per cent, and the municipal government 5 per cent. When I've been talking to other officials, those are the figures I'm still getting.

But I realized, when I read the Crown corporations meeting, that since 1987 the federal government, through CMHC, no longer puts up any capital to meet social housing needs in Saskatchewan. Apparently they pick up the amortization in their subsidy. So that what happens is

that the province, you say, all that we do is put forward the original capital to get the project built, and then over the years we get the money back through the subsidization.

And you are, according to your annual report of 1987, on page 34, the housing corporation totally owns non-profit housing in the province and owns 95 per cent of the public housing in the province — 95 per cent ownership, Mr. Minister, but you admit that you go to the private sector for capital through the innovative housing project.

Now I want to know where the money is in the housing corporation budget, because I don't see any item that would be big enough to cover 95 per cent of the cost of any public housing, Mr. Minister, in this budget for the Saskatchewan Housing Corporation. I don't see any money that would possibly contribute to the capital funding of public housing.

I guess I understand what you mean when you say you go to the private sector for the capital in the innovative housing program, because you are bringing together non-profit groups and developers, and somehow encouraging development there. But I don't understand where the money is in the housing corporation budget to build public housing.

**Hon. Mr. Klein:** — Mr. Chairman, there's two sources. First of all, it's unfortunate . . . And I've heard this before; I've heard it in Crown corporations; I've heard it again tonight. I will apologize to my officials at Sask Housing because the opposition doesn't believe that they are qualified to do the work that they do with regard to the methodology of the job creation statistics. And it's unfortunate that they hold very little value for the professional civil servants in the employ of the government. But that's in fact what they are saying, Mr. Chairman, when they don't hold out the credibility for that.

I can tell you, however, that our estimate is much lower than even the estimates that I referred to in those three studies done by the others because they were talking in relationship to direct jobs only. Our figure is lower and also is meant to include direct and indirect and induced employment. So that I believe that my officials have done their homework rather well and are well qualified to come up with that kind of a number. And I do apologize to them for what the NDP feel they can't do their job right for.

Regarding the financing, Mr. Chairman, all of the financing, or not quite all, but under the innovative housing is done by the private sector, and there is no capital required. The mortgages are indeed basically 100 per cent. The mortgage insurance . . . The mortgage is then guaranteed by Canada Mortgage and Housing Corporation. Where the corporation does indeed deliver direct units to rural Saskatchewan, we have a capital fund that we use that as a source of income. That fund is continually being replaced by people that are repaying their mortgages to Sask Housing, and as a result, those pool of funds just simply sit there and it's kind of a revolving credit kind of a scenario that just keeps building up. We haven't had to borrow funds for capital since

1984.

**Ms. Smart:** — Well, Mr. Minister, I asked you where that fund is in the budget.

**Hon. Mr. Klein:** — It doesn't appear in the budget. It's not a budgetary item.

**Ms. Smart:** — Doesn't appear in the consolidated funds or anywhere else? It's just income that floats in and floats out. That's quite interesting . . . (inaudible interjection) . . . Yes, it does.

Mr. Minister, I would like to call on the member from Athabasca to take the time now to finish the questions regarding housing in the north.

**Mr. Thompson:** — Thank you, Mr. Chairman. I only have a few questions, Mr. Minister, to ask you, and then we can get on with the estimates.

I was talking about the study that you have initiated last night when we closed. And you closed off, Mr. Minister, by indicating that you thought that I was proposing that civil servants pay a higher rate of rent for the houses they have in northern Saskatchewan. And most certainly, Mr. Minister, you indicated also that you were going to go back and indicate to them that this was the case. I assure you that's not the case, Mr. Minister. All I was indicating to you that your department should bring fairness to housing in northern Saskatchewan. As it is right now, it's not fair.

I know the study you're undertaking now is looking at some of the shortfalls. And I sincerely hope that when that study is finalized that you will come out with some recommendations that will solve some of the shortfalls that we have now.

My question to you, Mr. Minister, is: when do you expect that study to be finalized? And when it is finalized, would you make a copy available to myself and to the rest of our members?

**Hon. Mr. Klein:** — Yes, Mr. Chairman, the member from Athabasca well knows the concerns that we have for housing in the North, and I appreciate his concerns. And he is as familiar with the problems up in the North regarding housing as I am. And I think that it's fair to say that we're trying to get to the same place on it.

To correct the statements of last night — because the member is asking good questions — he was kind of confusing two areas of housing, Mr. Chairman, and that's why I responded the way I did.

The housing study that we're talking about now relates to the rural and native housing program, and the staff does not live in those houses. Staff housing is a different program. So we can go back and discuss that more on the staff housing, if you'd like, and clarify that end of it.

But regarding the study on this one, the member is aware of the joint study that's going on. And we had pushed Canada Mortgage and Housing very hard to get this study under way. And we have been meeting with most of the

mayors, particularly along the west side, as the member knows.

(1945)

And we were able to get Canada Mortgage and Housing to commit the start of the study perhaps about six months earlier than they wanted to. That was number one. So that kind of pleased us. And then where they were going to take quite a while to get that study done, at the urging of the mayors along the west side, we all came to the conclusion that their time frame was not acceptable to us. So we are pushing Canada Mortgage and Housing.

I was hoping that we could get the study completed, certainly by the end of this current year. I don't know that we're going to be able to make that target, because Canada Mortgage is going to be doing the same kind of a study almost across the country, and it's going to be slowing it down a little bit, coupled with the fact that, as I speak to the west side people, some of the investigation that's being done, I think, should be improved upon. And as we ask them to improve that to gather more information, that will delay it a little bit.

But hopefully, the study will be done in time that we could see some changes being implemented as early as 1990. And I think that that is good news, you know, if we can start changing for the better some time within the next 12 to 18 months. It is out of our hands, but we are pushing CMHC. And certainly, just as soon as I have anything at all that could made public on it I will put something into the member from Athabasca's hands to keep him fully informed.

**Mr. Thompson:** — Thank you very much, Mr. Minister. I wonder — you've got about a year to 18 months before the study is finalized — if you would consider, you know, not evicting anybody out of their homes because of problems they do have with mortgages right now. That's a question. And could you give me the number of houses. Of the 1,380 houses that you have under your jurisdiction up North, how many of those houses are permanent mortgages and how many are under the rental agreement?

**Hon. Mr. Klein:** — There was two questions there. Regarding the evictions, we've been working hard with the people from the North and the new young leaders up there are really interested and concerned about their communities, Mr. Chairman. And I'm happy to say that our eviction rate has improved dramatically. It appears that the new leaders up there, the duly elected officials, are helping us or talking to the people up there, and we are consulting quite a bit and the eviction rate is dropping. The people are recognizing that when they fall into arrears they try to make up the difference and it's working out pretty well. So our eviction rate . . . We don't actively go out and move people out. And particularly now with this study going on, we're just trying to encourage everybody to keep their payments up.

As far as the second part of the question is concerned, there are about 200 units on that rental arrangement, I'll advise the member, about 200.

**Mr. Thompson:** — So there's 200 on the rental and then I can assume that there is approximately 1,100 that have permanent mortgages, is that right?

**Hon. Mr. Klein:** — Yes, I've been advised that either permanent mortgages or interim occupancy agreements which are tantamount to the same thing as a mortgage, as far as the corporation is concerned.

**Mr. Thompson:** — Okay. Could you give the number of individuals who have those homes who have either 15-year or 25-year mortgages and at the end of the mortgage they will own their home?

**Hon. Mr. Klein:** — I've been advised that the vast majority of them . . . We don't have the exact numbers but the vast majority, according to my officials, would be 25-year mortgages, and that, assuming that all of their payments would be made, they would definitely own their homes at that time.

**Mr. Thompson:** — Okay, then. Is it fair to say then that there's approximately 1,100 homes up there that, if those individuals go through the proper mortgage, that they will have title to that house and that property at the end of the mortgage term?

**Hon. Mr. Klein:** — According to my officials, assuming that they made their payments and the like, yes, the member is correct.

**Mr. Thompson:** — Mr. Minister, I wonder if you could indicate how many public housing, or government houses, that you have turned over to local authorities in northern Saskatchewan. I know you may not have that figure at your fingertips, but could you pass that on to me. The number of housing units that you have turned over to the local community authorities — and these are public housing units. Yes, you could pass that on, Mr. Minister.

Also, could you indicate, of the Atco units that you brought in from Calgary, the Olympic housing, are they permanent mortgages or are they rental agreements?

**Hon. Mr. Klein:** — Mr. Chairman, I've been advised that, regarding the public housing, the first part of the member's question, we have established now eight housing authorities in the North and we're working daily to set up even more. So in those eight communities where the housing authorities are, they run the same way as we do here in the South now. And the housing authority has taken over the management control of the units. So that's that part of the question answered.

The other question regarding the Atco trailers, those were delivered by Canada Mortgage and Housing Corporation. That was their program, and we're not familiar with the details of what they've done or what arrangements they've made with the individuals or the communities on those units.

**Mr. Thompson:** — Saskatchewan Housing Corporation had nothing to do with Olympic housing that has been moved into the North. Is this right?

**Hon. Mr. Klein:** — Yes, Mr. Chairman, the member is

right. That was totally done, organized, delivered by Canada Mortgage and Housing Corporation, and Sask Housing Corporation doesn't have a thing to do with those units.

**Mr. Thompson:** — Mr. Minister, just a couple more questions. I wonder if you could indicate, out of the 200 rental units, would it be fair to say that in the last few years, that that is when those agreements were signed, and that you are not giving out any more permanent mortgages up in the North?

**Hon. Mr. Klein:** — I've been advised that of those 200, we would still supply mortgages if the people would want to convert to a mortgage and indeed buy the house.

The problem that we've got up there, as you're very well aware, is establishing a market value on these units. And being that CMHC is a partner with us, where we might want to make a deal, our partner may not be willing to make the deal. And that's part of a process that we're going to try to employ with CMHC to see if indeed we can develop some kind of an agreement with them regarding some of the problem houses that you referred to earlier, that you are familiar with because you live up there.

The other part of the question was . . . Oh yes, the balance of the rental accommodation now, the new rental housing that's going in is being delivered by Canada Mortgage and Housing Corporation. As you're aware, we turned most of those programs back over to Canada Mortgage and Housing so that the local communities wouldn't have two government agencies to deal with. They were very pleased with that. So they now only have to deal with Canada Mortgage and Housing, and of course we become involved and assist them where at all possible or work with them on the units that we still administer and try to slide over into their own local authorities.

**Mr. Thompson:** — Thank you, Mr. Minister. When you talk about market value in northern Saskatchewan, and that's what I was indicating to you, that the market value . . . And taking everything into consideration when you come out with that study, and the recommendations that I would hope would come from your department would be to take a new look at the type of payment structure that Northerners are harnessed with.

Mr. Minister, my final question to you would be: do you have a policy in Sask Housing that you do not issue any mortgages north of Green Lake?

**Hon. Mr. Klein:** — No, I can advise the member that that isn't right regarding the mortgages. We don't have a policy like that, so we don't have a problem with issuing a mortgage north of Green Lake.

Regarding the evaluation process . . . And you can help us. Tell your constituents, particularly those in those houses, to really get involved with that study as much as possible, and when the CMHC officials, or whoever they send up there, are conducting that study, to really get involved deeply in that evaluation process. That would help us immensely. As you know, CMHC is 75 per cent partner with us on those units.

Now where we would like to do something with these units, as a provincial government we're hamstrung because of our federal partner.

