

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
MAY 1, 1978

The Assembly met at 2:00 p.m.

On the Orders of the Day

ANNOUNCEMENTS

Seventy-fifth Anniversary Pins

MR. H.H.P. BAKER (Regina-Victoria): — Mr. Speaker, if I may take a moment to make a small presentation to each one in the Assembly here today. As you know, we are celebrating our Seventy-fifth Anniversary as a city, since 1903 and June 19 being the official date. I thought it would be appropriate that each member receive a Seventy-fifth Anniversary pin on behalf of the people of Regina. I would like to distribute these through the pages and through you, Mr. Speaker, and that you receive the first one on this occasion. Of course we invited all the MLAs to participate in many of our events. We have some good ones throughout the remainder of the year, to help us celebrate Regina's birthday. Would the pages take them and distribute them around and give Mr. Speaker the first one. Thank you very much.

HON. MEMBERS: — Hear, hear!

QUESTIONS

Saskatoon City Police

MR. R.L. COLLVER (Leader of the Conservative Opposition): — Mr. Speaker, I would address my question to the Premier. The Premier is no doubt aware of the decision by the Saskatoon Police Association to refuse to patrol in singles rather than in pairs. What is your government doing about ensuring that the people of the province of Saskatchewan receive a totally adequate and complete police protection in the forthcoming weeks and months?

HON. A.E. MR. BLAKENEY (Premier): — Mr. Speaker, as the hon. member will know, the Saskatoon police are a municipal police force employed by the city of Saskatoon and headed by a chief of very, very considerable competence, with a distinguished record of service in the Royal Canadian Mounted Police, a person in whom I have great confidence, Mr. Gibbon. I am very confident that the civic officials of the city of Saskatoon, together with the chief will arrange to give Saskatoon police protection second to none in Canada. It has been first rate up to now and I have no reason to believe it will be other than that in the future.

MR. COLLVER: — Mr. Minister, supplementary question to the Premier. Would your government today consider granting to the municipalities in the province of Saskatchewan sufficient additional revenues to enable them to adequately protect their citizens through a twinning of the police patrols as requested by the Police Association of Saskatoon?

MR. BLAKENEY: — Mr. Speaker, I have no reason to believe that the revenues the city of Saskatoon are not as they now stand, sufficient to provide the measure of police protection that the mayor the Police commission and the Chief of Police decide is the

May 1, 1978

appropriate level of police protection for the citizens of Saskatoon and I would certainly not want to intrude on that decision-making process.

Replacement of Director of Cancer Commission, Saskatoon

MR. E.F.A. MERCHANT (Regina Wascana): – A question to the Minister of Health, Mr. Speaker, about the Cancer Commission. I ask the Minister of Health if it has been brought to his attention yet by Alta Brown that the medical staff at the Cancer Commission operation in Saskatoon has voted a vote of non-confidence in the director there and asked that she look into the replacement of that director and I ask if that has been brought to your attention and whether you intend to take any action on that matter?

HON. E. TCHORZEWSKI (Minister of Health): – The situation in Saskatoon has been brought to my attention and I am aware of it. I believe that it is in the hands of the commission and the executive director and will be adequately dealt with by them.

MR. MERCHANT: – Supplementary, Mr. Speaker. I ask the minister why you chose or the Cancer Commission chose to bring two doctors from Great Britain, one to Regina, who was accepted by the medical staff and accepted by the staff at the office here and then was fired and one to Saskatoon who has not been accepted, has only six years experience and is found by the medical staff to be wanting in his duties, why did you choose to overlook Saskatchewan doctors who are as well or better qualified and other Canadian doctors and go job hunting to Great Britain for the two doctors?

MR. TCHORZEWSKI: – Mr. Minister, the Cancer Commission advertised the position to try to search out the most capable people it could find. It had interviews with many candidates. It has decided, in its wisdom, after reviewing – I wish the member would be more accurate in his questions and refrain from the allegation that there was a firing. There was not a firing, there was a probationary period. If the member does not know what a probationary period is all about I would suggest it wouldn't be very difficult to find out. Because the Cancer Commission found these two candidates, in their view, at that time, to have certain qualities that they thought would be beneficial to the cancer program, they engaged them in their present positions.

MR. MERCHANT: – Supplementary, Mr. Speaker, is it the Minister of Health's intentions or the intention of the Cancer Commission and in your knowledge, that the Cancer Commission intends now to fire as well the head of the Saskatoon Cancer Commission office?

MR. TCHORZEWSKI: – No, I don't not think that the Cancer Commission has any such intentions. It will look at the situation carefully. Surely I would think that the staff of any establishment would not necessarily determine who is going to be the director but their views will be of interest to the commission in the process of its review of the situation.

Inadequacy of Grain Transportation

MR. W. C. THATCHER (Thunder Creek): — Mr. Speaker, a question to the minister in charge of transportation.

Mr. Minister, for some time it has been rumoured that Canada has been losing grain sales because of the inadequacy of its transportation system and the inability to have the right kind of grain and a sufficient volume of grain at the proper location for export.

Mr. Minister, now that this has been confirmed, indisputably confirmed, my question to the minister is, since your federal counterpart in Ottawa have obviously been having some audiological difference over the past couple of years, will the minister assure this Assembly and the farmers of Saskatchewan that these philosophical, nit picking points will quickly be resolved and that it will be full steam ahead toward getting a system in place that will alleviate this loss of market that our farmers are experiencing?

HON. G. MacMURCHY (Minister of Municipal Affairs): — Mr. Speaker, in terms of the differences between the government of Saskatchewan and the federal government with respect to transportation, I don't think there is any kind of difference involved in the situation of getting grain to the west coast. I think that both governments agree that it is in fact, a high priority.

With respect to the lack of movement to the west coast, our government brought this matter to the attention of the federal government as early as late January and we have had a continuing correspondence between ourselves and the government with respect to that situation. At all times we have received assurances from the federal Minister of Transport that he would do all in his power in order to get the grain to the west coast in sufficient volume to meet the sales that have been carried forward by the Canadian Wheat Board.

We put forward the argument, Mr. Speaker, that a transportation problem, which in this case it was, could in some respects undermine the efforts of our wheat board and the hon. minister agreed that that was so, and the heavy emphasis has been on westward movement to the coast to meet the demand there.

MR. THATCHER: — A supplementary question, Mr. Speaker, Mr. Minister, the problem which I have described has been in place long before last January. I'm sure the minister is aware that an American report which has indicated that Canada has missed out on sales to China which has since been confirmed by the head of the Canadian Grain Commissioners, one Esmond Jarvis, and the revelation that Canada has no sales to China past August, has precipitated the problem to the fact that we must have a transportation system in place in a minimum amount of time.

In light of the situation, will the minister tell this Assembly what plans his department has to orchestrate such a development with the federal government?

MR. MacMURCHY: — Well, Mr. Speaker, in terms of the provincial government's position on west coast movement, as early as the Hall Commission hearings in Vancouver, we put forward a proposition with respect to further shipments out of the port of Prince Rupert. There are indications that that could well be taking place. Everyone agrees that there are problems of shipment to the Port of Vancouver simply because of the situation there but every effort is being made to improve that. That is not to say that our position with respect to Rupert is so strong that we are going to forget about movement through Thunder Bay or movement through the Port of Churchill. I think Saskatchewan needs all of the options open.

With respect to the problems of this past season I think that is what we have to concentrate ourselves on; the problems with the past seasons relate to the capacity of the railways to deliver the grain, in particular the capacity of the Canadian Pacific.

MR. THATCHER: — Final supplementary, Mr. Speaker. Mr. Minister, in light of the fact

May 1, 1978

that the Americans recently sold the Chinese a million metric tons of wheat and appear to be on the verge of selling them a great deal more, is the minister telling this Assembly that our farmers can look forward to Canada being bogged down in a bureaucratic fight between bureaucrats of the Prairies and bureaucrats of Ottawa? Is that what you are telling the farmers of Saskatchewan?

MR. MacMURCHY: — What I am telling the farmers of Saskatchewan, Mr. Speaker, and what I tell the hon. member, that dealing with grain movement a policy proposal has been clearly outlined by the Hal Commission. If we can get those Hall Commission recommendations implemented, a great many of our grain movement problems will be solved. That is our position. It is shared by all of the western provinces and I don't think it is a matter of bureaucrats at all, it is matter of decision being made at the policy level.

Provincial Fish Marketing Commission

MR. A.N. McMILLAN: – Mr. Speaker, a question to the minister responsible for the Department of Northern Saskatchewan.

I would like to know as a result of some of the press articles that have been very recently in the news, if it is the intention of your government to proceed with a provincial fish marketing agency commission or board, of one form or another, in the face of the promise of legal action from the federal Fresh Water Fish Marketing Corporation?

HON. G.R. BOWERMAN (Minister of Northern Saskatchewan): – Mr. Speaker, we have tried to make our position clear with respect to this matter. It is our first objective to attempt to remain within the marketing agency as long as we are able to do so. We are not going to remain within the federal Fish Marketing Agency if that agency is going to downgrade or, in fact, militate against the fishery in Saskatchewan. We are going to attempt, once more, to arrange an agreement with the Fresh Water Fish Marketing Corporations, to handle the fish for Saskatchewan. If that is not possible, and if it is not possible to do so leaving the agencies and the fishermen in Saskatchewan the benefactors of that agreement then we will have to look at the alternatives.

MR. McMILLAN: – Supplementary, Mr. Speaker. Will the minister give this House the assurance that this government will not proceed with the fish marketing board or commission of any kind without a vote of the eligible producers in Saskatchewan, as is enabled under your National Products Marketing legislation?

MR. BOWERMAN: – Mr. Speaker, I believe it is evident and has been over a long number of years or at least since I have been in on the government side of the House, that the commercial fisherman of northern Saskatchewan and the fisherman of the southern portions of the province have been asking the province to withdraw from the Freshwater Fish Marketing Corporation and to establish a marketing agency independent of them.

MR. McMILLAN: – One final question. Will the minister again give us the assurance that no freshwater board or commission will be established without a vote held of eligible fishermen in Saskatchewan?

MR. BOWERMAN: – Mr. Speaker, I attempted to indicate to the hon. member that I believe the fishermen of Saskatchewan have already indicated what their position is with respect to the Freshwater Fish Marketing Corporation and I believe their position precludes my commitment that we would necessarily go back to them for another

position which I believe would be the same.

Prison Guard Demotion – Walter Chester

MR. J.G. LANE (Qu'Ap): – Mr. Speaker, a question to the Minister of Social Services. A review of Hansard on April 19, in reply to a question by myself with regard to Walter Chester, you stated unequivocally that Mr. Chester was not dismissed because of the assault charge. The assault charge, as such, had nothing to do with the demotion of Mr. Chester. I have before me a copy of a letter forwarded to Mr. Chester by the Deputy Minister of the Department of Social Services under date of February 16, 1977, this letter being exhibit 11 at the Moore Inquiry, where in the letter specifically states – the deputy minister specifically states — that, “In view of the court’s February 11th finding of guilty on the assault charge I am taking the following action – suspension and demotion.” Would you now, firstly admit that in fact Walter Chester was demoted because of the assault charge and because of the now finding on appeal of not guilty that Walter Chester should be completely re-instated with all benefit lost being given back to him and full seniority also being restored?

MR. ROLFES: – No, Mr. Speaker, I do not agree with the member. I have the letter before me also, it says:

While my decision to suspend and demote you is based on the conviction of the assault charge on February 11, 1977 I have also reviewed your work history and find that it confirms my decision. In fact a review of the past performance indicates that management has had long-standing concern about your willingness to follow established policies and philosophies of the correctional centre. Specifically, my concerns include the following . . .

Mr. Speaker, this letter was tabled with the Moore Inquiry and I will say that although at that particular time the assault charge was taken into consideration, the reason for the demotion of Mr. Chester were based on his past working history.

MR. LANE (Qu'Ap): – Well, by the way of first supplementary. The letter is quite specific. “I submit to the minister that in view of the court finding him guilty on the assault charge I am taking the following action.”

We have as well before me, Mr. Speaker, a copy of the Increment Probationary and Annual Rating Form on Mr. Chester for the Public Service Commission. This is in 1973, wherein Mr. Chester, in all categories, either met requirements or exceeded requirements as an employee as a corrections officer III. Would you not be now prepared to admit that in fact Mr. Chester was demoted and made a scapegoat for Prince Albert riot and that in fact your failure to reinstate Mr. Chester, now that he has been found not guilty, indicates a total lack of support for the correctional officers and their difficult job in the province of Saskatchewan?

MR. ROLFES: – Mr. Minister, there is absolutely no connection between his first statement and the conclusion that he draws. Mr. Speaker, I also want to make it very clear to the House that even though said the assault charge had nothing to do with it, the member opposite did not continue to read what I said in the House here on April 19.

I said, “It (the assault charge) was an addendum to the list of things that finally convinced the department that action had to be taken.” The member, as he has done in the past, is simply trying to mislead not only the House but the members of this

May 1, 1978

province.

SOME HON. MEMBERS: — Hear, hear!

