

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**June 19, 1985**

The Assembly met at 10 a.m.

Prayers

**ROUTINE PROCEEDINGS**

**PRESENTING REPORTS BY STANDING, SELECT AND SPECIAL COMMITTEES**

**Standing Committee on Crown Corporations**

**MR. GERICH:** — Mr. Speaker, this is the fifth report from the Standing Committee on Crown Corporations.

During 22 meetings totalling more than 52 hours in the current session, the committee worked diligently . . .

**MR. SPEAKER:** — Order, please.

**MR. GERICH:** — During the 22 meetings totalling more than 52 hours in the current session, the committee worked diligently in dealing with many important matters relating to Crown corporations of the province of Saskatchewan.

The committee has completed its consideration of the reports of the following corporations outstanding from 1983: Sask Power Corporation, Sask Housing Corporation, Sask Economic Development Corporation, Sask Development Fund Corporation.

The committee has also completed consideration of the 1984 reports of the following corporations: potash corporation, Sask Oil and Gas, Saskatchewan Grain Car, Agricultural Credit Corporation, Saskatchewan Transportation Company, Sask Forest Products, Sask Mining and Development Corporation, Sask Telecommunications, Saskatchewan Government Printing Company, Sask Crop Insurance Corp, Saskatchewan Economic Development Corporation, Sask Housing Corporation, Sask Minerals, Sask Computer Utility Corporation, and the Saskatchewan Development Fund.

It is the committee's intention to complete the examination of the report of the following corporations before the end of the current session, and there's seven yet to do. It's Agriculture Development Corporation, 1984, Crown Investment Corporation, '83 and '84, Municipal Financing Corporation, Saskatchewan Government Insurance, Saskatchewan Power corporation, Saskatchewan Water Corporation, and the Saskatchewan Corporation of Pension Funds.

The committee has considered and agreed to the following resolution on April 24th, 1985:

That due to the costs of holding land in reserve in the year under review, the committee recommends that the Minister cause a further investigation into land acquisition, specifically at Cut Knife, Saskatchewan, to determine whether a criminal investigation should be conducted, and report his recommendation to this committee.

The report was accordingly tabled on May 29th, 1985.

The motion by myself, and seconded by the member for Shaunavon.

That the fifth report of the Standing Committee on Crown Corporations now be concurred in.

Motion agreed to.

### INTRODUCTION OF GUESTS

**HON. MR. SWAN:** — This morning it's my privilege to introduce to you some guests that are visiting us from Norway. We have Colonel Ivor and Elsa Updahl from Oslo, Norway.

Colonel Updahl has been a member of the armed services there for 38 years, and has served a distinguished career and is approaching his retirement, he tells me, at the end of this year.

They're visiting in the constituency of the member for Arm River, but since he is not here today, it's my privilege to introduce to you Colonel Updahl and his wife, Elsa, and they're accompanied by Irving Updahl from Hanley. Would you stand please?

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

### ORAL QUESTIONS

#### Vacant Seat in Regina North East

**HON. MR. BLAKENEY:** — Mr. Speaker, I direct my question to the Premier. Mr. Premier, today marks nine weeks to the day since the PC MLA for Regina North East resigned his seat. For nine weeks, and a major legislative session, the 12,000 voters of Regina North East have been without representation.

And today comes news in Regina that the people of Regina have clearly rejected the unfair taxes you set out in your budget. Since you had no mandate to raise those taxes, will you now take your courage in your hands, test the acceptance of your budget by calling a by-election in Regina North East?

**HON. MR. DEVINE:** — Mr. Chairman, the Leader of the Opposition suggests that I call a by-election because unfair taxes. He brought it up — unfair taxes. I would like to tell the people of Regina that the taxes today in 1985 are far below what they were in 1981, and they know that. And in 1981 a family of four would pay something like \$506,00 making \$15,000 income. Today they pay 256, a 50 per cent decline in taxes paid.

**MR. SPEAKER:** — Order, please.

**HON. MR. BLAKENEY:** — Thank you, Mr. Premier. If you thought anyone believed your story, why don't you call a by-election?

**HON. MR. DEVINE:** — Mr. Speaker, I will make . . . I will make sure the people of Saskatchewan, the people of Saskatoon and Regina and Shaunavon and Weyburn and Estevan and North Battleford know the story, that they know the truth, that the NDP raised taxes from 36 per cent to 51 per cent. They don't like to hear the truth. But I'll tell it, that the taxes today are much lower. There's no tax on gasoline . . .

**MR. SPEAKER:** — Order, please. Order. It's impossible to carry on the work of the Assembly with this much shouting. I'm going to ask for order.

**HON. MR. DEVINE:** — Mr. Speaker, I have called by-elections in the past, and people thought that my judgement was just fine. The NDP figure that they won both of them, and that's fair enough. They won P.A.-Duck Lake, I guess, in their minds. They won Thunder Creek in their minds. So they thought that was fine. The Liberals said that they won, and obviously the minister from P.A.-Duck Lake and the MLA from Thunder Creek think that they did all right as well. And I

called those, and I will call this one.

And the tax changes that the hon. member refers to: we have one of the lowest rate of taxes for ordinary Canadian families that you'll find any place in the nation. They're proud of it, and they will do it.

**HON. MR. BLAKENEY:** — Supplementary, Mr. Premier. You refer to Thunder Creek, where you dropped 20 per cent. You have no doubt heard of the poll in Regina, where you have dropped 20 per cent. If you are so . . .

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

**HON. MR. BLAKENEY:** — Mr. Premier, in Thunder Creek, which you referred to, you dropped 20 per cent. In the polls in Regina you've dropped 20 per cent. If you're so proud of your record of cutting taxes, try telling the people of Regina about why you're raising income taxes, why you're taking away the property improvement grants. Call a by-election. And I ask you, sir, will you call a by-election in Regina North East? If not, will you call a general election?

**HON. MR. DEVINE:** — Well, Mr. Chairman, what we witnessed here last night I suspect there will be an election. It will be in the NDP party of Saskatchewan.

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

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

**HON. MR. DEVINE:** — I'm not sure, Mr. Speaker, which one of those individuals over there, of the infamous eight . . .

**MR. SPEAKER:** — Order. I've called order many times, and we're only into question period about four minutes. I'm going to caution the members that we're going to have to different order than this.

**HON. MR. DEVINE:** — Mr. Chairman, I believe what is evident is that the opposition wants to put on a good show this morning. They want to look like they're boisterous and happy and that they feel good and united, and they want to make sure that . . . (inaudible interjection) . . . Well, the NDP . . .

**MR. SPEAKER:** — Order, please. I'm going to caution the members that we've got to have order.

**HON. MR. DEVINE:** — In the last two by-elections in the province of Saskatchewan, in the last general election in the province of Saskatchewan, that's what the NDP were — just show, just show.