And the establishment of a proper market price is the most important thing that we can do up there because you know the problem. And certainly if we can't get a reasonable price on those things, those houses where they've been in default for years and years and years, we've got a terrific problem with. And I think that if your constituents would be encouraged to get involved with that process, it would really help us. It would be for their own good to get as deeply involved with that study as they could.

**Mr. Thompson:** — Thank you, Mr. Minister. I want to make this very clear to you that I have been elected by the constituents of Athabasca to bring forth their concerns, and I have brought those concerns to you, and I get involved on their behalf. So I think for you to stand up in the House and say that for me to go and encourage them to get involved, that's just not fair. I was elected to do that; I do that on their behalf; I've done it in the House here; I've done it in letters to yourself and your officials; and I think that that's the route to go. You should be taking the recommendations that I put forth because they are the recommendations that I get from my constituents.

**Some Hon. Members:** Hear, hear!

**Mr. Thompson:** — Mr. Minister, one final question, Mr. Minister. And your senior partner, CMHC, which funds the program 75 per cent, do they have a policy that they do not issue no mortgages north of Green Lake?

**Hon. Mr. Klein:** — My officials advise me that they're not aware of any policy that CMHC has like that.

And the member from Athabasca misinterpreted my remarks. I didn't indicate that you weren't carrying forward your message on behalf of your constituents; on the contrary, you do write me a lot of letters and you ask a lot of meaningful questions in here and you do carry forward their message.

But what I am saying to you, because I know that you talk a lot to them, is that in your discussions with them advise them that you've carried this, advise them that you've made us aware, and that indeed I am aware of the concerns up there. And you've expressed them, and I've met with them, and I know that. But we can both help them help themselves by encouraging them, when the federal officials come in there, to really co-operate with those things, and with the studies to get those evaluation processes done because the better understanding, the better co-operation, the quicker everything will go, and the smoother it will be, and the sooner we'll get those evaluations. So don't misinterpret what I'm saying. I recognize that you're bringing your messages here, but now I'm saying that together we can take that message back to your constituents as well.

(2000)

**Mr. Thompson:** — Thank you very much, Mr. Minister.

And just in closing off, can you guarantee me that CMHC has no policy, and they're your senior partner — you most certainly know what the policies are — that anybody in this province can get a mortgage. There's no distinction between northern Saskatchewan and southern Saskatchewan. Could you guarantee me that, Mr. Minister? And that would be my final question.

**Hon. Mr. Klein:** — Well my officials can't guarantee that, no, because we don't know what their official policy is, if indeed there is one. They don't indicate to us . . . My officials advise me they don't indicate to us that they have an official policy like that; whether indeed they have an unofficial policy, or a quiet policy, if you're running into a problem, we can't say. We're not part of their policy or information process any more than any other member of the public is. It's their operation; it's their program; and indeed it's their policy, work, and design. My officials aren't aware of any formal policy that exists, but we can't guarantee it because it's their policy, not ours.

**Mr. Prebble:** — Thank you very much, Mr. Chairman. Mr. Minister, I had requested from you the other day a breakdown from 1980 to the present time, by year, the number of low income housing units that your government had built each year, and also the number of seniors' housing units that your government constructed each year, and I'd requested those by region. I wonder if you're able to provide me with that information now.

Mr. Minister, if you just want to provide it in writing to save you reading it out, I'd be quite happy with that. I leave it up to you.

**Hon. Mr. Klein:** — Well whatever you like. I have part of the responses here. What we did after we had that discussion . . . Mr. Chairman, the member and I had a discussion in the Assembly here the other day and some of the information that he asked for wasn't sent over, and we went back through the records and we found out why it wasn't. It was just confusing out of *Hansard* as to what was wanted, if indeed anything was, and part of it was in Crown corporations. So my officials do apologize. It was just an unfortunate oversight and we realize that you're not excited about it, and that's good.

I could take the time and just . . . I have some of the figures that I could read into the records but I don't know if they'd be sufficient. If you would rather have it by letter, I have no problem with offering to send it to you by letter.

**An Hon. Member:** — Read something into the record and send me the rest by a letter, if you would.

**Hon. Mr. Klein:** — Okay. First of all I'll read into the record, Mr. Chairman, this. In 1982, we had 421 family units and 344 senior citizen units; 1982, 320 family, 316 . . . or 616 seniors, pardon me; 1984, 310 family, 320 seniors; 1985, 68 family, 730 seniors; 1986, 252 family, 625 seniors; in 1987, 112 family and 228 seniors.

Then by region . . .

**An Hon. Member:** — Do you have the 1988 figures there?

**Hon. Mr. Klein:** — I don't have 1988 figures.



**Mr. Chairman:** — Order. When members are asking questions, I'd ask them to do it . . . ask the question from their feet so it's recorded in *Hansard*.

**Hon. Mr. Klein:** — Well I'll add that I stopped at 1987 because I don't have the 1988 figures with me.

Now in 1985 there were 11 family units and 159 seniors in Regina, and 340 seniors and zero family in Saskatoon, and in the balance of the province, 797 seniors and 86 families. In 1986, Regina had 159 seniors and 65 families; Saskatoon had 51 seniors and 29 families; the balance of the province had 608 seniors and 150 families.

In 1987 Regina had 106 seniors, 53 families; while Saskatoon had 115 seniors, 31 families; the balance of the province, 61 seniors and 34 families.

And I do have that breakdown for 1988, so that might help. Regina, 48 seniors, 50 families; Saskatoon, 52 seniors, 51 families; and the balance of the province, 290 seniors and 28 families.

**Mr. Prebble:** — Mr. Minister, I wonder if you could explain to the Assembly why it is that in 1981, under the New Democratic Party government, there were 421 low income family units constructed in the province of Saskatchewan; and since your election in 1982 that number has consistently declined to the point where in 1988, if I understood your figures accurately, you constructed only 129 low income family units. I wonder if you could explain why the number of low income family housing units declined to almost one-quarter of the number in 1981.

**Hon. Mr. Klein:** — Mr. Chairman, since 1987 the rural native program has been delivered by the federal government, CMHC. And as a result, you will notice a dramatic change in numbers because I'm only referring to Sask Housing numbers in '87 because I don't have the CMHC numbers. That's the dramatic turn-around once the program went back to Canada Mortgage and Housing.

**Mr. Prebble:** — But, Mr. Minister, in 1985 you just indicated that you only built 68 low income family units, and that was before the rural native housing program was transferred to CMHC. So we had a drop between 1981 and 1985 of some 350 units less that were being built. You built 421 low income family units in 1981 and only 68 in 1985. Could you explain why you decided not to make a priority of continuing to construct low income family housing?

**Hon. Mr. Klein:** — Yes. And 1985 was a good year to talk about that, and we put up 730 seniors — 730. If you compare the total, in 1985 we had 798 total units, whereas in 1982 we only had 765 — so a pretty dramatic increase.

The reason for the seniors, we've talked about for years. And of course, you know, your prior administration, when you put the freeze on the nursing homes, it put a big demand on the seniors' housing. And that is reflected right here in these figures where we started playing catch

up. And I think that you can see by those numbers, particularly beginning in 1983 where we went with 616 seniors, there was quite a pressure had built up for senior accommodation by that time.

**Mr. Prebble:** — Well we certainly don't have any problem with your record in terms of building seniors' housing. I think . . . And that's not where we're debating here. We're debating the lack of affordable housing for low income people in the province of Saskatchewan. And I would suggest that you have compounded a very serious problem by consciously deciding to dramatically cut back on the construction of low income housing for poor families in the province.

I want to ask you just two or three other specific questions before turning it back to my colleague, the member for centre. One, Mr. Minister, is with respect to the Transcona public housing project in the city of Regina, which I might say I view to be a good project, and I commend you for the mix of housing there and the fact that there are units for handicapped people.

What I want to ask you, Mr. Minister, is: I noted when I visited there recently that there was a day-care centre in the facility. I also commend you for building that. But my question to you is: I also noted that that day care has yet to open, and I suspect there's a good deal of demand for day care from the people who are residing in that housing project and round about. Can you tell us when you expect that that day care will be able to open in the housing complex that you have constructed?

**Hon. Mr. Klein:** — That area is the responsibility of the proponent of the whole thing, which is the non-profit group, so they would have to go ahead and operate that, and go through the proper channels, and the like. We don't have the direct charge of that part of the program. It's up to them now.

I would mention as well, before I get off the topic of the number of units, that the special care beds subsidized by the corporation, as well, to be added to those other units: 1982, 200; 1983, 163; 1984, 325; 1985, 565; 1986, 193; 1987, 54 — for a total additional beds in special care homes of 1,500. So a pretty significant record.

I might add that when you're relating then to the number of family units, we are limited by our federal-provincial agreement as to how many units we can build. And then we have to agree on the allocations. So certainly, between the federal and provincial governments we saw our role clearly, that of nursing homes and senior homes at that particular time.

**Mr. Prebble:** — A specific question with respect to Saskatoon, Mr. Minister. I wonder if you can tell me in Saskatoon, since the Saskatoon Housing Authority doesn't seem to have direct responsibility any more for the construction of new low income family housing units in Saskatoon over the last three years, who has been doing that construction. Who is responsible for operating those low income family housing units?

And at the same time, Mr. Minister, I wonder if you could tell me whether you have guide-lines with respect to the

eligibility of social assistance recipients to take advantage of low income family housing in a city like Saskatoon, in a large urban centre.

**Hon. Mr. Klein:** — Under innovative housing, in 1987 the Lutheran Sunset Home — and I'm just talking about Saskatoon now — delivered 30 . . . We assisted in the delivery of 30 family units, and they operate that as the sponsor. So they would be responsible for the operation of those family units.

Regarding the low cost housing, we do have a point rating system that we apply fairly to everybody. And that rating system . . . I just responded to, or we just responded to my critic, the member from Saskatoon Centre, about a week ago and she's got the whole outline of that point rating system.

**Ms. Smart:** — Mr. Minister, I would like you just to take us through this again, because it's not clear in terms of the funding from the Saskatchewan Housing Corporation for public housing, particularly for low income families, Mr. Minister.

You said something about your relationship with CMHC doesn't allow you to do certain things, but I don't understand what your relationship with CMHC is. In the annual report for 1987, under public housing on page 34, you said that the deal with CMHC has changed and now the housing corporation has 95 per cent ownership of public housing.

(2015)

I understand the innovative housing projects that are for seniors, and the life lease projects where seniors put in between 60 and \$90,000 for a life lease into some of those projects and a certain number of those units are subsidized. But I don't see any money in the budget for public housing for families. Can you explain how you are doing that?

**Hon. Mr. Klein:** — Mr. Chairman, I'd like to confirm, first of all, with the member from Saskatoon University if he's satisfied with the answers, and can he pick them out of *Hansard*, because those are the things . . . Or would you like us to write and clarify?

**Mr. Prebble:** — But actually, Mr. Minister, what I would be very appreciative of is if I could get in writing a breakdown by year from 1980 to 1988, and also for the '89 fiscal year in terms of a projection, the number of low income housing units built in the province for each of those years, either by fiscal year or calendar year, whichever is most convenient for you.

And also, I would appreciate the same numbers with respect to seniors' housing. And I would like to get those numbers as well as the provincial totals; I would like to get them by region. So I'd like to get them for the Saskatoon area, the Regina area, and then the other regions in the province, if I could. I appreciate that very much. And if you could attach with them the dollars that were spent as well as the number of units, that would also be helpful.

**Hon. Mr. Klein:** — Okay, Mr. Chairman, thank you. We'll . . . My officials say that they have no problem doing that. We'll pick your request out of *Hansard* and they'll deal with it accordingly.

In response to the capital, I believe that the member from Saskatoon Centre is again referring to capital. I think that that's what her concern is — where does the money come from. I'll try to explain it as simply as I can, I guess, the best way to describe it.