MR. ROLFES: — I have indicated, Mr. Speaker, before that every employee of this government has a procedure before him if he feels that he is aggrieved and all Mr. Chester has to do is follow that procedure and I will make my decision at that time based on the outcome of the grievance procedures.

MR. LANE (Qu'Appelle): — A supplementary question, Mr. Speaker, to the minister. Can the minister explain why, if these other factors (Mr. Chester's inability to accept your philosophy) have been long standing, you did not demote Mr. Chester sooner? In fact why, if that is the case, did you fly in the face of the Increment Probationary and Annual Rating Form which gave him such a high rating? Can you explain why you failed to take action sooner, before the assault, if these other reasons are now held out as being the real reason for the demotion?

MR. ROLFES: — Mr. Speaker, I suppose one can always ask, why does an employer not take action when an employee commits his first offence? I suppose because, as I indicated before, Mr. Chester has many good qualities. I think that is evident. No one denies that. One of the problems that Mr. Chester did have was to obey the policy of the department and that was not just with this government but also with the former administration. There is evidence to show that. As I indicated before, and as we can document further incidents of when Mr. Chester found it necessary not to obey the policy of the then government and the then administration and I suppose you would have to sometime make a decision as to whether or not you are going to take disciplinary action against an employee. All I am saying is that the assault charge was the final incident which convinced us that we had to take some action and that action was taken. Again, Mr. Speaker, I want to say, if the employee feels that he has been aggrieved, let him take advantage of the grievance procedure; I will then make my decision when the results come in from that procedure.

Sask Housing

MISS CLIFFORD (Wilkie): — A question to the minister in charge of Sask Housing. The Battlefords low cost housing built about 25 to 30 houses in the 1976-77 season but since then has been shut down. What reasons will you give for this project to be discontinued?

HON. W.E. SMISHEK (Minister of Finance): — I will take notice.

Saskatoon City Police (cont'd)

MR. COLLVER: — I would direct my question to the Premier. In the light of your refusal to my earlier request that the government of Saskatchewan allocate sufficient resources to the municipalities of our province, so that police maintenance of twinning police cars for the safety of police officers can be introduced, and in the light of the Minister of Social Services, response to our question or request that the long-standing good officer, corrections officer, with the Department of Social Services in the correctional system be reinstated since he was terminated as a result of a charge from which he has been totally exonerated, what steps will your government take today to ensure that the people of Saskatchewan receive adequate police protection and further, what steps will you take to ensure that the police officers and correctional officers of our province

know that the government of Saskatchewan is in support of them?

MR. BLAKENEY: — Mr. Speaker, I will answer his questions one by one.

With respect to the funds, so far as the government of Saskatchewan is concerned, the city of Saskatoon and any other city, has full and complete authority to use the very large, unconditional grants which were given to them by this government to provide for the police function in any way they like. I do not think it is inappropriate for me or for the member for Nipawin to say to the city of Saskatoon how they should organize their police force, whether in singles or doubles or triples.

SOME HON. MEMBERS: — Hear, hear!

MR. BLAKENEY: — I believe, I believe that Mr. Chief Gibson, knows more about running a police force than does the member for Nipawin or the member for Elphinstone and I therefore suggest that they will make the right decisions.

With respect to the personnel in the correctional institutions, I say to this House that we are in full support of the personnel of correctional institutions. We have given them full support; we intend to give them full support; we wish our correctional institutions to be run well; we believe they are run well and we will continue to support all the staff so that they will continue to be run well.

MR. COLLVER: — Mr. Speaker, in the light of your continued refusal to do anything about this matter, and in the light of your suggestion that the allocation of resources to the municipalities is not a means by which the municipalities could increase and improve their police services and make their correctional officers feel, or the law enforcement officers feel that the government are behind them, will your government today consider forwarding to the government of Canada, a request by the government of Saskatchewan that capital punishment be reintroduced in the government of Canada legislature and that the, a vote be held across the country by the people of Canada to insure that . . .

MR. SPEAKER: — Order! Next question, the member for Wascana.

MR. MERCHANT: — Question to the Minister of Labour. The Minister of Labour will have recently received a letter from the head of the union regarding the continuing problem at the Wascana Hospital over the failure to pay housekeeping aids the same amount of money as housemen. I ask the Minister of Labour whether it is your intention, now that the investigation has failed to resolve this very important matter of equal pay for work of equal value, that the investigation having failed to resolve the matter, will the Minister of Labour now take some personal part in the matter to try to resolve it, a matter important to various hospitals. I also ask the minister whether he stands by the comments he made in writing to me on July 18, 1977, when you said, just briefly, Mr. Speaker, "If the hospital study is not successfully implemented, I believe it would be a great setback to the concept of equal pay for work of equal value." It has not been a success. What are you prepared to do now to avoid this great setback to what I suggest is a very important concept?

HON. G.T. SNYDER (Moose Jaw South): — In answer to the member for Regina Wascana, I think a little history, perhaps a little history needs to be dealt into at this point in time. It will be remembered that there was a job evaluation study throughout

May 1, 1978

the hospital system. That hospital system has since been resolved. The negotiations took place and the equal pay for similar work was put in place. At that time the Saskatchewan Government Employees' Association agreed that Wascana Hospital would also have the job evaluation applied to them. Since then, the Saskatchewan Government employees, for reasons of their own, withdrew from it. At that point in time the women's division of the Department of Labour went in and made an assessment. They made their assessment and discovered what they believed to be some violations of equal pay for similar work. Since that time the Board of Governors of Regina Wascana Hospital have decided not to negotiate the matter out because, I suppose, of the withdrawal of a commitment which they believe had been given by SGEA and accordingly the matter now, as provided for by The Labour Standards Act is being forwarded to the Human Rights Commission, I plan to not to involve myself personally. I expect that the Human Rights Commission will be dealing with this matter forthwith.

MR. MERCHANT: — Mr. Speaker, the minister admits, however, that housekeepers at Wascana hospital and housekeepers holding similar position in other hospitals, though doing almost identical work with housemen, are paid in all of the hospitals around the province or virtually all of them, less money than the amount paid to men doing work of equal value. Does the minister admit that?

MR. SNYDER: — We are not talking in terms of equal pay for work of equal value. Let's set that straight. We are talking in terms of equal pay for similar work and kindly draw the distinction because as far as I am aware and I have been given assurances that in the hospital system there are no violations in contravention of The Labour Standards Act, there are no violations of equal for similar work.

POINTS OF ORDER ON QUESTION PERIOD

MR. COLLVER: — Mr. Speaker, before orders of the day, I rise on a point of order, to suggest to you that, today, a matter of extreme urgency, the people of the province of Saskatchewan, was brought to the attention of this House . . .

MR. SPEAKER: — Order, order! I want to hear the member's point of order. I don't want to hear the argument.

MR. COLLVER: — Mr. Speaker, in order to present the point of order you have to develop the urgency of the argument.

MR. SPEAKER: — On the contrary, on the contrary. All I need to now is what the member's point of order is.

MR. COLLVER: — Why would a question that I had on policing in Saskatchewan and on capital punishment be cut off in this question period?

MR. SPEAKER: — Well, the member for Nipawin had two questions today and supplementaries related to them. The first question was with regard to the adequacy of the police force in Saskatoon, i.e. two policemen in a car. I gathered from the question and the answers that followed that it lacked some urgency since it appeared to be out of the jurisdiction of the province.

The second question the member asked later on dealt with two police in cars and the incident with regard to the Correctional Institution. The member was allowed a supplementary. The second supplementary that he was asking seemed to me to be off

the subject and not a supplementary and, therefore, I passed on to the next question.

MR. COLLVER: – Mr. Speaker, I would just make this comment on this point of order. On a new point of order then, if you will.

Mr. Speaker, the fact is . . . Mr. Speaker, on a point of order. I don't believe that it is in the rule book that you would make a decision as to whether or not capital punishment and the reintroduction of that in Canada has anything to do with . . .

MR. SPEAKER: — Order, order! I think I made myself quite clear and in case the member wishes to check what I said, he can go back and check the record. The latter question was about two police in cars and the correctional institution in the province. It was my decision that the second supplementary which he asked was not a supplementary in the sense that it sought more information with regard to the subject or the answer that was before us. It seemed to me to be off the subject. Now if the member wishes to ask further questions, I am sure there will be another opportunity for the member to pursue the subject.

SECOND READINGS

HON. W.E. SMISHEK (Minister of Energy) moved second reading of Bill No. 47 **An Act to amend The Senior Citizens Home Repair Assistance Act, 1973**

He said: Mr. Speaker, it is my privilege today to move second reading of Bill 47, An Act to amend the Senior Citizens Home Repair Assistance Act, 1973. This important legislation has several major benefits:

1. Home Repair Grants help senior citizens to remain independent, in their own homes, in greater comfort and security.
2. The program provides jobs in the construction industry during the slow winter months.
3. The general quality of the housing stock in the province is substantially improved.
4. The grants helps stabilize rural communities by making it possible for senior citizens to live in their own home communities in adequate housing.

Mr. Speaker, when we launched the Senior Citizens Home Repair program in 1973, we said help should go first to the senior citizens with the lowest incomes. So, we limited the program to those receiving some or all of the federal Guaranteed Income Supplement. We have done what we set out to do at that time. Since September, 1973 over 24,000 senior citizen home owners have received grants totalling more than \$8 million. The average income of those who received grants in less than \$4,000 per year. Without the grants, most of these people would have found the money to repair their home impossible to find.

This year, thanks primarily to the success of our resources policy, we have the funds to expand the Home Repair Program and provide more help to more senior citizens. Effective September 1 of this year, single senior citizens with income up to \$7,000 per year and couples with incomes of up to \$11,000 per year will be eligible to receive a home repair grant for the first time. This will open the benefits of this program to over 7,500 additional senior citizen home owners. In addition, Mr. Speaker, all of the

May 1, 1978

24,000 who have already received a grant will be eligible to apply for the second grant to undertake further home repairs.

In the future grants will be available to eligible senior citizens every five years. Mr. Speaker, just let me give you an idea of how big an expansion this is. We estimate that close to 9,000 senior citizens will receive over \$4 million in grants before the end of the current fiscal year. By the end of the first full year of operation of the expanded program we expect that about 16,000 householders will have applied for assistance of \$8 million. That is equal to all of the assistance that has been provided over the past five years. But not only have we widened the eligibility requirements, we have also increased the maximum grant from \$500 to \$650. Once these amendments are approved, all senior citizens who receive some or all of the federal Guaranteed Income Supplement will be eligible for a full \$650 grant. Those whose incomes are too high to qualify for GIS will be eligible for a grant of between \$300 and \$650, depending on the income.

Now, the government is fully aware that this level of assistance may not, in all cases, pay for the major repairs needed in some older homes. Therefore, we offer something more under the Residential Rehabilitation Program. Senior citizens requiring additional funds will be able to stack the forgivable loans available under that program with the senior citizens grants. Through this combination they can qualify for up to \$1,625 in grants and forgivable loans.

I think members on both sides will endorse these changes. Mr. Speaker, there are added benefits to Saskatchewan communities.

In any normal winter the construction industry in Saskatchewan slows down dramatically during the winter months. Unemployment goes up. So, we designate the Senior Citizens Home Repair Program as a winter works program that operates between September and May of each year. Over the last five years it has created more than 700,000 additional man-hours of employment. Mr. Speaker, we expect that the expanded Senior Citizens Program will generate almost that many man-hours during the next winter alone. This will help maintain our low unemployment.

Most of these employment benefits will go to the small tradesmen, especially in rural areas of the province. We have made sure that the Senior Citizens Home Repair Program is fully accessible in the smaller communities and rural areas where many senior citizens live.

In five years, over three-quarters of the grant money has gone to senior citizens living outside the cities, Mr. Speaker. Over \$6 million to enable senior citizens to remain in their own town, rather than being forced to move to larger communities; over \$6 million in construction work for the tradesmen in smaller centres through the province, Mr. Speaker. Yes, and \$6 million in grants to help stabilize small communities and help improve the quality of life in small-town Saskatchewan.

Mr. Speaker, this bill to improve and expand the Senior Citizen Home Repair Program will, I believe, be universally welcome across the province and I invite all the members to give unanimous support to the amendments that we are introducing to this bill. Mr. Speaker, I now move second reading to amend The Senior Citizens Home Repair Program as set out in Bill 47.

SOME HON. MEMBERS: — Hear, hear!

MR. MERCHANT: – Mr. Speaker, I want to make a few brief remarks about the program.

First let me say, a remark about the way these programs are advertised and communicated to the public, because I suggest to you, Mr. Speaker, that this program, not dissimilarly from other programs, is somewhat dishonest in the way that it is advertised in the sense that everyone who applies will be accepted and the clear impression is left with people that all they need to do is apply and the \$650 is in their hands.

MR. SMISHEK: — We haven't even advertised Where do you see it?

