

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

June 13, 1985

EVENING SITTING

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Rousseau that Bill No. 76 — **An Act to amend The Education and Health Tax Act** be now read a second time.

**MR. ENGEL:** — Thank you, Mr. Speaker. Before we adjourned for the supper break we were talking about the Bill that's going to amend The Education and Health Tax Act, and as part of the clever budget of the Minister of Finance, the wonderful things he's talking about as tax reform.

Well the farmers that are talking to me, as I pointed out before the dinner break, was that they're not that interested in tax reform. They don't think that tax reform that levies and heaps burdens on those that can least afford it, and gives breaks and concessions to those that don't need it . . . And this is exactly what this government is doing.

I picked up a clipping on my way in here tonight, and just yesterday the *Leader-Post* carried a story on the Farm Credit Corporation. And they say that FCC is "Expecting to see their earnings drop, fewer Saskatchewan farmers knocked on Farm Credit Corporation's doors for money to expand their operations last year."

And, Mr. Speaker, why do you suppose that happened? Why do you suppose that farmers aren't taking out loans to expand? And the only reason . . .

**MR. SPEAKER:** — Order, please. I would ask the member to stay on the subject matter in the Bill. It has nothing to do with the expansion of farms.

**MR. ENGEL:** — Well the point that I was trying to make, Mr. Speaker, and I was using the Farm Credit Corporation to describe it, is that the extra taxes, this tax reform that you're levying on the farmers, is putting the kind of pressure, the financial pressure . . .

Mr. Minister from Meadow Lake, the farmers in southern Saskatchewan are facing pressures. They're . . . (inaudible) . . . with the tax structure that's in place, particularly the additional taxes that have been hoisted on their backs. That tax is so severe that the farmers have given up. They don't care to expand. They are facing pressures from education tax and other taxes that are part of their tax reform package. That is making it difficult, it's making it difficult to survive.

Tax . . . (inaudible interjection) . . . And the Minister of Agriculture comes in here and says it doesn't even make sense without having listened, Mr. Speaker. And the Minister of Agriculture knows that he's not doing his job, fighting for farmers to save these tax increases — tax increases on his used equipment, used trucks, used cars, and other vehicles he's using.

My friends from the North have pointed out, both earlier this week when the member for Athabasca talked and just before our lunch break when the member for Cumberland gave a hard-hitting speech that indicated how it's affecting the people in half of Saskatchewan, where they use snowmobiles and where they need boats for their fishing business, and the vehicles that are involved.

And I think a government that is prepared to levy tax to the extent that the farmers aren't even expanding, and aren't making loans, and aren't getting involved in Farm Credit Corporation . . . I will leave that illustration aside, Mr. Speaker, but just to say that in light of the promises, in light of the promises that the various members made, and my colleagues, in particular the Leader of

the Opposition as well, have so well pointed out: how do you square making promises and making commitments to the voters and saying to the voters that, we will phase out the provincial sales tax as far as fighting inflation is concerned, we're going to phase out the provincial sales tax?

And the Premier, before he was Premier, was running around the province representing Estevan, and he said that, we're making a commitment, we're making a commitment. And the commitment was full-blown. And we're making a commitment, and that commitment is the elimination of the 5 per cent sales tax — complete elimination of the sales tax in our first term of office. Well I would remind the member from Saskatoon . . . I have a list here. I've never had to refer to these members from their . . . Saskatoon Eastview, who's got to fight for her own constituency with her colleagues. But that great, illustrious leader of yours, that great, illustrious leader of yours, campaigned that, in the first term of office, they were going to complete elimination of the sales tax in their first term of office.

You know, the members from Saskatoon that are sitting behind the rail there . . . there should be a rail there then they couldn't be heckling me, Mr. Speaker, because we can't heckle from the rail; there's no rail on that side. There's no rail on that side.

But your first term . . . (inaudible interjection) . . . Thank you. I appreciate that. I like to speak to somebody that is responding and listening. But your first term of office is very, very quickly running out. Your time is running out, the sands of time; the bottom half of the jug is full, and there's just a wee . . .

**MR. SPEAKER:** — Order, please. I believe this has very little to do with the Bill that's at hand, and I would ask the member to deal with the issues in the Bill.

**MR. ENGEL:** — Mr. Speaker, we are dealing with An Act to amend The Education and Health Tax Act, and I'm talking about an ad that made a commitment during the first term of office that's going to eliminate the sales tax. Now, I don't think that that's out of order, Mr. Speaker.

**MR. SPEAKER:** — I advise the member that talking about the next election is not part of this Bill.

**MR. ENGEL:** — Thank you, Mr. Speaker. I will narrow it down a little finer, and say that before the next election you are going to eliminate the sales tax. That's a commitment you made. The face is on here — that is the Premier of our province today. It's a horrible looking one but that's him; it's a facsimile of him. And this ad says that: we have a commitment during the first term of office; we're going to eliminate the sales tax. And all I'm saying is that first term of office is quickly running out. I don't believe that we will be sitting in this configuration again with another budget.

**SOME HON. MEMBERS:** Hear, Hear!

**MR. ENGEL:** — Before the next budget comes down we'll be at the polls and one of the reasons we're not going to be sitting here is because tonight we're talking about Bill No. 76. Bill 76 is the one rope that's going to put a noose around the neck of quite a few of your members opposite.

The addition of the sales tax is the one thing that a lot of people didn't like. They voted for you because they thought you're going to eliminate the sales tax. They voted because you were going to completely eliminate the sales tax. I will pick some ads with constituencies that I am familiar with, and I'll fold this one over and I dare anyone to guess . . .

**AN HON. MEMBER:** — Harold Martens.

**MR. ENGEL:** — You weren't supposed to say. I was going to have them guess who this was.

Now it's great to run . . . And you talk about false advertising, but I didn't recognize the face on this one. But this person is the name of the member that represents the Morse constituency. The member for Morse, on April 13, 1982 in *The Southwest Booster* on page 31 said that:

Rural community development . . . We're committed to remove the 5 per cent education and hospital tax.

"Committed to remove the 5 per cent education and hospital tax." I would like to have that member stand up in this House and justify putting a tax on half-ton trucks and three-quarter ton trucks and used cars and all the vehicles the farmers in his riding need, because I happen to know that my neighbours are within a few miles of the Morse riding. We border that. And they are buying used vehicles. They are buying used vehicles and they don't like that.

There are so many ads here that I'm not sure . . . In Regina North, the little minister, that is now the Minister of Tourism, said that, we are going to . . . And this is one of those ads that I don't think too many people read. It's long and wordy, but these ads all talk about . . . Lakeview says, reduce the education and hospital tax by one per cent per year until it's eliminated. You're out 4 per cent already. You're out 4 per cent already, I'd say to the member from Lakeview.

Four per cent mistake plus they've increased the tax. And I think that one clearly indicates that these people were involved in false advertising. Redberry says, we're going to phase out the provincial sales tax. They also included a reduction of some other taxes.

The Minister of Social Services pledged to be our servant and he said, we're going to abolish the 5 per cent sales tax. Why doesn't the Minister of Social Services . . . Because the people he's dealing with, Mr. Speaker, they, for sure, are the ones that are buying used vehicles; they, for sure, are the ones that are buying used vehicles. There's no more . . . And people that are on social assistance, on the social assistance plan, need vehicles as badly as anybody else does. And they do. Promises, promises, promises. I have 25, 30 more ads that we could refer to. And certainly there's all kinds of them here yet.

Somebody told me one time that even mentioning their names is helping them a little bit, even if they're not telling me the truth in their ads.

We could be starting a . . . Here's a good one with a cowboy hat. I wonder who this guy was that thought he could do away with Edgar Kaeding with some false advertising. And my friend points to himself, but let's see. I should have remembered what Edgar's riding was Saltcoats constituency. And he says, eliminate the sales tax. We're going to do the 5 per cent on clothing and utilities now, and the remainder in our first term of office. Well I would tell my friend from Saltcoats, you're going to have to move into that seat and sit beside the Minister of Finance and you better work overtime. You've got your work cut out for you in the next three or four months, because between now and October you've got a big job on your hands.

We're going to have to repeal this Bill. We're going to have to repeal this Bill 76, Mr. Speaker. We're going to have to take it off the books and then we're going to have to start chopping. We're going to take off the education tax in all the other areas because if you want any chance at it in the next three or four months, you've got your work cut out for you.

And I think it would help if you'd wear your cowboy hat more often, because you look good in the cowboy hat. In fact, I've got an outfit like that I'm going to wear on Saturday, and that has nothing to do with this Bill, because I didn't pay education tax on my buggy and horses. I didn't pay education tax.

(1915)

The Minister of Finance stands up and he preaches tax reforms, and he preaches that we're

in favour of tax reform but the only tax reform we got in Saskatchewan was tax the little guy; tax the guy on welfare; tax the people that are poor, and give \$100 million to the oil companies a year, extra — every year increase it a little bit. It doesn't make the system simpler; it doesn't make it fair; it's a betrayal of your promise. They had a commitment on all these.

I see a good ad here that is a letter to his constituents. What riding is that? Was it Shellbrook or Shellbrook-Torch River? Shellbrook. The member from Shellbrook, but representing Shellbrook-Torch River, wrote a good letter to his constituents, and there's so much more we can be, he said. There's so much more we can be. We're going to phase out the provincial sales tax. Do you remember that? We're going to make savings to you, savings to you and to others, and in other areas, like phasing out the provincial sales tax. Have you heard that one?

And I guess there's a reason why the Minister of Social Services got elected. He ran quite a few really big ads, and a commitment to the people of Rosemont. Sensible taxation, Mr. Speaker. Now those ads are good words — sensible, sensible taxation. You take on the Department of Social Services; you do some sensible taxation; you give the oil companies a break at 100 million. But the people in my department — the people I look after — we're going to do a little sensible taxation.

We're going to reduce the personal income tax, but we're going to abolish the sales tax. We're going to reduce one, but we're going to abolish the other. And a good way to abolish it is to make it so big that everybody's going to revolt, because they don't want to pay sales tax on their automobile; they don't want to pay sales tax on their used pick-up truck; and they don't want to pay sales tax on all these other things. So I guess that's a way to reduce it, Mr. Speaker. You add so many things in and then you can reduce it. The Minister of Social Services was . . . (inaudible interjection) . . . I'm not wandering at all, because we're talking about a Bill to increase the sales tax, when all of you said you were going to reduce it. You spent it — you spent it.

**MR. SPEAKER:** — Order, please.

**MR. ENGEL:** — Thank you, Mr. Speaker, because if I carry on much longer, my voice is getting kind of . . . It's pretty hard to compete with all these people that are bragging about their tax reform. And I appreciate them moving down closer to the front. The I should be able to keep by voice down. But this tax reform, in your language, means that a tax increase — means a tax increase. Sales tax, sales tax.

Mr. Speaker, before I wrap up my remarks, the one area that I think that a real estate lady that's likely going to be back at work fairly soon should remember, there's 28,000 used vehicle transactions per year — 28,000. The average used vehicle would sell for about \$5,000. We're looking at a lot of money in unfair taxes, Mr. Speaker. A lot of money.

They call it a fair tax. They call it tax adjustments, but I call that tax reform gouging those people that can . . . gouging those people that can least afford to pay the tax.

Twenty-eight thousand vehicle transactions. Most of them will be very poor people. The average farmer's going to spend \$5,000 over the next five years on this tax increases

The recent budget they talk about, talked about tax reform. We didn't expect this kind of reform, Mr. Minister. I'm not prepared to accept this kind of reform. I'm going to have a lot more detailed questions to ask of the minister when we come to third reading, but at this time I would like to serve notice loud and clear, Mr. Speaker. I can't support this kind of tax reform, especially in the light of this kind of promise. Thank you.

**MR. LINGENFELTER:** — Mr. Speaker, I will take only a few minutes of the Assembly's time to put on record my opposition, and in fact the opposition of some 8,000 voters from the Shaunavon constituency, to Bill 76.

**SOME HON. MEMBERS:** Hear, Hear!

**MR. LINGENFELTER:** — Because I think one of the reasons that members are sent to the Assembly, Mr. Speaker, is to deal with Bills like this. And I find it interesting that we have not heard from but one back-bencher out of the 56 members we have in the Assembly. The member from Rosthern . . . And I want to say that is one reason that member is returned time after time, is because he does become involved in the Assembly.

Mr. Speaker, I say that on Bill 76 we have heard the fertilizer row, who have moved forward, hooting and hollering from their seats, with unrestrained hooting and hollering from their seats with not a word, not a word, standing up and saying whether they're in favour or opposed to the Bill.

The member from Morse, for example, sits in his seat when it's going to affect hundreds of individuals in his constituency, hundreds of individuals. Because I want to tell you that there are as many farmers in the member from Morse's constituency who Bill 76 will affect as in any other constituency. Not one word from him. Not one word to defend the farmers, taking money out of the farmers' pocket and allowing the Minister of Energy and Mines to take that money and directly transfer it to the oil companies. Not one back-bencher. And you are going to have to explain to your constituents during the next campaign why you did not put on the record your views on Bill 76, because that's what you are being paid for. That's what you are getting your 2,000 or \$3,000 a month for, is to get up in the Assembly and speak. And you won't say anything. You just holler from your seats.