If you looked at the Sask Housing Corporation balance sheet in the annual report, you will see, under assets, cash and short term investments at cost in the area of 32 millions of dollars both in 1987 and in 1988.

So when we require capital funding to put up any of the units, we have access to those funds. Now then, as we sell land or as we receive mortgage payments or whatever, those funds go back into the cash investment column, and as a result, is replaced. So that that source of funds is available to us for capital financing all the time.

**Ms. Smart:** — I gather then that it's not in the *Estimates* for 1988 to 90.

And I would like to know how much money there is in the budget then for this year. How much money, how much capital is available to you, to the housing corporation, to invest in public housing?

If you want to tell me where it is in the *Estimates*, or if you want to tell me it's not in the *Estimates* — I want to know where it is and how much it is.

**Hon. Mr. Klein:** — Mr. Chairman, I said earlier, and I repeat, it isn't in the *Estimates* because it's not a budgetary item.

The number of units that we will be building is part of our federal-provincial housing agreement. Those units we determine with our federal partners. And we have to come to some conclusion because they're our 75 per cent funding partner. They pay the subsidies, and share in the expenses, and 75 per cent of the funding to get it going, and the like. So that appears in the *Estimates*.

You can see how the subsidy payment in the *Estimates* goes up every year. That's for the units that we keep putting up. As far as it relates to the capital side of it, that's not a budgetary item and the money, again, that we use for the capital, comes from the cash that we have sitting in our assets that is replaced as the payments on the units are made again. I can't put it any more clear than that, Mr. Chairman, I'm sorry.

**Ms. Smart:** — Can you tell me then, how many units for families, for low income families you're planning for this year to build?

**Hon. Mr. Klein:** — Depending on the results of the innovative housing program that we are processing and evaluating right now, it will be in the area of 150 to 175 units this year.

Item 1 agreed to.

Items 2 to 6 inclusive agreed to.

Vote 51 agreed to.

**Supplementary Estimates 1989  
Consolidated Fund Budgetary Expenditure  
Saskatchewan Housing Corporation  
Ordinary Expenditure — Vote 51**

Item 1 agreed to.

Vote 51 agreed to.

**Mr. Chairman:** — I'd like to thank the minister and his officials.

**Hon. Mr. Klein:** — Mr. Chairman, I'd like to thank my officials for attending and supplying us with the information. I hope that the information that they supplied was satisfactory to the questions opposite.

**Ms. Smart:** — Yes, I'd like to thank the minister and his officials for coming here tonight to answer these questions and engage in a discussion of what is an essential need for the people of the province, and a very important part of the government, the provision of housing. Thank you.

**Consolidated Fund Budgetary Expenditure  
Rural Development  
Ordinary Expenditure — Vote 43**

**Item 1**

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

**Hon. Mr. Hardy:** — Thank you, Mr. Chairman. On my left here, I have Bill Reader, deputy minister of Rural Development; on my right over here, I have Dennis Webster, assistant deputy minister; directly behind me on the left here, I have Ernie Anderson, executive director of transportation services; behind and beside Ernie is Larry Chaykowski, senior director of management services; off to my right here is Walter Antonio, director of transportation planning; and at the back, I have Doug McNair, executive director of rural services; Sandy Lauder, director of extension; John Babcock, director of lands; Lloyd Talbot, director of community planning development; and Ken Engel, director of municipal finance services.

**Mr. Koskie:** — Thank you, Mr. Chairman. Mr. Minister, I want to initially start with a few preliminary questions which we normally ask, and I expect you'll be able to provide the information to me readily. And first of all, what I would like you to indicate: what is the complement of your personal staff as of this date? How many people do you have on your personal staff?

**Hon. Mr. Hardy:** — I have four on staff. I have two secretaries and two assistants.

**Mr. Koskie:** — And I wonder whether you could provide me with the name and the title and the salary of all your personal staff, and could you indicate any changes in the

salaries during the past year. Can you provide that information. It's a standard question, it should be able to be delivered across.

**Hon. Mr. Hardy:** — I can send this over to you. There's been no salary changes since the first of 1988.

**Mr. Koskie:** — Okay. While you're sending that over . . . I appreciate that. Also you could provide me with this information, for the past year, if you would indicate — that is '88-89 — if you will provide me with the number of out-of-province trips taken by the minister, identifying in each case the following, if you would: the destination, persons accompanying the minister at government expense, cost of the trip, and purpose of the trip. Can you provide that information, Mr. Minister.

**Hon. Mr. Hardy:** — To be truthful, there was no trips out of the province, and I'll send it over to you.

**Mr. Koskie:** — I have noticed that there are some considerable expenses by some ministers in respect to in-province expenditures. And I was wondering whether you could provide, for the year '88-89, the number of in-province trips taken by the minister, identifying in each case, you know, the destination, the persons accompanying the minister, cost of trip, purpose of trip. Can you provide that.

**Hon. Mr. Hardy:** — I don't have that with me. I have no problem in giving it to you, but it would be all trips, either to ratepayers' meetings or meetings of associations. But I can get it for you, there's no problem. But I don't have it with me here, that's for sure.

**Mr. Koskie:** — Very unfortunate that the minister doesn't have that.

For the year '89-90, for the current year, is there any amount that has been budgeted for the out-of-province trips for the minister and/or staff?

**Hon. Mr. Hardy:** — I don't have the amounts. They're looking. I don't know if we have the amounts, but there's nothing budgeted for out-of-town . . . or out-of-province travel for the minister, and I believe there's two or three trips for the deputy minister for out of the province.

(2030)

**Mr. Koskie:** — I'd like that information provided as to the amount budgeted.

For the year '88-89, could you indicate the total amount that was spent by the agency . . . your department rather, on advertising? And could you indicate what amount is budgeted for the current fiscal year?

**Hon. Mr. Hardy:** — Budgeted for 1988-89 is \$425,000, and for the previous year . . . or '89-90 is 425,000; the previous year was \$383,973.40.

**Mr. Koskie:** — And can you indicate to me whether your department during the past year, that is '88-89, what was the total amount that was spent by your department on advertising? And also if you would indicate what amount

is budgeted for in '89-90 for polling.

**Hon. Mr. Hardy:** — We spent nothing on polling last year; we have nothing budgeted for polling this year.

**Mr. Koskie:** — Now can you indicate whether the department used any chartered aircraft during '88-89; and if so what was the cost in respect to any charters?

**Hon. Mr. Hardy:** — In '88-89, there was three flights for a total amount of 258 for one, 396 for another, and 152 for the other one.

**Mr. Koskie:** — Have you got anything budgeted for this year?

**Hon. Mr. Hardy:** — No, the only time we would probably use it is if we had to go up North. As you know, some of the departments our stuff is under . . . northern agricultural is under our department now. There are three flights to the North.

**Mr. Koskie:** — I want to get into then to the main estimates, Mr. Minister. I don't think there's any doubt that rural Saskatchewan today is facing tough economic times, probably the toughest economic times since there was the last Tory government in this province. And I want to say that rural Saskatchewan, unless something is done, is on the verge of being totally transformed.

You, as Minister of Rural Development must see what is taking place, the decimation of rural Saskatchewan — or maybe you have closed your eyes, or maybe it is part of the Tory agenda. But what I'd like you to do, Mr. Minister, if you would as Rural Development minister, if you would stand in this House and indicate your analysis of the problems that are being faced in rural Saskatchewan, and those that you think are the most pressing problems that should be being addressed in order to stabilize rural Saskatchewan. I'd like you to put forward your idea and your philosophy for dealing with the problems, isolating the essential problems and indicate to me what steps, in particular, you think could be adopted in order to meet these pressing problems facing rural Saskatchewan.

**Hon. Mr. Hardy:** — Well I'd be pleased, Mr. Chairman, to first of all . . . If the hon. member hasn't identified for himself the problem that I think everyone on this side of the House recognizes out there, is the problem of the farm economy. And the reasons for some of those problems, not farmer problems, but the reason for the farmer's problems . . . Anybody that has been out in rural Saskatchewan, travelled as much as I'm sure the member should have, and the rest of us have, would know that there's three or four major problems that has arisen out there due to some things in the past and some things of the present.

Back in, as you know — and I know they always laugh when you say it — but back in the '79s and '80s the interest rates got up to 20 per cent, and that has shown its effect over a period of time. And a lot of farmers have . . . Their debt has continued to rise, and they had that interest rate tacked on, which they had trouble meeting then, continued to meet. A lot of it was long-term interest rates, has built on and certainly put them in a lot of financial

stress.

The second thing that's happened out there is that the price of grain has fell from almost \$5 to, I believe, \$2.50 in the North . . . or 2.54 in the North and 2.99 in the South, or 3.05. That has taken a tremendous toll. And last year . . . In 1985, and then again in 1988, particularly in 1988, the worst drought this province has ever seen — over 110,000 claims through crop insurance, exceeding a total of over 500 millions of dollars. Tie that all together and certainly, Mr. Chairman, you've got to know what the problem is. And the problem is farm debt, where they haven't been able to meet their payments. The level of security there, where the crop insurance, the rates . . . A lot of changes had to be made; we made them this year. I believe that will be of a lot of benefit, a comfort level, and to build and diversify rural Saskatchewan.

And you know, for years and years our farmers kept leaving. It started back in the '70s and they continued to leave at the rate of about 1,000 farmers per year. And it continued up all the way to about into the early '80s when it sort of slowed off, and there has been some lessening of farmers since, but there was almost 12 to 13,000 farmers left the farm from '71 to '82. Those farmers left in good times, and now we're having tough times. So you've got to appreciate how tough the ones left have it.

To build and diversify our economy — and we have set up, as you know, what we call the rural service network. It's just started. We've only got three offices open. We plan to have all 52 open before next winter. And that's to bring the information and the ability to those area community people to both build and diversify and to get the information they need to make it, to make them a strong farmer, to make the farming stronger, and to look at what they can do with their agricultural product besides loading it on a truck, raw materials, and shipping it down East where all the jobs are.

And you know, the jobs need to be here. We've shipped out of here for 80 years. We've shipped everything to the East in a raw form. I believe it's time we looked at how we can develop and diversify rural Saskatchewan, and we've done a lot to set the stage for it. I believe you'll see a lot of things happen over the next year.

**Mr. Koskie:** — Well, Mr. Minister, we have been hearing this story ever since you took office, that you're going to build and you're going to diversify and you're going to protect. And what has been happening ever since you took office? Don't start saying that the debt and the problem was when we were in office, because farmers were making money then and they were investing in land and increasing the size of their holdings.

Since you took office, over half of the debt accumulated by the agricultural community has been accumulated during your seven years in office. You take a look at the headlines of what is happening: Young people fleeing rural Saskatchewan. In 1971 there was 37.9 per cent of the population was rural under 20 years of age; in 1986, 27.2. But I'll tell you, by now it's considerably less.

Mr. Minister, rural Saskatchewan, despite what you say, is in the shambles. We find in rural Saskatchewan the

implement dealership being closed. We see manufacturing plants that were operating under our government being closed. We see a massive exodus of population. We see the burden of debt accumulating, and we see this government passing yet more burdens onto rural people.

You say you stand up here and you're going to protect rural Saskatchewan by building, protecting, and diversifying. I want to ask you whether you agree with the government's policy of increasing the fuel tax a further 3 cents a litre. I wonder whether you agree that, at 45 cents, this is helping to build rural Saskatchewan and the R.M.s. And I want to ask you, Mr. Minister: did you do a calculation as to the total cost of that one single measure, the increase in the fuel tax another 3 cents to all the R.M.s across this province?