**MR. SPEAKER:** — Order, please.

#### **Distributor of Nevada lottery Tickets**

**MR. SHILLINGTON:** — My question, Mr. Speaker, is to the Minister of Consumer Affairs. It deals, Madam Minister, with a letter from the licensing and investigation branch of your department to all charities and other organizations licensed to sell Nevada lottery tickets. The letter announces that, effective July 1st, there will be only one approved distributor of such tickets for the entire province. The approved distributor is Western Gaming Systems Incorporated of Saskatoon, owned by the same family that owns Mercury Printers of Saskatoon, the PC Party's print shop for the last election, and the PC Party's print shop for your party newspaper.

Can the minister explain the process by which other businesses have been precluded from this business, and the process by which the PC Party print shop was awarded the exclusive right to distribute the Nevada lottery tickets to the entire province?

**HON. MRS. DUNCAN:** — We have been reviewing the situation as it pertains to Nevadas for the last year and a half. We've had, I believe four consultations with the RCM Police special squad out of Edmonton. We looked at the two options, actually. One was to go the route of Manitoba, where the government becomes the printer and distributor, not only of Nevada tickets, but also being the suppliers. Or another recommendation was to one distributor. And we have chosen the one distributor route.

**MR. SHILLINGTON:** — Madam Minister, was the award done by public tender?

**HON. MRS. DUNCAN:** — Originally when the hotels association was authorized to sell Nevada tickets on behalf of the University Hospital foundation in Saskatoon, and the Saskatchewan Science Centre foundation here in Regina, three proposals were received, one from out of province and two from in province.

**MR. SHILLINGTON:** — Why was it not done by public tender? Why did you use the proposal system which this government has invented and uses to ensure that PC Party favourites get the package?

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

**HON. MRS. DUNCAN:** — All printers in the province were invited to submit proposals, and two chose to submit proposals.

**MR. SHILLINGTON:** — Madam Minister why did you not use a public tender as that term is understood?

**HON. MRS. DUNCAN:** — All printers in the province were invited to send in a proposal. Only two sought to submit proposals, one firm from Regina, and one firm from Saskatoon.

**MR. SHILLINGTON:** — . . . (inaudible interjection) . . . I'm sure that everybody in the province will draw that conclusion.

New question, Mr. Speaker. Can the minister table a copy of the contract or the agreement between Western Gaming Systems Incorporated and your department?

**HON. MRS. DUNCAN:** — They do not have a contract with my department.

**MR. SHILLINGTON:** — Are you saying there is no written contract to provide . . . you have licensed one company as an exclusive distributor, and you have no written agreement with them?

**HON. MRS. DUNCAN:** — That's being handled by Supply and Services.

**MR. SHILLINGTON:** — Well, I'll ask the Minister of Supply then: will you table a copy of a contract between the PC Party print shop and the government for the lottery tickets?

**HON. MR. MCLEOD:** — First of all something, Mr. Speaker, that needs to be clarified is — and I know the member is using the word "the PC party print shop." There's no such thing. There's no such thing as the PC Party print shop. Although under the NDP, Mr. Speaker, Service Printers, which people in this province will recall was literally the NDP party arm — Service Printers — and they did all kinds of printing under their own. We don't believe in that route.

I notice the hon. member from Regina Centre, whom has been drawn to everybody's attention before, does not like anything that goes north of Ipsco and doesn't believe that Saskatchewan goes beyond Ipsco in the north side of Regina.

We have two proposals . . . My colleague, the hon. member for Maple Creek, suggested there were two proposals that came in, one from Regina, one from Saskatoon. The Saskatoon proposal was accepted. The member from Regina Centre doesn't like that, that a Saskatoon contractor go the job. We don't have any problem. We believe Saskatoon is a very integral part of this province.

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

**MR. SHILLINGTON:** — New question. There's an interesting discussion in the geography of the province and my apparent lack of knowledge of the same, but it did not, Mr. Minister, deal with the question.

I am sure, Mr. Minister, that all taxpayers, expressly those organizations and charities who now have no choice but to purchase these tickets from the PC Party print shop — and that is a fair designation — will be very interested in the terms of this contract. How long is the agreement? Does it require Western Gaming Systems to control the prices it will charge the groups for these tickets?

Will you, Mr. Minister, table a copy of this agreement before the end of the day?

**HON. MR. MCLEOD:** — Well, Mr. Speaker, I believe that the agreement is between the — I could be corrected on this — but I believe the agreement is between the hotels' association of Saskatchewan, who have the right to sell the tickets at their outlets on behalf of the charities. And they're contracted . . . I'm not sure, but I'll take notice of the question. I'm not sure if the contract is not between my department or my hon. colleague's department. The contract is with the hotels' association or with the charities that are participating in the sale of Nevada tickets through the hotels' association. So whether or not these . . .

And, Mr. Speaker, I will reiterate once again, once again, the most important point that is being made by the member from Regina Centre, and that is he's very upset that a Saskatoon contractor should get a contract.

**MR. SHILLINGTON:** — Supplementary, Mr. Speaker. Is the minister telling this House that you are giving one company a monopoly, and exercise no control over the way that they exercise that monopoly, that this government has no agreement with respect to prices that it will charge, and the other terms that this company is now free to impose on charities and other organizations who sell the Nevada tickets.

**HON. MR. MCLEOD:** — Well, Mr. Speaker, that question obviously should be directed to my colleague who started this line of . . . answering this line of questioning, and I will refer that back to the Hon. Minister of Consumer Affairs.

**HON. MRS. DUNCAN:** — I can assure the member from Regina Centre that the auditing procedures that have been put into place will give the government an indication of exactly what is going on. We have been, as I indicated earlier, visiting with and consulting with a special RCMP squad headquartered in Edmonton, and indications are that there is a fair amount of organized crime, fraud, that type of thing, many individuals getting tickets being sold to unauthorized . . .

**MR. SPEAKER:** — Order, please.

**HON. MRS. DUNCAN:** — . . . communicate to the member from Regina Centre that, given the

semantics in Manitoba, which is very similar to Saskatchewan, there is a strong belief that there is a slippage of anywhere from a minimum of 30 million to perhaps as high as 45 to \$60 million worth of Nevada sales that go unreported on an annual basis.

### **Expenses of Saskatchewan Forest Products**

**MR. KOSKIE:** — Thank you, Mr. Speaker. I wanted to ask a question to the minister in charge of the Saskatchewan Forest Products, but apparently he was shamed out of attending today. And so I address my question to the Premier.

My question then, Mr. Premier, is in respect to the operation of Saskatchewan Forest Products Corporation, a corporation that lost \$4.5 million. My question has to do with the extravagant and wasteful management of public funds that you had and the management of SPC are under taking on behalf of the taxpayers.

**AN HON. MEMBER:** — SFPC.

**MR. KOSKIE:** — SFPC. I have here a photocopy of a cheque for \$2,443.61 which was provided to the Prince Albert Hotel — get this, Prince Albert Hotel — for a dinner held by the SFPC senior management in April this year.

I'd like to ask you, Mr. Premier, when your government is preaching restraint, can you explain how senior management of Saskatchewan Forest Products received more than \$2,400 to dine and wine?

**HON. MR. DEVINE:** — Mr. Chairman, I believe that the minister has taken note of the hon. member's questions. I've asked the minister to provide me with the information, and I will be receiving information from the minister when he has it put together.