And I say that, Mr. Speaker, on Bill 76 we would appreciate it very much if people like the member from Saskatoon South and Saskatoon Centre, and the member from Cut Knife-Lloyd, and the member from Saltcoats and all those people who are urban dwellers and farmers, would for one time have the courage of their conviction that they holler from their seats to stand up and say, putting 5 per cent on used automobiles is a good idea. I would like one of them to do that, because I have not heard one of the back-benchers stand up and say why 5 per cent on used automobiles is a good idea.

And I can tell you a number of reasons why putting 5 per cent on used automobiles is a bad idea, a bad idea not only because it is breaking fundamental promises that were made during last election — and my colleagues have gone into some great detail, some great detail on the numbers of commitments that were made by individual candidates. This is not by the Conservative Party. These are your words, your word that you were going to keep to you constituents. Now you laugh about breaking your promises, you laugh about your promises. I watch them every day, laugh and say, we tricked the people. And that's what they are doing right now tonight, Mr. Speaker, and you know full well they are. They're laughing and saying to the people of Saskatchewan that, we fooled them. Yes, we fooled them in '82 — that's what they are sitting in their seats saying. And I say that you are not being responsible to the people you were elected by, and the \$30,000 you are getting from the people of Saskatchewan, I believe is an insult. Because you should be standing up defending the promises that you made.

And when we're talking about people from the area of Humboldt, who are represented by an individual who promised in the election to eliminate 5 per cent E&H tax over four years . . . Not to phase it down or in our first term of office. He said in four years. This is our fourth budget and yet not one percentage point has been taken off. In fact, we have extended it by Bill 76, which we are fighting here today.

And you may say that's wasting the time of the House, but you have a funny idea of what democracy is all about, because what democracy is all about is politicians making promises at election times and keeping them.

And I want to let the people of the province know that the members opposite, who laugh at the people of the province — and that's what they're doing tonight in this Assembly. They're laughing at the people of the province and saying, we tricked them. They're saying from their seats, we tricked the people of the province, and we're going to do it again. We're going to trick them again. That's what they're saying. That's what they're laughing about. They're saying to the people of the province, not only did we trick them in '82, but we're going to trick them again . . . (inaudible interjection) . . . Well I want to tell you that over the years . . .

**MR. SPEAKER:** — Order, please.

**MR. LINGENFELTER:** — . . . that over the years, when Bills like this are brought in — Bill 76, which breaks a fundamental promise, the promise to eliminate the sales tax, and you are now extending it to used automobiles — that the people of the province are not used to this kind of government.

In the elections between 1929 and 1934, when Bills were brought in like Bill 76, they were based on the promises that were made during the election, Mr. Speaker, and the people of the province got used to believing what politicians promised during election campaigns.

And I'll give credit to the Ross Thatcher government, and I'll give credit to the Tommy Douglas government, and I'll give credit to the Allan Blakeney government, the former premier, that when they made promises they kept them. And they had the commitment to their principles that, when they promised something, they kept it.

. . . (inaudible interjection) . . . and the member from Regina Victoria says, because you kept your promises, that's why you only have eight members. And he laughs about the promises that he made and didn't keep, and says he's going to do it again in the next election.

Well I find that irresponsible and unfortunate that we have members here who have spoken only once or twice — have spoken only once or twice . . .

**MR. SPEAKER:** — Order, please. The number of times that members have spoken or are going to speak has no relevance to the subject at hand, and I would ask the member now to get to the subject.

**MR. LINGENFELTER:** — Mr. Speaker, when I'm referring to the members speaking, I'm referring to Bill 76, and I would very much like the members to speak on Bill 76 . . .

**MR. SPEAKER:** — Order, please. Your likes and dislikes are not part of the debate. The debate is open to the members. If they wish to speak, they'll have the opportunity.

**MR. LINGENFELTER:** — Well, Mr. Speaker, I notice the promises that are made by all members who are here in the Assembly. And I'm going to go through some of the promises and point out, and ask the members opposite why they are not defending. And they can do that by whatever means they want. And I was pointing out that one of the means of course was being involved in the Assembly. And I think that is relevant to the debate on Bill 76.

**MR. SPEAKER:** — Are you challenging my ruling? You are challenging my ruling, and I don't appreciate it, and I ask the member to get on with his discussion on the Bill.

**MR. LINGENFELTER:** — I'm getting on with the discussion, and I'm talking about the members opposite and the promises that they had made in 1982. And the members include the member for Humboldt, and the member for Melfort-Tisdale, who promised a 10 per cent across-the-board cut in income tax. And here is the Minister of Finance, a picture of the Minister of Finance, along with a picture of the now-Premier. And what do they say? Eliminate 5 per cent sales tax. And we have the member from Kinistino who is now in the

House and talks about the elimination of the 5 per cent sales tax.

And we are now putting it on used vehicles. We are now putting it on used vehicles.

And here we have other members, the now-member from Last-Mountain-Touchwood. Now you'll know who that individual is. He is also promised to take off the sales tax, and he is now sitting in the Assembly and will vote for, I say to you, Mr. Speaker, will vote for the Bill that will extend the sales tax.

And there are others. The member for Maple Creek. The member for — Where is this one? Melfort. The member for Melville, Grant Schmidt. The member for Morse, which I have mentioned earlier. He promised to take off the 5 per cent. The member for Prince Albert — he promised to remove the 5 per cent E&H tax and reduce the provincial income tax by 10 per cent. . . . (inaudible interjection) . . . Well the member refers to the elimination of the 5 per cent sales tax on clothing and utility bills. From the member from Rosetown, and on and on the list goes.

And I say that this is unfortunate that people would promise these kinds of things and then sit in this Assembly and vote for the extension of them. I say that's unfortunate. And for members to be laughing, to be laughing about this Bill being passed and not becoming involved to the point of voting against the Bill, is unfortunate. And I would challenge them to rise now and speak on this Bill.

**SOME HON. MEMBERS:** Hear, Hear!

**MR. SHILLINGTON:** — Thank you very much. Like all others before me, I . . . (inaudible interjection) . . . Adjourned debate. Call a point of order. Call a point of order, if you think I'm out of order.

Like all others before me, I intend to be brief, succinct, and to the point. I want to make one narrow point. I do not want to repeat all that is said. I endorse what was said, that this government has no mandate to be introducing this Bill. The government campaigned, as did the member from Wilkie, we will completely remove the 5 per cent sales tax. The members opposite campaigned on it.

As my colleague from Shaunavon said, for a period of time parties in this province were in the habit of keeping their promises. It's largely true of the government of Ross Thatcher, and was largely true of the government of Allan Blakeney, the member from Elphinstone I guess I should say.

(1930)

And the people came to trust political parties. They came to believe that when the member from Yorkton said, eliminate 5 per cent sales tax and this measure will be the first phase of a new PC government, of a new PC government's commitment to the complete elimination of the sales tax . . .

Mr. Speaker, none of the members opposite have entered the debate. They know full well, Mr. Speaker, that they are breaking a promise. I think they're going to reap a bitter reward whenever they have the nerve to call an election, as they certainly will in Regina North East.

I want though, Mr. Speaker, to dwell upon one other fact that I think is a common feature of all three tax Bills, and it is common feature of the federal budget, and that is a redistribution of the tax burden from the affluent to the ordinary person, to the ordinary Canadian. That's certainly true of this Bill. This Bill takes sales tax off of new cars, puts it on old cars, and is patently a redistribution of a tax burden from the affluent to the ordinary Saskatchewan resident.

As I say, that comment, I think, could be made about all of the sales tax. The flat tax is as regressive a tax as one can get; the poorer you are, the harder it hits you. That's also true of the big grants, that's true of all of these taxes. The sales tax is a direct transfer of a tax burden from the affluent to the less affluent.

I am disappointed that even a Conservative government should think that to be appropriate. It is, indeed, tax reform, Mr. Speaker. For decades governments have sought to achieve the opposite, have sought to lighten the tax burden of the less affluent and to make their lot in life a little bit easier. This indeed, Mr. Speaker, is a tax reform. It's not the sort of . . . And it is Tory tax reform.

We see the same thing at the federal level with the federal government de-indexing pensions and at the same time allowing . . . and at the same time removing capital gains.

Tory taxes, whether they be on cars or on . . . (inaudible interjection) . . . Well, the member from Kinistino is very vigilant in making sure I'm not getting out of order. There's no danger of you getting out of order because you haven't been in the debate yet, and you won't because you haven't got the nerve to do so.

Mr. Speaker, the sales tax . . .

**MR. SPEAKER:** — Order, please. Order. Order.

**MR. SHILLINGTON:** — Mr. Speaker, the change in the sales tax is retrogressive; it is typical of every single tax change which has been introduced so far by this government or their federal brethren. Inevitably, the change has been of shifting the tax burden from the affluent to the ordinary person. I don't endorse that; our colleagues don't endorse that.

Whether it happens in Ottawa or whether it happens in Regina, we're going to oppose that and as soon as this government has the nerve to call an election, we're going to successfully oppose that, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, Hear!

**MR. SPEAKER:** — Order.

**HON. MR. ROUSSEAU:** — Mr. Speaker, the members opposite have been waiting for someone from this side to speak on the Bill. If they'll allow me to do so, I will get to the Bill, and speak on it.

I left you . . . I've been away for four days and I arrived back tonight in time to see the same kind of performance that I saw a week ago. And Mr. Speaker, frankly, I have to think that it's a shame that we have to subject the people of Saskatchewan with the kind of performance that I saw tonight.

The member from Assiniboia-Gravelbourg, as well as other members, who spoke on the Bill without any knowledge, and comprehension of what they were talking about — none whatever. And the only thing that I can put it to, Mr. Speaker, is the fact that: (a) they don't understand; they don't know what it is. I will allow them that. I will allow them that. (b) Mr. Speaker, it's the same tax, exactly, that their confères in Manitoba have. Exactly.

But have we heard . . . We haven't heard a word about the Manitoba NDP government having the same tax. Not a word. Alberta doesn't have any tax. None. None. None. He brings up Alberta. And let me say this, Mr. Speaker. He brings up Alberta with no tax. The one thing that he doesn't understand — again, doesn't understand, doesn't know — that this year, in Alberta, for the amount of money that was taken from the Heritage Fund into the Consolidated Fund represented 7 to 8 per cent . . .



**MR. SPEAKER:** — The member has risen to close debate on a Bill that is before the Assembly, and I would ask him to deal with the subject matter of that Bill.

**HON. MR. ROUSSEAU:** — Thank you, Mr. Speaker, I will, indeed. I will, indeed. While I've had the same rhetoric listened to — I've listened to the same rhetoric from the members opposite, with reference to the campaign promises, and the reference to the elimination and the reduction of sales tax . . . (inaudible interjection) . . . And that's right. Absolutely.

Are you ready? Are you ready? You'll never hear me, as long as he's hollering. I'll wait. I'll take my turn. I think the people of Saskatchewan understand when they see me standing here, not saying anything, but you're doing the hollering, Mr. Leader of the Opposition, and your other members. So when I hear quiet . . . When I hear quiet, when I hear quiet from that side I'll continue . . . (inaudible interjection) . . . You're coming through. Keep it up. Keep it up. I'm quite prepared to discuss the Bill. Quite prepared. Mr. Speaker, I will continue . . .

**MR. SPEAKER:** — Order, please.

**HON. MR. ROUSSEAU:** — Thank you, Mr. Speaker. Given the opportunity, we'll discuss the Bill. Give the opportunity, but if the members want to listen. They talk about a reduction, a campaign promise . . . (inaudible interjection) . . . That's right. We said we would eliminate the tax. Right. And we said we would. We didn't say when we were going to do it.

**MR. SPEAKER:** — Order, please. Order, order.

**HON. MR. ROUSSEAU:** — Mr. Speaker, Mr. Speaker, that's exactly what we would have done. That's exactly what we would have done had they . . . had they not squandered . . . had they not squandered the money, the money that was in the Heritage Fund for us to be able to do that. Now we know where the money went.

**MR. SPEAKER:** — Order, please. It's impossible to carry on the work of the Assembly when we are going to have this much noise in the Assembly, and I'd ask the members to get some decorum here.

**HON. MR. ROUSSEAU:** — Thank you, Mr. Speaker. I have never, ever in my six or seven years in this legislature seen such an attitude from an opposition, that is nothing less than sour grapes from the members sitting opposite. And that's what it is. They won't allow me to discuss this Bill, close debate on it. They won't allow it because they know, they know why they were defeated in the last election; they know that the people of Saskatchewan had had enough of that party; they knew they didn't want them any more, and they put someone else in. On the Bill, as I explained when the Leader of the . . .

**MR. SPEAKER:** — Order, please.

**HON. MR. ROUSSEAU:** — Thank you, Mr. Speaker. Thank you, Mr. Speaker. Promise of a tax cut. Well in fact this Bill . . .

**MR. SPEAKER:** — For the last time today, I'm going to caution the member from Shaunavon. I have stopped you many times, and this is the last warning.