I'm going to ask you, Mr. Minister, can you give an indication as to the impact that that will have on . . . the total impact on all of the R.M.s across this province, because they're going to be affected in building their roads and maintaining the roads. They're going to be affected also in respect to the school divisions in education. And I'll tell you, that's a massive transfer of a burden at a time when rural Saskatchewan cannot carry that burden.

I ask you, Mr. Minister, you sat in the front benches in cabinet. Are you in concurrence with this here massive increase in the passing it on to the R.M.s, to the small-business men in rural Saskatchewan, to the bus drivers in the school divisions? Have you calculated the impact of that one, single measure to rural Saskatchewan?

**Hon. Mr. Hardy:** — Well, Mr. Chairman, I guess we could all get in a long debate about, you know, how you raise money for health care and education, and that's the two major concerns of my constituents.

They certainly . . . You know, and most farmers realize that the fuel tax is deductible at source, so it really doesn't directly affect the farmer as *per se* with the . . . If you're in a logging operation, they're considered a primary source, so it's deducted too. I guess we're the only province, I think it's safe to say, that has a rebatable . . . If you're a resident of the province of Saskatchewan, you get your 10 cents a litre back at the end of the fiscal year.

In regards to R.M.s, the graders, you know, their operation mostly graders — most of them on graders. Basically within the new budget, above and beyond revenue sharing, there's about 4 millions of dollars available for capital grants, the first time a per capita grant — the very, very first time the R.M.s have ever had a per capita grant in 83 years, the first time. I believe that is extremely important. How that capital grant is put towards both stabilizing the R.M.s if they need some help or, in fact, to develop and diversify, I think, is going to be terribly important.

In regards to the overall picture of how school buses and that . . . I appreciate it's been in the budget. I believe this year it went up something like about 6 per cent, I believe, the education budget — something like 841-odd millions of dollars in the education budget.

I believe, Mr. Chairman, that we've done a reasonable job under very extreme circumstances, fully realizing that our farm economy cannot take and . . . Even the personal, the guy with the lunch pail, cannot personally take another . . . can't have an income tax increase. So you can't have a sales tax increase. The gas tax is rebatable. The ones travelling through the province will probably be the ones to be helping us support our province — very, very important to the family, to the stability of it.

And I just bring it to the member's attention that I've been out to about 15 ratepayers' meetings over the last three weeks, and you know that never once, never once has that been asked of me. And I'm out there talking to them for two or three hours each evening, so it's not the issue out there. The issue out there is the farm debt, the price I'm going to get for my grain when I sell it, and the level of security that I need for my family to get me through into the next year and the year beyond.

(2045)

**Mr. Koskie:** — That's how far you're out of touch, Mr. Minister. You made a massive transfer of a tax on gas to the R.M.s, both in respect to the maintenance and operation and also in respect to the school divisions. I want to ask you: if you think it's not significant, Mr. Minister, then stand up in this legislature and tell the people of Saskatchewan whether indeed you calculated out the amount that this extra tax is going to cost the municipalities on average, the 299 municipalities — the combined amount that it'll cost them for their operation of their maintenance and construction, as well as school buses. Can you give us a figure as to the impact of what it's going to cost them?

**Hon. Mr. Hardy:** — Mr. Chairman, I just want to draw to the member's attention, the member from Quill Lakes, that in 1988, municipalities — very few of them raised their mill rate at all. In 1988 we did a massive road rationalization program where we changed the ways the roads were with the funding we did to them to help them through; the main farm access we increased so they could continue to build. We have done many things to put extra dollars into the R.M.s' pockets. And one on one, if there's a problem we deal with it.

I don't believe there's one R.M. out there that has any kind of deep financial trouble at all, at all. And that we are working as a department with each and every R.M. out there on an individual basis where their problem does arise. And if you don't believe that, you ask the R.M. of Marquis how we have dealt with a problem they have. And I can tell you many more, one in the member's riding that we just dealt with the other day. Those are facts and that's the way we deal with it.

We've also . . . there's been no cuts, no cuts at all to revenue sharing to R.M.s since I've been minister — and that's been quite a while. And this year there's over 4 millions of dollars in a special per capita grant that has never been there before. And I believe that . . . and besides that, and besides that, besides that we brought in a regravelling program a couple of years ago, on a temporary basis, which we have kept in place that will put 7.1

millions of dollars available for regravelling and maintaining our road systems in this province.

**Mr. Koskie:** — Obviously, you're too ashamed to stand up in this legislature. You say it's no problem. Why don't you stand up then and indicate exactly what transfer of tax took place? Ask your officials to calculate on average.

Have you phoned out to the municipalities to determine, on average, what they spend and what it'll mean? Have you checked with the school division boards to see what it'll cost extra for the gas in respect to the increase in tax? Have you done that, Mr. Minister; can you provide that information? Because you said it's insignificant and nobody cares.

Well I'm going to demonstrate to you, if you could give us the figures, that what you're talking about is a \$4 million capital grant, and you've taken more than that in taxation with your gas tax from the municipalities. That's the fact of the matter. Can you stand up here, and did you do a calculation as to the impact that it will have on the municipalities and school board divisions in respect to buses?

**Hon. Mr. Hardy:** — Well in regards to school divisions, no, I can't give him an answer, because I certainly wouldn't have that. And the Minister of Education will be up.

The member over there from Quill Lakes says it doesn't matter to him. To me it does matter. Mr. Chairman, it matters a great deal. It matters a great deal to me. But I'll tell you, we have dealt with it in many ways, and I have met with . . . at the SARM (Saskatchewan Association of Rural Municipalities) convention I met with at least 80 R.M.s at the convention, met them one-on-one.

Since the budget, I have been out to about 10 R.M.s where I met with the R.M. councils. In fact, I met with one again today. I have met with them, and never once had they raised it. And I asked my officials, I asked my officials, has any R.M., any R.M. in the province — 299 of them — phoned in and said, hey, I'm going to need more money; or that gas tax is . . . that extra 3 cents a litre is going to hurt me?

You know why they haven't, Mr. Chairman? Because they know if they have a problem we sit down with them and help them get through it. And most R.M.s are in good sound financial shape because they know how to manage it, and they've done an excellent job of it. And they will continue to do an excellent job.

When I was a former reeve of the R.M. of Hudson Bay — and I can tell you how we manage money there — we did the same thing there as every other R.M. in the province. We know how to do it, we know how to build roads, we know how to maintain those roads to suit the ratepayers out there.

And I believe, Mr. Chairman, that our department working with them — with each and every R.M. on an individual basis if necessary — through SARM — and SARM, we meet with them on a continuous basis, draw to their attention each and every thing that we're doing so

they are aware of it. And not one, not one has raised it with me, not the amount of the tax. It may be, and it may well be \$1,000 per R.M., I'm not quite sure.

But I'll tell you something. If you're running two graders . . .

**An Hon. Member:** — Ah, get off. A thousands dollars.

**Hon. Mr. Hardy:** — You know what, it's interesting to hear the member from Quill Lakes said, get off; you don't know. I was reeve of the R.M. for many years in the R.M. of Hudson Bay. And when two graders . . . I know how much fuel they use. And I was trying to just sit down and figure out roughly how much it would come to at 3 cents a litre; that's what we're talking about.

**An Hon. Member:** — Four to five cents.

**Hon. Mr. Hardy:** — At 3 cents a litre . . . well, that's what you're talking about, the tax that went up. It went up 3 cents a litre.

And the other thing that you got to realize, Mr. Chairman, is that all the roads that are out here, or all the roads that are designated roads that are either being built or rebuilt, if they're contracted out or tendered out, we pick up anywhere up to 90 per cent of the cost. So we pick up 90 per cent of that cost of that 3 cents or 45 cents, whatever, is built back into what the rural development pays. So in fact it could be anywhere from 60 to 90 per cent; depends on how many roads they're going to have to build, and how many dollars they have to build it with. So the poor R.M.s certainly get a better share of it. The R.M.s that have a fairly large bank account don't get quite as much and they don't expect as much.

I think it's been run really well. For years now nothing's really changed the way it's done. It'll continue to run that way, Mr. Chairman, because the R.M.s believe it's right, I believe it's right, and the department believes it's right. And I think when the other folks were on this side of the House, they believed it was right.

**Mr. Koskie:** — Obviously you haven't calculated it. You got about six, seven officials standing there. You don't have the nerve to stand up and to indicate the total cost to it, because you certainly could do it. All you have done is taken, extracted, and passed on to the municipalities a very substantial amount of a tax burden. And more than that, you've passed it on to the school divisions. And then you stand up and say, well oh, but we're going to get \$4 million. Well, you take more than that and you're going to start standing up and bragging about giving them a capital grant for the first time. You can't fool Saskatchewan people any longer.

When you first instituted this here gas tax, I checked with some of the municipalities, and I found that . . . and that was with 7 cents, the month of July . . . it ended up to about \$1,120 at 7 cents a litre, August about \$1,347. It came to for the two months about \$2,467 that they calculated that they would be paying. And now what you do is increase it from 7 cents — that was for two months, when it was 7 cents. The municipality indicated that was their consumption. There was \$2,467 extra that it cost

them, and now you increase it to 10 cents a litre, 45 cents a gallon, and you say there's no impact at all to the municipalities.

I want to ask you then, Mr. Minister, since you won't come clean on this, but the municipalities know what you're doing is transferring another tax onto them; I want to ask you: are you in agreement with having the system of taxation on small-business men with no rebate, taxation on fuel that is used by the rural municipality and no rebate, tax on the fuel that is used by school buses and no rebate? Is that your position, Mr. Minister? Is that how you're standing up for rural Saskatchewan? Is that what you stand for? Are you satisfied with the present policies that are in place by this government and are affecting the rural municipalities and the school divisions?

**Hon. Mr. Hardy:** — Well, Mr. Chairman, I laid out a few minutes ago here some of the things that we're doing at Rural Development that I believe are terribly beneficial to the future of rural Saskatchewan. I mean, if we only look at today, only look at today in a very, very narrow tunnel vision, then we don't see very far, Mr. Chairman.

But if we look ahead and see what we can do to make rural Saskatchewan a better place for us to live, to give ourselves some job opportunities, to do some development, diversification, manufacturing, processing that has never been done out there, then we have to look in a little different way, and that's what we're doing, Mr. Chairman.

We started out by putting in rural service networks out there, bringing all different departments together. We put development officers into that area, then from then we've got development money now available. And if you notice as we go through the House, you'll see there's other things come up from either through SEDCO, and other ways that your capital, which is mentioned in the budget, that will give opportunities to develop rural Saskatchewan for those small towns. And we only think were talking about the R.M.s out there; we're making a mistake, each and every one, if that's all you think you're talking about.

Every small town and every small village is part of rural Saskatchewan. They work together; they go to the same curling rink; they go to the same skating rink; they're part of rural Saskatchewan. So as you build a community, you build more than the R.M.; you got to think about your towns and your villages, where they live and go to school, and that's where the future is. As you build that and you build around that, you build a strong R.M. That's how you build it.

And what we have done, Mr. Chairman, and as I go through it, I'll bring up some more things. And just to touch on it with the member's question about doing construction, if a construction job cost \$10,000 a mile to build, total construction job, the least we would probably pay — the most they would pay — or the least that we would pay would be about \$7,000, and the most that the R.M. would pay would be about \$3,000. And that could go all the way up until we would pay \$9,000 and the R.M. would pay \$1,000 on construction and reconstruction.