MR. MERCHANT: – This is just a carry on of your same programs and I'm communicating to the minister and if he doesn't realize that I'm shocked, communicating to the minister the fact that what this is, is a carry on of your home repair program and the result of that program has been that people feel that all they had to do was apply and they would get the money and instead what happens is many of them apply and are then told, well we spent all the money that we can spend this year. A whole bevy of your programs work in just that way. You make big fellows of yourself about the program (and I'm not suggesting this isn't a good program) you make big fellows of yourselves about the programs . . .

MR. SMISHEK: — Vote against it Tony!

MR. MERCHANT: – Oh, I don't think I'll be voting against it. You make big fellows of yourselves about the program.

MR. SMISHEK: — You're just trying to make cheap politics.

MR. MERCHANT: – I'm not trying to make cheap politics. If you would keep from heckling you would find that I would have maintained the tone in an instructive way, instead of always being debated by you in your usual political way and arising my tone and (?) going after you in a political way because that is all you people seem to be able to understand – this sort of political talk. You take all of your leadership from the guy beside you and the only thing you listen to is when somebody is shouting at you. If you want me to shout, I'll shout.

Now the second area, Mr. Speaker, the second point that I want to draw to the attention of an ever understanding government, Mr. Speaker, is that this program, as with some of the federal programs, always dealing with senior citizens of the lowest incomes, seems almost to discriminate against those who have saved and have put something aside towards the future.

I had a lawyer's wife, I was surprised that the attitude had flooded up that high in the economic stratum, say to me on Saturday words to the effect that, well, my view is that we should spend all of our money because the government will look after us when we are old. Always dealing with people of the lowest income and never saying, yes, we'll have a limited program for people who have saved, always going and helping on those of the lowest income, virtually encourages our senior citizens either to have divested themselves of their money or to have spent their money by the time they reach old age.

I think the minister is aware, and the government is aware of the growing feeling

May 1, 1978

amongst young people that they will be looked after when they get older. But there is no need to say it. We are discouraging thrift; we are discouraging care. This government does this, Mr. Speaker, so too does the federal government – the federal government with the senior citizen high-rise program, housing program, 75 per cent paid for by the federal government, 20 per cent by the provincial and 5 per cent by the municipal. But that program again is bringing home to senior citizens that they would almost be better off if they hadn't put \$10,000 or \$15,000 or \$30,000 aside because they would be living in the better housing that is available for the very poor.

Now I realize that there is a problem because your tendency is always to say, well, we'll look after the very poor if we can, but I suggest to the government that this is an area that you have to examine. Always going to the bottom rung means that we are discouraging thrift.

We face now, Mr. Speaker, a requirement in senior citizens' housing of about \$45 million. The minister's officials will be telling him that the priority requirement for senior citizen housing is about \$45 million and there is a \$15 million carry-over of priority housing from last year. About 2,000 senior citizen housing units are urgently required. It is part of the reason that I think this program is a good program, a program which makes it possible for people who want to stay in their current housing, to stay there. I think that it should be supplemented with a greater emphasis by the government on building senior citizen housing with the federal-provincial cost shared agreements in the smaller towns and villages so that people aren't compelled to come into the cities where we have the high-rise developments and senior citizens housing available. I realize the minister is now saying, we're starting in that direction, and I realize that and I say that that is where the emphasis should be.

The minister no doubt is aware that a program of about \$400 million will be announced within the next couple of days by the federal government and that, as well, will be the direction of that material.

The last area that I wanted to mention, Mr. Speaker, is that though I certainly, and I assume my colleagues approve of the program that the minister has been discussing, the real problem for people to stay in their own house is more a problem with taxes, a problem with expenses in staying in that house, expenses which in a large part come from government, expenses with their electrical bill, expenses with their power bill, expenses with their insurance, expenses with the municipal tax bill which flows in part because of rising municipal costs but also flows because of a failure or inability of the provincial government to ensure that the municipal governments have a sufficiently large tax base in order to make it possible for senior citizens and others to stay in their own house where they want to be because of the cost that's involved. Mr. Speaker, I suggest to the minister that that's the area he should be looking at next. Repairs are good. You have, as well, a program again only for the very poor on the supplement. You have a program that will go in and cut their lawns and clean their walks. That's a good program and I have certainly seen it in operation and think that it is running well in Regina. The next step that you have to take if you are going to help people to stay in their own house is to ease the tax load that they face and the expenses that are related to taxes. Those expenses really flow from government agencies of one sort or another like Sask Power. Now that, I suggest, Mr. Speaker, may be a more economic move than it would appear at first blush, a more economic move because if you can keep people independent I think you keep them out of the nursing homes of the Minister of Social Service. I think you keep them out of the hospitals of the Minister of Health. If you keep them independent and keep them out of government run housing you save money in

that way. The people will look after their own house and probably look after their own bodies better if they are staying where they had always been, staying where they are happier to be and staying where, I think, they are entitled to be if we in government make easier for them to stay in their own housing.

I think, Mr. Speaker, all members of the House will accept that inflation affects senior citizens more harshly than it does anyone else, because for the young in their 20s and 30s, by and large, they have a large debt load and are paying off that debt load in depreciated dollars while their salaries rise to meet inflation. It is senior citizens who have been most cruelly ravaged by inflation and who deserve the principal consideration and must have that kind of consideration if they are going to stay in their own housing.

MISS L.B. CLIFFORD (Wilkie): – Mr. Speaker, I just have a few words today to say about this program. I think that the Liberal caucus will be in general agreement and in full support of the program. However, the minister got a little touchy when the member for Wascana started to talk about advertising. Whether you feel there has been any advertising or not, Mr. Speaker, I think due to the Budget proclamation of this program starting there are many people who have contacted me about it and have been misinformed to some extent and I think that this has been to some extent due to information that has come from your department as well, because I know that I did phone your department and got some information saying that it would be tied to the Guaranteed Income Supplement. Now, I know it's a new program and there may be some misunderstanding but I would ask the minister that when this program does come into implementation that information about it is given to organizations that would be able to benefit the senior citizens such as the town council, such as the New Horizons Program, so that their hopes are not built up that they will be able to get the full amount and it is found out later that perhaps they do not qualify as they thought they had. Mr. Minister, this misconception is, although you may not agree, it is being found because I, myself, have gotten two different kinds of information.

Mr. Speaker, I will have more to say about this and I beg leave to adjourn debate.

Debate adjourned.

MR. SMISHEK (Minister of Finance) moved second reading of Bill No. 48 – **An Act to amend The Saskatchewan Housing Corporation, 1973**

He said: Mr. Speaker, I am pleased to be able to introduce today amendments to The Saskatchewan Housing Corporation Act which will permit the corporation to provide assistance to small builders in the province. The programs proposed will give small contractors greater economic protection and increase their flexibility in participating in the housing industry.

With these amendment, the Saskatchewan Housing Corporation plans to provide provincial guarantees of interim financing loans by private lenders. The province has chosen this approach rather than using government capital funding so that it will not be necessary to interrupt the normal relationship of a small builder with his bank or credit union. Rather, we will simply be reinforcing this relationship by providing the lending institution with additional security for its loans. This, in turn, should lower rates of interest for small builders.

May 1, 1978

We are also considering the possibility of introducing a form of purchase guarantee to assist small builders in areas where housing demand is soft. Further details of this program will be announced when final decisions have been made. But let me expand a little on the reasons the government decided to support these small contractors.

As I mentioned in the Budget speech, Mr. Speaker, Saskatchewan has been proud of the way in which our construction industry has responded to the high level of demand. Over the last three years we have had more than 10,000 housing starts each year. Back two years ago we reached a record of 13,150 and last year, which we didn't think would be as good a year, we reached 12,850 housing starts 1978, or 1977 rather. Mr. Speaker, this is an enviable record throughout the country. I think the Saskatchewan Housing Corporation is to be commended in the work that they have undertaken in trying to provide housing for the senior citizens or the citizens of this province. However, this high level of activity is beginning to catch up. The surge in demand created by the baby boom generated generations moving into the housing market. This surge in demand was re-enforced by rapid growth in our economy. Now that we have entered a period of somewhat slower growth and the peak of the baby boom cycle has passed, we can expect that housing demand will ease off a bit. If housing starts do decline, Mr. Speaker, we want to be sure that our small contractors can compete effectively with the big ones. We believe their ability to do so is good for the construction industry and good for the home buyer. One of the areas in which small builders sometimes operate at a disadvantage, is the availability of interim financing during construction. Interim financing is difficult to obtain and if interest rates are higher for small builders, this places them at a distinct disadvantage. Therefore we felt that some action be taken to improve the availability of funds at reasonable interest rates, would be of significant help to many small contractors. The general public will benefit too from the increased competition in the industry.

It may also be desirable to take some action to help small builders sell the homes they build. Because small builders build only a few homes at a time, they face high risks when they build on speculation without an assured buyer. So we are often reluctant to build homes that are not pre-sold except in the sellers' market. We feel that in market areas where the demand is somewhat less, the government might assume some of the builder's risk in order to assist him in building enough units to meet projected demands. This approach may be especially effective in rural areas, Mr. Speaker.

In 1978, we plan to double the number of units under the rural housing program from 400 in 1977 to 800 this year. By guaranteeing small builders that the corporation will purchase housing meeting the criteria of the rural housing program in areas where they are needed, we'll have more assurance of meeting that target. At the same time the smaller builders will be kept busy. These, Mr. Speaker, are the reasons for this amendment. In the very near future we will discuss with the construction industry and with lending agencies the proposed details of these program and with their co-operation, we fully expect to put in place an effective program of government assistance to small builders.

I therefore move second reading of Bill No. 48 – **An Act to amend The Saskatchewan Housing Corporation Act, 1973**

MISS CLIFFORD: – I beg leave to adjourn debate.

Debate adjourned.

HON. E.L. COWLEY (Provincial Secretary) moved second reading of Bill No. 53 – **An Act respecting the Creation of Corporations for Certain Purposes**

He said: Mr. Speaker, the bill before the House that I'm going to speak to and move second reading at the end of my discussion, is a bill entitled The Crown Corporations Act, 1978. This bill, I believe and I hope, will be supported by all parties in this Assembly. The legislation essentially improves and streamlines an act which has existed for 30 years with relatively few amendments. As all members will appreciate, many significant changes have occurred in the past 30 years, not only in the Crown corporation sector but also in the province itself. The time has come, we believe, to update the existing legislation and the changes contained in this bill will, I think, accomplish this objective.

Mr. Speaker, careful, prudent management of the financial affairs of this province over many decades has earned for Saskatchewan a measure of confidence with the financial community, unsurpassed in Canada. Indeed this province's relationships with the financial community are viewed by many informed observers as exemplary. We want to be certain, however, that these excellent relationships continue. In order to do this, the province must maintain and enhance its ability to exercise appropriate and effective fiscal controls while, at the same time, permitting our senior management and corporation officers to carry out their management functions. This concern has been recognized, not only by this government but by other governments as well. One need only think of recent experiences in the federal government to find examples of the problems which may arise in the absence of good fiscal control. The federal government, in fact, considers the question of fiscal controls over Crown corporations and departments to be of such major concern that it has created a Royal Commission on Financial Management and Accountability. In addition, it recently prepared a paper on the subject entitled, Crown Corporations, Direction Control Accountability.

Mr. Speaker, the present government and previous governments in this province have recognized, as a fundamental priority, the need for a system to provide broad policy direction to the Crown corporations, to give priority to their capital spending and to monitor their general operations. All of these are necessary to ensure that the corporations are achieving the economic and social goals for which they were established. This has been accomplished in part through the creation of a central holding company, the Government Finance Office. This company has functioned for almost 30 years and the essential intent of the proposed amendments is to re-emphasize and in some measure enhance its role as an instrument through which sound financial policy making and management will continue in our family of Crown corporations. One final general comment, Mr. Speaker. You will note that this bill changes the name of the Government Finance Office to the Crown Investments Corporation of Saskatchewan. The name, Government Finance Office, is somewhat misleading and often confusing. It may, for example, imply that the corporation is responsible for financing government activities. This obviously is not the case. The possibility of this kind of confusion increased when the Treasury Department was renamed the Department of Finance a few years ago. The new name is a more accurate description of its role since the corporation's essential responsibility is to monitor the overall financial investment of the province in the Crown corporations.

Mr. Speaker, I now wish to review some of the changes which this bill will bring about. I will deal first with the amendments proposed for Part II of the Act which describes the

May 1, 1978

organization and responsibilities of the Crown Investments Corporation, since most of the substantive changes, as opposed to housekeeping amendments are contained in that part. Mr. Speaker, I mentioned earlier that the primary reason for introducing this bill is to demonstrate the government's commitment to regular improvements in its overall financial management system. Amendments dealing with the borrowing powers will be understood and, I believe, appreciated by the financial community. The changes also utilize language, which is consistent with that used in other Crown corporation legislation.

The provisions dealing with borrowing are contained in sections 27 and 28 of the bill. In section 27 (1) the corporation is granted the power to borrow money with consent of the Lieutenant-Governor in Council. Current legislation empowers GFO to borrow only to meet expenditures required for the efficient exercise of its powers and stipulates that it must borrow only from certain kinds of lending institutions.