**HON. MR. ROUSSEAU:** — Mr. Speaker, it is indeed the first time I've ever seen this performance in this Assembly. And it's shameful that the people of Saskatchewan should be subjected to . . . You don't, they still don't want to hear it . . . (inaudible interjection) . . .

**MR. SPEAKER:** — I'm going to caution, as well, the member for Assiniboia-Gravelbourg.

**HON. MR. ROUSSEAU:** — Mr. Speaker, the fact of the matter is: this performance, or this carrying on in this legislature, is absolutely despicable. And I say that we have to apologize to the people of Saskatchewan that have to witness this kind of an attitude in this legislature. No wonder we have problems in this country . .

**MR. SPEAKER:** — Order, please. We have work to do in this Assembly. If members are not interested, then I would suggest that they may as well not be in the Assembly; they may as well be somewhere else. But if we're going to get the work done, we've got to have some semblance of order or we can't carry on. And I'll ask the minister to get back to the subject area of the Bill.

**HON. MR. ROUSSEAU:** — Mr. Speaker, I am, indeed, wanting to get back to the subject of the Bill. I have attempted now at least 15 times to get to the Bill, and I cannot get the attention of the members of this Assembly in order to be able to do that.

The fact of the matter is, as I've said before when the Leader of the Opposition spoke on it, I attempted to explain to him — surprised that he can't understand what this Bill is all about. We talk about a tax cut. It in fact incorporates a tax cut. It reduces a tax; it reduces a tax for all of the new car buyers.

The member from Athabasca the other day when he was on his feet, the member from Athabasca when he was on his feet the other day, Mr. Speaker, said — and it's in *Hansard* — said that his constituents buy used Ski-doo's. They buy used Ski-doo's, and they buy new boats and motors, but Ski-doo's — taxable, taxable.

When they buy new, under the old Bill when they were government, those constituents of the member from Athabasca had to pay the 5 per cent on the 3, 4, 5, \$10,000 for a new Ski-doo. No trade-in — it didn't matter; he had to pay the full shot, the full shot.

What they have to do now, Mr. Speaker, is pay it on the difference. Now his constituents are going to pay less money than what they were paying before. But he was agreeing with that? No, he was saying that his constituents were going to pay the tax. His constituents are the ones who are buying the new Ski-doo's. And now when they trade in the old one, they'll only pay on the difference. That's all; that's what it is. They'll pay on the difference.

The same with the farm vehicles. I spent 20 years selling farm vehicles in this province, Mr. Speaker. What did farmers buy? Mr. Speaker, there are many farmers in this Assembly. What do you buy? You buy new trucks, new grain trucks.

What has it been in the past? What has it been in the past? Tax on the full amount, full amount. Now we pay the tax on the difference . . . (inaudible interjection) . . . Well if the member from Pelly would read the newspaper just this week — record sales in Canada for new cars and trucks, record sales in Canada including the province of Saskatchewan.

Mr. Speaker, they've continuously complained about removing the tax. They only had 12 years to attempt to do that, but they didn't. They had 12 years to attempt to do that, and they didn't. We are, with this Bill, spreading the tax.

The attitude over there has always been: it's all right to tax, but don't tax me; tax the other guy. That's their attitude: tax the other guy. They talk about taxing the poor. Well, you know, Mr. Speaker, people who buy cars, people who buy cars are people who are at all levels of income. People who earn \$15,000 a year buy cars, but also people who . . .

**MR. SPEAKER:** — Order, please. If any members had wanted to get into the debate, they had the opportunity, and they didn't take it. Now I would ask for order so that the minister can close the debate.

(1945)

**HON. MR. ROUSSEAU:** — Yes, Mr. Speaker, thank you. People who buy cars . . . I wonder why the Leader of the Opposition feels that a person who buys a \$40,000 or \$50,000 used Mercedes shouldn't pay tax. I wonder why he feels that way. But at the same time I wonder why he feels that the working person earning \$15,000 a year buying a new car should have to bear the brunt of the tax. But why is that?

Why are you suggesting that only certain people of a society should be responsible for the tax? That's something I've never been able to understand. And that's why I say, Mr. Speaker, that the members opposite don't understand the Bill.

They don't know what the Bill is. They don't know what this Bill is doing for their constituents and mine and everyone else in this province. It spreads that tax load. Instead of 30 per cent of the people paying the tax, 100 per cent of the people will pay the tax.

Additional income? Yes, very little. As a matter of fact, Mr. Speaker, 30 per cent, 30 per cent of the additional income that will be derived from this tax will be paid for by SGI.

Now I don't think any member across there realizes that: that 30 per cent or perhaps even more of the money that will . . . the additional money that will be collected as a result of this tax will be paid for by SGI and not the people of Saskatchewan.

So what we're talking about is a spread of tax — far more equitable. Yes, a little increase in the revenue. But it isn't just that you feel and as you people have always said, don't let me pay the tax; we believe in tax, but let somebody else pay the tax.

All other provinces in Canada have this form of tax except Alberta who has no tax. Mr. Speaker, with the Heritage Fund that should have been left in this province, there would have been an elimination of the tax. Rather, though, what they did instead of removing those taxes, they had other places to spend that money, money that could have been used for the sales tax, Mr. Speaker, for the removal of the sales tax. Until that is replenished and replaced, that is what's going to happen.

So, Mr. Speaker, they can pull out all of the political ads they want that we had in the last campaign, but they have to accept the responsibility for those promises not having been fulfilled as yet. We are attempting . . . We haven't removed tax on many items, but we are attempting to spread or provide this tax on a more equitable basis, or charge this tax on a more equitable basis.

And the people in Saskatchewan who buy cars — and I say this again before I sit down — the people in this province who buy new cars are working people. They are farmers. They are small-business men.

**AN HON. MEMBER:** — Ordinary people.

**HON. MR. ROUSSEAU:** — As my colleague over here says, they are ordinary people. The people who buy cars are the same. The people who buy used cars can buy used cars, Mr. Speaker, that are worth \$50,000. And those people who buy a 40 or \$50,000 used car, I don't think the Leader of the Opposition would think or would suggest that that person is a poor individual.

I don't think the Leader of the Opposition would suggest that people who buy one-year-old used cars, one-year-old used cars, of all sizes, of all makes, of all values — anywhere from 10,000 to \$50,000 — I don't think the Leader of the Opposition was trying to tell me that those people who buy those one-year-old cars are poor people.

But the fact is it's a tax imposed that is more equitable and much fairer to all of the people on the basis that it isn't just one segment of a society paying it. Everyone is sharing in their responsibilities. They don't like that. They don't like that.

The fact is, Mr. Speaker, that the member from Athabasca, with his constituents who buys new Ski-doo's, as he said the other day, who buys new Ski-doo's, now will pay less tax than what he paid before.

So what the member from Athabasca is saying is that he believes that that constituency of his is not entitled to a reduction of sales tax. That's what he's saying. He's saying that his constituents are not entitled to less pay, less tax. But the Bill does. And that's what the Bill does. The Bill will provide a more equitable . . . that instead of 30 per cent of your constituents paying a tax, it'll be spread out to all of them.

That's what the difference is, and that is until you can understand why every other province in Canada, why every other province in Canada except Alberta, has gone the way they have with the tax. In fact Saskatchewan has the lowest tax in Canada; the lowest on used cars, the lowest on new cars, in all of Canada except Alberta. But that's not what you're looking at.

So, Mr. Speaker, we believe that this Bill is far more common sense. Yes, you indeed believe in a fair tax, you indeed believe. It's in *Hansard* where you said it the other day. In fact I can read the quote from *Hansard*, where you, Mr. Member from Athabasca, said you believe in a fair tax.

But you tell me, you tell me then why this is not considered a fair tax. This is a fair tax. You believe in a fair tax. I say this is what this is . . . (inaudible interjection) . . . No, that isn't what you said. It isn't what you said. What you said was that you believed in a fair tax, and I say that this is what this is. It's a fair tax.

Mr. Speaker, I say to the members on this side of the House that we support this Bill, and I say that the members opposite should in fact support the Bill, because the Bill is a Bill that would provide a more fair share, and equitable share, a distribution of that tax, to their constituents.

And I guess what they don't want to understand, and maybe what I should do . . . The member from Nutana suggests perhaps I should explain it to them in French. I'm not sure that they would understand. They don't understand it in English. Maybe they would in French, I don't know.

Anyway, what they don't understand is going to be their problem when it comes time to election time because, Mr. Speaker, they're opposed to a more fair share of the tax distribution, of the paying of the tax. They're opposed to that; they've said it; because every member opposite has stood up and said in this House that this is an unfair tax. It's fair to tax only certain people, and not all people. It's fair that only certain people should pay a tax.

Now that's what they're saying, and they'll have to live with that at election time, because I'm sure that the members and the people of Saskatchewan do not believe in that system.

So Mr. Speaker, I move second reading of Bill 76.

**SOME HON. MEMBERS:** Hear, Hear!

Motion agreed to on the following recorded division.

**YEAS — 29**

Muller  
McLeod

Smith (Swift Current)  
Hepworth  
Schoenhals

Smith (Moose Jaw South)  
Hopfner  
Rybchuk

Andrew

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Andrew	Schoenhals	Rybchuk
Berntson	Dirks	Gerich
Taylor	Currie	Boutin
Rousseau	Klein	Schmidt
Duncan	Martens	Tusa
Pickering	Young	Johnson
McLaren	Bacon	Swenson
Garner	Parker	

### NAYS — 7

Blakeney  
Lingenfelter  
Yew

Thompson  
Lusney

Engel  
Shillington

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Andrew that Bill No. 94 — **An Act to amend The Income Tax Act** be now read a second time.

**HON. MR. BLAKENEY:** — Mr. Speaker, the Bill before us deals with the amendments to The Income Tax Act, and it contains a number of provisions, one of them dealing with the flat tax; one of them dealing with the new rebate to senior citizens, which is supposedly to replace the property improvement grant or the senior citizens' school tax reduction grant, to be more precise, which is being repealed by this government.

Again, Mr. Speaker, the Bill is being put forward on the basis that it will simplify the tax system; that it will make it more fairer; that it will be neutral; and as I add, and that it is in keeping with the promises made by the party prior to the last election.

Well, we'd better have an opportunity to look at the Bill from those points of view. And I think when we do that, we will find that the Bill has certain shortcomings.

Mr. Speaker, I want to deal first with the flat tax. And the members opposite, I suspect, do not know what the flat tax provision is, but I hope to take a little time to outline what the flat tax provision is, because one would not understand what the provision was if one listened to the Minister of Finance.

The Minister of Finance says, I believe in tax reform, therefore I am bringing in the flat tax. The Premier says, I believe in tax reform, and I believe in taxes which apply to the rich and not to the poor, and that's why we're bringing in the flat tax.

Well no one quarrels with tax reform. Everybody is in favour of tax reform, and they're putting the definition of tax reform on the statute books of this province. Not good enough for them to say as the Minister of Finance says from time to time, well, we have to have tax reform but it has to start in Ottawa; I'm doing all I can; it's got to start somewhere else.

Members opposite, however, are putting their definition on tax reform, and they're putting the definition of tax reform on the statute books of this province. Not good enough for them to say as the Minister of Finance says from time to time, well, we have to have tax reform but it has to start in Ottawa; I'm doing all I can; it's got to start somewhere else.

Mr. Speaker, the Minister of Finance is bringing in three Bills. We have dealt with one of them, the

education and health tax. We're now dealing with the second, and that is the income tax. We'll deal at a later time with the removal of property tax rebates.

(2000)

And dealing with this Bill, this income tax Act which we have before us, the essence of the flat tax which it introduces is a tax on net income, net income as defined by the Government of Canada; income as shown, if one files a T1 General form, which is shown in line 224 of the federal tax form. Then number of the line doesn't matter; where it shows up on the tax form certainly does matter. The number 224 indicates that it's on page 2, and it's not very far down the page.

What is the significance of that? Well it's this, Mr. Speaker: it taxes all income which shows up on page 1 of a tax form; all salary, all wages, all commissions, all rental income, all income from businesses. But I think it's a little too facile to suggest that it taxes all income from businesses and from rent, because it is possible to net out your income from rents and show a loss.

It is possible, for example, to have a tax shelter, a multiple unit residential building, a MURB shelter, and lower your income on page 1 of the form, and then you don't have to pay any flat tax on that.

It's possible to be in a drilling partnership. It doesn't have to be a frontier drilling partnership, although that's certainly true. If you're a member of a drilling partnership that drills in the Beaufort Sea, you can reduce your income tax on page 1 of the form, and pay on flat tax. You can be a member of a drilling partnership here in Saskatchewan, something that goes about and does seismic work and tries to sell the results of their seismic work to the oil industry. You can do that.

And you can, because of the provisions of the federal income tax, if you put, let us say, \$5,000 into a drilling partnership, you can deduct the entire \$5,000 from your taxable income on page 1, or at the top of page 2, and not pay a dime of flat tax on that.