On gravel, on the regravelling program, we pay 50 per cent, 50 per cent of the regravelling program. Fifty per cent of the gravel, and that calls hauling and crushing and all the things that go with it. Those are stabilizing effects, and keeps our roads in good shape and keeps the R.M. . . . certainly keeps their mill rate down, because I believe it amounts to about four or five mills rate across the whole province of Saskatchewan by doing it that way.

Those are the sound, stable things that keep rural Saskatchewan continue going ahead without increased taxes on that taxpayer out there in rural Saskatchewan.

**Mr. Koskie:** — I asked you a specific question, Mr. Minister. I asked you if you are satisfied with the government's policy which has increased the tax on fuel, which is non-refundable, which is used by the municipalities, school divisions, small-business men in rural Saskatchewan. Are you satisfied with the fairness of that Tory policy in respect to the gas?

**Hon. Mr. Hardy:** — Well, Mr. Chairman, the policies we have in rural development are looking ahead, they're looking ahead to what we can do for tomorrow. And he says: am I happy with the policies? Yes, I am. It's a long, long ways from where it was, a long ways from where it was.

And it's interesting, I was on a flight going south this winter — out of my own expense — and, I . . .

**An Hon. Member:** — You said you didn't leave the province.

**Hon. Mr. Hardy:** — Not on government money. And I was going south, and I was talking to a fellow who used to be an agrologist in the province of Saskatchewan, and he's now a mayor of a small town. And he told me back in 1978, in 1978, he suggested to the then former government that what we should do is almost exactly what we're doing now. And he said, that'll never work; just leave us alone; it's good enough as it is; we're satisfied. That's what they told him then. And he told me . . . and he laid out all the things that he had told them then and it's amazing, it's almost exactly what we're doing now.

And I just say that they were behind their times 10 years. We're trying to look 10 years ahead. And if we don't, the child that's in grade one today graduates in the year 2000 — and that is our future. We have to build for the next 10 years ahead, and that's what we're doing in rural Saskatchewan, that's what we're doing with the service network, and that's where we're going to go, Mr. Chairman.

**Mr. Koskie:** — Well that's the strangest building I ever saw, by taxing the people that you represent. That's building in the toughest economic times. The minister stands up and says, we're building rural Saskatchewan; we're taxing the rural municipalities; we're taxing the small-business man; we're taxing the school buses for gasoline. And he said he's satisfied, that's building.

I wonder if the minister is satisfied that he was able to see that the municipalities had to pay the gas tax — no rebate

-- and then when I look at the budget speech, the tax levied on aviation fuel and locomotive diesel fuel will remain at the existing level. Mr. Minister, do you think it's fair that your government excluded any additional tax in respect to aviation fuel and locomotive diesel fuel, but at the same time taxed rural municipalities, school divisions, small-business men — all of rural Saskatchewan? Do you think that's fair?

(2100)

**Hon. Mr. Hardy:** — They ... the member asked about locomotive fuel and I believe a couple of years ago we changed the amount that's paid by railroads that go through our province and the amount of fuel they use. I believe we raised it — I could be corrected — but it was in the neighbourhood of 15 or 16 cents a litre that we were charging them. And compared to Manitoba and to Alberta and the other provinces, we are still substantially higher than any other province.

And if there is a limit to how far you can go without being considered unfair in any court system or wherever ... whoever may challenge it. So I guess it was felt, and I believe it was felt in the best interest, that there's only so high you can charge somebody to still be fair. And we are ... I believe, I believe, Mr. Chairman, that we're almost twice as much, the locomotive fuel is almost taxed twice as much as that is taxed by the other diesel fuels. So in comparison, they are paying a great deal more in the province. And that's one reason that it wasn't ... that we didn't raise it. So if you ...

**An Hon. Member:** — Oh, yes. That's the plane fuel you need for the big boys.

**Hon. Mr. Hardy:** — The aviation fuel? The aviation fuel basically was being used for farm spraying and that, and it also had been taxed, and so it was left alone.

**Mr. Koskie:** — Well do you agree also with the budgetary decision that you did increase the fuel tax to the consumers and the municipalities and the school board divisions, increase the tax on them, but at the same time that you gave a 2 per cent corporate decrease in taxation? Are you in agreement with that particular position?

**Hon. Mr. Hardy:** — I understand that all corporations pay tax, the 10 cents non-refundable.

**An Hon. Member:** — I'm not talking about gas; I'm talking about the corporate tax.

**Hon. Mr. Hardy:** — Well we're talking about ... well I'm talking about gas. The gas tax to all corporations, whether it's a small limited company, any type of a business, it's not refundable, that you pay it. In regards to the ... I'll just go back a little bit to the locomotive fuel.

I believe the locomotive and aviation fuel, we increased it a couple of years ago. The value coming into the province went from \$3.5 million to almost \$20 million, so we have taken a tremendous jump there.

And second, in regards to ... you asked me to ... do we tax corporations or not tax corporations and tax schools

and R.M.s. Well R.M.s aren't taxed. R.M.s tax the local taxpayers or they collect the taxes the same as the school boards do, the same as the school divisions do. So therefore, you know, we don't set those rates, they're set by either the R.M. themselves or by the school divisions. So those are local things.

Provincially, provincially I believe we fund something like \$841 million towards education — a total. That's a substantial amount of money. And as you know, to the technical schools and to the university, it's plus 90 per cent that we put up. So just to put it in proportion that we do, as a province, that's me and you as taxpayers, pay a substantial amount of money to all types of education and the taxes that are collected at a local level from K-12 are done by the school division, and not by the Government of Saskatchewan.

**Mr. Koskie:** — Well are you aware in the budget that the corporations corporate tax rate went down from 17 to 15 per cent? And that's what I'm referring to.

And are you in agreement that the corporations in this time should have a reduction in taxation at the time that you're tacking on further sales tax in respect to the fuel affecting rural Saskatchewan, as I have been indicating? That's the question.

**Hon. Mr. Hardy:** — Well, Mr. Chairman, if you're talking about ... he's talking about the corporate tax, whatever it was, from 17 to 15 per cent.

Income tax in this province, income tax in this province, to any individual, to any individual did not go up — did not go up. The corporate tax in Saskatchewan is the highest, I believe, or the second-highest across Canada, in Saskatchewan, the corporate tax is. The income tax in Saskatchewan, I believe, is about the fourth or third lowest.

And besides that, there's no health premiums. We don't pay health premiums in this province. We don't pay no health premiums. You don't pay no gas tax, you get it back — right? — if you're a resident. You get it back. You get it back.

So there's a lot of things in this province that are not in any other province. And certainly it takes money to run a province. It takes money to run our health care system, which is about 1.4 billions of dollars. That's \$1,400 for every man, woman, and child in this province each year. And that's almost a hundred ... that's 130-some odd dollars over last year for every man, woman, and child in this province for health care alone, the additional. And if you just start extracting that, you'd see how many dollars are spent there.

And I believe, Mr. Chairman, that the budget we brought down, it's fair, it's equitable, and it allows the working man no extra taxes other than the 3 cents which he will get back when he keeps his bills. I think it's fair, it's fair for the working man, it's fair for the farmer. And the only one that maybe don't get the 3 cents back is the two or three — it was one, the school unit who's made up through extra money, about 6 or 7 per cent in the budget, and the R.M.s which we have looked after very, very well. And I think



each one will tell you that as you go out there. And the corporate people do not get it back, they pay it to help pay our education, to help pay our health costs.

**Some Hon. Members:** Hear, hear!

**Mr. Koskie:** — Mr. Minister, the people of Saskatchewan no longer believe your credibility — you have none. In 1982 one of the policies that you went to the people, you said that you were going to remove the gas tax. Your Premier said that that gas tax would not be reinstated — not reinstated. And here you have laying it on to municipalities and school boards and small-business men and trucking firms across this province — no rebate. That's what you've done. And you know what? The revenues that you are getting, the tax that you were going to wipe out, you know what the revenues that you suck out of the people of Saskatchewan, the largest extent — \$204 million, \$204 million. That's the tax that was going to be wiped out.

I'll tell you, 45 cents a gallon is what the municipalities pay tax on fuel that you promised. That's the amount, 45 cents a gallon that the truckers, who in 1982 you promised there would be a removal of the tax. It's also the 45 cents that's being paid. You recall how you indicated to the farmers that they were paying it, when they weren't. Your credibility is shot, Mr. Minister. In fact, your policies . . . you're so outdated in your policies, your own party doesn't agree with it.

I want to read a resolution in respect to this gas tax, passed by your . . . at an annual meeting of the Progressive Conservative Party:

That the Progressive Conservative Party urge the Government of Saskatchewan at the earliest possible opportunity to discontinue the gas tax rebate program and instead adjust the gas tax to a level of four cents per litre without any rebate.

That's the policy of your party. That's your policy. And what you stand there and say: oh, we're building rural Saskatchewan; we're diversifying. You know what you're doing, your government and your actions of you, Mr. Minister, you're wrecking rural Saskatchewan — wrecking it.

And I'll tell you . . . Take a look at some of the headlines. And the member from Saltcoats laughs. "Young people fleeing from rural Saskatchewan" — "The number of young people farming decreasing".

Foreclosures — this government here has taken more actions of foreclosures and legal actions against the farmers of Saskatchewan than at any time in the history of this province. Six hundred and twenty legal actions were taken against rural Saskatchewan farmers in 1988; 300 more actions were taken in the first three months of this year — actions against farmers. Legal actions against the farmers in rural Saskatchewan, that's what's happening.

Farm credit corporation, same thing. Two thousand more farmers are being sued, or at least their files have been turned over to lawyers for legal actions. And we are building Saskatchewan. He stands up and says he can do

nothing about changing the conditions in rural Saskatchewan. Well of course he can't, because their policies are not designed for the ordinary people of Saskatchewan. Their policies are designed for their friends, for their friends, and for the multinational corporations.

We're sitting in this legislature now for some 24, 25 days, and here we have in this budget some of the initiatives that they're saying is going to be for rural Saskatchewan. Have we seen one Bill come forward, Mr. Chairman? Where are the Bills in respect to what may help rural Saskatchewan? There's no substance to those programs or they'd bring them forward. And what are we spending our time on here? Bill 1 — privatization.

You know what the line-up of the business is for next week? It's another privatization Bill, and they say they're working and protecting rural Saskatchewan. And they won't even come into this legislature and bring forward any legislative bills which would provide some protection to the farmers here in Saskatchewan.

I'll tell you, Mr. Speaker, the people of Saskatchewan are on to these boys, and I think the last federal election clearly indicated — clearly indicated what was happening. A federal election was held, and during that federal election, what happened is that 10 out of 14 ridings when New Democratic candidates won.

**Some Hon. Members:** Hear, hear!

**Mr. Koskie:** — Ten out of 14. The minister stands here and he says, oh we can't do much about it. We're going to diversify. I want to ask the minister: what indications have you of this great diversification? You've been in there for eight years, and you have had an exodus of people from this province the like of which you have never seen before; 8,000 people left this province in the first two months of this year; 16,000 people left this province last year. And he's building and diversifying and protecting the people of this province.

Let's come straight with the people of Saskatchewan. What you have done is that you have placed on the backs of the people of this province.

And, Mr. Minister, you should look at the rates of personal income tax. We have the second highest personal income tax in all of Canada. We had a province here that had the lowest per capita debt in all of the nations. That's what we had, and today under this mismanagement of the members that sit across in the front row here, the goofy one from . . . no, not from Saltcoats, he is, too . . . but the other one from Weyburn, the two goofy twins sitting in the front bench, tweedledum and tweedle dumber.

But seriously, I know they don't want to hear this, but I'll tell you, and you can stand up there, and the member from Morse, and you can laugh. But I'll tell you there's no laughing matter out in rural Saskatchewan. And what is even worse, you stand in this legislature having deceived the farmers of this province. That's what you've done, you misrepresented the facts. You tried during a federal election to indicate that you're going to have a drought payment, and what happened? You reneged on that

promise.