**MR. KOSKIE:** — A new question to the Premier. Yesterday, Mr. Premier, in the Assembly your minister told us that this fellow by the name of Don Loyd, paid 100, 120 to \$130,000 a year as general manager of SFPC. I have here also another department, Mr. Premier, which shows that between . . . and I want to say, Mr. Premier, that this Don Loyd left the corporation in November of last year. And I have here a document which shows that between November the 1st '84 and the end of May '85, Saskatchewan Forest Products have now paid again this Don Loyd \$8,500 in expenses.

I ask the Premier: can you explain that payment? Is Mr. Loyd still serving in some capacity with Saskatchewan Forest Products and, if so, in what capacity? Or is he just ripping off the taxpayers?

**HON. MR. DEVINE:** — Mr. Chairman, I believe that the minister asked the hon. Member to table his document so that we can see that he wasn't reading from a comic book. And secondly, he took notice, and I will take notice, and when the minister provides me with the information, I will be glad to answer the question.

**MR. ENGEL:** — Thank you, Mr. Speaker. I have a question for the Premier. Saskatchewan Forest Products have been stacked from the top to the bottom with people from B.C. B.C. people are transplanted from British Columbia to this corporation. I have an example, Mr. Premier, a corporation that lost \$4.5 million hired an Eric Hedlund. Can you tell the Saskatchewan taxpayers who Mr. Hedlund is, what he does for the Saskatchewan Forest Products, and about how much you paid him?

**HON. MR. DEVINE:** — Mr. Speaker, I believe that the minister took notice. I will take notice and get the information from the minister.

**MR. ENGEL:** — Mr. Speaker, this is a new question. Mr. Hedlund . . . And we've done some

checking. You will find that Eric Hedlund lives and works in his home, out of his home in British Columbia. Last year the Saskatchewan taxpayers paid this resident of British Columbia more than \$91,000 — \$91,000 to sell plywood in British Columbia.

Can you explain why this kind of money was sent out of the province to Mr. Hedlund, and why somebody from Saskatchewan couldn't sell Saskatchewan forest products here in the province for that kind of money? Can you explain that?

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

**HON. MR. DEVINE:** — Mr. Chairman, I said that the minister take note of the question . . . (inaudible interjection) . . . Well he obviously couldn't because he's not here. And I am here, and I will take notice of the question. And I will talk to the minister. The minister is providing me with the information. When we have the information, I'll be glad to respond to it. If you want to table your documents and table your information, I'd be glad to look at it.

### **Budget Cuts in Northern Saskatchewan**

**MR. YEW:** — Thank you very much, Mr. Speaker. I direct my question to the Premier. Mr. Premier, in the course of the last several days I've listened to all the huge, extravagant expenditures by your senior officials in cabinet, moneys paid out to political hacks from or of the province, from B.C., etc., moneys paid out for grocery bills, laundry bills, taxis, moneys paid out to wine and dine people in Prince Albert — at a time when you preach budget restraint, you cut back the food subsidy program for the Northerners in Wollaston Lake, in Kinoosao, in Stony Rapids, Black Lake, and Fond-du-Lac.

I want to ask you, Mr. Minister: how can you justify those kind of public expenditures when you cut back that kind of important program like the food subsidy program for northern residents who have no income?

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

**HON. MR. DEVINE:** — Mr. Speaker, I would be more than glad to compare our policies with respect to northern Saskatchewan and the NDP policies with respect to northern Saskatchewan.

For example, you are obviously in favour of closing down all the uranium mines in northern Saskatchewan. That's 10,000 people out of work. If you would close down all the mines and put 10,000 people out of work, it's more than a couple hundred thousand dollars. You're looking at hundreds of millions of dollars. People on welfare all over northern Saskatchewan . . .

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

**HON. MR. DEVINE:** — Mr. Speaker, let me finish. The member has brought it up several times, several times. You are worried about a couple of hundred thousand dollars worth of subsidies. And at the same time your party sits there and says they will close down all the mines in northern Saskatchewan and put 10,000 people out of work.

Do you know what? They don't believe you. They don't believe that you have a solution. When you're arguing about \$200,000 in terms of a food subsidy and then you'd put 10,000 people out of work and you run around northern Saskatchewan and say, well how about stress? How's your stress? Well I'll tell you how your stress is. You have stress internally; you have stress externally; you have stress all over the place because of the very fact . . .

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

**HON. MR. DEVINE:** — If you put 10,000 people out of work in northern Saskatchewan . . .

**MR. SPEAKER:** — Order! Order, please. Order. I'm calling for order, and I'm asking the member to take his seat.

**HON. MR. DEVINE:** — The member from Cumberland has raised the issue of a couple of hundred thousand dollars several times — \$200,000. He raises that issue time and time again. Well, I will go with him in home after home in La Ronge, or any place else in his riding, and say how would they like to see the NDP close down all the mines in northern Saskatchewan and put 10,000 . . .

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

**MR. YEW:** — Thank you, Mr. Speaker. I ask . . . I ask the Premier how . . .

**MR. SPEAKER:** — Order.

**MR. YEW:** — I ask you, Mr. Premier, how can you justify cutting back the food subsidy program? And also, Mr. Premier, at this point in time we have schools closing in the northern administration district. Parents are protesting budget cuts on education, to education. Schools in Cole Bay are closed, in Southend, Reindeer, and Weyakwin, and Sturgeon Landing. Those parents are protesting your budget cuts, your mismanagement, your misplaced priorities in this legislature and your government, and now you talk about closing down the mines.

I wonder, Mr. Premier: you preach family, God, love . . .

**MR. SPEAKER:** — Order, please. Does the member have a question? The member is strictly making a speech.

I want to caution the member for Shaunavon this morning. That's about the 15th time I've checked you, and if there's any more noise from you, you'll have to leave the Chamber.

**MR. YEW:** — Mr. Premier, those budget cuts, the high unemployment in the North is 95 per cent. And those budget cuts to education and training are very important to the people in northern Saskatchewan. The school closures are a very important issue.

I ask you, Mr. Premier, those budget cuts, those programs and services that have been cut by your administration were important, were essential services to the northern people. What are you prepared to do to compensate for those losses?

**HON. MR. DEVINE:** — Mr. Speaker, the hon. member talks about one priority . . .

**MR. SPEAKER:** — Order, please.

**HON. MR. DEVINE:** — The member from Cumberland mentions the idea of priorities. He mentions, is it fair? He mentions unemployment. Well if I could just touch on those three things. When he mentions priorities, there isn't a government in Canada that has put a higher priority on education in the province of Saskatchewan today.

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

**HON. MR. DEVINE:** — There are editorials being written across Canada in newspapers all across from British Columbia to Ottawa to central Canada about the priority, the priority of education. Mr. Chairman, . . .

**MR. SPEAKER:** — Order, please. I caution the member for Assiniboia-Gravelbourg as well this morning.



**HON. MR. DEVINE:** — Mr. Speaker, he asked about priorities. We have put a tremendous priority on education — a tremendous priority. The Minister of Education, the Minister of Advanced Education and Manpower, have . . .

**MR. SPEAKER:** — I will caution the member, as well, for Quill Lakes.

**HON. MR. DEVINE:** — If I might be permitted to continue, they asked about priorities in Saskatchewan. Our priorities are education. That's number one.