You can use the provisions of the federal tax to get a shelter by having, by financing the manufacture of films or video tapes, and you can deduct that income, deduct your losses — and you're not going to make any money the first year — you can deduct your losses and thereby avoid the flat tax, the tax which the minister is putting on by this Bill in the name of fairness.

I used to practise law. I used to go to conventions. I might have been a road contractor. They go to conventions. Road contractors sometimes go to conventions in Hawaii, on Maui, in February, and this is deductible; this is deductible for the purpose of calculating flat tax.

When I was practising law I used to go to bar conventions, Canadian Bar Association conventions. I tended to hope they were in Quebec City or some very, very pleasant place like that. And I paid for my convention expenses, and they came off my income. And if I were still doing that I wouldn't pay any flat tax on the costs of going to Quebec City, staying at the Chateau Frontenac — and always a very, very pleasant occasion, made even more pleasant because it was partly at the expense of the taxpayers of Canada. And now of course it's at the expense of the taxpayers of Saskatchewan, because I can take all that off before I pay a flat tax.

I could, if I had been a single lawyer as some of my colleagues are, without a wife or children . . . They are able to deduct all their convention expenses, deduct all their frontier drilling credits and the like, before they calculate their flat tax.

Now Mr. Speaker, what could you not deduct in the Minister of Finance's fair tax? Well let's deal with a few things which are not deductible in this tax, which is being applied in the name of fairness.

Well I can't deduct the age exemption. If I were able to claim the over-65 exemption that senior

citizens have, I could not deduct that before I paid my flat tax, because that is on the bottom of page 2 and I can't deduct that. In the words of the Minister of Finance, all right to give credit for frontier drilling shelters and MURBs and the like, but not exemptions that people get — that break they get when they get over 65.

How about the married exemption? In my instance of my lawyer friend who was single, he will pay exactly the same flat tax as if his twin brother was a lawyer and had a wife and six children, because the marriage exemption is not allowed in calculating the flat tax — the fair flat tax introduced by the Minister of Finance.

Now how about the children, the exemption which one gets for having dependent children? That is also not deductible to arrive at the amount of money for the flat tax. We have, therefore, a situation where so far as flat tax is concerned single people pay the same as married people. People with no dependent children pay the same as five dependent children. All this, Mr. Speaker, in the name of fairness.

Moving down: pension income deductions. And there are certain deductions built in to our tax system for people who get pension income: deductions — and this is fairly technical, but it has to do with whether or not they bought their pension and paid for it outright with after-tax money and then get a pension back, part of which, of course, is a return of the money they invested and part is the earnings (as you might say, the difference between the return of principal and interest).

That is adjusted here. But of course, that's not able to be deducted. It's actually possible for someone to have paid in for a pension, get his own money back, and have to pay a flat tax on it. This in the interest of fairness.

Well we go down now to medical expenses. And we will know that people who have high medical expenses are able to get a deduction — and they have to be high, because you have to pay the first 3 per cent out of income which is not subject to deduction from tax. But if you have particularly high medical expenses, the tax law says you're entitled to a deduction. The ordinary income tax of Canada and of Saskatchewan says that, but not the flat tax. People who have high medical expenses have to pay exactly the same flat tax as if they had no medical expenses. All that in the name of fairness. Mr. Speaker, I see no element of fairness in this, but that is what the Minister of Finance is recommending to this House.

The next item is charitable donations. Mr. Speaker, charitable donations are ordinarily a deduction from income for the purposes of the Canada income tax and the Saskatchewan income tax, but not for the flat tax. The person who doesn't give a dime to a charitable organization, and a person who gives \$5,000 a year or \$10,000 a year to charity, pays exactly the same flat tax, and this is argued in the name of fairness. To me, Mr. Speaker, this is the wrong way to tax.

I will come back to the theory of flat tax in a moment, but I want to describe this particular tax measure which the Minister of Finance is describing as somehow a move towards tax reform. It is in fact precisely away from tax reform, and I'll come to the reason for that, but I want to move down to a bit to more: gifts to Canada and a province. I don't suppose many of us are making gifts to Canada and a province, but there have been occasions when that makes sense. If someone decides that he wishes to give a painting, or an artefact, or perhaps some land for a park, that has been available as a tax deduction but not as a deduction for flat taxes.

Moving down, there is a deduction in the Canada and Saskatchewan income tax, a special deduction for people who have special expenses because they're blind. And that, of course, is deductible from income tax, but not from the minister's fair flat tax. If you have full sight, 20/20 vision, you pay exactly the same amount of income as if you are blind. This in the name of fairness.

And we move to an education deduction. A provision which is in the tax Act, to provide a tax exemption for parents who pay part of the expenses of their young people who go to university, and if you have any children in university, you'll be very familiar with this one. So many months, times \$50 a month. Now that seemed to me to be a reasonable provision; seemed to me to be a little bit of an assist to parents who are paying to assist their children to get a university education. But under the flat tax, you pay exactly the same amount if you help your child to go to university, or if you tell him to get lost and look after himself. Or have no kids at all. All the same tax. This in the interest of fairness.

I could go on. There are a number of others. They are a more technical nature. Unemployment insurance benefit repayment payable. These are fairly technical ones, but they're equally meritorious in the sense that if it makes sense to have a deduction from our income tax system, it's a little difficult to see why you're not allowing every major loophole in the tax system to be used, and available, for flat tax purposes.

Mr. Speaker, the Minister of Finance defends this flat tax by talking about another kind of flat tax. I, and others, share his belief that an income tax based upon income before everybody has used every tax loophole in the books would be a good idea. I, the party which I represent, provincially and federally, take a back seat to no one in saying that loopholes should be plugged, that it is by way of being a scandal in the Canadian tax system that there are so many loopholes available to people with wealth and sophisticated advice, that many pay little or no tax. But almost all of those loopholes are, to use my analogy, to be found on page 1 of the tax form. Almost everyone is still available to any citizen who may be faced with the minister's flat tax.

(2015)

I will concede in advance that one has been eliminated, and whether or not it should be eliminated is arguable. But I'll concede that the dividend tax credit is eliminated. But all of the others, virtually all the ones you can think of, are still there — as I say, the MURBs, the frontier drilling credits, and on and on. These are all available to reduce the flat tax, and yet pretty basic exemptions. Like having a dependent wife and dependent children, the exemptions that we have because people have heavy medical expenses or are blind — they are eliminated.

Now, Mr. Speaker, we would at least consider supporting a flat tax which was properly structured. I am not blaming the minister because he can't structure it. I know that he is dealing with the federal tax structure and there are limits to what he can do.

So my quarrel, Mr. Speaker, is not with the fact that he did not bring in the ideal flat tax, or the ideal tax with a broad base, eliminating loopholes and having a low rate of tax. My quarrel with the minister is that, knowing that he couldn't do that, knowing that he had to leave all the business exemptions out there and take all the family exemptions away, he made that choice: knowing that the loopholes available to the wealthy; loopholes available generally to business people; loopholes available to people, many of whom are in this House, who have fairly substantial incomes and sophisticated tax advice; those loopholes are available to us to avoid the flat tax.

**AN HON. MEMBER:** — Us?

**HON. MR. BLAKENEY:** — Us. Yes indeed, us. That's the point. That's the very point, Mr. Minister.

Ministers of the crown and people with incomes of that order, including leaders of the opposition, have an income, have available to them sophisticated tax advice. They can avoid much of the impact of the flat tax. But ordinary people who get a pay cheque and it adds up to \$30,000 a year; and who have three or four kids; and their wife stays home or does only occasional work, and she's dependent or partly dependent; and who are trying to make some



donations to their church, a few hundred dollars a year; and who are trying to send one or two kids to university — they don't have any money to put in frontier drilling credits, and they don't. And they pay the full impact of the flat tax, while those of us in this House, and people with incomes like that, are simply not hit the same way. And I say, Mr. Speaker, that that particular form of tax cannot be defended as fair.

Mr. Speaker, I believe that the minister effectively — I won't say misleads — but leads into error, people who listen to him and believe that he is talking about a tax on income before the loopholes are made use of. Because he keeps saying that over and over again. He keeps saying that something's got to be done about our tax system. It's leaky. He keeps saying that the loss of revenue from holes, from exemptions, from dodges, from shelters, is rising twice as fast as the tax income.

And of course, he's right. He keeps saying that something has got to be done to plug these loopholes.

Then he introduces a flat tax which plugs hardly a single loophole, hardly a single one, but in effect taxes charitable donations, the exemption which people have for their wife and children. It is particularly savage with respect to family people.

As I say, what do you say of a tax system which says that an individual with an income of \$50,000 a year, no wife, no children, perfect health, no charitable donations, pays exactly the same flat tax as his twin brother, with a dependent wife and five children, charitable donations, one or two children going to university — and I won't go on and say that one of them's blind or one of them has heavy medical expenses. If I did that it would make it worse.

What do you say of a flat tax regime which taxes them in exactly, at exactly the same number of dollars? That is what this flat tax is; that's what it does; and I hope that members opposite do not question that. If they do, I would wish them to describe what they believe the import of, the impact of the Bill is.

But what I say is true. With the flat tax, as I say, a single individual in perfect health with no dependents, and who makes no charitable donations, is a practising lawyer and spends his time going to every legal convention he can, the winter ones in the sunny climes if possible — he will pay exactly the same tax as, in my example, his twin brother, also a practising lawyer with the same income, but who stays at home, has a wife, children, and charitable donations, children in university, and all the rest. That is simply not good enough. That is simply not good enough.

Now, Mr. Speaker, I said I was going to talk in terms of fairness. I've tried to deal with the issue of fairness. I said, Mr. Speaker, I was also going to talk in terms of simplicity.

Mr. Speaker, this flat tax is a separate tax, calculated in a different way from the standard income tax which we all will pay. We will have the distinction in this province of having what amounts to two tax systems running at the same time. We will have on page 4 of our tax form another calculation for the Saskatchewan flat tax. Let me venture to predict, Mr. Speaker, that the form which we will get to deal with our 1985 taxes will have several, I suspect, quite a few more lines on it than the one we used in dealing with our '84 taxes. Now that's a strange way to go about simplifying the tax system.

Now a single loophole has been taken out; they're just applied in a different way. We have yet another tax calculation. We'll have a federal tax calculation, and a provincial income tax calculation, and a provincial flat tax calculation for the purposes of income tax, provincial income tax. You will be able to take off, as I say, all these deductions which I dealt with, as well as dividend tax credits and political donations and the rest.

But for purposes of flat tax there will be a different set of deductions. Dividend tax credit will

not be available' political party ones will not be available, as far as I believe this. At least, the form will be so horrendously complicated that I doubt whether anyone will want, at this stage of the game, to pronounce to a certainty on just what will or will not be the make-up of the taxable income for the purposes of the flat tax.

All I'm saying is this, Mr. Speaker: whatever else you can say about it, it will be more complicated. It is absolutely impossible to graft a flat tax on our existing tax system, to have all of s paying a federal tax and a provincial tax, regular, and a provincial flat tax, without having a more complicated tax system — a good deal more complicated. So anyone who suggests that our tax system is made more simple is simply unaware of the facts or not telling the facts to whose to whom he is speaking

But Mr. Speaker, this is not all that's in the Bill. This Bill also deals with a rebate for senior citizens to make up for the rebate which has been taken away by the other Bill which is before us, the Bill dealing with the removal of property tax rebates, home quarter tax rebates, senior citizens' property tax rebates, and the like.

Mr. Speaker, we had a pretty simple system. We had a pretty simple system of giving a rebate to senior citizens. Senior citizens made out a relatively simple form, sent it in, and got a cheque.

Now Mr. Speaker, senior citizens are not in that happy position. I don't know about the senior citizens, Mr. Speaker, in your constituency and in constituencies of other members opposite. But I will say this. A large number of my senior citizens, particularly at the lower end of the scale, simply didn't bother making up income tax forms. They didn't bother. They knew they weren't taxable and they didn't bother making up income tax forms.

I have heard it predicted, estimated, that probably as many as 50 per cent of senior citizens couples don't make up a tax form. And why should they bother? They didn't owe any tax. A tax system, heaven knows has got enough forms pouring in. Why load it down with another many, many thousands of tax returns which would have had no cheques attached because there's no tax payable? And that seemed a pretty reasonable arrangement, pretty sensible.

Their property tax rebate had nothing to do with their income tax form. They sent in the one-page form and they got their money. They got their money from Regina. If there was any problem they knew who to talk with.

Now, Mr. Speaker, all that is gone. It has been replaced by the same system with a new name for this year. And the new system, incorporated in this Bill, Mr. Speaker, a new system which is the . . . offered to us as the soul of simplicity, and which by my rough calculation has 20 or 25 paragraphs of legal prose which would offer a fair challenge to a trained lawyer.

Now this again, Mr. Speaker, I say is the proposal for senior citizens, senior citizens' property tax rebate, and I will not refer to the section at all or deal with its contents except to say that it covers two pages of the Bill and it is very far from simple, very far from simple. And what does it do, Mr. Speaker? It says that the senior citizen can get back a rebate, depending upon how much he pays in property taxes. Now it won't be a simple rebate; it won't be a simple system like the one which we now have. It will be a good deal more complicated. And I say a couple of things about it: first, senior citizens won't get it unless they file an income tax return. Senior citizens won't get it unless they file an income tax return.