And where is the agricultural legislation that should be before this legislature? Where are the programs from the Department of Rural Affairs? Where are they? You can't find them in this budget, I'll tell you.

But you go across rural Saskatchewan, Mr. Chairman, and I'll tell you, it's never been this bad since the last Tory government. That's what it is; my father remembers it, and I'll tell you history records how bad it was.

(2115)

Mr. Minister, I want to take a look at your budget. You're saying that you're really helping rural Saskatchewan. I took a look at your budget, Mr. Minister, and all of the items that were in your budget last year. And what you have done now is added some additional items to your budget.

Well, if you take a look at transportation and planning, absolutely no increase — the same. If you look at municipal finance and advisory services, it's down. If you look at community planning, it's exactly the same, no increase. Road services is the same. Drafting services is the same. Bridge services is the same. Ferry services is the same. Extension branch is down. Those are the items in your budget last year.

And there's only one item that is slightly increased, and that is rural community development which went up from 515,200 to 606,000. That's the only single item of the budgetary items that was in his department last year that was increased, one single item. And that minister stands here and says he has a budget to help build, diversify, and protect rural Saskatchewan.

Well let's take a couple looks at a few more items here. Let's take a look at the revenue sharing grants to R.M.s. Revenue sharing grants to rural development, grants to rural development, Mr. Minister — that's \$48,062,000, grants for rural development.

Do you know what the estimates in 1986-87 estimates were for the grants to municipalities? They were forty-eight thousand, five hundred and forty-seven thousand dollars. In 1987-88 you set the estimates at \$48,062,000. That's what you set it at. That was in 1987-88. Well guess what the grants to the municipalities is today: 1987-88, \$48.062 million, Mr. Minister; 1988-89, \$48.062 million; 1989-90 estimates, \$48.062 million — three consecutive years. Not only that, you brought them down, from '86 to '87, \$500,000 approximately, and for the last three years they have been frozen at \$48.062 million. That's a freeze, Mr. Minister. And what I'd like to ask you, Mr. Minister, is that how hard you fought in the cabinet to get a reasonable amount of money for the R.M.s in respect to the grants — grants for rural development?

Mr. Minister, you've frozen them for over three years after having cut them by \$500,000. I ask you, Mr. Minister, is that one of the items that you're proud of, that you've stood up and you've fought, and you got more money for the R.M.s? Is that one of the items?

**Hon. Mr. Hardy:** — Mr. Chairman, he covered a lot of territory there, about 25 different items. I'm not sure just which one to start on. I noticed him going through our budget, through the estimates, and he probably conveniently, or just by accident he left out a couple of things that I think he should . . . the public should be aware of.

Our rural service network which last year had 1.5 millions of dollars in it, this year it has 5 millions of dollars in it. In another area that he . . . And besides that, there is, as you notice, there's 33 new jobs there, all in rural Saskatchewan — each and every one will be in rural Saskatchewan. Then another area that I noticed that he conveniently missed out was our rural development grants which is all for rural Saskatchewan, \$500,000 last year. It's 1.1 million this year. And rural development per capita grant of 4.2 millions of dollars out of that share that comes out of there, he didn't mention that.

It seems to me . . . And what he didn't mention, that the total budget for this year, for the total budget for this year is 77 millions of dollars for the Department of Rural Development. That's for rural Saskatchewan, all for rural Saskatchewan.

Now he asked me another question I think is pretty important to recognize. And he said, you haven't . . . tell me what you're doing out there in rural Saskatchewan to develop and diversify over the last three or four years. That you've been here for seven years — I think the words he used, and he said eight, but it's really only seven — and what have you been doing?

Well we have done a complete catalogue of everything that's either in the process of being set up or completed. And to give you an idea: under the RDC program, rural development corporation concept program, nine in the province right now, they've identified 54 projects and they're looking at about approximately 714 jobs with a total value of about 80 millions of dollars. Now some of them aren't completed, some are only starting, but that's what they're working on right now in rural Saskatchewan.

The CED, community economic development program, which was there for the last quite a few years. Since we started, there's 428 projects, and that would be anywhere from a service station in a town, to bringing in professional people, to putting up an industry.

In rural Saskatchewan 2,135 jobs have been identified for a total value of almost 500 millions of dollars in expenditures. That's what's going on out there. Those are either in the process of being . . . they're all completed, or in the process of being completed, or some are just in the planning stages. That's what's been going on out there over the last two or three years, and that's only a start, Mr. Chairman. There's much more that's in the planning stages.

**An Hon. Member:** — There's so much more we could be.

**Hon. Mr. Hardy:** — That's right. There is a lot more each and every one of us can be, and there's a lot more rural Saskatchewan could be if we give them the opportunity.

And we are giving them the opportunity like they've never had before. And we're going to work with them, we're going to work with them to see that it comes about and that we give opportunities for jobs for young people in rural Saskatchewan in each and every small town and each and every R.M. in this province.

The other thing I just want to mention, and he went back to this corporate tax. And I was just looking in the budget. If he looked in the estimates, the revenue estimates, he would have noticed that from last year, from 133 millions of dollars, that the corporate tax is expected to go up to 148 millions of dollars. So that it will be an increase in revenue of \$15 million to this province and to the taxpayers of this province. And I believe that's significant, and that goes a long ways to help and to do some of the things we want to do.

**Some Hon. Members:** Hear, hear!

**Mr. Koskie:** — Well, Mr. Minister, on the item in respect to the grants to the R.M.s, I think there is no doubt that the records will indicate that 1986-87, that the total amount of the grants that were given to the R.M.s was \$48,547,000. That has been reduced in 1987-88 to \$48,062,000. That has been frozen for three successive years. Those are the facts. Those are taken from your budget.

Mr. Minister, I ask you to take a look also at the ferry service in this province. In 1982-83, the staffing was 44.3, the budget estimate was \$1.4 million. And at the present time in '89-90, that's reduced to \$1,093,000. So what you have done here in respect to that item, staffing has been cut almost in half and the funding is about two-thirds of what it was before.

So we take the grants to the municipalities, they're down from the three years ago. If you take in respect to the ferry service, down substantially — staff and also funding. Mr. Minister, you can't deny those facts. Those come from your performance and from your previous budgets.

If you take a look at road service branch, here we find that in 1983-84, Mr. Minister, in respect to road services branch, staffing was 60.4, budget estimate was 2.966 or \$2,966,000. You know what it is in '88-89-90? It's down to 44.4 staff and \$1.7 million, \$1.7 million. This is a cut of 1.22 million since 1983. Certainly there is a further erosion of the funding that was provided previously. If you want to take a look at the bridge services that have been cut in the recent years too, Mr. Minister. Let's take a look at 1983-84. There was staffing of 7.5 and a budget of \$293,380. Today it's reduced down, '89-90 to 6.1, down to \$264,500. That's how you've been supporting the services in rural Saskatchewan.

Similarly, other grants that were given, a modest grant, the Saskatchewan Association of Rural Municipalities was given. And also to the R.M. administrators' association, there's a grant of 4,000 in '80-81, and in 1983-84 was 6,000. That grant has been totally eliminated.

If you go on into other construction of roads on Indian reserves, take a look at the previous budgets and what

was allocated. In 1986-87, \$196,000; in '88-89 totally eliminated; '89-90 nothing. In '86-87, Indian reserve roads got 196,000, heavy-haul roads got 2 million, and there was one other item for 2.4 million. That's missing from the budget.

The following branches of your department got cuts in this year's estimates compared to last year: municipal finance and advisory services have been cut; extension branch has been cut; assistance to general agriculture interests have been cut; acquisition to land and improvements have been cut.

And the following items have been frozen, exactly the same either as last year or for several years: revenue sharing, transportation planning, community planning, road services, drafting services, bridge services, ferry services, 4-H grants, capital expenditures — all of those have remained the same.

Mr. Minister, I don't know how you can stand up in this legislature and defend such a massive amount of cuts from previous years in so many of the items in your budget. There has to be an erosion of some of the services that were provided before. What I'm saying here, Mr. Minister, what you failed to do is to sit in the cabinet office and to get a fair allocation of the budget for rural Saskatchewan. That's the truth of the matter, that you have failed to get a reasonable amount for rural Saskatchewan.

I ask you, Mr. Minister: how can you defend a budget where there has been decreases in so many items in your budget that have been frozen substantially for a number of years? How is that protecting and building in Saskatchewan?

(2130)

**Hon. Mr. Hardy:** — Well, Mr. Chairman, it's interesting to note that he went through the budget and he picked on road services, and he said 44.4 people down from whatever number he used before.

The other interesting thing is that at the SARM convention our department got, I think I can honestly say, a great deal of praise from the SARM executive and the 2,000 delegates that were there. A very, very good reception and a lot of praise on how well they have been doing the road services and the extent to which they go out there and work with the R.M. That was brought up at the SARM . . . a person from the floor, and there was just a clap through the whole audience, appreciative of how well they're running it.

It doesn't take as many people sometimes to do it, but it takes excellent people to make it work. And that's what we have, Mr. Chairman, we've got a group of excellent dedicated people who have been in the department for many years -  
\_ we didn't hire them; they've been there for many years — who are doing an absolutely excellent job of administering the money that's there, and of working with the R.M.s to see that it happens.

The other thing, Mr. Chairman, he was talking about efficiencies, and how there wouldn't be enough to do it.

Last year, in 1988, road construction in R.M.s was up by 19 per cent; the largest increase in road construction in this province since ever in the history of the R.M.s — ever. They built 1,330 kilometres, or kilo-metres if you want to put it that way, of roads. That's what they built last year. They reconstructed 377, and they oil-surfaced 58 kilometres of road. Besides that, they did maintenance on 400 kilometres of oil surface roads, and they did basically that, Mr. Chairman, with little — little — and in many cases no mill rate increase at all. And there hasn't been any for quite a few years.

So what it tells me, Mr. Chairman, as both the R.M.s out there, the 299 of them, and the Department of Rural Development, the people who have worked there for years, are doing an excellent job putting the money to the best use. The \$48 million that goes into road construction each and every year out there is being spent wisely, creating jobs, and creating opportunities.

And I just want to say one other thing, 98 per cent, 98 per cent of all the jobs, all the jobs and all the trucks and all the graders and all the contractors was Saskatchewan content by the R.M.s out there — 98 per cent in 1988. I think that alone . . . I believe that alone is worth recognition.

So I . . . just . . . (inaudible interjection) . . . That's right. And the other thing he said, that's privatization. Mr. Chairman, they basically, basically contract it all out through tender because they know how to get the best work for their dollar and how it should be done.

So I say, with all due respect to the member opposite, I believe both the department and the R.M.s out there have done an excellent job of maintaining the mill rate, of not increasing it, of building just almost 2,000 kilometres of road, either built or reconstructed in 1988. I think that's just outstanding. And besides that, in 1989 we expect almost the same amount. That's in tough times, in the middle of the worst drought in history, and a little rain would go a long ways to help them do a lot more.

**Mr. Koskie:** — I wonder if the minister could indicate in his theme of building, and diversifying, and protecting, how you protected the rural families in respect to the erosion of the dental care program, and whether you had that request from the R.M.s to implement that program?

**Hon. Mr. Hardy:** — Well, Mr. Chairman, it has been interesting to hear this member opposite ask about the dental care program. And there has been some controversy over it, I mean nobody would deny that, there has been some. But, let me tell you something, in my town — in the town of Porcupine Plain where we never had a dentist before, we now have a dentist.