The second priority is with respect to employment and job creation. We have put \$60 million into a new job creation package — \$600 million. And I say in all honesty to the member from Cumberland, if you're worried about unemployment — if you're worried about unemployment — why would you want to close all the mines? We don't. Our . . .

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

## **ORDERS OF THE DAY**

### **GOVERNMENT ORDERS**

#### **COMMITTEE OF FINANCE**

#### **CONSOLIDATED FUND BUDGETARY EXPENDITURE**

#### **EXECUTIVE COUNCIL**

#### **Ordinary Expenditure — Vote 10**

##### **Item 1 (continued)**

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Premier, you were going to tell us the circumstances under which you spent \$8,300 to get to Toronto to give a speech to a bunch of press people. I'd be interested in knowing what group of press people in Canada are worth \$8,300 to go to talk to.

**HON. MR. DEVINE:** — Mr. Chairman, as I explained yesterday to the hon. member, it was a chartered flight, a Norcanair charter to Toronto and back again. My schedule around it didn't permit me to go by commercial airline, and so we took a Norcanair charter. And that's about approximately what a Norcanair charter is worth to go to Toronto and back again.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Premier, can you tell us what sort of an aircraft would take \$8,300 to charter to go to Toronto?

**HON. MR. DEVINE:** — Mr. Chairman, I don't know the name of the airplane. It's a smaller jet or a small aircraft that will go relatively, you know, 4 or 500 miles an hour, I guess. But I don't have the name of it.

**HON. MR. BLAKENEY:** — Well, I suppose it's a Lear Jet. I don't know what you've got, but if it's a small jet, and there aren't many small jets around . . . (inaudible interjection) . . . That's right. Well I don't want to get into an argument with the minister, the small Minister of Small business on smallness. I just note the fact, note the fact that the Premier is spending \$8,300 to go to Toronto to talk to a group of press people.

Mr. Chairman, and Mr. Premier, do you have anything to say about the policy of your

government with respect to teachers' negotiations? It is now near the end of June. This will I think be the first occasion, if it happens, when teachers have closed their school year at the end of June without knowing what their contract was. It will also, I think, be perhaps the first time that the government has taken the position for virtually full six months that there would be no increase in the salary grid.

I ask you, Mr. Premier: is your government going to persist in instructing its negotiations who were negotiating with teachers to offer nothing on the salary grid?

**HON. MR. DEVINE:** — Mr. Chairman, as I mentioned yesterday, I believe, with respect to negotiations and changes in salary, whether it's in education or among nurses or among social workers or so forth . . . In education there are at least, I believe, 10 years of step increase or merit increases that take place automatically. Then above that you get into the question of negotiating increases beyond. And that's what the negotiations are about.

So the annual increments and step increases take place and carry on, and those are in fact the case. And every year, or I suspect every year, there are negotiations on how much of an increase above those increments should there be.

And I don't want to comment specifically on the process that's going on now, and I don't think you would. It's a question of negotiations. I will say that obviously we have put a great deal of money into education and into health, and people appreciate that — teachers do, families do, and awful lot of individuals. That's not the case across the country, but it is here.

And we are negotiating. We have limited salary increases in many areas so that we could have money for education and health and jobs and agriculture as priorities. And negotiations are going on.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Premier, you know well that many, many teachers — indeed well over half the teachers — don't get any increments. You know well that those are, in many cases, the senior teachers with family responsibilities. You know well that to talk about increments is to say that all teachers who have taught for 10 years or more are to get nothing.

(1045)

My question to you is very simple. You say that the teachers are very happy with that. Are you saying that the teachers are welcoming the proposal that your government offers them nothing? When your senior people are getting money, many, many people in this society are getting money, teachers are to get nothing.

**HON. MR. DEVINE:** — Mr. Chairman, obviously when you're bargaining, people will want more. That's why they go in to bargain. And that's why governments bargain. You criticize me for having a deficit on one hand, and then you're saying, well but you should increase salaries all over the place, on the other hand. And then you say, well, you would give back a whole bunch of tax breaks. And then you said you would balance the budget. I mean, you know, you obviously can't have it both ways.

So there's only one person left to tax for you, and that's the oil companies. Well, I mean, whether they'd be here or not under your administration is the answer. I don't believe they would. You think that they would. In '82 they weren't.

So we are trying to put . . . it's a priority,. We went to teachers that have families themselves and teachers that teach young people. And they said, make education a priority.

And yes, there will be increases to teachers over the five-year period, but people want to see

money going to schools and educational equipment and universities and technical schools to build those facilities and yes, pay teachers. So it's a balance. It's got to be a balance. We're looking at major priority in education. Teachers respect that, as do families.

You say, do teachers want more? Well of course they want more. Do nurses want more? Do farmers want more? Everybody wants more.

It's a question of deciding what's important, and we said education, health, agriculture: extremely important. And we will finance those and we will be fair about it and we're into a negotiating process. You've been through negotiations, so, I mean, that's why you have that process. Yes, they would like more. I don't know many people in society that wouldn't.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Premier, your government, your negotiators have said no, no, no, to teachers for close to six months. Absolutely unprecedented before your government came to office. Absolutely unprecedented. You may say that teachers are perfectly happy to take nothing. I say that isn't true. When they see others in society . . . You've just been down to Weyburn saying that you will continue a tax holiday for the oil companies — yes, indeed.

My question surely is this: in the face of tax holidays for oil companies, in the face of substantial increases in salaries and benefits for many, many other people in this society, how do you justify having your negotiators say no, no, no, to teachers for six months — not even a glimmer of a suggestion that there's going to be some recognition of the contribution of teachers in our society?

**HON. MR. DEVINE:** — Mr. Chairman, just a couple of points. I never said, as the Leader of the Opposition pointed out, that the teachers would be happy with zero. I didn't say that. I said they were in a bargaining process. Let me give you an example.

The management class of the public service of Saskatchewan, in the '84-85 year — that is anybody over \$25,000 — received zero. Zero. Now they had their increments, their step-wise increments, but anybody in the management class in the public service in the province of Saskatchewan got zero as their contribution to making sure, one, we're fighting inflation; two, we have money for other programs, and particularly for young people.

Now we have taken zero; the management class has taken zero. Obviously after three years of my administration we pay our people less than you did years ago. And I just pointed that out the other day. So we are biting the bullet and saying, yes, education is important. And the money should be focused on schools, universities, educational institutions, and so forth.

And the final point I want to make; there have been increases in '83, increases in '84. There will be increases in the next five years. We're going through a period of time where we're trying to make sure that we build on what people believe is important.

And we said public servants are contributing to that; farmers are contributing to that; politicians are contributing to that. And people will make a contribution because they believe it's important that we spend money on jobs.

I mean, if you go to the average person out there in Saskatchewan and you say, would you take a little bit less of an increase, a little less of an increase, so we can have more money to create new jobs for people? And they'll say yes. They'll tell you yes. Would you take a little bit less of an increase — you've got your increments — a little bit less than this, so that we can create new jobs, build new hospitals, build new schools, expand universities? You talk to the university presidents; they'll say exactly that. Everybody's prepared to . . . (inaudible) . . . a little bit to make sure that we have money for things that are important, like jobs and education.