(2030)

Secondly, Mr. Speaker, Mr. Deputy Speaker, they will now have to, in effect, make out an application as part of an income tax form, send it in, presumably, the tax office in Winnipeg, and if there are any problems with it, as there inevitably will be . . . If you've ever dealt with senior citizens on income tax, you know that some of them are not fully informed on our income

tax law. You may find it shocking to think that people who are 70 years old are not fully acquainted with the Canadian income tax law, but I'll tell you it's true. In fact, and I'm being facetious, there's hardly a single soul in Canada who understands the income tax law, and they are fully forgiven if they don't understand it. And I think just on principle to say to senior citizens who are looking for a property tax return for five or 10 years; you get busy and file one. Do you know where that taxation office in Winnipeg — I don't know, Mr. Speaker, whether you've ever dealt with the taxation office in Winnipeg, but I certainly have. Yes, indeed. I write a letter and I get back a piece of computerized mail which has got two or three X's on it, and I'm supposed to figure out how that answers my inquiry. And I keep at it. I am rather better equipped than most senior citizens to figure out how that answers my inquiry. And I keep at it. I am rather better equipped than most senior citizens to tackle income tax problems since I was a practising lawyer and did some commercial work and had some knowledge of the Income Tax Act in a very general way.

I say, Mr. Speaker, Mr. Deputy Speaker, it is a shame to say to senior citizens: no property tax rebate unless you buck that income tax system. No property tax rebate unless you make out an income tax return, send it in and, if you have any trouble, wrestle with the income tax office in Winnipeg.

That seems to me to be something less than doing a favour to senior citizens, and something less than simplifying our tax system. That, Mr. Speaker, Mr. Deputy Speaker, does nothing to simplify our tax system. It makes it a great deal more complicated.

I say facetiously that this may well be called the H & R Block Bill because we are going to have some hundreds, and probably thousands, of senior citizens, who have hardly the slightest idea of how to tackle an income tax form, particularly one which is now complicated by having to put in a claim for a property tax rebate, and they're going to go to the corner where they make up their income tax return and they're going to have to pay 40 or \$50 to get their income tax return made up, I suppose.

It will hardly be a relatively simple form so they will not have to pay the 2 or 3 or \$400 that some other people have to pay. But I suspect they will have to pay this and, in order to get their 3 or 4 or \$500 back, because they're not paying any income tax they now are called upon to gather in the paper, have all the mental anguish of filing an income tax form, paying the money to get their cheque back.

Mr. Deputy Speaker, a great many people in our society find making out income tax returns a stressful thing: wondering whether they've got all the papers; wondering whether they perhaps should have saved something that they didn't; wondering whether they got some income that they didn't remember. Senior citizens didn't worry about that before. They didn't bother about the whole income tax apparatus, which by anybody's standard is complicated. Not a soul in Canada believes our income tax system is simple. They filled out a simple one-page return, sent it in to Regina, got their money back, and that was it. If they had a quarrel, they called up the inquiry service, or got I touch with their MLA and he explained it.

I am going to be very interested to hear the explanations, or hear about the explanations, that some of these senior citizens get when our MLAs start explaining their income tax return to them, and when they start explaining to them the provisions of the senior citizens' property tax credit as set out in this Act. That is going to be a pretty interesting explanation from some of the members opposite and some of the members on this side.

So we are going to have another group of some thousands of senior citizens launched into the tax jungle quite unnecessarily — quite unnecessarily. The other system was simple, direct, people knew what it was all about. This one is going to be complicated. Surely anything to do with the Income Tax Act is complicated. They will not be able to get ready advice here in Saskatchewan because this is part of the federal tax system. I venture to think they're not going to get ready advice from their MLAs, because confident as I am of the capacity of some of

the MLAs to enjoy trips to Maui, I'm a good deal less confident of their ability to explain how this would come up on the income tax form.

Mr. Deputy Speaker, I have tried to deal with this Bill under the heading of fairness and under the heading of simplicity. Mr. Speaker, I am by no means sure that I have covered all of the principles in the Bill because there are some other provisions with respect to the provincial tax reduction which I confess I don't fully understand. And we will be able to get an explanation in committee on those. But if I misread these provisions about the income tax reduction, I know that some other members will leap into the debate and describe it for me.

I say this, Mr. Deputy Speaker: this is argued for in the name of fairness. There's not a thing fair about it. The flat tax, as I have tried to show, is as unfair a tax as you could perhaps structure. And there's nothing too much fair about casting senior citizens on the income tax system and saying to them, you've got to fill out an income tax return now or you're not going to get any property tax rebate — nothing that's fair about that.

As for simplicity, having not only a regular income tax system but upon a different batch of deductions, having not a simple property tax rebate but now one involving a very complicated calculation on income tax, does not meet the test of simplicity. Mr. Speaker, does it meet the test of commitment? Does it meet the test of commitment?

Mr. Deputy Speaker, I could go through all of the advertisements put forward by members opposite when they were campaigning in 1982 indicating that they were going to reduce the income tax by 10 per cent. There are so many, but I'll pick this one up, and this one is for the member for Melville. I just happen to have this one here, Mr. Deputy Speaker — reduce provincial income tax by 10 per cent . . . (inaudible interjection) . . . Yes, you're right, I should go over it again — reduce provincial income tax by 10 per cent. That's right above the line which says, remove the 5 per cent E&H tax. Now we have dealt with the one where he says, remove the 5 per cent E&H tax, so I'm not going to repeat that.

I'm going to talk about reducing provincial income tax by 10 per cent; reduce provincial income tax by 10 per cent. I ask you, Mr. Deputy Speaker, is there anything in this Bill which takes us one step closer to reducing provincial income tax by 1 per cent? We have a change which the minister is perfectly free to admit involves much heavier taxes. If the minister had campaigned on saying that he was going to apply a flat tax, and was going to tax people on the basis of their gross income, virtually, he, I think, would not have had quite as much success as he did . . . (inaudible interjection) . . .

**MR. DEPUTY SPEAKER:** — Order, order. Allow the member to make his comments.

**HON. MR. BLAKENEY:** — Some of the members have had . . . have dined well.

Mr. Deputy Speaker, I don't want to read through a great list of these although I see by my colleague . . . I've had a request to read the one for the member for Cut Knife-Lloydminster, and I will attempt to do that. And I think it will say . . .

This one is the member for Estevan, and this one . . . Well it doesn't matter, Mr. Deputy Speaker. This one is Regina North East, and they're going to provide a 10 per cent reduction in provincial income tax. Mr. Sutor is that name. And he is no longer a member, Mr. Deputy Speaker, and I wanted to underline that point . . . (inaudible interjection) . . . Yes.

This is the member for Cut Knife-Lloydminster, and it says: provide a 10 per cent reduction in provincial income tax. That's what the member for Cut Knife-Lloydminster said. And I could go on, Mr. Deputy Speaker. There are 20, or 25, or 30 that I have here. It will serve no good purpose to remind hon. members that they campaigned, to a person, on a 10 per cent reduction in provincial income tax — campaigned, to a person, on that particular plank.

And we have not seen any reduction in provincial income tax. We have seen no increase in provincial income tax until this Bill comes along, and this Bill effectively increases provincial income tax. It's an effective denial of the commitment made by so many of the hon. members opposite that they were going to reduce provincial income tax. Mr. Deputy Speaker, it is simply not true to say that there has been a reduction in provincial income tax. There has not been.

I have one here from the PC candidate, and now member, for Swift Current: Progressive Conservative government is dedicated to phasing out provincial sales tax and reducing personal income tax by 10 per cent. Dedicated — we are dedicated to that. Well we are not making much progress in pursuing that dedication.

(2045)

Mr. Deputy Speaker, members opposite know what they said. Members opposite know what they advertised on radio, television. They know what they put in their ads in the paper. And they, Mr. Deputy Speaker, promised to cut the income tax. And I am sure they will wish that that point not be raised. I am sure that they will want . . . (inaudible interjection) . . . Mr. Speaker, I will just allow all members to compose themselves a bit, and then go on and say this: the members who know that they made that promise, who know that they made their promise, believe that they answer that promise by saying that someone won an election and someone lost an election. They believe that somehow they answer their commitment by saying, it got us elected: why should we have to pay any attention to it now?

Members opposite, so many of them regard political platforms as we used to regard railway platforms: it's something to get it on, and then you move away from it. And that is what they have done. Something to get it on, and then they moved away from it.

And we have members opposite saying again and again: yes, we made this promise, but no, we have no obligation to keep it. We have no obligation to keep it. We are perfectly free to vote against it, to say that we are no longer bound by it, and to give no explanation to the public.

And I suspect, Mr. Deputy Speaker, that they will not give any explanation to the public. They will not say why they're pulling away from the promises that they made.

Here is the member for Saskatoon Sutherland — a somewhat younger looking picture, but I recognize him. It says, reduce the provincial income tax by 10 per cent. This is the member for Saskatoon Sutherland, April 26, 1982.

I suspect that they will give no explanation as to why they're departing from that commitment, and I suspect that they will vote to depart from that commitment. So Mr. Deputy Speaker, there is a good deal more that can be said about this Bill, and a good deal more that will be said about this Bill by my colleagues, and by some of us in committee, but I . . . (inaudible interjection) . . .

Mr. Speaker, members opposite ask us: what would we do? If faced with this choice, taxing oil companies or taxing donations to the church, I would be able to make up my mind. I would be able to say that a tax on oil companies is fairer than a tax on charitable donations to churches.

**SOME HON. MEMBERS:** Hear, Hear!

**HON. MR. BLAKENEY:** — Members opposite reach a different conclusion. Members opposite believe that taxes on charitable donations to churches, to Boy Scouts, to Red Cross, is a better tax than a tax on oil companies. That their position, or so I gather it.

If I'm wrong I know that they will stand up and clear the air when I've sat down. But I think that

from the comments they have made there is no other appropriate conclusion to be drawn . . . (inaudible interjection) . . .

**MR. DEPUTY SPEAKER:** — Order, order. I would ask members on both sides of the House to keep some decorum.

**SOME HON. MEMBERS:** Hear, Hear!

**HON. MR. BLAKENEY:** — I want to conclude my remarks by saying that this Bill before us, which applies the flat tax and provides a property tax rebate for senior citizens in substitution for the one which is already there — a complicated one is substitution for the simple one — is a Bill which cannot be defended on the minister's own standards of fairness, on the minister's own standard of simplicity, and on the standard which I care to apply, of commitment: what they promised and what they delivered.

I believe that this is a bad Bill. I believe that my constituents are telling me it's a bad Bill. I believe that members opposite will find that their constituents are not happy with the flat tax, the way it's structured. And I believe that the Minister of Finance, however often he states his . . . gives his speech in favour of tax reform, which has nothing to do with this Bill, will be unable to convince the people of Saskatchewan that however desirable his proposal for tax reform, this Bill has nothing to do with it.

This Bill is unfair. This Bill is complicated. This Bill is a straight desertion of principle, a straight withdrawal from their commitments. And, accordingly, the public of Saskatchewan are rejecting this Bill.

I will vote against it, and I will be very interested to know who's voting for it.

**MR. SHILLINGTON:** — I want to add my voice to the member from Regina Elphinstone in protest against this Bill. I said with respect to the earlier Bill that it is a transfer of a tax burden from the wealthy to the ordinary. That was true of the sales tax. That is true of this tax. It is increasingly true of Tory taxes wherever one finds them, either in Regina or Ottawa. It is tax reform for the rich.

Reform, Mr. Speaker, Mr. Deputy Speaker, really is in the eye of the beholder. If you're wealthy, apparently tax reform involves unloading the taxes on the others who aren't so wealthy. If you represent the ordinary people, as we pride ourselves in doing, tax reform means what has been traditionally known as a more progressive tax system — higher taxes for those who can pay and relief for those having difficulty.

It is apparent that members opposite, the government opposite, are a party of the affluent, represent them, associate with them, speak for them, and are unable to understand ordinary Saskatchewan people. Mr. Speaker, it was apparent to us, and it is becoming increasingly apparent to Saskatchewan people. Members opposite seem anxious to get into the debate when there's no opportunity and are dead silent when there is. I can either conclude that they have been told by the House Leader to stay out of the debate or indeed, Mr. Speaker, they are simply too bored with their role as private members and they behave like . . .

**MR. DEPUTY SPEAKER:** — Order, order, order! I would ask the member to keep his remarks on the Bill before the Assembly.

**MR. SHILLINGTON:** — Well, Mr. Speaker, I'll certainly follow that. It is difficult and almost pointless to do that when no one can hear what you're saying because there are three goons sitting in the front row over there trying to yell you down, Mr. Speaker. I say, Mr. Speaker, I am prepared to speak on the Bill if I am the only person speaking, but I have to yell over top of members opposite, it seems to me to matter not much what you say.