The bill before us broadens the borrowing power to include any of the following purposes:

- (a) To repay or refund loans made by the Crown Investments Corporation.
- (b) To provide moneys required for the acquisition of real and personal property.
- (c) To reimburse advances made by the Minister of Finance to the corporation from the Consolidated Fund.
- (d) To pay any loan, liability or indebtedness whose payment is guaranteed by the corporation.
- (e) To repay any temporary borrowing of the corporation, and,
- (f) To provide funds required by the corporation to carry out its powers.

Further the corporation will no longer be limited to negotiating loans from certain kinds of lending institutions, Canadian banks, trust companies, etc., but now has greater scope and may, for example, borrow through the issue and sale of securities and recognized capital markets. The Minister of Finance, under present legislation, is also authorized to borrow on behalf of GFO. The purposes for which he may borrow, however, are restricted to providing funds required by corporations incorporated under Part 1 for the acquisition of real and personal property. These powers have similarly been broadened and the purposes for which he may now borrow on behalf of GFO are identical to those found in section 27(1). These changes do not represent the granting of any extraordinary power to the Minister of Finance or to the Crown Investments Corporation. Similar sections are found in The Saskatchewan Oil and Gas Corporations Act 1973, The Potash Corporation of Saskatchewan Act 1976, The Saskatchewan Mining and Development Corporation Act 1977 and in other Crown corporation legislation.

The amendments are proposed because it was found over the years that the restrictive nature of GFO's powers under The Crown Corporations Act has, at certain times, made the borrowing strategy and program of the government unnecessarily complex.

It is also worth noting that the amendment to the borrowing power does not alter or dilute the overview of the borrowing program which is a traditional and a central

responsibility of the Minister of Finance. The amendment simply enlarges the flexibility available to the province and to the Minister of Finance in developing and carrying out its borrowing program.

Section 24 of the Bill describes the general powers granted to the Crown Investments Corporation. The section is similar to the existing section respecting the powers of the Government Finance Office but some significant changes have been made.

At present, GFO is responsible for loans and advances from the Crown to corporations designated as coming under Part 2 of the act. Under the new section 24, subsection (1)(b), the Lieutenant-Governor may designate specific loans and advances which will be assumed by the Crown Investments Corporation.

Subsection 24(1)(g) specifically delegates to the Crown Investments Corporation responsibility for reviewing Crown corporation capital budgets and for assisting the government to assess and prioritize capital requirements. This provision is designed with two objectives in mind:

- (1) to provide better co-ordination of the overall capital programs in the Crown corporations sector and
- (2) to improve the government's capacity to allocate capital resources among the respective Crown corporations.

In this aspect of its operations the Crown Investments Corporation will function in the Crown corporations sector in a manner roughly similar to that of the Treasury Board in its financial overview of the government departments and agencies.

At present, the Government Finance Office does not relate to all Crown corporations. The repeal of certain sections of other acts as set out in sections 35 to 38 of the bill will enable (and this is only a labelling, Mr. Speaker) the Lieutenant-Governor in Council to designate the Crown corporations to which the Crown Investments Corporation will relate and it may designate all or some of them.

Mr. Speaker, I now turn to a series of less significant changes with which I will deal very briefly. First, those in Part 1, the part under which the Crown corporations may be created by order in council.

Section 6 specifically states that the board of a Crown corporation will be responsible for directing the affairs and business of the corporation. This statement is designed to clarify the position of Crown corporations boards.

Section 6(2) clarifies the means by which the chairman and vice-chairman of boards are appointed.

Section 7 allows boards to create executives in other committees. Existing legislation requires the purchase, sale or mortgage of real property in excess of \$5,000 must be approved by the Lieutenant-Governor in Council. This obviously is unrealistically low for most corporations. A new subsection (3) of section 10 therefore allows the Lieutenant-Governor in Council to establish an appropriate limit in relation to these transactions for each corporation based on its particular needs and circumstances.

May 1, 1978

Section 13 updates references to superannuation legislation.

Sections 18 and 33 adopt language consistent with The Tabling of Documents Act for the corporations incorporated under Part 1 of the act and for the Crown Investments Corporation.

Now those in Part 2, the part which establishes the Crown Investments Corporation – a new section 23(6) allows the Lieutenant-Governor in Council to designate the location of the head office of the Crown Investments Corporations of Saskatchewan, and this is consistent, Mr. Speaker, with other acts.

Section 23(7) specifically declares that all property and assets of the Crown Investments Corporations are the property and assets of the Crown.

Section 24(1)(i) allows the Crown Investments Corporation to provide financial, legal, industrial relations and other advice and assistance to Crown corporations.

Section 25 specifically allows the Crown Investments Corporation to acquire property. New section 26 clearly indicates that the corporation has the authority to employ staff independent of The Public Service Act.

Section 28(3) clarifies the method of transferring to the Crown Investments Corporation funds raised by the Minister of Finance on its behalf. Section 29 adopts the current legislative style of drafting with respect to guarantees of loans made by the province to the Crown Investments Corporation.

Section 31 outlines the authority of the corporation to invest its excess funds.

Finally, of course, the final section repeals the existing Crown Corporations Act.

Mr. Speaker, I mentioned at the outset that the bill does not represent any major changes to existing legislation and will not bring about major changes in current policies and procedures. Rather it may be characterized as a responsible move by the government to maintain the position and reputation it now enjoys for sound effective workable management of an important segment of the province's financial affairs.

I believe, Mr. Speaker, that this bill warrants the attention and support of all members so this Assembly.

I move second reading of Bill No. 53.

MR. MALONE: – Would the minister tell me whether or not the new Crown corporation, whatever the name of it is, when this bill passes, will be the subject of scrutiny by Crown Corporations Committee, or will it be similar to GFO, which is not, as I understand it, subject to the scrutiny of Crown Corporations Committee?

MR. COWLEY: — No, the Government Finance Office has, at least in my experience since being minister since 1972, always appeared before the Crown Corporations Committee and I expect it will this year. We are usually the last one because we encompass a bunch of others, but we always appear. The Crown Investments Corporation will replace GFO and I would certainly expect it to appear before Crown Corporations Committee.

MR. MALONE: – Mr. Speaker, I just want to say a few words before adjourning debate.

We look at this bill with some suspicion, quite frankly, and what we are concerned about is that by the creation of this new Crown corporation, or whatever the members calls it, we could conceivably face the situation – and I hope when the minister closes eventually, will talk to this point – what we are worrying about, is the situation where this Crown corporation would gather unto itself all of the profits that are accruing to other Crown corporations such as Sask Tel, SPC, and so on, which as the members opposite are aware, we are very critical of. We believe that those corporations should not be earning the dramatic profits that have been earned by this government in a form of hidden taxation on the consumers and taxpayers of Saskatchewan.

We are concerned that this new corporations, as being suggested by the minister, will simply be a device whereby corporations can hide details, hide profits or losses as the case may be, behind the corporate veil of a new Crown corporation.

We want to study at some length, the remarks of the minister and also the provisions of the bill and, accordingly, Mr. Speaker, I would like to beg leave to adjourn debate at this time.

Debate adjourned.

HON. E. KRAMER (Minister of Highways) moved second reading of Bill 55 – **An Act to amend The Highways Act.**

He said: Mr. Speaker, these are some very short amendment to The Highways Act brought about by a new department that we brought into being last winter, trying to take advantage of the cold weather, which does provide a protection for some of our lighter surface roads, from trucks carrying heavy loads.

These amendments will allow us to do legally what we already did last winter from late January until mid-March, simply allowing extra weight during the winter months when the frost is on. There was some doubt in the Attorney General's department as to whether or not we could legally (the Department of Highways and Transportation) could legally issue these permits. These amendments will, without any doubt, legalize what we are doing. Hopefully we will be able to allow increased weights as soon as the frost has penetrated enough, late December, which will allow a longer season. There were more than 1,000 farmers and other truckers, people who delivered fuel and so on and fertilizer took advantage of the short period which did not seem to raise any real havoc with roads. I want to congratulate the truckers and the farmers at this point in time because to some extent this is – they are on their honor – because they are asked to remain off the roads when the temperature becomes warmer than minus 6 Celsius. By and large we have good results with that. After all, it's their roads too and they realize this. There have been some good results and I think some savings by those people who are trucking because of this new departure.

a

So with that, I would at this time, like to move second reading to amend The Highways Act.

MR. A.N. McMILLAN (Kindersley): – Mr. Speaker, let me say initially that I don't think members in our caucus will have too much problem supporting any amendment which would allow the Department of Highways to allow the issue of cold weather permits for an increase in trucking weights. There is a provision, of course, that the

May 1, 1978

application of the extension of permits for truckers is done in a non-discriminatory basis.

Now I am under the impression that much of the pressure to increase load limits on frozen roads is coming from Saskatchewan Forest Products Corporation as a result of the shortage of timber that they have for their sawmills and that now they are in a position where they've got to haul this timber great distances in order to maintain a big enough supply of white spruce to make their mills – to put them in the category where they don't lose more than \$5 million each year.

I'd say that's a good deal. We have been doing that with truckers hauling to the pulp industry for many years now, I believe since the pulp industry was established. They were allowed overload permits provided that the temperature was below a certain level. I say if we can do that for truckers hauling through the pulp industry certainly we should be in a position to provide that same service for those truckers that are hauling logs to the sawmill at Carrot River or Big River.

By the same token, however, we had better be prepared to offer that same permit to anyone who wants to truck grain on frozen roads, provided he falls within the same weight restrictions that you intend to apply to log haulers and other people who are involved in government work.

I say if your department has no doubt done some study with respect to the kind of deterioration that occurs on a frozen road when you increase your weight limit, if you feel that you are in a position where you can expand your weight limits be permit for those people hauling in the logging industry, then I am only warning you that there had better be provision made in a non-discriminatory way to provide it for everyone in the trucking business across Saskatchewan. If that's the case you will have no problem getting support from our caucus.

MR. D.M. HAM (Swift Current): – Mr. Speaker, if the members are finished, we in this caucus will also be supporting these amendments.

One must question the attitude of the government though that reference as made to the fact that they were breaking a law last year. I think probably this is not the kind of thing we like to hear of any government doing. It is unfortunate that changes of this nature and these studies couldn't have been a carried out some years ago so that we could have taken advantage of our winter weather long before this time. But we will be supporting this amendment.

MR. KRAMER: – I did not say we were bigger. I said there was some question that we might be.

Motion agreed to and bill read a second time.

HON. G.R. BOWERMAN (Minister of Northern Saskatchewan) moved second reading of Bill No. 8 – **An Act to amend The Water Supply Board Act, 1972.**

He said: Mr. Speaker, this amendment to The Water Supply Board Act, 1972 was originally referred to the Non-controversial Bills Committee. I was surprised to see that that had been referred back to the Legislature today. However, I understand it was a matter of the Committee only dealing with one bill and the significance of the bill was not any more or less considered but rather a matter of technique.

All that this bill does, Mr. Speaker, is change the location of the head office of the Water Supply Board from its previous location in Regina to the town of Watrous. Most hon. member in this House will know that the Saskatchewan Water Supply Board not only moved its head office to Watrous on the basis of the decentralization of government services and government agencies but that the Water Supply Board did construct itself a building in Watrous to not only accommodate itself but accommodate other government offices in that community. We believe that the move was not only in line with government policy but we believe the move has been well supported by the community of Watrous. As well, Mr. Speaker, I am pleased to report, Mr. Speaker, that all members of the Water Supply Board, all members of the staff of the Water Supply Board moved their homes along with the head office to that community and are making their contribution to that community. I would, therefore, move second reading of this bill.

Motion agreed to and bill read a second time.

ADJOURNED DEBATES

Second Readings

The Assembly resumed the adjourned debate on the propose motion by the Hon. Mr. Matsalla that Bill No. 60 – **An Act to amend The Provincial Parks, Protected Areas, Recreation Sites and Antiquities Act** be now read a second time.

Motion agreed to and bill read a second time.

COMMITTEE OF THE WHOLE

BILL NO. 27 – An Act to amend The Condominium Property Act, 1968

Section 1 (Cont'd)

MR. CHAIRMAN: — Would the minister like to introduce his assistant?

HON. E.L. COWLEY (Provincial Secretary): — Yes. Mr. Leo Beaudry, the Deputy Provincial Secretary.

MR. MALONE: – Mr. Chairman, I just have one question to ask . . .

MR. CHAIRMAN: — Maybe I could just open it first and then . . . Section 1, 1968, Chapter 14. Proceed.

MR. MALONE: – I wonder if the minister would mind without consulting his official, without looking at the notes in front of us, tell this House what he thinks a condominium is. I just want to make sure he knows what he is talking about. (Laughter)

MR. COWLEY: — Well, it isn't what some people think I'm talking about. (Laughter) Well, Mr. Speaker, the condominium is basically a type of arrangement for building and selling property. I don't know how to best explain it. It is almost a co-operative where Mr. Malone and I might get together and construction 50 units; they could be joined together or they could be separate under this act, in which each individual does not have title to the property but rather has title to, I can put it, a group which owns, once it

May 1, 1978

is set up and running and all the units have been sold, the common property, the land, the swimming pool and whatever, between them. They pay an annual or monthly fee, as the case may be, to run those common services which they enjoy. They could, for example, have someone who is cleaning all the sidewalks and that is looked after by the condominium authority. They have a body which they have a vote in and they can sever or sell their share, their house if you like, in the condominium property. Now, I know that may not satisfy the member for Lakeview's legal desire for a description of a condominium but that is mine and I suspect maybe the folks out there will understand me.