So I say, we're in the negotiating process. There have been raises in the past. There will be raises in the future. And now we're negotiating.

Item 1 agreed to.

Items 2 to 6 agreed to.

**Item 7**

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Premier, with respect to the office of the agent general, have there been any changes in the staff of the office of the agent general in the year under review?

**HON. MR. DEVINE:** — No, Mr. Chairman.

Item 7 agreed to.

**Item 8**

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, do you feel this sum is sufficient?

**MR. CHAIRMAN:** — Item 8 is under consideration.

**HON. MR. DEVINE:** — . . . (inaudible) . . .

**HON. MR. BLAKENEY:** — Is it anticipated that there will be a greater expenditure prior to March 31st under this heading?

**HON. MR. DEVINE:** — Mr. Chairman, that opens us a whole big possibility of things that I could talk about and that we touched on in question period. I won't. That's the normal amount that goes in the budget, and we'll leave it at that.

Item 8 agreed to.

Items 9 to 11 inclusive agreed to.

Vote 10 agreed to.

**SUPPLEMENTARY ESTIMATES 1986**

**CONSOLIDATED FUND BUDGETARY EXPENDITURE**

**EXECUTIVE COUNCIL**

**Ordinary Expenditure — Vote 10**

Items 1 to 3 inclusive agreed to.

**Item 4**

**HON. MR. BLAKENEY:** — Mr. Chairman, with respect to intergovernmental affairs, I note another \$20,000 there, and I noted that intergovernmental was larger last year than this year, and that presumably makes it \$20,000 larger. Why were the expenses of the office of the agent general so much higher last year than you anticipate them this year — not for salaries but for other expenses?

**HON. MR. DEVINE:** — I'm advised, Mr. Chairman, that the rent for the property was under, and allocated to, Executive Council. The Department of Supply and Services normally handles all renting, in fact, everything else except this, so it has been moved to Supply and Services. And you can find the rent which is about the same under Supply and Services, as opposed to Executive Council.

Item 4 agreed to.

Items 5 and 6 agreed to.

Vote 10 agreed to.

## **CONSOLIDATED FUND BUDGETARY EXPENDITURE**

### **LEGISLATION**

#### **Ordinary Expenditure — Vote 21**

##### **Item 1**

**HON. MR. BLAKENEY:** — Mr. Chairman, just for my information, would you swing through that and tell us what items haven't been voted. Some of them come from the Board of Internal Economy, and some of them are statutory. Just give me a quick run-down on what we're going to vote on.

**MR. CHAIRMAN:** — The only one that isn't voted is Item 1, Legislative Counsel and Law Clerk.

Item 1 agreed to.

Vote 21 agreed to.

**MR. CHAIRMAN:** — I'd like to thank the Premier and his officials.

**HON. MR. DEVINE:** — Mr. Chairman, I would just like to take this opportunity to publicly thank my officials for the hard work they've put into preparing for my estimates. And I want to congratulate them.

The committee reported progress.

(1100)

## **COMMITTEE OF THE WHOLE**

### **Bill No. 94 — An Act to amend The Income Tax Act**

**MR. CHAIRMAN:** — Would the minister introduce his officials.

**HON. MR. ANDREW:** — Yes. Mike Costello, deputy minister; Kirk McGregor, from tax and fiscal policy.

#### **Clause 1**

**MR. LINGENFELTER:** — I would like to, under subvote 1 here on the Bill, ask you about the issue of income tax and the fairness of it. Over the past few months you have talked about tax reform and the unfair system that we now have, referring to the graduated tax scale where people who earn more pay a bigger percentage of their net income to taxes or to fund the province.

In light of those statements I have a difficult time in understanding how you can bring in a tax Bill like this that makes an unfair tax system even more unfair, where the percentage of tax on someone with a \$200,000 net income is the same as for someone at 12 or 13,000.

And there's a major conflict there in what you say, and what you do. And on the one hand you talk about the new flat tax in the United States that has 15 per cent on low income and 25 on middle and 35 on high, and then you bring in a tax system here that is quite different, that applies the same percentage of tax to all people's net income regardless of whether it's high or low.

I think that if you were being honest here today, and if you were being honest with the people of Saskatchewan, you would admit to them that is the most unfair form of tax that we have ever had on income, where it's simply a flat tax and applies the same to everyone.

And I wonder whether or not you could come clean, Mr. Minister, and say that I made a bit of a mistake and I'm going to correct it some time and get rid of this flat tax. It's too far down the road. I can't change it right now, but in fact this is the most unfair income tax of anywhere in North America. It's more unfair than the present system. It's more unfair than the system proposed by the right-wing radicals in the United States, where they have a flat tax but it's graduated. Your flat tax demands the same percentage from someone earning 200,000 as someone earning \$11,000.

And, Mr. Minister, I would ask you to elaborate on why you continue to try to hoodwink the public into believing that this is a fair tax when it simply isn't.

**HON. MR. ANDREW:** — Well I think if you were to look at the progressivity, if you like, of the impact of the flat tax, the proposed 1 per cent flat tax on the average taxpayer, if you look at the people under \$10,000, the impact of the tax change is to be a 0.03 decrease in tax. Okay? To start with, those under 10,000 are paying less.

Then you go to the people, 10,000 to 15,000, they pay 0.04 of 1 per cent. So that's 0.04, or less than 1 per cent increase in their total tax take. And that progresses upward to the 100,000 level at 43, and it progresses upward on a progressive scale, given the existing tax system and how that applies to the existing tax system.

Now the impact, therefore, is that the higher the income, the more tax you pay, one; and the higher the income the higher the progressivity of the flat tax is under this particular system.

Let me give you through the range, if you like, as to how that would go up. Those, as I said, making less than 10,000 will pay 0.03 per cent less. Those making 10 to 15,000 pay 0.04 per cent more — 0.04 per cent. That's somebody making \$15,000 would pay 0.04 per cent more income tax under this proposal. Those making 20,000 would pay 0.28 per cent increase in overall income tax. Those making 30 to 50,000 pay 0.38 per cent increase. Those making over 50 per cent pay 0.41; and those paying over 100, 0.42. So it does progress upwards in that sense. That's number one.

Number two, when we introduced this program of the 1 per cent, well we indicated it was an initial first step, small amount — initial first step to the process that we would hope would move from a fully integrated, modified flat tax and eliminate totally the provincial tax based on the federal tax. Now that was the proposal.

We would advocate down the road that the degree of progressivity would be built into that, perhaps in three or four stages. And that would be the thrust that we would wish to take in the future. You couldn't do it at this particular stage. We got it onto the table; we got it for the first time. For the first time we got the tax base moved beyond basic federal tax higher onto the scale. It's a first step, Mr. Chairman, towards what we hope will be a tax simplification, tax fairness

move within this country and within this province.