Mr. Speaker, the Bill transfers taxes from the affluent to ordinary people. It does that, Mr. Speaker, in two ways. The very concept of a flat tax is a tax which is not progressive, which does not increase as one's income goes up. Almost since the inception of the income tax, within a very few years after the income Tax Act became a system whereby the higher the income, the higher the percentage. It was, and still remains, one of the more progressive and fairest systems of taxation at least conceptually.

It insures that those who have a great deal of excess income, Mr. Speaker, those who can't decide whether they ought to buy a new luxury automobile, or an oversized computer system for their homes, or a drilling fund, or a MURB, those people who really can't decide how they're going to spend all that extra money; those people will pay out more tax and a higher percentage of tax. The Income Tax Act further assures that ordinary people, who struggle to make the pay cheque stretch till the end of the month to or to the end of a two week period as the case may be, pay less.

That is the way the flat tax system has worked for close to 60 years if not over 60 years, Mr. Speaker. It remains in conceptual terms the most attractive feature of the income tax system.

Mr. Speaker, it is why the . . . And that is the principle that the flat tax system violates. It's not without . . . it's not by chance that the flat tax was conceptualized was first thought of in the U.S. where the income tax system is different, the income tax form is physically different — and I'm going to get that in a moment — but it is not by chance that the flat tax was conceived by conservative American economists.

Mr. Speaker, I'm not sure if I should try and drown out the member from Lloydminster to discourage this, or if I ought to try pointlessly to continue to yell over top of him, Mr. Speaker. He is, indeed, a tempting target. But I suspect, Mr. Speaker, I'd better stick to the speech and not respond to the member from Lloydminster as broad a target as he makes himself, Mr. Speaker.

The flat tax violates those progressive features of the income tax system. They do so, Mr. Speaker, because they were designed by conservative American economists who come from a different culture, Mr. Speaker, who work with a very different income tax system, Mr. Speaker, and who have a very difficult federal system than we do, Mr. Speaker.

The state . . . (inaudible interjection) . . . well I'll leave it to the Deputy Speaker to be insulted because I may have called him a Speaker instead of a Deputy Speaker. If I maligned his high office, I am sure he is capable of speaking by himself and doesn't need the members opposite from fertilizer row who choose this moment, who choose this moment to sit in the front row. Because their lot in this government is so far back both physically and in image terms, that they really can't make an impact from where they normally sit, wither in the old caucus or in this legislature.

Mr. Speaker, the flat tax, the flat tax, Mr. Speaker, is not progressive; taxes everybody at the same percentage point. Those, Mr. Speaker, for whom 10 per cent of their income is a small portion of what is discretionary money, pay the same percentage as those for whom 10 per cent makes it impossible to maintain the current standard of living, Mr. Speaker.

In conceptual terms the flat tax is objectionable. It is foreign to this country. Mr. Speaker, economists in the U.S. who talk about the flat tax are capable of making it work because they have a different income tax system and a different federal system of government.

In the U.S., Mr. Speaker, state governments, state governments are much, much smaller, Mr. Speaker. They are glorified rural municipalities; they run police forces and highway systems, and that's about it. The federal government in the U.S. takes almost all of the income tax, spends it all,

and has by far and away a larger responsibility.

Mr. Speaker, the flat tax, which has been considered by any Canadian economist — be he or she Conservative, Liberal, or liberal in their approach — has been rejected. With our current income tax system and without a measure of agreement between the federal government and the provinces, which is impossible in the current milieu, Mr. Speaker, the flat tax isn't workable.

The flat tax, Mr. Speaker, has many academic proponents in the U.S. and none in Canada. No respectable economist believes that the flat tax can be made to work without a major tax reform which involves . . . I omit, I omit the member for Kindersley when I say a respected academic. I know he likes to think of himself in those lines, but not many other people do, Mr. Speaker.

(2100)

No respected Canadian economist believes that it can be made to work given the current federal system we have, the income tax system we have, and the degree to which provinces and the federal government share the income tax funds in this country, Mr. Speaker. The flat tax as it . . . this, this foreign beast which has been imposed upon the income tax system in Saskatchewan and nowhere else, Mr. Speaker, has no friends. And, in fact, it is regressive beyond the mere fact that it's a flat percentage rate.

Mr. Speaker, the Minister of Finance has been telling us, and the Premier has been telling us more than the Minister of Finance . . . the Minister of Finance may have enough integrity to spare us it; the Premier does not. The Premier has been telling us that the western provinces endorsed his concept. In fact every reporter who was at that conference reported the opposite.

I have in my file, Mr. Speaker, I have in my file, Mr. Speaker, a headline from the *Leader-Post* saying "Western premiers cool to flat tax." That's the headline. Headline from the *Star-Phoenix* is the same.

Mr. Speaker, the western premiers may have been polite about it, but they were cool about it. Simply because the western premiers didn't react with the same energetic criticism that this House did, does not mean the western premiers accepted it, Mr. Premier, Mr. Speaker — they rejected it. I believe, Mr. Premier, that none of the tax advisory bodies which exist in this country — and there are many of them; there are at least half a dozen which I could name without having my file in front of me — all of them were critical, Mr. Speaker. All of them, Mr. Speaker, said that the tax, the flat tax, is not a tax reform, it's a tax increase.

That, Mr. Speaker, came from such respected bodies as the Canadian institute for public policy, the Canadian Institute of Chartered Accountants, Mr. Speaker, that was the editorial opinion in the *Financial Post*, the *Financial Times*, Mr. Speaker.

And I can go on for the benefit of members opposite who want to know who was cool. I'll tell you who was cool on the flat tax, it's everybody but members opposite. That's who's cool on the flat tax.

There isn't a single, there aren't a single solitary major tax body which analyse either taxes or public policy in this country which have supported the flat tax as you people have introduced it. Mr. Speaker, members opposite are all alone on the flat tax, both in terms of academic opinion in Canada and in terms of public opinion in Saskatchewan.

I cannot believe, Mr. Speaker, that members opposite actually thought out the flat tax before they introduced it. I can't believe that they thought it out. I would be delighted to know what goes on inside a Tory cabinet or a Tory caucus when they can agonize for the many months that they did over flat tax, when they can tell us that it's the most intelligent budget ever and apparently believe it at the time — none of them believe it now — when they can bring in a



budget which is later than any budget since the war, at least — and I don't know when budgets were brought in before the war — when they can bring in the latest budget in recent history, Mr. Speaker, and still bring in something as ill conceived as a flat tax, Mr. Speaker.

The flat tax has been panned by . . . I see the member from Saskatoon Sutherland. At the time I said that I thought he was reading the *Financial Post*. It is not, in fact; it's a trade journal, *The Pipe Line*. I thought he was reading the *Financial Post*.

I was about to advise the member from Saskatoon Sutherland to pick up the edition of the *Financial Post* which followed the budget and read what they had to say about the flat tax. Mr. Speaker, they did not take, they did not take, Mr. Speaker, a long time to dispose of it. They analysed the tax, noted that it did not eliminate any of the loopholes, that it raised a very significant amount of money. The *Financial Post* — Mr. Speaker, I want to make a few comments on that. That magazine, Mr. Speaker, is worth making some comments on. Mr. Speaker, . . . (inaudible interjection) . . . No, that's not the *Financial Post*.

The *Financial Post*, Mr. Speaker, is a respected journal of Canadian business and finance. The views held therein are views that, I think, a great many Canadians can subscribe to. The comments that are made in that advertisement — I believe that's a good political advertisement — are something very different, Mr. Speaker.

What that is suggesting is that the NDP lost so badly in 1982 . . .

**MR. SPEAKER:** — Order. The question is Bill 94. I would ask the member to keep his comments on the Bill.

**MR. SHILLINGTON:** — Well, Mr. Speaker, I do, indeed, intend to do that. I want to contrast these different ways in which the parties opposite and this party raise their revenue, Mr. Speaker. This party which is now in power believes you ought to raise the revenue by taxing old cars that kids and senior citizens drive.

**MR. SPEAKER:** — The member had lots of opportunity to debate Bill No. 76 earlier this evening. The Bill before the House is Bill No. 94. I would ask the member to keep his comments on Bill No. 94.

**MR. SHILLINGTON:** — Members opposite, Mr. Speaker, raise their taxes by flat taxes, which are imposed upon lower-income people, which are largely avoided by upper-income people. Members opposite say, with some degree of fairness, if you're not going to have a flat tax — and I can assure you that after the next election there isn't going to be a flat tax, as soon as a budget is brought in — if you're not going to have a flat tax, where are you going to raise it?

I say we're going to raise it by making resource companies pay their fair share — something they used to be, and something they no longer do, Mr. Speaker. My colleague from the city of Regina, the member from Elphinstone, with considerable ability — a good deal more than the Minister of Finance had, I may add — pointed out just how much money this province is giving away in resources.

If this government opposite would levy a fair tax on our resources, the flat tax wouldn't be necessary, Mr. Speaker. It's a fair question: where are you going to get your money from? A party which will put . . . a governing party which will put in a paper, why did Blakeney NDP lose so badly in 1982 . . .

**MR. SPEAKER:** — I must warn the member again that the question before the Assembly is Bill No. 94, and I would ask him to keep his comments on that Bill.

**MR. SHILLINGTON:** — Mr. Speaker . . .

**AN HON. MEMBER:** — . . . (inaudible) . . . three strikes and you're out.

**MR. SHILLINGTON:** — Well in that case the member opposite would have been out a long time ago. There's obviously a great deal of charity being shown to members opposite today.

Mr. Speaker, this party believes that our resources are ours; they're here for the benefit of Saskatchewan people and not for the benefit of outside investors. We believe, Mr. Speaker, that we can have fair and progressive tax systems by levying taxes on resource companies, and that's what we'll do.

And I can assure members opposite, if any of them are in any doubt, a flat tax will not survive a change in administration. So that when members opposite, if they ever have the courage to call a general election, I can assure you that will be the end of this Bill. If members opposite are wondering about its longevity, Mr. Speaker, and I thought they might be, Mr. Speaker.

But the flat tax is unfair for other reasons as well, Mr. Speaker. It's not just a flat percentage, it also levies tax on some income to very ordinary people and omits income to others, Mr. Speaker.

The flat tax levies a 1 per cent tax on old age pensions — senior citizens' pensions — Mr. Speaker, because senior citizens' pensions are added in before the magical place on page 2, Mr. Speaker; levies a tax on child allowances, on child welfare allowances; levies a tax on provincial social assistance where that's relevant, and it often isn't to income taxes; levies a 1 per cent tax on all of those supports, which are meant to go to ensure that every Canadian child might have something approaching the same opportunity, Mr. Speaker.

The Government of Canada, in its wisdom years ago, did not set up senior citizens' pensions willy-nilly. They did it to assist the lot of people who our society and our economic structure tends to neglect. The same is true of the child welfare allowance — began at \$16, now is many times that, Mr. Speaker. That was put on to assist and to ensure that every Canadian child might have something approaching the same opportunity, Mr. Speaker.

The same is true of the other low-income supplements — the umbrella, as members opposite call it — and as they're unravelling the social umbrella, levies a 1 per cent tax on all of that, Mr. Speaker.

But then on the side of the tax system is intended to be a credit to make up to those people for their economic status. The aged, Mr. Speaker, get a credit if they're over 65. That, Mr. Speaker, isn't taken off before the 1 per cent is levied.

Likewise, if you have children . . . While you pay income tax, as distinct from the flat tax on your child allowance, you get a deduction at the other end. It's intended to ensure that those at the lower end of the economic scale will really not pay tax on child welfare allowance while those at the upper end economic scale will.

The same is true of the other benefits — the spousal allowance. The Income Tax Act, Mr. Speaker, with all its complexity, is designed to ensure the benefits are given to low-income people on page one, and are taken into account on page one, but on page four, for those at the lower end of the economic scale, there are exemptions to ensure that they don't pay tax on that.

The tax is paid by the affluent, and that the whole system, Mr. Speaker, is designed to make it simpler for government to administer so that they don't have to means test, because whatever members opposite may think about a means test, it is an administrative nightmare to actually put into effect.

The income tax system, Mr. Speaker, is designed in that fashion. On page one you pay tax on

certain income given to assist low-income people. On page four there are sufficient exemptions to ensure, if you are low income, there's no tax on it, but the affluent do pay tax on that income. And so the Government of Canada gets much of it back from the affluent people, Mr. Speaker. It may be a complex system, but it's a relatively inexpensive system.

The flat tax, Mr. Speaker, is imposed on that system. It is a foreign body. It doesn't fit, Mr. Speaker, because it collects a tax off the benefits given to low-income people that takes no account of the credit that appears on page four.

Mr. Speaker, I said that no respected economist; no respected economic body in Canada; no respected tax advisory board — and there are several of them around publicly funded, or funded through private sources, Mr. Speaker — no respected body has endorsed a flat tax, and that is because, Mr. Speaker, it is wholly foreign to our tax system.

Mr. Speaker, it's been some time since I've had time, this session to burn a flag out on the front steps of the legislature. I am not anti-American, but I say with respect to the flat tax, Mr. Speaker, we cannot . . .

**AN HON. MEMBER:** — We do it all the time.

**MR. SHILLINGTON:** — Oh yes, we do it all the time. We can't keep them dry in this weather, but as soon as they dry out they'll be back at it, Mr. Speaker.