SOME HON. MEMBERS: — Hear, hear!

MR. MALONE: — Mr. Chairman, I just want to say for the first time in this House since I have been in this House, I think the minister really knows what he is talking about!

Section 1 agreed.

Section 2 as amended agreed.

Section 3 as amended agreed.

Section 4 deleted.

Motion agreed to and bill read a third time.

Bill No. 45 – An Act to amend The Tobacco Tax Act

Section 1

HON. W.A. ROBBINS (Minister of Revenue): — Mr. Chairman, I might make one brief comment. Really this is only instituting the budgetary provisions with respect to increases in the tobacco taxes. It relates to the application of ninety-sixth one hundredth or a cent per cigarette rather than four-fifths of one cent for a cigarette, plus changes in the prices of the taxes levied in relation to cigars, related to the prices in which they are sold.

I should tell the members of the Legislature that our taxes on a package of cigarettes come to 24 cents on 25, in Manitoba it's 25 on 25, in B.C. it's 24 on 25, in Alberta it's 8 on 25, in Ontario it's 27 1/2 on 25, in the Maritimes and in Quebec they are all higher than ours. The only that is lower of course is Alberta and that does create some problem for us as it does create some problem for B.C., simply because people will cross the border to buy tobacco. There is no way you can police that and there is no way we should even try I suppose. But the assumption is that this will bring us about \$4 million additional revenue in the current year. There hasn't been any decrease in the consumption of cigarettes although there is some indication that there is a decrease amongst older persons. There are always a lot of new ones starting up but there has been a large proportion of smokers who have ceased smoking in recent years, particularly in their middle years from 30 on, say, but there is some pretty clear indication that a lot of young people begin to smoke and the total consumption of tobacco has not declined.

MR. COLLVER: — Mr. Speaker does the minister have any statistics of any kind whatsoever on whether or not in fact, the consumption of cigarettes has gone up in

Saskatchewan in the last three years, and does the minister have any indication that it has gone up especially in the area of young people smoking?

MR. ROBBINS: – My information is that the use of cigarettes has gone up right across Canada and also has gone up particularly amongst young people, but a fair number of people in the middle brackets are ceasing to smoke and it is good advice and perhaps it should be passed on to the member for Nipawin.

MR. COLLVER: – Mr. Chairman, I accept the minister's good advice and when I woke up this morning and spent an hour coughing I wish I had listened to him yesterday rather than today.

Mr. Chairman, the fact is though, that the minister has suggested that the increase in taxation on tobacco is going to have some kind of an effect on the consumption of cigarettes in the province of Saskatchewan. The facts, quite simply, don't bear him out. During the course of the dramatic rise in the price of cigarettes, primarily due to taxation, but other increases have been included as well, the fact is that cigarette smoking has gone up. Would the minister therefore not agree that the tobacco tax increase that he is referring to in this act is an attempt by the government of Saskatchewan to increase its revenue?

MR. ROBBINS: – First of all, no one can determine accurately whether or not the consumption of tobacco wouldn't have gone up a great deal more if the taxes hadn't been increased and there is no way that the member for Nipawin nor I can determine that. He knows that.

Secondly, we don't deny that it's a means of raising revenue and we are quite willing to publicly state that that's one of the reasons and rationale behind the increase in the tobacco taxes.

The other side of the coin is if in fact people do reduce their consumption over time (and we don't know that that is true, we hope that it will be true,) and if the revenues do drop as a result of that decline in consumption, the other side of the coin is we would spend a lot less money in terms of emphysema cases and other cases in our hospitals and there would be some offsetting factors in that regard as well.

MR. COLLVER: – Well I think, Mr. Chairman, the minister has certainly explained that cigarette smoking is deleterious to the health, dangerous to one's health and we certainly agree with him and with the Surgeon General of Canada and with the Surgeon General of the United States and every other expert in the field who has said it is dangerous to the health. We agree with that. There is no question about it. The question I am asking the minister is quite simply this . . . during the last three years the government of Saskatchewan has increased the tax on cigarettes dramatically. Furthermore, they have spent substantial money in the province of Saskatchewan to encourage smokers to stop smoking. Yet we have seen during this same period of time an increase in the consumption of cigarettes in our communities. An increase. Now the minister, therefore, would he not agree that raising the price and the substantial sums of money that are being spent on the attack on smoking, if you want, are not doing the job. Don't the facts speak for themselves, Mr. Minister? There has been an increase in consumption. Therefore, what we are doing is not doing the job.

MR. ROBBINS: – Well, Mr. Chairman, obviously these are very difficult statistics to come by to prove one thing or the other. You could use the argument quite logically that

May 1, 1978

increased prices on tobacco has reduced the rate of increase that has occurred in the use of tobacco.

MR. COLLVER: – Why would it be going up?

MR. ROBBINS: – Well, every province across this country is raising the tobacco taxes and the theory is that they want to raise revenue, obviously and the other theory is that eventually it will have some impact on terms of the consumption of tobacco and if it doesn't, if it doesn't, at least you will have some revenues to pay some of the costs of those people who end up in hospital with emphysema and lung cancer and things of that nature.

MR. COLLVER: – Mr. Chairman, the purpose of my question, of course, is to ask the minister a final question and he obviously hasn't answer the real question, the heart of the question. I don't know whether his department or whether the Department of Health is doing any meaningful research on this problems, but apparently the approaches are not working, that we are using. To suggest that I might have gone up faster anyway is to suggest that we don't know why it is going up. We don't know why the consumption of cigarettes is going up. But it certainly isn't having any affect on it, that we increase the price and it isn't having any affect on it, or doesn't seem to behaving any affect on it, that we are tacking the expenditure of large sums of money to attempt to get people to quit smoking.

So my question to the minister is this, if it is a means or raising moneys then why is the minister, or why is the government of Saskatchewan being discriminatory in its approach to the raising of money?

MR. ROBBINS: – Mr. Chairman, I suppose it is totally dependent upon the interpretation of what is being discriminatory. Obviously tobacco is not a necessity; people can do without. It is a commodity which is heavily taxed everywhere no matter where you go. Ontario just increased its rate to 27 1/2 cents per package; ours went up from 20 to 24. Theirs went up even more and it is consistently followed around the world. You can check anywhere you like and governments are generally raising the taxes on tobacco; the theory being, that it will eventually cause some reduction in the consumption of tobacco. Secondly, if it does not do so it will at least provide some revenue to offset the costs, which obviously governments are involved, in relation to the illnesses that are caused by the utilization of tobacco. There is no way that you can describe it.

MR. COLLVER: – Mr. Chairman, I would like to ask the minister, why, not only he but other ministers of the present government, when asked a question on the one side why Saskatchewan isn't trying to take bold new steps, they use other provinces in Canada as an excuse? But when asked why the government is taking bold, new, crazy steps, they use other provinces in Canada to explain that that is why we are going it. Look, Ontario has all these hospital premiums and all these extra charges and Alberta has all these charges and extra charges. Why do they persist, Mr. Chairman, in holding Ontario out as being the epitome of governmental action in terms of the cigarette tax, like the minister has just done, to say, my goodness, Ontario has raised the tax, all this tax, so we may as well follow suit.

My question to the minister, for what it is worth, and certainly this minister is answering question a heck of a lot better than the Minister of Social Services has ever dreamed of

answering questions, but mind you this minister hardly ever has a chance, hardly ever has to cover up what he has done in the past.

Mr. Chairman, my question to the minister is this. Would you not agree that a portion of the revenue of the government of the province of Saskatchewan should be allocated to meaningful research into why the consumption of cigarettes in the province of Saskatchewan is increasing while at the same time the taxes are increasing and the advertising program to get people to stop smoking has been increased? Do you not think that a real and meaningful research study should be done by the government of the province of Saskatchewan?

MR. ROBBINS: – I am not opposed to any research being carried out with respect to the problems related to tobacco.

The member for Nipawin is a smoker and he knows perfectly well that he would be better off without it, but why does he persist in continuing? No matter how much research is carried, perhaps, he will continue to smoke. I don't know. Perhaps the consumption of tobacco is going up in Saskatchewan, however, remote the prospect is because people are worried about the fact that you might become the Premier of this province. I don't know what their motivations are. The fact of the matter is that it is a revenue raiser and I readily admit that. We anticipate raising \$21,600,00 this year in terms of revenue. Other provinces use the same approach and if it doesn't reduce consumption at least it does provide some revenue to offset the costs involved with respect to tobacco consumption.

MR. COLLVER: – Would the minister, since he is certainly prepared to support the principle, or the concept of a study, a psychological study conducted in the province of Saskatchewan as to why the increase in smoking continues and persists even though these measures have been taken, including the discriminatory tax, the increase in tobacco tax, I agree with the minister that's happening all over the world. It's an easy place to raise money. But then the other side of the coin, we are not really approaching or finding out what the real problem is.

Would the minister be prepared to support a motion which I intend to introduce calling for the expenditure of 2 per cent of the amount raised by the tobacco tax, which is a half a million dollars, would he be prepared to support the motion to allocate a half a million dollars of this year's budget to a psychological study of why there is increased consumption of tobacco?

MR. ROBBINS: – Mr. Chairman, the member knows he can't move such a motion because it involves an expenditure of money. But secondly, the government is already spending in our program called Feeling Good (and it will also be going into the field of tobacco and doing a good bit of educative work on this particular phase). Incidentally, I am going to be in Rosetown shortly attending a meeting in relation to the smoking problem. I am doing that on behalf of the Minister of Health who is not able to be there that particular day.

I have answered as plainly and as bluntly and clearly as I can there are two reasons for increasing the taxes on tobacco. One, it raises more revenue and it might in time be a factor in reducing consumption. If it does not reduce the consumption, then obviously it provides some funds to treat the people who suffer from emphysema and other related diseases which are directly traceable to the use of tobacco.

May 1, 1978

MR. COLLVER: – Would the minister, since he is now trying to back peddle on what he said earlier, would the minister be prepared to introduce a motion into this Assembly, or introduce an amendment to the Budget in this Assembly, that the government of Saskatchewan would allocate a half a million dollars to a meaningful psychological study in the province of Saskatchewan as to why tobacco smoking is going up? Now the minister mentioned the Feeling Good Program. How in the world can you say that the Feeling Good Program is going to be successful if you don't know the reasons why the darn thing is doing up in the first place? If you don't have the research, the basic research done to find out why these apparently diametrically opposite occasions or occurrences are happening in the province (and they are apparently diametrically opposite) and I am sure the minister will agree, the tax is going up on the theory that it is going to reduce consumption, it doesn't . . .

AN HON. MEMBER: — It does.

MR. COLLVER: – Well somebody says it does. Consumption has not gone down. Consumption has gone up.

Mr. Chairman, what I am asking for is a very reasonable statement from the Minister of Revenue – will the Minister of Revenue as a responsible minister of the crown and a member of the Treasury Board, would he be prepared to introduce an amendment to the Budget to the expenditure of a half a million dollars for meaningful psychological study on why the consumption of cigarettes is going up even in the face of these apparently opposing views?

HON. D.L. FARIS (Minister of Education): – Mr. Chairman, the hon. member is once again revealing his ignorance of a subject. There have been psychological studies, sociological studies, economic studies gone on for 10 or 15 years in this field. There is very clear evidence that if the relative price of tobacco is raised that consumption can be decreased. The problem is that the member talks about the dramatic increases in tobacco prices. There have not been dramatic increases in tobacco prices. Relative to personal disposable income in our society, the price of tobacco has not stayed up, it has not even maintained itself. The relative price of tobacco has declined and that's one of the reason why there hasn't been an overall decline in consumption.

Further to that, there is a fundamental problem here and that is, there are enormous health costs involved in the use of tobacco, not only to those who smoke but unfortunately also to those who do not smoke but have to stay in the same room or confined space with those who smoke. It is pretty hard to define just exactly what these cost are because, for instance, when studies on lung cancer are done, they are generally done on those who smoke. It is very hard to determine exactly the impact of the ambient smoke in the atmosphere and its effect on those who don't smoke. So even in costing it out it's a very difficult matter. I can say that recent studies would indicate that health costs in Canada in 1975 would come to something like \$800 million. I suggest that if a study was done on a provincial basis, on the economics, not just the psychology of this problem but the economics of the problem, you would find that the health costs cost the province of Saskatchewan far more than the income, far more than the revenue. This is a very frightening problem.