I was up here at, I can't think of the little name, Hafford I believe it was, the town of Hafford here just last fall, a new dentist opened in the town of Hafford. And the association of dental surgeons told me that at that time there had been 17 new dental offices open in rural Saskatchewan to date and he expected about 30 more in the planning.

What it tells me is, it not only gives dental care for the

parent who can take their child to the dentist right in their town, but also for me and you who need that dental care too. So, it's building our communities. With the dentist there that's one more opportunity for . . . one more reason for the people to shop in their own town, to take the children to the dentist in their own town, and to build their community because an infrastructure of all the professional peoples are very, very important if you're going to have a strong and vibrant small community.

And those are things that have to be done. And they're coming, I mean it's slow, and it's coming very . . . but we've come a long ways, and nothing is perfect, nothing is perfect. But I'll tell, Mr. Chairman, we're building there and that's one more building stone.

**Mr. Koskie:** — I'd like to ask the minister then, would you put your credibility on line and indicate whether you think that the modifications that you made to the dental program, by eliminating the school-based program, has improved the quality of dental care to the rural children and rural population? Would you indicate whether you think that your party, and which you supported, have improved the dental care program in rural Saskatchewan?

**Hon. Mr. Hardy:** — Mr. Chairman, the dental care beyond the children . . . I mean, but children are very, very important. The dental care being available to take them to a dentist, professional dentist, I believe, can't be . . . at least it has to be . . . Those people are as good as or better than a trainee that may be out there working on those children's teeth. I don't say that they weren't. It wasn't . . . At the point it was, it might have been okay. But I believe that a professional dentist who has seven years of training has to have, and should have, a better knowledge of what is needed for not only the children, for the grown-ups and the rest, and it's part of building rural Saskatchewan.

It's all right to say that the government will do everything for everybody, but tell me what it builds out there. For years we saw it all dwindle away. From '71 to '82, 13,000 farmers left this province or left the farm. And where did they go? They just left because . . . And this was in the best times the world has ever known — the best times. And where did they go? Who knows.

We got to start building rural Saskatchewan. We got to continue to do the things that bring the stability, the infrastructure, because that makes rural Saskatchewan strong. And some of the things that we're doing, I believe, will lead to a strong and certainly a long-lasting rural Saskatchewan.

**Mr. Koskie:** — Well I'm shocked at what the minister said. He stood up in this legislature and he indicated that in his view, in his view, the dental therapists and dental nurses were providing inferior quality work. That's what he was saying, and obviously that was the position of that government when they unilaterally dismissed 400 dental therapists and dental nurses. That's what's behind it. That's what's behind it now. And I hope the dental therapists and nurses hear clearly what the minister said, because that's exactly what he said.

He decided that, in fact, the dental therapists, which the

students appreciated, which the parents wanted, and they decided on that basis that there was no competence — just imagine. That's what they said. Providing probably the most cost efficient program, best efficient program in all of North America, one of the finest preventive health care and dental treatment in North America. And that guy stands up in this legislature and says he's working for rural Saskatchewan. Well you boys, I'll tell you, you're not going to be given another chance to represent rural Saskatchewan.

I want to ask you also, Mr. Minister, since you're willing to pass judgement on people, would you give your opinion as to whether or not you favour the big bash, the 85th birthday of the province, where we're going to be spending something like \$9 million on a 85th celebration. Did you support that too, while struggling families were out in rural Saskatchewan, and you're going to blow \$9 million? That's how you're building Saskatchewan, I suppose, building rural Saskatchewan, tearing down a dental program and putting on a bash for Tories. I want to ask you: did you support that?

And why didn't you go to the SARM convention? And why don't you answer them when they asked you to go to your government and do away with this wasteful party? That's what they said. They passed a resolution saying, it's a waste of money. But that wouldn't be new for your government because you've been pretty good at wasting money. But I'll tell you, no birthday party is going to get you elected any more. You can't fool the people.

So what I'm asking you: will you agree with the SARM resolution where they almost unanimously indicated that they would rather have that for gravelling roads and making improvements in the R.M.s, rather than waste it, as it's apparently going to be.

**Hon. Mr. Hardy:** — Well before I get onto this final or this last topic he was talking about, I just ... talking about ... Somebody grumbling from the back ... (inaudible interjection) ... Somebody ... I just thought I'd mention that if the member from Quill Lakes has been talking to any of his folks out in the Wynyard area or the Watson area where we're putting in the rural service network, rural service centres into there, or expanded service to look at what can be done in their area, to help them build and diversify — has he talked to those folks out there, as I have talked to those folks out there, about a new centre, a new centre in each one of those communities that will bring together all the information that is needed; to bring crop insurance to each one of them; to bring together extension services and lands branch, rural development. The R.M.s are working in many cases with this. Has he talked to his two, two of his towns out there that will have one in there? I doubt it very much.

I was out at Strasbourg the other night. And when I started explaining to them some of the things that they can do ... they'll have a brand-new rural service centre. They got ... (inaudible interjection) ... Well, they got a permanent agrologist there. They haven't had one for years there; they got one stationed there. He'll be linking into the total computer system which will allow them to link to all 52 centres when it's complete, to the University of Saskatchewan, to the Saskatchewan Research Council, to

Agriculture Canada, and to the others as they focus in.

Availability of information is what our young people will need for the future. To take that and then take what we have put together, and we call it — it's a catalogue of opportunities, identified ... we have identified out there, Mr. Chairman, 1,100-and-some-odd types of industries that could be located in rural Saskatchewan. We have put together, through the research council and others, through tourism and small business, through the eight northern states, in Manitoba, in Alberta, and we have even ... Just what is available, we have searched it all out what's available in records, we haven't had ... And we've also looked at some of the European countries that are looking with industries they like to establish because there's a product, and they're small, from one to 25 industry operation.

The building of an infrastructure in rural Saskatchewan related to agriculture, that's just about complete, that will be available to all R.M.s and towns and villages and to the member opposite if he would like to look at it.

What can be done out there and within that structure, within that structure, Mr. Chairman, will be how many jobs it will create; the type of technology needed; the cost of production; where's one located; the markets that's available in Saskatchewan; the markets that's available within trucking distance of Saskatchewan; the cost of putting one up; how it could be financed.

And as the member listens as we go through SEDCO's ... You'll see that there's a lot of changes, you'll see venture capital changes. That will all put together, with ideas, with grant money, with financing available, that we can do a great deal out there in rural Saskatchewan.

Now I'll get on to what he called a birthday party. In 1980 they had a birthday party for the province of Saskatchewan; I think they called it a birthday party. Welcome to Saskatchewan, a birthday party. And it wasn't bad, I would admit, it was pretty fair. Yes, it was getting close to election year, they were getting ready. They went in the spring of '82, a little over a year later, but it was close. I mean, that's what they were looking at. Irrelevant.

They did a pretty decent job of it and it was pretty good and I think most people in Saskatchewan appreciate it. But this, Mr. Chairman, it's not a birthday party. This isn't what they had in 1980. In 1980 they had a birthday party. That's what they called it. I mean, they're still 10 years behind.

This is to bring technology, industries and communities together to help build and diversify rural Saskatchewan. And the moneys that will be available — the moneys that can be allocated to any community — it has to be related to bringing industry to your town, what you have available in a raw product or you need an industry in there, the technology together to build rural Saskatchewan.

It is the first time any government's ever tried this, Mr. Chairman. I don't know how much will be spent; they say \$9 million. I hope they do, because that means we're

going to have a lot of industry in this province when we're done, a lot of people coming here to look at it. And if there's some way that some community out there needs some money to bring technology, to bring industry to their community, show them what they need and what they have available, I urge them — I urge them to go talk to the chairman, who is a former mayor of Saskatoon, Mr. Wright, to bring . . . to talk to them of how that can be done.

(2145)

Because that's what we need to do, Mr. Chairman. We can't sit here; it's not in Saskatchewan; it has never been here in Saskatchewan, and nobody ever wanted it here in Saskatchewan. We've always been the shipper of raw materials and never, never once worried about keeping our young people here and building on all the raw materials we have here.

Forty-three per cent, 43 per cent of all the agricultural land in Canada is here in this province, 43 per cent — 68,000 farmers here in this province. We can build a great deal with that, Mr. Chairman, and I believe that using this \$9 million or \$3 million, whatever needs out of that corporation, the Future Corporation, to build its future, Mr. Chairman, bringing that together. I urge anybody that's interested to do it because it's good for their town, their community and their future.

**Mr. Koskie:** — Well, just to follow up in respect to that, Mr. Chairman, I suppose the minister's saying that the SARM representatives who made the motion don't know what they're talking about, that there is something so significant about 85th birthday. What he's talking about when we had it, it was the 75th birthday of Saskatchewan. Why didn't we have one for the 84th or the 83rd or the 86th? Why 85th?

Obviously what it is, Mr. Minister — and you don't have the honesty or the integrity to stand up and support the R.M. councillors that moved the motion censoring this government — you're standing here trying to defend something that is not defensible.

The people of Saskatchewan don't want that wasteful birthday party bash put on by Tories for Tories. They don't want it. Eighty-fifth doesn't mean much to them when they're losing their farms and young people are leaving the province in droves. They don't want to celebrate. They haven't got anything to celebrate.

I'll tell you where there will be a celebration is after you call the next election and you're thrown out of the office. But it will be a birthday party for the people of Saskatchewan — self-initiated. But you can't justify, you can't justify the 85th birthday other than what you're trying to do is to set up some slush fund during an election year. You're planning on having it during the election year or prior to the election year, that's what it is. SARM won't believe you. They say it's a waste of money. Other small towns and councils have said the same thing. Meet people, business people in small towns, they say it's a farce, it's a waste.

So here is this minister, stands in this legislature saying, I

am going to defend that birthday party for the Tories. I am going to stand up here and defend a waste of 9 or \$10 million, when the people of Saskatchewan are rejecting it. And he stands up here saying, oh we're really protecting rural Saskatchewan, as he crippled and destroyed the best child dental program in North America.

Mr. Minister, your rhetoric is great, you pay a lot, your government spends somewhere around \$20 million a year advertising with your clichés, your building and your diversifying and your protecting, as the people are leaving the province, the people are suffering, the people need to have their basic problems addressed.

And you and the federal government have absolutely deserted the farmers of Saskatchewan. That's what you have done. You deserted them, and not only that, you misrepresented the facts in the last federal election, and you and the rest of you are a party to that. And as a result, the farmers of Saskatchewan, during the last federal election, sought it out. They knew where you're at, they'd had enough of you, and 10 out of 14 elected constituencies across this province elected a New Democratic member of parliament. That's what they did. They've had enough of Tories' waste, mismanagement, wrong priorities, misrepresenting the facts.

Mr. Minister, I want to turn to one other aspect here, and that is the rural development corporations. I want to ask you the number that are in operation at the present time, and I want you to indicate, list . . . give me a list of each of the rural development corporations, what has been undertaken by each, if you can do that. And the amount of government assistance to each of the rural development corporations that . . . funds that have been provided by the government to date. Can you provide that information?

**Hon. Mr. Hardy:** — Well, Mr. Chairman, it was interesting to hear the member talking about nothing for farmers over the last six or seven years from this government or from the federal government since 1984. It was interesting to hear him say that. Right now, right now, Mr. Chairman, federally, and certainly through a lot of provincial co-operation, there's 420-odd millions of dollars going to be distributed to the province of Saskatchewan in a grant to farmers — in a grant. Over the last six years, and I was just trying to get . . . four years — I was trying to get the numbers, but I believe, Mr. Chairman, the total amount of money to the farmers in Saskatchewan is getting awful close to 6 billions of dollars — 6 billions of dollars. Now I don't . . . no, I don't have the exact numbers, but I would like to have them here for him to look at.