(2115)

Mr. Speaker, we cannot import from the Americans, everything, every idea, and everything they have. Some of them simply don't grow on Canadian soil. Just as, Mr. Speaker, you can't grow cotton in Saskatchewan. It is a foreign plant, and it will not grow here, so there are some of their ideas which will never be fitted into the Canadian mosaic, and one of them is the flat tax, Mr. Speaker. That, Mr. Speaker, is what every economist . . . (inaudible interjection) . . . Bill 53, Mr. Speaker, also seemed to fall on some awfully infertile ground, if I may take part in the banter, and I know I shouldn't, and I'll get out of that, Mr. Speaker.

The members opposite — carrying on a conversation which makes it difficult to speak, tempt me to get into it; but I will forego the . . . (inaudible interjection) . . . no, I won't do that, no, won't do that, no, no.

But, I say, Mr. Speaker, that the flat tax is like a magnolia tree and a cotton plant. It's a foreign idea. It may work in the U.S. I don't know. I listened to Ronald Reagan's concept of a tax reform. I may say that superficially it has some attractions — there are some problems with it, but it has some attractions.

But, Mr. Speaker, Mr. Speaker, President Reagan deals with a very different system. He has to deal with a Congress and a Senate. But he really does not have to deal with the states.

There is no way that Mulroney, had he any inclination for tax reform — and he's shown none — had he any inclination for tax reform, there is no way he could simply do it in a television address and have any credibility. The Canadian governmental system's vastly more complex than that. He could easily impose it on the government, which Ronald Reagan cannot. But he has to deal with the provinces, which Ronald Reagan does not.

Tax reform, and the flat tax, Mr. Speaker, are two different animals. There's a Canadian version and there's a U.S. version. What the member from Kindersley has done is to pick up an idea like a ball, and he's run with it without really looking at it.

There's nothing, Mr. Speaker, so much as a bit — nothing so dangerous they say as a bit of

knowledge. The member from Kindersley saw the idea of a flat tax — I'm convinced, without giving it serious thought — imposed it in Canada.

And I say to members opposite, you are all alone right now with the flat tax — you're going to remain all alone with the flat tax. It may not be, at this moment it may not be the burning issue that the sales tax and the PIG grant are, but that's because people don't understand it.

By next February when they start filling out their income tax forms, I'll tell you the flat tax is going to be about as popular as the removal of the PIG grants is right now. All that's keeping this from being a flaming issue is the difficulty that most people have in understanding it, Mr. Speaker.

Mr. Speaker, as I say, I do not want to carry on at length. I want to make one more remark with respect to senior citizens. This government, this government, Mr. Speaker, has had some mental lapses, but I think none so serious as the change in the grant to senior citizens.

The member from Kindersley needs a muffler on it. He barks like an old car, Mr. Speaker . . . (inaudible interjection) . . . Kinistino.

Mr. Speaker, the senior citizens . . . We found in the estimates of the Minister of Urban Affairs, one-half of senior citizens, we find, do not complete income tax returns. That is what the Minister of Urban Affairs told us, Mr. Speaker. Since almost all senior citizens are eligible for it — they either rent or own — that means that all senior citizens are now going to have to complete income tax returns.

Mr. Speaker, I believe that most of the half who have not completed an income tax return are going to find themselves incapable of doing it. Anybody who has been away from the income tax form for a couple of years has trouble with it. A young, well-educated person has difficulty with that form right now. It has got complex.

I said that the income tax system was a fair system. I also said it's got to be a terrible complex system, Mr. Speaker. That means that those seniors are going to have to go somewhere to get an income tax form filled out, they're going to have to save an endless number of papers, and they're going to lose some. Mr. Speaker, they're going to have to save all the pink slips which they never had to worry about.

It isn't just a matter of taking the form, going down in late winter, which many of them dislike, and paying \$30 or \$40 to get a form filled out. Filing out an income tax return, Mr. Speaker, is a real nuisance. You have to save last year's return, you have to save quite a few records even if you're not paying anything; you've got to go down and then you've got to wait on the federal government to return it, Mr. Speaker.

Mr. Speaker, the senior citizens, I know, are going to resent being put to the trouble of filling out an income tax form. You have to ask yourself, Mr. Speaker, why the government couldn't have simply repealed all portions of the property improvement grant legislation except that dealing with senior citizens. Why was that not a better alternative? To continue in the traditional form, which they understood, to pay out property improvement grants, and to exempt them from filling out an income tax return. That could have been done very easily. It could have been done relatively cheaply.

For whatever reason, this government decided not to. I suspect, Mr. Speaker, this government decided not to because they thought this would cost them less money. And I suspect they're right — I suspect a lot of senior citizens aren't going to get that form filled out and thus they aren't going to get the money.

What I think lay behind this was intentional, if devious, belief by this government that if they put enough red tape between the senior citizens and 375 bucks, they weren't going to have to

pay out the 375 bucks. Mr. Speaker, I regret to say that I think there's going to be some truth to that. I think some senior citizens will not get the \$375.

Mr. Speaker, for those reasons and for others ably put forward by my colleague from Regina Elphinstone, I'm going to vote against the flat tax.

**MR. LUSNEY:** — Thank you, Mr. Speaker. I'm also pleased to get into this debate, and mostly so because I have to disagree with the government on the flat tax that they are trying to introduce in this Bill.

Mr. Speaker, Bill 94 does two things. One, it introduces, as the member for Rosetown-Elrose says — one, it introduces a flat tax. Two, it provides for a way that senior citizens can apply for a rebate on their property taxes.

Well, Mr. Minister, or Mr. Speaker, I think, looking at this Bill, I think we can't say that either one of those points are any good. It is not the progressive type of tax that they talk about. It is not a form of tax reform although . . . Well I should say maybe it is a tax reform, a tax reform that the Conservatives want to see put into place.

And, Mr. Speaker, nothing in this Bill even remotely says what the Minister of Finance or the Premier of this province said that they would do. And, Mr. Speaker, and I think every member on that side of the House in the last election made it very, very clear to the people of Saskatchewan what they were going to do for the people of Saskatchewan at that time, specifically regarding taxes.

And one could excuse maybe some of the back-benchers that were running for the first time because they believed their leader of that day, and now the Premier; they believed what he was saying, and they believed that he would live up to some of the commitments. And he did not live up to any of those commitments.

And the leader and the Premier of this province today, in '82 was saying that they would reduce the taxes on people by 10 per cent. They would reduce those taxes, along with a lot of other taxes that they were going to reduce. But they were going to reduce the income tax by 10 per cent.

Well, Mr. Speaker, in this Bill there is not a tax reduction. In this Bill we have a tax increase. That's what they are proposing to do with bill 94. They are proposing a tax increase on all the citizens of Saskatchewan, and they are also, in this Bill, proposing an income test for senior citizens if they are going to get rebate on their property improvement tax, a property improvement grant that they were used to for a number of years, Mr. Speaker. And now this government is telling them that you are going to go through an income test before you will be getting any refund.

And as my colleagues were saying — the Leader of the Opposition and the other colleagues of mine that have spoken before me — as they were saying, many of the senior citizens don't file income tax. They haven't filed for a number of years. They don't have an income that's high enough to worry about income tax. The majority of them are living on nothing more than their old age pensions.

Now Mr. Speaker, what they are saying in this Bill to the senior citizens of this province is that, even though you were living at the property level before, if you want to get a little break on your property taxes, you better start filing an income tax form again.

And it appears, looking at it, that it's not only one member of the family that has to file an income tax form, but it seems like both of them have to file an income tax form. But that, Mr. Speaker, is something we'll be getting into in much more detail when we get into committee of the whole.

But Mr. Speaker, a government and a Premier that made a very clear promise to the people of this province that they would reduce the taxes, that they would make it easier on senior citizens, with many promises that they made, the Premier of this province and every member of that government have not kept that commitment.

They are telling the senior citizens, and telling every individual in this province, that what they promised doesn't really matter. It doesn't really matter what they promise as long as they get elected. And once we get elected, well then we can easily change our mind. Well, Mr. Speaker, I don't think the people of this province are going to believe that again. They won't believe in promises that they know won't be kept.

And some of the members opposite — the member for Kinistino is saying, tried and tested — and I have to agree with him. Yes, the people believed those promises. They believed them and they tried this government. They tried this government, and it's been tested, and I think the people now realize that this tried and tested government could not do the things that they were going to do.

They didn't lower the income taxes on the people, as they promised. No, they were tried and tested. And I think the test was one that this government failed on. It failed totally on it because they did not keep any of those commitments that they made to the people of this province.

Mr. Speaker, along with all the broken promises that this government made, I think we'd have to also look at what this tax reform, or so-called flat tax, does. And they always talk about it being a tax reform of some kind. Now it's difficult to understand just what kind of tax reform this is going to be. If one would understand the tax reform, or what one might think a tax reform would mean, it would mean that, somehow, it's going to be a fairer tax to the people of the province. It's going to be a fairer tax to the senior citizens, to the farmers, to the working people, to business people. Somehow, it would be a tax that would be a little more fair.

But, Mr. Speaker, this so-called tax reform is not fair. It does not make it simpler. There is nothing in this that says that it is going to be easier or cheaper for the senior people of Saskatchewan.

(2130)

Mr. Speaker, what in fact this Bill does, is increase the taxes on all the citizens of Saskatchewan. And by the minister's own admission in his budget speech, he is going to raise an extra \$350 million with this 1 per cent tax, flat tax. And the member for Souris-Cannington claps when I said that, that it's going to raise an extra \$350 million.

Well, Mr. Minister, I know you are happy about that increase of taxes on the people of Saskatchewan. But I think that 1 per cent increase on the people of Saskatchewan, which is going to amount to \$350 million over the period that the minister stated, is not one that's going to be very easily accepted by the people of Saskatchewan, and it's not one that's going to bring any favours for the government. This tax, according to them, was supposed to be fair, Mr. Speaker. It was supposed to be a tax that would not create any hardships on anyone.

They always talk about taking the bureaucracy out, taking the red tape out of everything, and making everything a lot simpler. Well, Mr. Speaker, when we look at this Bill, when we look at this Bill I can see where this is going to be a Bill that senior citizens are certainly going to like. It is going to take all the red tape out of them applying for their property improvement grant. It certainly is going to take all the red tape out, isn't it? When they have to start filing an income tax, and the member for Meadow Lake says that isn't in this Bill, and I agree with him. It certainly is not in this Bill. It isn't going to take the red tape out. In fact this Bill is going to make the senior citizens have to deal with a lot of the red tape that they didn't want to deal, that they thought they were through dealing with in the past.

But this government has decided to bring that back, Mr. Speaker. And why did they bring it back? They want to raise more revenue. And if you want to raise more revenue, where would you go? I think one would go to where there might be some money.

And where did this government go? Well one has to look at what the minister said in his budget speech. I'll make a few comparisons, and when we look at what it would cost a taxpayer of \$15,000 a year, while looking at Alberta, Saskatchewan, or Manitoba, it shows that the taxpayer of Saskatchewan, earning \$15,000 a year, is going to have to pay more taxes. He is now going to have to pay more taxes.

And even the one earning \$25,000 a year, compared with Manitoba or Alberta and Saskatchewan, again that individual from Saskatchewan is going to have to pay more taxes in Saskatchewan than in any of the two other, or the other two provinces.

Mr. Speaker, what impact is this going to have on the middle-income people of this province? Well, Mr. Speaker, if you look again at the minister's budget speech, when you look at the minister's budget speech, you look at the impact is going to have in '85 on an individual earning from \$25 to \$30,000 — and there are 50,000 tax files in that bracket, Mr. Speaker — that individual is going to have to pay an extra \$200 in taxes. And I'm sure those people earning a \$25,000 are happy to be paying another \$200 more to this government.

Mr. Speaker, if they wanted to increase their revenues, and we understand that they need more money — the way they've been spending it — when you look at the expenses of the ministers of this government, when you look at all their travel expenses, when you look at all the staff that they have, and it doesn't matter if you go to the minister's office or you go to the Premier's office, they do need money, and they have to increase taxes.

The Minister of Finance — the Minister of Finance — had to raise some money, and he did it by introducing a 1 per cent flat tax, Mr. Speaker. Why didn't the minister, if he wanted some extra revenue, go to where that revenue might be? If it's going to be a fair tax, why not put that tax on where the money is, the resources of this province. Get the money for the people, or the programs of this province, from our resources, not by introducing a tax on ordinary, hard-working, productive citizens of this province. They are the ones that are being asked to come up with the \$350 million more. They are the ones that are asked to come up with all that money.

But have the oil companies been asked to come up with more? No, they haven't been asked to contribute any more, Mr. Minister, or Mr. Speaker; in fact they get a tax holiday. But the majority of people of this province are the ones that are asked to pay that additional amount of money.

Well, Mr. Minister, or Mr. Speaker, I don't believe that the people of Saskatchewan are going to agree with the minister. They are not going to accept this 1 per cent increase as some form of tax reform that is going to be to their advantage.