### INTRODUCTION OF GUESTS

**HON. MR. DIRKS:** — It's my pleasure to introduce to you, Mr. Chairman, and to the members of the Assembly today, a group of 25 grade 6 students who are seated in the Speaker's gallery and who attend the Rosemont school in my constituency. They're here today with their principal, Mr. Frolic. I don't expect that you were thinking you would have the opportunity to observe the House in session today. I'm pleased that you have the opportunity to do that this morning.

I'll be meeting with you at 11:45 for pictures and then also for a little discussion in room 218. And I would ask all members here today to join with me in welcoming these important students from the Rosemont.

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

**MR. LINGENFELTER:** — Mr. Chairman, I would just like to, on behalf of my colleagues from our caucus, welcome as well the students and teacher from Rosemont. I'm sure they'll find it interesting, the debate that is going on here on the increased income tax on Bill 94.

### COMMITTEE OF THE WHOLE

#### Bill No. 94 — An Act to amend The Income Tax Act

##### Clause 1 (continued)

**MR. LINGENFELTER:** — Mr. Minister, I would like to point out to you, when you talk about people under 10,000 paying less taxes or less percentage of taxes, that what you're failing to tell the people of the province is that you're not taking into consideration the massive increase in property taxes which your budget has included. You're not adding anything in for the purchase of used automobiles, which your budget has clearly dealt a major blow to those people under 10,000 who are the main consumers of older cars.

And to try to explain to the people of the province that having two provincial tax systems running at the same time, one of them which you claim to be unfair, the graduated income tax which was in existence based on the federal tax, and then the even more unfair tax, a flat tax, that takes the same percentage out of the pockets of taxpayers who are earning 200,000 as someone at 15,000.

You can go on and on with you jiggery-pokery and smoked mirrors on numbers, but the simple fact is that the flat tax will take 1 per cent of the individual's net income at 15,000 and 1 per cent at 200,000. That's what the Bill says.

And for you to say that that is a fair tax system, that you're correcting what you claim to be an unfair tax system, is simply a major grab for money of people at the low income. And, Mr. Minister, some of them will be paying provincial income tax for the first time. Some of them, as a result of your Bill 94, will pay income tax for the first time.

And you're not plugging any loopholes at the top. What in fact you're doing is plugging a loophole at the bottom, because you now have many more people earning less money under your government because of your wage restraints, minimum wage freezes, and that sort of thing, part-time workers.

And you're plugging a major loophole, all right. I'll agree with that. But the loophole you're plugging is people on low income, those people who didn't have to pay income tax under the graduated tax scale, which you are trying to trick the people of the province into believing is an

unfair tax system.

Now you can argue whether or not a graduated tax scale is fair and honest and in agreement with the public demands, but you cannot explain to the public how a flat tax, a flat tax of 1 per cent on everybody's net income, is a fair form of taxation.

And I say again, even the radical right-wingers in the United States, the David Stockmans and those people who talk about a flat tax, who talk about a flat tax and say that it should be 15 per cent on low income and 25 on middle income and 35 on high income, are more fair than you, Mr. Minister. And if you're having the right-wing economists in the United States being more fair than the Government of Saskatchewan, then I think you have a reason why you people are slipping and slipping drastically in the polls. Because you're not seen to be a fair government.

You can't explain to a person earning \$14,000 with three or four children, who will pay income tax for the first time, who will pay income tax to the provincial government for the first time, that you're a fair government when you're giving massive breaks in taxes to oil companies.

Now you can talk about the great number of jobs you've created, but the statistics don't indicate that you have had much luck when you have now slipped to third place in the unemployment rate, and behind Ontario for the first time in many, many years. Saskatchewan now has a higher unemployment rate than Ontario.

And for you to say that you are now going to make a major tax grab, a major tax grab from farmers — from farmers, many of them who have now slipped down to be affected only by the flat, and not by the other tax system — I say to you, Mr. Minister, is an unfair tax. That's what it's going to be portrayed to the public, and that's what the financial papers in eastern Canada are saying about the flat tax.

And I cannot understand why you, Mr. Minister . . . I'm not sure who you're getting your advice from, whether these are your own ideas, these taking off the property improvement grant which gave money, the majority of it, to people in the middle and low income; putting a used car and vehicle tax, mostly again on middle and low income; and now a flat tax which plugs a loophole of people between 10 and \$15,000 with families. I don't understand that. And for you to try to explain that this is making the tax system more fair, that your budget which increased the income tax, increased the sales tax, and increased the property tax for low and middle income, is more fairness — I'll tell you, the people of Saskatchewan are tired of your fairness because I don't think you have the same definition as the majority of people in the province.

(1115)

And I think what should happen is you should have the courage of your conviction, because you didn't have it in 1982. You didn't put in ads: we are going to extend the sales tax to used automobiles; we are going to remove the property improvement grant; we are going to introduce a new flat tax to take money out of the pockets of people between the income of 10 and 15,000.

I think you should have the courage of your conviction and talk to the Premier and say, look, I want to have an election. We need a mandate. We need a mandate to take more taxes out of middle- and low-income people, and give it to oil companies; I want to do that. I believe that that's the way we should be going; I think this is the philosophy we should be testing with the people: that's what you're saying. But have the courage of your conviction to hold off on this Bill until after the next election.

Hold off on your conviction of having another level of income tax until after the next election, and go out and put in your pamphlets: we want 5 per cent on used automobiles; and we want 1 per cent on everyone's income whether you're high or low; we want the same percentage on



everyone. And we want to remove the property improvement grant from farmers who have seen their income drop by 50 per cent. Now is the time to make a massive grab on those individuals. Put these in the pamphlet. Put these in the pamphlet and the TV ads and say: we want to increase taxes on middle and low income, and give it to the oil companies; give it to the oil companies to the tune of \$300 million a year, which covers off all the increases you are taking in other areas. Put those in the TV ads and let's fight an election on it. Let's do that. If you're talking about fairness, why don't you do that? Why don't you let the people decide whether they want this or not?

**HON. MR. ANDREW:** — The hon. member has raised several points with regard to oil policy. We've debated that on several occasions, and he likes to make reference to editorials, and it seems to me last weekend in both major newspapers in this province, the editorial board endorsed the policy of the Devine government with regards to its oil policy and its job creation mechanisms of it, etc. And I think the people of Saskatchewan, quite frankly, agree with that as well . . . (inaudible interjection) . . . Well, he says, how much did you advertise? I suppose you tell those two people up there that they wrote those editorials because of the advertising in the newspaper. Well, I suppose you can talk about that all day.

He talks about unemployment. You talk about the unemployment rate. Last month, month over month, the province of Saskatchewan gained 19,000 more jobs, Mr. Chairman. Nineteen thousand more. Manitoba gained 1,000 more. The difference is the people are coming into this province. Statistics clearly show that. And they're leaving Manitoba for Saskatchewan.

Now that trend continues. Obviously more people are coming here. The big issue and the most important thing with regard to job creation is, in fact, that we are creating jobs and we're creating jobs better than any other province in this country.

Mr. Chairman, one of the great tests of that is that we've been in this Chamber now for most of this session, most of this session. I think everybody agrees across Canada that the most difficult job that anybody faces in government is the question of employment in the creating of jobs. We haven't once in question period, Mr. Chairman, we haven't once heard a question of job and employment strategy. Not one question on that. Not one question on that, Mr. Chairman.