Another aspect of the problem that the member does not take into consideration is, the province is taking social action in terms of the Feeling Good Program in terms of dealing with the question of smoking and the health curriculum at the Grade Three level. This sort of action which is to be commended. We are still fighting the problem of

the commercial advertising of tobacco There is something like \$40 million a year spent on the commercial advertising and promotion of tobacco. I simply ask you to look at any of the kinds of publications that come into this province across Canada; you'll find that tobacco and alcohol advertising is the glossiest and most sophisticated and is aimed very much at young people. I would say, from a psychological point of view, unquestionably at young women. This is a point that the minister has pointed out that in fact there are studies of where the increase in tobacco consumption have taken place. They show that in the age group 70 to 75 in the adult population non-smokers have increased from 50 per cent to 55 per cent. There is one group amongst whom this is not true and that is girls aged 15 to 19, amongst whom smokers have increased from 18 per cent to 28 per cent in the last 10 years. This is undoubtedly, unquestionably due partly to the psychological manipulation of the \$40 million which is used in tobacco advertising. I suggest that if the member would speak to his friends in the corporations across Canada, who are promoting this kind of use of tobacco, we would get a lot further than with the kind of silly points he is raising today.

MR. COLLVER: — Mr. Chairman, I can certainly appreciate the necessity for the Minister of Revenue to be helped out by the Minister of Education as it relates to tobacco and tobacco tax., The fact is that the Minister of Education is certainly not capable of understanding what real research is all about. He talked about ignorance, he talks . . .

MR. CHAIRMAN: — Order, order!

MR. COLLVER: — Mr. Chairman, he talks about research, then he says, “undoubtedly, unquestionably this is the reason for it!” Now that's exactly what research is all about, is to determine whether that, in fact, is happening. Is it, in fact, the \$40 million that is spent on the advertising primarily in eastern Canada but certainly to a certain extent in Saskatchewan, the cause in that one group of people that the minister mentions, and I think he was quoting from figure in the Yorkton study, I think, if I recall correctly I think that the Yorkton study that brought about that . . . I beg your pardon.

MR. FARIS: — The hon. member is suggesting I said it's the only cause. I said it is simply one of the causes. I pointed that the decrease in relative price is another factor. When you are dealing with research you have to be very clear. You are dealing with a good many causes and to isolate it to simply one is very naïve.

MR. COLLVER: — I agree, so therefore the minister shouldn't just isolate it to simply one and when he talks about the corporate friends of our party he should talk to his own corporate friends, like Seagrams and Rothman who are making all kinds of contributions to the NDP. He should talk to them about whether or not they should cut back on their advertising programs. The fact is, Mr. Chairman, that what I've asked the minister to consider and the government of Saskatchewan to consider is that a meaningful study be conducted in Saskatchewan, not a study by the Minister of Education, not a research study that's done from his so-called many factors that he can list now, but a meaningful study. Why are these people increasing their smoking consumption in the province in the face of increased cost? Now the minister talks about the difference in relative cost. That of course is absolute and utter nonsense and the minister knows it. The minister knows that in the last three years the cost of a package of 25 cigarettes in our society is doubled, in three years — doubled. Now is the minister suggesting that inflation in three years has caused the prices of other articles to double? The answer is no. They are certainly 50 per cent. Well, the minister says, no, but I recall paying 55 cents for a package of 25 three years ago and today it's \$1.10. To me

May 1, 1978

that's double. Now the tax hasn't doubled but the cost has doubled. The relative cost as the minister will well know, the Minister of Education will know, in the last three years has not changed that much and what I am talking about is statistics in the last three years. The apparent increase in consumption in the last three years has been dramatic. The apparent increase in consumption, the minister will know that the Yorkton study showed this and so have other studies done in Saskatchewan in the last little while, that there has been apparently an increased consumption. The Minister of Revenue stated that this has happened across Canada and that's true. It is not just Saskatchewan. But I don't see why we should spend, as the minister says, \$40 million or \$50 million – he didn't say that, he said, more than \$25 million, \$25 million we get in on the tobacco tax. He said it cost more than that for the health care, additional health care as the result of smoking. I think the minister said that. At least he is not reacting to my statement.

Why should we spend more than \$25 million to correct a problem that we don't know why there is an apparent increase in consumption, apparent increase in the health hazard even though the taxes have continued to go up dramatically, the price has gone up dramatically and even though programs to prevent them, to attempt to curtail the smoking habits of individuals in our community has in fact increased dramatically in the last three years as well. What we are asking for is a study to determine the knowledge. What we are asking for is quite simply this. Government persist in the discriminatory taxation measures on tobacco while mumbling out of their mouths the statement that they are a health hazard as we all know they are. They are busy collecting \$25 million from tobacco smokers in our community. They don't really want to correct the problem. What we are suggesting to the government is this. Let's find out what's going on. Let's find out what's happening, and then let's approach the real problem of improving our health care with some standard of knowledge. We don't know, but you continue to rake in \$25 million from tobacco smokers in a discriminatory fashion, on some kind of a theory that maybe it's reducing the consumption when in fact, every member of this Legislature knows, and the Minister of Revenue agreed today, that consumption is increasing. What we are trying to suggest to the government in a reasonable fashion is, look we can do an appropriate study in Saskatchewan, one-half million dollars would go a long way to do a psychological study of why this increase, this apparent increase in consumption, has occurred. We have the personnel in Saskatchewan to do this kind of a study and instead of continuing to rake it, in a discriminatory fashion, \$25 million while at the same time mouthing out the other side of our mouths that we are opposed to this increased consumption, let us talk about doing something about it. So what I've asked the Minister of Revenue is a very imply question. I will now take my place.

Obviously and apparently the minister is not prepared to accept any sort of intelligent approach to the problem. Only the government of Saskatchewan knows, in terms of the allocation of Aware moneys and Feeling Good moneys and all of these allocation moneys – without any justification, without any meaningful research, they are apparently going to say, we are right, there is no other suggestion that is worthwhile. So I ask the minister one more time, will he, as one of the more responsible ministers of the government opposite, allocate or attempt to allocation through the Treasury Board, an allocation this year of one-half million dollars towards meaningful psychological research on the increased consumption of cigarettes in the province of Saskatchewan, in the face of increased price and increased advertising against it?

Section 1 agreed.

Section 2:3 amended agreed.

Section 3:23 amended agreed.

Section 4 agreed.

BILL NO. 51 – An Act to amend The Teachers' Life Insurance (Government Contributory) Act.

Section 1

MR. C.P. MacDONALD (Indian Head-Wolseley): – Mr. Minister, can you tell me what this does, please?

HON. D.L. FARIS (Minister of Education): – Mr. Chairman, it simply comes out of the negotiations this year. It provides that the Minister of Finance will pay the premiums for the first \$7,000 of insurance for each teacher insured. Previously, the provincial government paid the premiums on the first \$5,000. It is simply part of the total collective bargaining package.

Section 1 agreed.

Section 2 agreed.

Motion agreed to and bill read a third time.

BILL NO. 52 – An Act to amend The Teachers' Superannuation Act, 1970.

Section 1

MR. C.P. MacDONALD (Indian Head-Wolseley): – Is this just an increase?

MR. FARIS: – Mr. Chairman, yes, just simply, again, part of the collective bargaining package and the teachers agreed to increase their contributions.

MR. MacDONALD: – Mr. Chairman, I can't let this act go by without bringing a couple of questions to the minister and I would like him to comment.

As he knows, The Teachers' Superannuation Act will be some \$70 million overexpended this year; that the contribution from the Consolidated Fund will be something like if I remember correctly, \$70 million and last year it was \$20 million. All of a sudden we are finding ourselves now – am I correct in that, first of all, to start with? Am I correct in that?

MR. FARIS: – Well, Mr. Wally Sawchuck the Executive Secretary of the Superannuation Board is with me here and he says the figure last year was something like \$15 million and the figure this year is \$21 million.

MR. MacDONALD: – . . . budgeted for '70, is that correct?

MR. FARIS: – The figure for '78-79 is \$21 million.

MR. MacDONALD: – O.K. I wanted to check my figures. The amount of contribution

May 1, 1978

coming out of the consolidated revenue each year has been increasing rather dramatically. Is the minister intending to introduce anything into the negotiation table to try to find some way of changing the concept, the philosophy of The Teachers' Superannuation Act, the government matching contributions to get it to be actuarially sound; to bring the contributions up to a level whereby the fund is going to look after itself. It is not going to continually be a drain on the consolidated revenue. I think the Minister of Revenue has introduced some rather dramatic changes in the normal pension programs of the civil service. Something has to be done with all pension programs in the government and I am wondering if the minister has any intentions – I know this isn't the subject matter of the amendment, but certainly it does open up the act. It is going to be a continuing problem This particular pension program in itself is not the problem, it is the entire philosophy of pensions in Canada. In Saskatchewan inflation is running away with the value of the dollar and so forth. Is the minister planning on doing anything to try to rectify the situation or bringing this particular pension program into line?

MR. FARIS: – Yes, this pension plan along with other pension plans in Saskatchewan is under study and the Superannuation Commission will be undertaking various actuarial studies to have a look at it. As the member can see, what we are doing here is getting agreement from the teachers that they are going to contribute more to it.

The member will be aware, of course, that the problem goes way back in the history of this plan, as with other plans that it is not a funded plan and what the situation would be if it had been a funded plan and what the possible levels of funding would have been, would have been made possibly quite a different picture. But we, of course, do have to examine the future.

MR. MacDONALD: – That is the only comment I make. I am glad to hear the minister saying that, because certainly we can't blame the present government, or we can't blame the present Minister of Finance. We might blame them for a lot of things, but not this particular one because of the fact that it goes way, way back in history, the lack of funding of the program, of the pension program in itself is the basic cause, I would suggest, of the trouble it's in but what is important is that pension programs in Canada in general be examined to make certain that they are funded, that they have some actuarially soundness about them or the people who are preparing and contributing over the years are going to be in serious trouble.

Sections 1 and 2 agreed.

Bill 52, motion agreed to and bill read for the third time.

BILL NO. 32 – An Act to amend The Income Tax Act.

Section 1

MR. COLLVER: – Mr. Chairman, I wonder if the minister might outline for us exactly the same sort of thing that he usually does on these bills and that is to give some kind of an outline on the respective changes that are being made.

MR. SMISHEK: — Mr. Chairman, I guess the hon. member was not here when I gave second reading to the bill. That's when the principle of the bill is debated and where we outlines the details. The whole purpose of the bill is to reduce the person income tax from 58 points to 53.5, a 9. 5 per cent reduction, also to provide for the

tax cuts, raising it from \$120 to \$160 and to for a cut in the case of the dependent children to \$30 up to \$160. Then there are also some technical amendments related to the federal legislation which are contained in the last section of the bill. Those are the basic points of the bill, the changes that we did announce during the Budget Speech.

MR. COLLVER: – Mr. Chairman, in reference to The Income Tax Act, was the minister aware of the dramatic increase in Sask Power rates that were going to occur in the very same month that the minister announced the so-called \$85 reduction for the people of the province of Saskatchewan?

MR. SMISHEK: — Mr. Chairman, this is The Income Tax Act not the Power Corporation Act. I don't know what the hon. member is talking about.

MR. COLLVER: – At the time the minister announced his budget and the changes in the income tax, in accordance with the Budget Speech, he stated that there would be an \$85 reduction in income taxes as a result of these changes that are in this bill. That very same month, Sask Power bills coming out to the people of the province of Saskatchewan were, in effect, in some places double and some places triple what they had been in previous months and had also been far substantially higher than they had been in the previous year. Was the minister aware of that policy of Sask Power's increased bills at the time that he announced this increase?

MR. SMISHEK: — Mr. Chairman, I wonder if the hon. member can be brought into order because I really think that psychological study that he was talking about during the tobacco tax might be very appropriate to undertake because I don't know what kind of cigarettes he is smoking. We are talking about The Income Tax Act. During the Budget Speech I announced that there is an \$85 per capita reduction, in case of the cost of living package, to every taxpayer in the province. Perhaps he missed the point or slipped a cog. I am not sure which it is. He is obviously trying to confuse power rates with an income tax reduction. Maybe he can tell me what he is trying to fish for which he obviously does so often. He obviously has some problems in this area. In case of power rates, they have gone up admittedly. He knows the reason behind it. We had, during our Budget Speech, made it very clear that during the coming year power rates will be held to the current level — no increases in case of gas rates — to be kept at an 8 per cent level. Wherever he gets the doubling of the rates, let him produce to me the figures where we have doubled the rates. It is true that on a particular bill, because of the amount of consumption, the rates from any week to week or month to month may vary based on consumption.

MR. COLLVER: – Perhaps the Minister of Finance, in mentioning the kind of cigarettes that I smoke, had in mind the kind that are recommended by members to my right, but the kind I smoke are even more mild than the kind the Minister of Finance smokes, Oh he quit, that is right I am sorry about that. He is one of those pure types.

Mr. Chairman, the fact is that the minister announced the reduction in income tax rates as means of stimulating the economy of Saskatchewan. Is that correct, Mr. Minister? During the course of the Budget Address to stimulate economic activity in Saskatchewan we are reducing the income taxes of the people of the province.