He talked about crippled. He said, you crippled and destroyed. Well I don't know. I'll tell you who crippled and destroyed rural Saskatchewan back in the early 1970 . . . or '79, early 80s, with 22 per cent interest. If you don't think that crippled and destroyed a lot of farmers for the future — young farmers who never had a chance — let me tell you something. That really crippled and destroyed them.

So I'm not sure who crippled and who destroyed, but I know who is crippled when you come to knowing what's

all about rural Saskatchewan. It's interesting to know. I hear him talk about . . . I never hear him talk about all the things that relate directly to rural Saskatchewan in regards to the department? I never hear him talk about the lands branch; I never hear him talk about the 4-Hs; I never hear him talk about fairs. I don't hear him talk about any of those, Mr. Chairman.

I'll tell you why, Mr. Chairman. I heard him mention once here, I heard him mention here once about lands branch and foreclosures or something. And we were looking through it here. You know how many lands branch and community pasture lessees there's out there? Over 15,000. Do you know how many possessions of land that we have over the last whatever number of years? Five. Do you know how many of them we've been working with to resolve so they can maintain their home quarter because they're all working out, or maintain their farm site? Three. Do you know how many that don't even live there any more and have just left, barely don't know where they are? Two of those.

So it tells me, Mr. Chairman, that we have done a great deal to work with those lessees out there to help them through some tough times. And we've sat down and worked with them time and time again. There's a few out there has some troubles. We know that; there's always a few. And there's a few things you'll hear us announcing in the future to help deal with some more of those. I believe, Mr. Chairman, we've done a great deal out there to maintain and develop rural Saskatchewan, and there's been a great deal of dollars put out there.

I have a copy of the rural development corporations that's listed here. We have the possible ones, the ones that are already incorporated, the ones that are in the process of incorporating, where they are, their R.M.s, the towns. We also have the amount of money that's been paid to them. Now I can either read it into the record, which is quite a bit, or I'll just sent it across to him and he can look at it himself.

It's substantial, Mr. Chairman, and it is building rural Saskatchewan. Now if the member would like, I'll just send it over to him and he can look through it. So I'll just send it across to the member and he can look at it. I'll tell you, Mr. Chairman, what he can do, he can read it tonight. It'll be good reading for him. He'll know what rural Saskatchewan — how we're building out there.

**Mr. Koskie:** — I think you should not try to be funny, Mr. Minister, because your incompetence is showing through so evidently tonight and the blindness with which you approach rural Saskatchewan. You think it's funny that the situation . . . He's bragging about protecting farmers under lands branch.

And I've gone through the statistics. This government has been the biggest forecloser and have taken more legal actions against farmers than any other government in the history of this province or combined governments in the history of this province. You took 620 legal actions last year against farmers; over 300 the first three months; 2,000 more that legal action is going to be taken against. You stand there and say you protect rural Saskatchewan.

Where is the legislation to provide some assistance? You got a federal Crown corporation, the Farm Credit Corporation, and you don't stand up to help protect the farmers. You're Rural Development minister.

They had a moratorium on foreclosure under the Farm Credit Corporation in 1986 because you birds were going to have an election and they didn't want the farmers being kicked off. But right after the election, they took the moratorium off the Farm Credit Corporation. And now, your counterparts are also foreclosing on the farmers.

That problem out there could be solved, but it would take the joint efforts of both federal and provincial government, and you're not prepared to do it, Mr. Minister.

Mr. Minister, I want to also ask you: in respect to capital grants . . . You alluded to capital grants tonight. Can you indicate . . . Are you aware of what capital grants will be provided to the R.M.s? I would like to know what amount of money is allocated this year to the capital grants for R.M.s?

**Hon. Mr. Hardy:** — It would be in the neighbourhood of 4.2 millions of dollars total for the per capita grant.

Tomorrow morning at 8:30 I am meeting with SARM executives to go over with them how they feel that this should be done. We have it proposed, but I would like . . . I promised to take it to them to get either their approval or disapproval on it, or their comments or changes. That's what I told the R.M. councils around the province. And if they give approval on it, I'm sure within the next week or so that it will be made public for everybody. And at that time, you know, I have no problem to disclose it. But before that I promised the SARM executive . . . the executive of SARM that I would meet with them and work it out.

I just want to make one mention that he's talking about foreclosures, and he's talking about not protecting rural Saskatchewan. He talked about 2,000 letters. Those letters, Mr. Chairman, were letters that were sent out saying that you're in arrears and asking for payment. That's a normal way of doing business in any business world whether it's lands branch or whether it's in business or any place else. That's the normal way of doing it.

If they have a problem, the letter also states, if you have a problem, can't make it, please get a hold of a lands branch representative; we'll sit down with you to see how we can resolve the situation. That seems a fair and an equitable way of doing it. We've done that all the way along. I believe, Mr. Chairman, that we've been fair, we'll continue to be fair. We'll continue to deal with each on its individual cases.

And the 2,000, who have some problems, I'm sure, as they get their money in from the drought, which will be coming — we all know it will be coming. As the crop is good and we have lots of moisture this year, you'll see that a lot of things will pick up and I think those farmers will walk with them the mile; we'll walk with them too if we have to.

**Mr. Koskie:** — Just in respect to that, I believe what you said in that tangled mess of words, I think you indicated that it was \$4.2 million in capital grants? Is that what you said?

**Hon. Mr. Hardy:** — Yes, approximately that, yes.

**Hon. Mr. McLeod:** — Mr. Chairman, I move the committee rise and report progress.

**Mr. Koskie:** — Mr. Minister, with respect to the capital grant then, under what item in your budget is that located?

(2200)

**Hon. Mr. Hardy:** — Mr. Chairman, it's under rural and urban development, it's under the 16.7 million, about 4.2 million of that is for the per capita grant and, you know, that's where it is in there so . . . it's on page 26 of the **Estimates**.

**Mr. Koskie:** — Will you be administering that through your department, or will that be administered under another department? Because it's not included in your budget, and I know it's on page 26 where you have rural and economic development and planning grants and you also have the 16.7 million municipal capital grants, which is both rural and urban, I believe. I just wonder who's going to be administering it when it's not in your budget.

**Hon. Mr. Hardy:** — It will be allocated to us, and we will be administering both the rural development grants and the approximately 4.2 million out of the urban rural development affairs grants.

**Mr. Koskie:** — And have you set up a formula for the allocation of that to the individual R.M.s?

**Hon. Mr. Hardy:** — Part of that, in answer to the member's question, that's why I'm going over to SARM tomorrow, we've got to put together . . . I want to talk to them about it, to see if they feel that's the right way to go.

**Mr. Koskie:** — Okay. One other area I just want . . . could you indicate whether the super grid road program is still being developed, and could you indicate, if so, what amount of super grid was in fact developed?

**Hon. Mr. Hardy:** — Mr. Chairman, when we did the road rationalization they were sort of . . . well sort of some of them had different names, and we call it primary grid surfacing. There's only five classifications of road now instead of all the other. We used to have a whole series of classifications.

And under the primary grid surfacing we have 2,976 kilometres, and under the primary grid gravel we have 5,635; under the main farm access . . . I might as well give them all to you, is 29,457; under grid, we have 13,128, and under what we call a special road program — that's where we heavy haul, where trucks are hauling — it's about 2,424 kilometres underneath that.

**Mr. Koskie:** — Well in respect to what was previously referred to as super grid, is that equivalent going on where you're building equivalent road structure and quality? And that's what I was wondering. During the last year, if that's still in place, what amount was in fact constructed, and what amount was paved?

**Hon. Mr. Hardy:** — As the member probably knows, the funding varies a bit, but the base is from 40 to 60 plus 30 per cent, and they're still there. They're called primary grid surfacing and primary grid gravel. So it could range, if you were a poor R.M., you could get as much as 90 per cent; if you were a lower rate R.M., you could get about 70 per cent. So it would range from 70 per cent to 90 per cent provincial funding for all primary grid and primary grid gravel.

**Mr. Koskie:** — Yes, you're all mixed up so I won't bother pursuing it any further.

Grants to Rural Development, Mr. Minister, there's 48,062,000. In previous years what I asked you to do is to give me a breakdown of that. I have a copy of one I had for a couple years ago dealing with conditional grants and unconditional grants. And we have for the items like main farm access, reconstruction on primary grid road, X number of dollars, and industrial access, regional park, so on. So a breakdown of the conditional grants and a breakdown of the unconditional adding up to . . . at least it should add up to the 48,062,000. Could you provide that to me?

**Hon. Mr. Hardy:** — Mr. Chairman, I could send it over to him. We have a breakdown of all the grants here for the 48 millions of dollars, so we'll just send it over to him. It's a breakdown.

Item 1 agreed to.

Items 2 to 12 inclusive agreed to.

### Item 13

**Mr. Koskie:** — Yes, Mr. Chairman, just in respect to item 13, payments to the property management corporation. It increases from the previous of just over \$2 million to over \$3 million. I wonder if the minister could provide the details for the increase?

**Hon. Mr. Hardy:** — Mr. Chairman, I think I mentioned earlier that we're going to . . . from six rural development offices to 52 offices when the year is done. So we'll be running 52 offices, instead of six, when it's all done, as we put it together — the reason for the increase.

Item 13 agreed to.

Items 14 to 17 inclusive agreed to.

Item 18 — Statutory.

Vote 43 agreed to.

## Consolidated Fund Budgetary Expenditure Rural Development Capital Expenditure — Vote 67



Items 1 and 2 agreed to.

Vote 67 agreed to.

**Consolidated Fund Budgetary Expenditure  
Economic Diversification and Investment Fund  
Rural Development  
Vote 66**

Item 6 agreed to.

**Supplementary Estimates 1989  
Consolidated Fund Budgetary Expenditure  
Rural Development  
Capital Expenditure — Vote 67**

Items 1 to 3 inclusive agreed to.

Vote 67 agreed to.

**Supplementary Estimates 1989  
Consolidated Fund Budgetary Expenditure  
Rural Development  
Ordinary Expenditure — Vote 43**

Items 1 to 7 inclusive agreed to.

Vote 43 agreed to.

**Saskatchewan Heritage Fund Budgetary Expenditure  
Rural Development  
Ordinary Expenditure — Vote 51**

Item 1 agreed to.

Vote 51 agreed to.

**Saskatchewan Heritage Fund Loans,  
Advances and Investments  
Agricultural Division  
Rural Development  
Vote 61**

Item 1 agreed to.

Vote 61 agreed to.

**Supplementary Estimates 1989  
Saskatchewan Heritage Fund Budgetary Expenditure  
Resources Division  
Rural Development  
Ordinary Expenditure — Vote 51**

Item 1 agreed to.

Vote 51 agreed to.

**Supplementary Estimates 1989  
Saskatchewan Heritage Fund Loans,  
Advances and Investments  
Agricultural Division  
Rural Development  
Vote 61**

Item 1 agreed to.

Vote 61 agreed to.

**Mr. Chairman:** — I'd like to thank the minister and his officials.

**Hon. Mr. Hardy:** — Thank you, I'd like to thank my officials for putting together all this information we have available tonight, for running a department, I believe, very, very efficiently, and supporting and working with rural Saskatchewan.

I'd like to thank the opposition member for his questions. They were . . . And again I would just like to say thank you to all my officials for all their work.

**Mr. Koskie:** — Mr. Chairman, I want to join with the minister to thank his officials for the very difficult job they had in providing the minister with the information.

The committee reported progress.

The Assembly adjourned at 10:15 p.m.