Now, with regard to the courage of our convictions, I can assure the member opposite from Shaunavon is (a) in 1981 versus 1985 there has been a 50 per cent reduction in the tax take by government on somebody making \$15,000. Well, he says, who believes that? Mr. Chairman, the personal income tax has gone from \$406 down to \$117. That's on the person making \$15,000. That's how far it has decreased, and for a person at 35 it's down by a 20 per cent rate.

Now the hon. member raises a question. The hon. member raises a question, Mr. Chairman, and if he's interested in how this corrects some of the inequities in the tax system, I refer you to an article in the Canadian Tax Foundation, March-April 1985 — if you're interested in this. This is a case of a Canadian citizen who makes his income in the following way, Mr. Chairman.

Dividends received . . . And this is a person who would receive the bulk of his income by way of dividend tax credit, and interest from money on deposit in banks, and there are some of those. There's a significant number of those and those are the people primarily that are moving through the system. That particular individual receives a dividend of \$51,000 — dividend grossed up, another 25,000 — for a total income of \$76,000. Less his personal exemptions, comes down to the point where that person, Mr. Chairman, making \$76,000 pays not one sou towards this government with regard to income tax — not one sou, making \$76,000.

These aren't my figures. These are figures put out by the Canadian Tax Foundation saying that that particular individual making \$76,000 will pay not one sou of income tax to the government. And that's not fair. Under the tax proposal being advanced today in this Bill, in 1985 that person will pay \$384. In 1986 he would pay \$768. Now that's not enough. But that's the first stage to start to correct those types of inequities that exist in the system.

The members opposite would have us say, well if you can't do it in whole, if you can't do it both at the national and the provincial level, then you shouldn't try to do it at all. I don't subscribe to that, Mr. Chairman. Unless you make a beginning, unless you make a start, unless you target towards that area, nothing will happen. And he's advocating, and the members opposite are advocating, that we don't do it unless we have a pure, perfect system that we can superimpose. If you wait for that type of system it will never happen. This is a start, Mr. Chairman. This is a start towards tax fairness. This is a start towards tax simplification.

And as the months unfold, and we detail our further details in a white paper as to where we would see that program go, people will accept this, Mr. Chairman, and we will have the courage to proceed with it.

**MR. LINGENFELTER:** — Mr. Minister, you talk about the great job creating record of your government and how massive numbers of people are moving here and the in-migration. I wonder, Mr. Minister, whether or not you have any statistics on the net migration into the province in 1982-83. Have you got those kinds of numbers here so that you can indicate what kind of inflow versus outflow we're talking about — what the net numbers are?

**HON. MR. ANDREW:** — Mr. Chairman, I didn't come prepared with regard to the income tax Bill to talk about the inflow and outflow of people. Now I can dig that information up. The Premier last night showed your leader exactly what we had done with regard to income tax in 1975 . . . or unemployment. In 1975 you moved from 2.6 to 6.5. We've moved up from there to half that rate of increase, Mr. Chairman. If we want to talk about the unemployment rate, I find it strange that they didn't ask any questions in the House with regard to this question. But I can find that information, Mr. Chairman. But we are dealing with an income tax Bill here, and I didn't think we were dealing with the migration of people in and out of the province.

**MR. LINGENFELTER:** — Well, Mr. Chairman, the reason I raised the migration in and out of the province is because the minister was bragging about it a minute ago.

But I want to just take one moment to comment on one of your own publications, *Housing Demand in Saskatchewan 1985-1994*, done by the Sask. Housing Corporation, the Hon. Sid Dutchak, minister. And in it talks about the net migration. And I'd like to make a comparison between 1983 and 1984, and 1976 and 1977. Now these are net migrations — the difference between the people leaving the province and those coming in.

And in 1976 the net migration was 6,165 more coming in than going out — 6,165. And in 1977 the net migration was 4,722. There was that many more coming in than going out. Do you know what it was in 1983? Do you know what it was? In 1983 (and these are your statistics) the number was 2,696 — half of what it was in 1976; half of what it was when the unemployment rate was 3 per cent — half of what it was.

This boloney that you guys spread about the massive numbers of people coming in is not true. In 1976 there were three times as many people coming to Saskatchewan than there was in 1983. These are your statistics. This is your housing authority that says that in 1976 there were three times as many people coming to the province as there was in 1983.

And my friend, the unemployment rate then was 3.5 per cent. Every one of them was finding a job. The rate of unemployment in 1983 was 8 and 9 per cent. These people were coming here, but they weren't getting jobs. And then in 1977, the influx was 4,722. And that's twice as good as

any year that you have had — twice as good as any year you have had. And these are by your statistics.

So when you talk about the vast number of people coming back to Saskatchewan and how many people left in the 1970s, in '76 and '77, it simply flies in the face of the reality of your own statistics. And I just wanted to clarify that because you seem to try to imply to the people of the province that people were not coming in during the middle '70s. And I wanted to say to you very clearly, they were coming in in a much greater number than they are in '83-84. And I think that, for the record, I just wanted to say that to you.

**HON. MR. ANDREW:** — Well I suppose you can sit and argue that particular point. I think it's very clear that the population of the province of Saskatchewan during our administration hit the one million mark. And it went up to one million. That was a very important target, Mr. Chairman. It went up and it went up; it went up during this administration.

There is in fact growth, Mr. Chairman, there is in fact growth. They charge around trying to find any kind of nook and cranny that they can try to compare a figure from here to here, Mr. Chairman. The reality of it is, whether its StatsCanada, whatever you want to use, Mr. Chairman, the reality is the population of this province is growing. The people are coming to this province. The people are leaving Alberta, the people are leaving Manitoba, and they're coming here.

The most recent statistics with regard to unemployment showing that there were 19,000 more jobs, month over month, last year in Saskatchewan, and 1,000 more jobs in the province of Manitoba. The reality, Mr. Chairman, is that jobs are being created here; people are moving here. The members do not like that. They would rather have the approach of closing our borders, Mr. Chairman, of sending our children away to Alberta or to B.C. or to Ontario. The reality is the action is taking place in our province. Our people are staying. People are coming back home to work in varieties of fields, Mr. Chairman. And we're very happy about that.

The reality, Mr. Chairman, is our population did exceed the \$1 million mark. Go to Saskatoon and look at the tremendous population growth in that city. Go to the other areas of this province and look at the tremendous population growth in those particular areas, Mr. Chairman. The reality is — and I don't think anybody will dispute it — the reality is the population of the province is growing. It is the only province that showed growth in the prairie region in the last three years. It's the only province that showed growth.

Alberta lost population; Manitoba was down; B.C. was down. It was only in Saskatchewan where the growth was strong, and people of Saskatchewan appreciate that, Mr. Chairman.

**MR. CHAIRMAN:** — Order. I have allowed the debate to range quite widely on both sides of the House. And I would ask the members to relate their questions and answers to Bill 94 which is before the committee.

**MR. LINGENFELTER:** — Well, Mr. Chairman, I appreciate your view of it. I would just like to point out that between '76 and 1981, the population increased by 75,000 or about 10,000 a year, which is the same as it is doing under . . . (inaudible interjection) . . . No, these are your numbers and your statistics.