We agree with the minister on that. Tax reduction was in order at that time. As a matter of act, tax reduction could have been even larger. Since that time the federal government has announced a program about which we intend to have a great deal to say when that particular act is introduced further into this Legislature, on the sales tax

May 1, 1978

the reduction in Saskatchewan.

The federal government has brought in a reduction in sales tax or moneys provided for the present government for a reduction in sales tax from 5 per cent to 3 per cent to stimulate economic activity, to create jobs and to create opportunity.

Now, Mr. Chairman, one of the ways that economic activity is stimulated, and I notice that the minister is paying a great deal of attention to this – I am sure he does not much care about economics in these sorts of things. One of the key areas in the stimulation of economic activity is the psychological area, as the minister will know, totally one of the keys to the development of a stimulus in a private sector economy is the creation of a positive attitude with reference to government taxation, not only by consumers, but also by local and small business firms and by the private business sector. If this creates an atmosphere of confidence in the economy and an atmosphere of confidence in the community, business activity will increase. As a result of increased business activity jobs will increase. More jobs will be available. The minister is aware of all those things.

Now the psychology of an income tax cut is one of the key factors in having an income tax cut. The psychology in creating an atmosphere in its people develop confidence in a community. When the Minister of Finance announced in his Budget that there was going to be a tax cut in Saskatchewan of some \$85 per capita or at least per taxpayer, when the minister announced that there were going to be tax cuts in the private business sector, on that day and for the following two or three days, the comments made in the private sector about the present government's activity, as a matter of fact the feelings amongst many of the people of Saskatchewan at that time, were rather positive. They felt that perhaps at long last the NDP government was recognizing that jobs and opportunities were created in the private sector, that it was necessary to cut back on the taxation burden on the middle income sector of the province of Saskatchewan to give them confidence in the future so that they, in turn, would invest their savings here instead of outside the province. The minister knows that that particular psychology for a few days was quite positive and the, Mr. Chairman, out came the Sask Power bills and the Sask Tel bills. First of all, the Sask Tel bills having been promised in the Budget that the people would get an 8 per cent rise were in fact an 8 ½ per cent rise or 8 point something, 8.4 – it was more than 8 per cent, Mr. Chairman. That's first of all.

Secondly, Sask Power not only had a much colder level of climate to contend with in the months of January, February and March, in which the consumption of gas and power dramatically increased, not only that, but they had gone to a new system, Mr. Chairman. A nice new system for Sask Power by which they would estimate bills and come out at the end of March, or in that range, with a catch-up bill to catch up with underestimates that they had done in the previous month. Not only would they do that . . . (inaudible interjection) . . . Oh, the minister knows full well that is true in the North as well. Not only would they do that in that month but they would also at the same time, as they did, bring in that increase that had been allocated last fall. Now you combine the increased consumption, the increased rate and the catch-up provision and Sask Power bills in the month of March and April to the people of Saskatchewan were in many instances staggering. Staggering! That's just not local instances of one house here and one there, an increased consumption in one building, these are instances where people had records of building and houses that they have had for the last five or six or eight years and they had examined their records and suddenly found that in these two months, March and April, the power bills that they had to pay to Sask Power were triple and more than what the rates had been before. So here we have a government of Saskatchewan, Mr. Chairman, attempting to change the psychology of the economics of our province by introducing some income tax cuts which is what we are talking about today

in this bill, by bringing in income tax cuts and change the psychology and at the same time coming out with far more than the income tax cuts in dramatic increases in power and telephone bills. Both at the same time. So that the two or three days euphoria created in the minds of the business community and the consumers by the Budget brought down by the Minister of Finance suddenly turned sour and turned sour all over the province of Saskatchewan.

Now, my question to the minister was a very simple one. Was he aware that this was going to happen at precisely the time that he was introducing these tax cuts? Was he aware that Sask Power was going to conduct itself in this way and Sask Tel was going to conduct itself in this way? If so, why would he have not explained to the Treasury Board and to the members of the Treasury Benches, why would he not have explained to them, that we are going to change the psychology in this province? We are trying to change the psychology so we can create jobs? Or conversely, if he was not aware, would the minister not agree that he should have been made aware that his timing was going to be off? Now, Mr. Chairman, we are debating today a bill that cuts income tax and we are in favor of cutting income tax and we are in favor of this bill – but Mr. Chairman, the bill was designed, the move was designed to create a psychological change and it did not work.

Last week in this Legislature, the Premier was questioned about unemployment in this province. He was questioned about the dramatic increase in unemployment, to over 7 per cent, and that Mr. Chairman, we know in Saskatchewan is far, far higher than it appears on the surface. You cannot relate 7 per cent unemployment in Saskatchewan to 9 per cent or 10 per cent in Quebec, or 14 per cent, or 15 per cent, or 18 per cent in Newfoundland, because the statistics are not kept in the same way, because farmers are not included, etcetera and this is primarily an agricultural province. But the point is . . .

MR. CHAIRMAN: — Order, order. I think have been quite lenient with the hon. member for Nipawin. I think he has stated his point. I think we are dealing with an Act to amend the Income Tax Act and he has stated his thinking regarding it. I would like to proceed as in the normal way and proceed with Item 1. I ask the member for Nipawin, I think he has strayed at some length, in perhaps stating or a preamble building to it. But if he has some specific question to ask, I would like him to ask it, and ask it now.

MR. COLLVER: – I would like to suggest to you, Mr. Chairman, that in dealing with Item 1 of a bill reducing income taxes in the province of Saskatchewan, that we are as members responsible to ensure that this bill in its introduction achieve its purpose. We are dealing, Mr. Chairman, with something that is very important to the people of the province of Saskatchewan and that is, the taxation rates. We are dealing here in this bill on Item 1, with general remarks on the bill and Mr. Chairman, I intend to make general remarks on the bill and that is exactly and precisely what I am doing. I don't think that it is incumbent, Mr. Chairman, on you to suggest that general remarks on the income taxes in Saskatchewan are not relating to the Income Tax Act or amendments to an income tax act, nor do I think that it is more normal or more abnormal, to handle things in any particular fashion or any way in terms of this Legislature. It is tradition in the Legislature that we address our remarks in general on Item 1 of the Estimates of bill and that is precisely what I am doing. General remarks with reference to the income taxes of the province of Saskatchewan and the reduction and the way that this reduction was brought about and the way that the reduction in income taxes did not achieve its prime and stated purpose.

May 1, 1978

Now, Mr. Chairman, the purpose of this bill, has been stated by the minister, the purpose was to reduce income taxes and therefore create economic activity and create economic stimulus in the private sector. That, quite simply, has not happened and is not happening for a number of reasons. Number one, this particular income tax cut was insufficient to meet the needs, insufficient to meet the needs. Number two, coupled with this so-called decrease in income taxes was a dramatic increase in other taxes, through Sask Power and Sask Tel. A dramatic increase and they negated any positive effect of this bill. Now, Mr. Chairman, I intend to make further general remarks about the income taxes in Saskatchewan and the reduction therein proposed by this bill. I don't think that it is right. I don't think that it is fitting that you should say that it is improper for me to do so. If I happen to be talking about something else., that's fine, but I am talking now about the way this income tax act was introduced in the province of Saskatchewan and its purpose. Surely isn't that the reason for the comment that you make in terms of item 1.

Now, Mr. Chairman, at the same time that the minister is talking about reducing income taxes with this bill, the minister is also saying to his federal counterpart, we are going to improve economic activity in the province of Saskatchewan by going along with your suggestion, Mr. Federal Finance Minister, that the sales tax in Saskatchewan be reduced by 2 per cent over six months.

Now at the same time that that's been happening, Mr. Chairman, in order to create this economic stimulus that this bill is designed to do, at the same time that that's happening, we see now a pulling apart of that agreement, that so-called agreement, on sales taxes. Keep in mind the economy, it is a very subtle thing and requires psychological charging, keep in mind that in order to charge the economy you have to look at all of the facets of the economy, of the economic strength or weakness of our province, and you have to attempt to pinpoint those areas that require change. One of the major ones, again, was the psychological one, to give consumers confidence in the future so that they would increase their consumer spending. To give business people confidence in the future.

Now the minister has suggested in some of his catcalls across the floor, what about the Chambers of Commerce that give us such wide acceptance across the province of Saskatchewan with reference to these income tax cuts and the Budget? I would say to the minister that during the euphoria of the Budget speech there were some Chambers of Commerce across the province that made very positive comments. But I ask the minister this question, where have the positive comments been since two or three days after the Budget speech? The answer is, all gone! No more positive . . . the member for Quill Lakes again, as the member for Rosetown suggested, is like the terrier dog that runs around and can't even get into the contest at all.

MR. CHAIRMAN: — Order, please. I'll ask both members to please cease from any innuendoes back and forward. I'm trying to hold the hon. member to this bill, specifically this bill. This rolling around and so forth, I am not going to allow and I think we are here to do a business for our people and I certainly want to see it done in a proper fashion giving the members ample opportunity to give positive question and expect positive answers. I want to adhere to that. Otherwise we are making a farce out of parliament today and I ask . . .

MR. COLLVER: — I couldn't agree with you more, Mr. Chairman, and we would certainly like to see some positive responses as well to the questions that we are asking the minister. We think it's a legitimate request to ask him whether or not he knew about (he

still hasn't answered that question) . . .

MR. CHAIRMAN: — Order, please. This is what I have been asking you, to make your specific question and not be rambling about what is happening throughout Canada and so forth. Make your specific question and I would ask the member. . .

MR. COLLVER: — Mr. Chairman, I'm sorry. The first thing I asked the minister to comment on was that very specific question. Was he aware of the increase in Sask Power rates that were going to be introduced within two or three days of the introduction of his tax cuts? He went on to give me the most roundabout answer that you ever heard, including my smoking habits, as you will well be aware, Mr. Chairman. Furthermore . . .

MR. CHAIRMAN: — Order, order please! I'm going to ask the minister to reply and then I'm going to call on the member for Indian Head-Wolseley to continue and you can have your. . . but I think to be fair to both sides of the House I have to do that.

Order, order please. I ask the minister to reply to your question.

MR. COLLVER: — Point of order.

MR. CHAIRMAN: — State your point of order.

MR. COLLVER: — On a point of order I ask this House, I had the floor you did not tell me to sit down on any particular point, merely that I was speaking or making comments on item 1 for too long. I do not accept your judgement and your call and I ask the House to vote on this.

MR. CHAIRMAN: — I'd have to state that there is no vote on this.

MR. COLLVER: — I am suggesting to you that on one other occasion in this House, I questioned the remarks of a chairman in committee, the chairman asked me if I was questioning his remarks. I said, yes, I am .He said, "do you want to take it to the Assembly?" I said, "yes I do" and he did. I am asking for the same privilege today.

MR. THATCHER: — Mr. Chairman, on a point of order, Mr. Chairman, on a point of order . . . this goes a little beyond the bounds of propriety. When one member shouts across to another one and he is smoking hash or nicotine, that is a little much and we have heard innuendos like that come across here for a long time but honestly there is a limit to everything. Mr. Chairman, you heard that and I would ask you to ask that the member to withdraw it.

MR. CHAIRMAN: — I think we can get this back into perspective here without too much trouble if we try to adhere to of the rules within the book here and I would like to read this one, it is page 19 and it is section 2:

Mr. Speaker or the Chairman after having called the attention of the Assembly or the committee to the conduct of a member who persists in irrelevance or tedious repetition, either of his own arguments or of the arguments used by other members in debate, may direct him to discontinue his speech and if the member continues to speak, Mr. Speaker shall name him or if in committee, the Chairman shall report him to the Assembly.

May 1, 1978

I am trying to, I just asked him, I think, in as honourable way as I could to not be repetitious and not to, that I thought he had stated his point, I was trying to be fair with him. I asked him if he has a specific question, make that specific question now, then I would like the minister to reply.

MR. COLLVER: — Mr. Chairman, I will do that. I will state a specific question. I hope you will be as insistent that the minister will give a specific answer. Were you aware, at the time that you introduced the tax cuts, of the proposal to increase dramatically the bills for Sask Power and Sask Tel within the same week?

MR. SMISHEK: — Mr. Speaker, I am aware that at the time of announcing the Budget that there has been no increase in the power rates and there has been no increase in the telephone rates. The hon. member is aware of that as well and so is the public of Saskatchewan aware. We have not misled the public. The only person who is making allegations of some misinformation to the public is the hon. member for Nipawin. Mr. Speaker, the member has made a number of allegations about the purposes of the Budget, which I think are appropriate to deal with. He made references as to the positive attitude and positive nature of the Budget in which I agree with him. The Budget did instil confidence or additional confidence in the economy in Saskatchewan. Certainly the sizeable reduction in taxes including the income tax has had a very desirable effect. Only those people who are prejudiced or uninformed or irresponsible would be misinterpreting what the Budget has done. The Budget has achieved what we had hoped and the Budget has been praised, Mr. Chairman, all across this country and certainly has been welcomed by the people of Saskatchewan as a move in the right direction. The reduction in income tax, the more money in revenue sharing, the numerous measure we have taken which I do not propose to restate now. Let me point, Mr. Chairman, to notable commentators and writers and economists, like Diane Cohen who writes extensively and whose columns are reproduced in the Star Phoenix, in the Leader Post said very clearly that that this is what our economy needed and that other provinces that have not introduced budgets should follow the Saskatchewan lead. Newspapers like Montreal Gazette, Toronto Star — organizations like the Canadian Bankers' Association, Saskatchewan section praised the Budget; this is what our economy needed — Investment Dealers of Canada just being here. It is not only that the Budget had the effect on the day it was introduced, its continuing endorsement is a positive feature.