Mr. Speaker, it is not to the advantage of any farmer in this province, of any working person, or of any small business in this province. Every one of them is going to have to pay more. Every single one of them is going to have to pay more. The senior citizens are going to now have to start filling out income tax forms; it's going to cost them more.

Mr. Speaker, the people of this province are going to judge this government by this budget. They are going to judge this government by this budget, and I think if they decide to call an election, and if they think the 1 per cent tax increase is going to bring them in, back in office, I think they are wrong.

Because Mr. Minister, Mr. Speaker, I would have to say that they are going to have some

difficulties winning an election on a 1 per cent flat tax increase on the taxpayers of Saskatchewan. It is an unfair tax; it is one that I don't believe in; it's one that my colleagues don't believe in. And Mr. Speaker, if we were in government today, there would be no flat tax, and if we are in government after the next election — which we will be — that flat tax will be removed from there, and the senior citizens will not have to fill out their income tax forms to get their tax rebate. That, Mr. Speaker, is what should be done in this province.

And Mr. Speaker, since I don't agree with the provisions of this Bill, I will, therefore, be opposing this Bill. And if members opposite think it is a good Bill, I ask them to speak on it and tell the people of Saskatchewan why they think it's a good Bill because I certainly do not think it is, and I am going to oppose this Bill.

**MR. LINGENFELTER:** — Mr. Speaker, I want to take part in the debate on the Bill we're dealing with — Bill 94 — and make a few short comments.

And, basically, what I want to do is look at what the minister said when he was introducing, giving second reading on Bill 94. And in his comments he said that there were three main components, as has been mentioned earlier, that the Bill should address, and I quote: "One, we must build a system that is seen and is fair to the average person," that was his first comment, "that is seen to be and is fair to the average person."

And that is all part of the minister's rhetoric that we're hearing and conferences that he has planned for talking about tax reform in Saskatchewan. And not only is he subjecting the people of the province to this style of tax reform, but he is dangerous to the people of Canada. Not only does he talk to the people of Saskatchewan about tax reform, but he is now wandering around the country trying to convince other Tory finance ministers that taxing poor and middle-income people is the way to go.

When he talks about fairness, Mr. Speaker, he talks about taxing senior citizens and others who are earning \$10,000 and more. There are a number of people in this province who, for the first time, will pay a provincial income tax. I use the example of a family with a father and a mother and four children who, up to this time, had not paid any income tax. They were earning 13 or \$14,000 a year and had not paid an provincial income tax. The flat tax will subject that family to paying income tax on two or \$3,000, paying on two or \$3,000 of their income, for the first time. It's never happened before.

**AN HON. MEMBERS:** — And how much is that?

**MR. LINGENFELTER:** — Well, if it's 1 per cent on \$3,000, it's 300 bucks. That may not seem like much to the Minister of Finance; he laughs, he says, how much is that going to be for them? . . . (inaudible interjection) . . . Well, he promised them that he was going to reduce it by 10 per cent. He promised that he was going to reduce it by 10 per cent . . . (inaudible interjection) . . . Pardon? Well, the members laugh about the tax increase on the people who are earning 13,000.

**MR. SPEAKER:** — Order, please.

**MR. LINGENFELTER:** — They laugh about the tax increase on low-income people, but I want to tell the Minister of Finance that the people who he's imposing the tax on aren't laughing very much. They're not laughing at all. In fact, what they're saying to the minister is they would like to have an election based on tax increases, because that's what the next election is going to be about.

The next election, Mr. Speaker, is going to be about promises made to cut income tax, and is going to be run on promises made by New Democratic Party to remove the flat tax and to bring back the property improvement grant, which your government is removing in order to pay off your friends in big business.



When we're talking about tax reform, I want to just quote to you, Mr. Minister, and Mr. Speaker, what the *Financial Post* talks about and says about this minister's tax reform program. And the headline is: "Revenue not reform." They say, "Reform by the finance minister of Saskatchewan means tax increases."

Now this is not a left-wing paper — the *Financial Post*. The *Financial Post*, which says to the finance minister of Saskatchewan: you're not talking about tax reform at all; what you're talking about is trying to recover money that you've given to the oil companies.

I want to quote a few lines from this article, or from the editorial that was done. And in this editorial dated April 20, 1985, I quote:

The Saskatchewan proposal is for a 1 per cent tax on net personal income above \$10,000, but this tax, a separate provincial levy, doesn't replace other taxes, so there's no simplification involved. Indeed, it just means another calculation for Saskatchewanians.

And it goes on to say:

But far from catching those high income earners who pay little tax, the essential purpose of a minimum tax is to be tougher. It will be tougher relatively on those on the low incomes.

Now Mr. Minister, you know that. When you brought the tax in, you knew it, but you didn't mention that in your speech. You didn't mention the fact that this flat tax is relatively tougher on those on low income.

And you've referred to the flat tax that's being implemented or talked about in the U.S. — a flat tax that would impose 15 per cent on low income, 25 per cent on middle income, and 35 per cent on high income. Your flat tax puts the same tax on low income, middle income, and upper income. Everyone pays the same tax. And what the *Financial Post* says is that it is a tax that will be tougher relatively on those on the lower income.

(2145)

So on your first point of fairness, not only do the two opposition parties to you in Saskatchewan agree that it is tougher on those on low income and is not fair, the *Financial Post* says that it is not fair. And as my colleague from Regina Centre has mentioned, all economists in Canada who have a reputation of any description are saying that this is an unfair tax.

On the next point, the minister then went on to say that, too, we must build a tax system that is simple and more understandable by the average person. Well you need only look at what this will do — this next level of taxes. He's not taking off one tax and replacing it with another. We are the first province; we are world class; we're the first province to have two provincial income taxes — two provincial income taxes . . .

. . . (inaudible interjection) . . . Well they say two upgraders — no one's seen any upgraders that these birds have built. Nobody's seen any of them. Like, they've talked about upgraders, but no one has seen an ounce of cement poured or a building built that would indicate there's going to be any upgrader anywhere. All we've heard is talk and talk and talk.

But I say to you, Mr. Minister, that on the point of simplification — and I refer to Bill 94 and the section on the senior citizens' rebate, or their option of getting their rebate — you are now going to force them to fill out income tax in order to get the rebate. And if their titles of their homes are in joint ownership, you are saying that both of them will have to

fill out . . . they will both have to fill out tax forms from now on.

So on your second point of simplification, there is simply no way that you will ever be able to convince anyone that imposing a whole other level of tax is going to simplify the taxes of Saskatchewan.

You talk about tax reform. And I want to tell you, Mr. Minister, that the people of Saskatchewan know very well that you are talking about tax increases, and tax increases on those who are least able to afford it.

And I want to quote a little more from the *Financial Post* editorial. And it goes on to say that:

At the same time it will hit those with large families, the elderly, those with high medical expenses, because net income is calculated before personal exemption, medical expenses and the like. Furthermore it will penalize investors with dividend incomes because they report income as 150 per cent of cash actually received and don't claim the tax credit until after calculating tax on taxable income.

Now Mr. Minister, when you stand and reply and close the debate on this Bill, it would be very interesting if you would talk for a while how the new people who the flat tax will affect, those between 10 and 13 or \$14,000, why you chose to plug that loophole, why you wanted those people and those families to pay tax who were paying no provincial tax before. Because there are many of them out there who are asking: where is the fairness which imposes a new tax on people who were not paying income tax and earning 11 or \$12,000. Or tell us about cutting the red tape, where you are forcing senior citizens to fill out income tax, file income tax for the first time.

This is a strange, strange Bill, Mr. Minister, and one which a New Democratic government would do something about as soon as they were elected. And very clearly what they would do if get rid of it. And what we will make is a pledge to the people of Saskatchewan, is that if they boot this government out, if they boot them out at the time of the next election, we will remove the flat tax; we will cut their taxes; we'll give them a tax holiday that is now being given to the oil companies; and we will make the promise, we will make the promise that the flat tax will be gone, and that the property improvement grant will be reinstated. And where we will get the money from is ending the tax holiday to the oil companies, ending the tax holiday and giving it to the people who are the real workers in this province, the real builders; and that is the workers, the teachers, and the voters of this province.

And I will challenge you, Mr. Minister, when I sit down after I complete my remarks to comment on why you choose to tax the ordinary and middle and low income people and give it away to the oil companies because it doesn't make any sense to give incentives to only one group and say that farmers and workers need no incentives.

So I will say to you, Mr. Minister, that we will certainly be opposing the bill. Very clearly we will be opposing it. Not only that, we will be fighting the next election on it, and make the commitment now to the people of the province that we will get rid of this regressive tax bill, Bill 94.

**HON. MR. ANDREW:** — Thank you, Mr. Speaker. The NDP tonight have clearly stated their position, in spades, Mr. Speaker, and that position, as stated, is as follows: . . . that they want to maintain the status quo. They are not interested in reforming the system. They want to go back, Mr. Speaker, they want to go back to yesterday.

Their policy, their policies on issue after issue is the same, and we've heard it in spades tonight in the two Bills. What they are saying is, we have set our campaign. Last election the Tory party just tricked the people, Mr. Speaker, they tricked the people. They tricked the people

and the people are going to go back in spades to the NDP.

That is what they're saying, Mr. Speaker. You go back, you go back to 1982, Mr. Speaker, and what the people of Saskatchewan said, and said in very loud language is, we are tired of those policies. We are tired of the NDP. We are tired of old policies that do no longer work. And now we have indicated tonight, and we see a clear indication tonight, that the NDP are also against any kind of tax reform.

And they say, and I won't get into this tonight, but they say that well, there's no person in Canada that supports this, no economist in Canada supports this. I won't get that in much detail, Mr. Speaker. I'll get that in much detail when we get into committee of the whole.

I can say, though, that I think it is also significant that the white paper on personal taxes and transfer systems advanced by Jacques Parizeau, before he left the ministry in the province of Quebec, also shows the province of Quebec interested in starting to reform the system, reforming the system on the welfare side, reforming the system on the tax side.

Now the members opposite, I can assure you, have very little faith in Jacques Parizeau, but many, many, many other people in this country believe Jacques Parizeau to have a fair degree of ability.

Mr. Speaker, the Bill that is being introduced and voted on in a few minutes in step one, step one of a tax reform system that I believe will become very, very acceptable to the people of this province and this country. Step two of that Bill will be announced with a white paper in, probably, September, we here we set out more detail the full implementation of this particular program. And I don't wish to go into that in a great deal tonight.

What I will say though, Mr. Speaker, is another point that the member from Regina Elphinstone, who goes back . . . always is harking back to the past — talks in the way in trying once again to throw fear into senior citizens. What is happening — if the hon. member was aware of what is happening in the whole field of tax collection — it is estimated, in fact, it is being used now in United States, and within two years it will be used in Canada, wherein the tax system is being computerized, and that in itself will eliminate perhaps 25 per cent of all tax returns that are filed today, requiring to be filed today.

That system, when implemented, Mr. Speaker, will mean anybody whose sole income is simply from a T-4, or from a salary, or from a T-5, which is an investment income, will not be filing tax returns. I would guess that within three to four years that will be in total use in this country as well. And I think that will simplify the system a great deal.

Mr. Speaker, we must move forward with tax reform. This is a first step. We must make it simple for people to understand. We must make it simple so that they know where their dollars are going. And we must make it fair.

The member from Regina Elphinstone will advance, I'm sure, in committee the fine-point details of how he's got a loophole here, and how he can do a loophole here, and we haven't got it solved in a perfect way. This is the first step, Mr. Speaker. This puts it on the agenda, but it is an important first step. It is a step towards reforming a system that, quite frankly, the people of this country have lost faith in. They have lost faith in this system.

Now the members opposite say that we are in favour of tax reform, but we have to simply only go back and study their 11 years in government to determine what their dedication was to tax reform, Mr. Speaker. They moved the income tax system from 34 per cent to 51 per cent. Is that tax reform? They maintained the exact same system. They added a surtax just as the federal Tories have done. They're now advancing a minimum tax on the rich, just as Michael Wilson did in his budget, and just as the province of Ontario is proposing, another complexity to a system, and I think that would be wrong from a taxing point of view, and wrong from a way to approach

this problem.

Mr. Speaker, the members opposite tonight, time after time after time, indicated the ideas that they had. The ideas they had, Mr. Speaker, is to go back to yesterday with the old man. And Mr. Speaker, I don't believe the people of Saskatchewan want to go backwards. I think the people of Saskatchewan want to go forward with new ideas, with new concepts, with fairness, with equity, and with excitement. This Bill is a first step towards that process, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, Hear!

Motion agreed to on the following recorded division.

**YEAS — 24**

Devine	Muller	Birkbeck
McLeod	Andrew	Berntson
Duncan	Pickering	McLaren
Smith (Swift Current)	Hepworth	Schoenhals
Dirks	Currie	Klein
Martens	Young	Parker
Smith (Moose Jaw South)	Hopfner	Caswell
Gerich	Boutin	Schmidt

**NAYS — 7**

Blakeney	Thompson	Engel
Lingenfelter	Lusney	Shillington
Yew		

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

The Assembly adjourned at 10:01 p.m.