Just the other day I received a publication from McLeod, Young and Weir, investment dealers who do a lot of business in the province of Saskatchewan, who praised our moves as to what our economy needed and what the economy of Canada needs at the time. The local organizations like the Downtown Merchants Association in Regina, the Construction Association, Saskatoon, newspapers like the Leader Post, Star Phoenix, Prince Albert Herald, Moose Jaw Herald, Hospital Association, Weyburn paper, Yorkton paper and I can carry on and on, in the editorials.

I think the Budget has been very well received and it was pretty evident that the opposition was not able to, in any way, criticize the Budget in any meaningful way because it was a Budget that was a positive Budget.

The hon. member for Nipawin is trying to create a smoke screen. I think he is playing to the media. I think the media have responded, both the electronic media and the written media, how they felt about this Budget. I can say this, that in talking to the business

community, there isn't a day that passes by that I don't run into someone who expresses his feeling. Individual merchants feel very positively about the Budget and it has had a dramatic effect on business — small business, big business, all business in Saskatchewan. Saskatchewan is a great place to live. It is through this Budget we have introduced, through the income tax reduction, we propose to carry on.

MR. MacDONALD: — Mr. Chairman, I don't want to take too much of the minister's time, but I want to talk a little philosophy here if I might

First of all the minister made some rather sweeping statements at the end of his speech. He talked about this Budget's dramatic effect on business; it was a great stimulus to the economy; it was praised by the business community. Mr. Chairman, just a few days ago we got the unemployment statistics in Saskatchewan. It would that the exact opposite is true, the exact opposite is true. I'm not going to go into a debate on unemployment. I want to go into a little bit of philosophy of this business of income tax reductions on low income earners as a stimulus to create jobs into the business community. And second, a little bit about the philosophy of income tax reduction in general to stimulate the economy.

First of all, it seems to me that now every time there is a slow down in the economy, politicians across the country, particularly opposition politicians in all Houses of government, assemblies, whether it be the House of Commons or any province, come out and immediately call for income tax cuts and particularly in the low-income people. First of all, I think, Mr. Chairman, that that is the last place that we are going to stimulate the economy — not that anybody doesn't want the income tax reduced, I think all of us do. But to turn around and suggest that to lower the income tax on low income earners by \$100 or \$50 a year, that those are the people who are going to invest in new jobs is sheer folly. First of all if you take somebody on a \$7,000, \$8,000, \$10,000, or \$12,000 income with three or four kids and you turn around and reduce his income tax by \$100, it's a cinch that person is not going to invest in IPSCO or any national corporation that might come to Saskatchewan or Canada and province jobs. That person is going to take that \$100 and use it for the necessities of life. Similarly those on a medium income very rarely would income tax on anybody in the low income or middle income bracket ever stimulate the economy, simply because of the fact that in the rising cost of living those kind of people need that money for the necessities of life. As the member for Nipawin (Mr. Collver) has pointed out, those necessities of life are very often returned right to the government whether they be increased utility rates or whatever they may be.

The second thing, I am afraid that income tax takes a long period of time to have an impact. When I say it takes a long time to have an impact, I am referring to the fact that very often self-employed people don't pay income tax on a quarterly basis or whenever it may be, other people, farmers and so forth at their year end, other people only pay a small portion on a monthly basis and very often income tax is the last thing to find an immediate stimulus. In other words, the stimulus that is required in Canada right now — you know the amazing part about Saskatchewan with the dramatic effect, that now we are in the time when we should be in the high employment seasons, when jobs should be created very, very rapidly. The same thing across Canada, and yet the stimulus in Saskatchewan doesn't seem to have occurred in the province that has not felt the impact of recession for a long period of time, we find now that there is a slow down and a slow down in November or December might be understandable but right now it is in April and in May, that period of time when our economy should be going in summer employment and seasonable jobs should be going and being generated on a daily basis.

May 1, 1978

It would appear that if anything, this particular Budget has not had any dramatic impact; in fact if it were in November or October or December, we might say it had a very negative impact. Of course we are talking about the stimulus of jobs. I'm not talking about tax relief because I'm like the member for Nipawin, I think the tax relief in this particular budget is very shallow; there are too many hidden taxes. You turn around and you increase power 21 per cent in September. Maybe the impact wasn't felt until March as the member for Nipawin . . . I never noticed. Then you increase everything else and the reports of the Economic Council of Canada about the impact of utility increases in Saskatchewan are very unfair.

What I want to do is talk to the minister, about efforts to stimulate the economy. Now, perhaps the 1 per cent reduction in corporation tax might have something more even though that just brings us to the level of most of the rest of the country so there is no great incentive to come to Saskatchewan. Surely the high income tax of the past and even the high income tax of today, and all of the other measure that come certainly are not an inducement for people to come, and in particular, business, to come to Saskatchewan.

I want to ask him if there isn't some other way. Despite everything that was said about the sales tax reductions across the nation we are having \$1 billion and the impact was being felt the next day and the impact was being felt in increased consumer spending in the business community and the retail outlets and those business people who have the responsibility or who might be encouraged to generate new jobs – that was being felt the next day. To me, I think that this idea of income tax reductions for low income people, low income tax in general is a stimulus to create jobs has but not succeeded in the past in my experience it will not succeed in all probability in the future and certainly it is an effort over a general overall period of time perhaps to encourage Saskatchewan citizens perhaps to stay in Saskatchewan a little longer before they leave because of the low taxation rate in Alberta, but I just don't find them as a stimulus to the economy to create jobs. Right now I think that the Ministers of Finance who are controlling the fiscal policies of provinces and of the national government have got to be finding some way to create immediate stimulus, stimulus that can make its impact at an early time and an early occasion perhaps tomorrow or the next day.

I want to discuss with the minister that philosophy and say I'm critical of every time he gets up and says that the low income person pays the least tax in Saskatchewan and Canada but I gave him some figures the other day to show that if you have a \$20,000 taxable income in Alberta you pay about \$1,000 more here. And those are the people who might create jobs. If you have \$15,000 it was something like \$500, \$400 plus more income tax in Saskatchewan that you pay in Alberta and perhaps those are the people that might stimulate the economy. And when I say that low income people in the province of Saskatchewan, income tax reductions in that field are great for low income, for they have them keep pace with inflation but I think it's a false assumption to suggest that they stimulate the economy and that your Budget has had a dramatic effect because of these great low income taxation savings even though you did cut generally the provincial rate which of course after being the highest in Canada, people were still shocked at the height, they are still making out their income tax for last year. Certainly it will be probably be a year away before they will recognize there is any benefit if there is a benefit in low income.

And I ask the minister in all honesty, number one, I am asking him a question of

philosophy, stimulus, job creation, all of these things.

MR. SMISHEK: — Mr. Speaker, in a number of question that the hon. member raised, first of all, there is certainly truth in what the hon. member for Nipawin is saying that confidence is a very important thing and I can tell the hon. member that at the time of the Budget and since then that there is a new and added confidence in the economy of the province as a result of that confidence people are today spending more of their savings than they had prior to that. Certainly, the income tax reduction, personal income tax reduction, has not taken effect yet as the hon. member is aware. It does not take effect until July 1 in which we are going to double that amount. Now, I am not . . . this is precisely what I said in second reading. I am not trying to misinform but trying to be very fair and honest with the members opposite.

We also know that in this province personal savings have never been higher. Now, I invite you to check with the banks, the credit unions, the trust companies, the people who sell registered retirement plans. Now the personal income savings have never been higher in this province and it is also true really of the country as a whole but in Saskatchewan somewhat more so because of our buoyant economic conditions. And that is a good thing. Now as a result of the Budget, people are saying that things have been good. We have been able to put money away. The government is stimulating the economy and people have that added confidence and are taking savings and spending some of them on a variety of goods. Certainly the Education and Health Tax reduction has added to that stimulus but we are not going to be completely the full beneficiaries of that. The benefits are going to flow to the manufacturing industries in eastern Canada and some to even outside of Canada, the imports that we make. These are the facts of life. Certainly, we have been advocates to reduce the personal income tax for low and middle income Canadians because the low and middle income Canadians when they have the personal income tax reduction, they are not going to run to the bank or the credit union to deposit that money into savings. Their savings are limited. Everybody concedes that. The federal government provided for a \$50 a month cut for January and February. In talking to the federal Minister of Finance he says that they share the experience in that area. While it is true that the low and middle income people spend that \$100 of the tax cut, the high income people, they found that most of that money went into further savings. This is why we do advocate, as a stimulus, the reduction in the personal income tax for low and middle income people and in Saskatchewan there is — I invite the members to do their bit of homework. We are not trying to mislead anybody.

Up to an income level of \$13,000, an average family will pay this year the lowest income tax in Canada. Now that is in Saskatchewan. Up to a level of \$9,090 the average family will pay no income tax at all. Remember that those are not the only taxes. As the hon. members are aware, we do not have the health tax. We also provide the lowest automobile insurance and these are direct and meaningful things that help the consumer.

In the case of the increases in unemployment during the winter months, weather is a problem in this province, but we have had the added thing in the last while and certainly this year, of people from outside coming to Saskatchewan which has had the effect of increasing our rate of unemployment. Certainly we are finding this, that from a province to the east of us, the province of Alberta, many workers are coming to Saskatchewan to look for jobs, including the construction industry. I'm afraid that this may even become a larger problem. I hope not. But I invite the hon. members opposite, particularly the member for Indian Head-Wolseley to check with the business

May 1, 1978

community. I don't know whether he has had a chance to talk to the business community but there is a great deal of confidence in Saskatchewan in our economy because things are relatively good. Retail sales are indeed holding up and going up. In the last two weeks I talked to two automobile dealers and they tell me that since the Budget and since the sales tax reduction, automobile sales have never been higher. That is a good sign. Remember, as I said, in that area the main beneficiaries are going to be the manufacturers in eastern Canada. This is why, while the sales tax has the effect of stimulating the economy, we are not the total beneficiaries because we do not have the large manufacturing industries.

Now, Mr. Chairman, I think that I have dealt in general with the question that the hon. member has raised and if there is a specific question that he might have I will be glad to deal with it.

MR. THATCHER: — Mr. Chairman, I would like to ask the minister to very briefly tell us, in the field of individual income tax and I hope this has not been covered while I was out of the House, you have estimated almost \$324 million to come in to the treasury in this coming fiscal year. You are making that estimate on the basis, I assume, of a 53 per cent income tax rate. Now, last year for the year 1977-1978, you estimated \$310 million or about \$310 million dollars to flow into the treasury but that was on an income tax rate of 58.5. Furthermore, if we take your Budget speech to be factual, and I suppose that is what this budgetary debate is all about, 22,000 taxpayers came off the tax rolls. So what you are saying, Mr. Minister, is that 22,000 less taxpayers paying about 9 or 10 per cent less tax are going to bring you in an additional \$14 million.

Mr. Minister, I assume your answer is going to have something to do with salaries rising but I think the wage settlements that we are talking about in this province right now to the tune of 5-6 per cent, I think we are reaching. Would you explain how you arrived at that number?

MR. SMISHEK: — Well, Mr. Chairman, I think it would be better for us to deal with that during the Estimates, however, I'll try to deal with it. Certainly he has partly answered his own question, in that personal incomes are rising and very substantially. The estimate of personal income tax receipts are prepared using an estimate of the total 1978 basic federal tax which is estimated at \$19.5 billion in Canada. The total basic tax is then allocated to Saskatchewan according to the estimate of our 1977 share which is 3.34 per cent of the basic federal tax. Both the total 1978 basic tax and our share are subject to change throughout the course of the fiscal year as new information becomes available.

But those are the basic criteria; we work with the federal government. Now in order to determine our gross collections for 1978 tax year we then apply the personal income tax rate of 53 per cent to the allocated basic tax. Once we know the gross calculations and we do of \$345.5 million, we then make two adjustments. First we have to convert the calculation to the tax year, to a fiscal year; second we must reduce the calculations by the net amount of the tax cut and the surtax and 1978 Budget estimate of receipts is therefore calculated by making the gross collection of \$345.5 million plus \$2.5 million to be placed on the fiscal year basis less the tax changes of \$24.2 million which will yield \$323.5 million as the figure as shown.

MR. THATCHER: — Mr. Minister, I suppose we are talking about is whether we should be reducing the income tax rate right now and in view of those budgetary figures it would appear to be some degree of question. Mr. Minister, I may possibly have more comments on this and with your permission I would like to call it 5:00 o'clock.

The Assembly recessed until 7 o'clock p.m.