(1130)

**MR. CHAIRMAN:** — Order. I would ask . . .

**MR. LINGENFELTER:** — A question on bill 94 on the flat tax, Mr. Minister, has to do with the number of families who will be paying income tax who don't pay any under the previous, or the graduated tax income. Can you give me a number of families who will be paying for the first time? And there are a group of people between 10 and 15,000 with three, four, five, six, children

who will now have to pay. And I would like you to give me an estimate of the number of families.

**HON. MR. ANDREW:** — With the current system before the changes as proposed in this bill, compared to the changes made in this Bill with regard to the flat tax and with regard to the reduction on the low income, there will be 1,200 fewer taxpayers paying income tax in the province of Saskatchewan.

**MR. LINGENFELTER:** — Mr. Minister, that is a nice estimate that you've got up there. It's about as accurate as your estimate on some of the other budgetary items like welfare amounts and other things where you've severely underestimated what the impact will be.

And I simply . . . having listened to the minister on other issues, Pioneer Trust and others, no one believes that fewer people are going to be paying income tax. And you will know as well as I that the three major tax increases that you have brought in will mean thousands of families will pay more taxes. And for you to stand here and try to say that fewer people are going to pay taxes under this Bill simply isn't believable.

Now you may have got somebody to advise you that if certain things happen there will be less people paying. But this makes about as much sense as your budgeting the balance over your four years in government. It makes no sense. It makes as much sense as promising to take the sales tax off and then extending it to used cars.

And this idea that introducing a new tax Bill there's going to be less people paying taxes, what do you take the people of the province for? Like I know what your attitude is towards the people of the province, that you can promise them anything, promise them anything and do something quite different, and then in the next election you're going to do it again.

Mr. Minister, your idea that there will be less people paying taxes is not believable. And if you want to rise and say it again three times, we'll make it three times, just to get the point across. But I want to tell you, you have a more difficult time with telling these little stories than the Premier does. You don't look quite as good on TV when you're not being accurate. Like the Premier seems to be very comfortable. Like, and I understand why, when you're talking about the 50 per cent cut in income tax that this Bill is going to do, you don't quite come out and say it as clearly as the Premier does. The Premier, when he's telling stories, he can just stand up there and say, we're going to cut your taxes but we have three Bills that are increasing them. and he can almost make a few of the Tory back-benchers believe it.

But I can tell you're having a more difficult time telling these little stories about how you're cutting taxes for the low-income people because anyone who has watched your colleagues in Ottawa, and the Michael Wilson budget and de-indexing, and watched you extend the sales tax and increase the income tax and increase the property tax, they snicker a little when the Minister of Finance stands and tells the people now how he's cutting taxes for low-income people.

But I'll leave it at that. I say to you, Mr. Minister, you don't look very accurate when you're making that statement.

**HON. MR. ANDREW:** — Well, I'll make a couple of observations, that if you look at the breakdown of tax filers, there is 212,000 people under the \$10,000 that are within that group, having the benefit. That benefit is 1,200 people. Now, the hon. member says that I don't stand up here and do the job like the Premier does. Well I don't know anybody in this province, and I certainly don't know of anybody in this House, that can take a position like our Premier did last night and pistol-whip your leader something awful. We're very proud of our Premier, and there is nobody in this House that can compare to him at any stage of the game.

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

**MR. LINGENFELTER:** — I just can't resist this little come-back to the Minister of Finance. I would think that after the action the Premier took on you and Pioneer Trust, where he said, my minister screwed it up, screwed it up . . .

**MR. CHAIRMAN:** — Order. The question before the committee is Bill No. 94. I would ask . . . Order. I would ask the member to relate their questions to Bill 94.

**MR. LINGENFELTER:** — I want to reply to the statement made by the minister, and he was referring about the great job done about the tax Bill by the Premier last night, by the great job of explaining this massive tax cut that this new level of income tax was going to mean for the people of the province. But no one believes that, and then he went on to say how he was so supportive of his Premier, and how proud he was.

Well all I would say to you is it's too bad the feeling isn't mutual because press reports that I have read that the Premier is saying about you, Mr. Minister of Finance, don't share that glowing, reciprocal attitude. Because he says, my minister has made some very fundamental mistakes. And you may stand up and say, I support my Premier. But that's an action of a finance minister trying to keep his job. That's what you're trying to do. You're trying to keep your job, because the Premier is looking for new finance minister, because these tax Bills you have brought in are the reason why you have dropped 20 percentage points, and it's largely, in part, because of the tax Bills that you conned your caucus into agreeing to.

And I can't understand why the member for Morse and the member from Saskatoon South and the member for Saltcoats sit idly by while the Minister of Finance brought through caucus, brought through caucus massive tax increases that will take \$1,00 out of the farmer's pockets at a time when their income is down 50 per cent.

So, Mr. Minister, I couldn't resist the chance to tell you that your attitude, this adulation of your Premier that I have witnessed since the Pioneer debate, this adulation of the Premier that you have shown to the Premier since Pioneer — I'm sorry to say, my friend, that it doesn't appear to be reciprocal. And I'll just leave that one at that.

**HON. MR. ANDREW:** — Well a couple of observations. The Premier last night, I think, in the seven years that I've been in this Assembly, the seven years that I've been in the Assembly and watched the debate on Executive Council estimates, that was the first time ever — the first time ever — that I saw somebody be taken apart chunk by chunk by chunk. And or Premier did that to your leader. Our Premier did that to your leader, and I think we were all confident and very, very, very proud of the way he did that.

And, Mr. Chairman, they went at it for perhaps 10, 15 minutes today to save a little face, and then they quietly walked away from him because he was beaten — he was beaten like he was in '82, and he was beaten again last night.

**MR. KOSKIE:** — Thank you, Mr. Chairman. Mr. Minister, would you indicate in respect to the flat tax, this here most intelligent type of tax, is it accurate that in a full year that it's between 75 and \$80 million? Could you confirm that that is the amount that you will raise in a full year? A full year of the flat tax, the new tax that you've put on, would you indicate to the people of Saskatchewan what revenue that that will bring by the imposition of the second income tax system? Is it not between 75 and \$80 million?

**HON. MR. ANDREW:** — The net impact would be 70 . . . including the low-income tax credit that's being advanced there. So the net increase would be \$70 million more tax. That's the question that you asked . . . (inaudible interjection) . . . No, no.

The member from Shaunavon had asked earlier with regard to migration statistics. I have some

migration statistics here from 1971 to 1984, and I would . . . if the chairman wanted to . . . if the committee wanted to hear this, I could advance those, but 1972 there was a net loss of . . .

**MR. CHAIRMAN:** — Order. I'd ask the members to keep their comments on Bill 94.

**MR. KOSKIE:** — Thank you, Mr. Chairman, and my questions will be very specific.

**MR. CHAIRMAN:** — Order. It's very difficult to hear in here with people chirping across the floor from their seats. All members get as much opportunity as they want to ask questions in committee of the whole, and I would ask the members to ask their questions from their feet.

**MR. KOSKIE:** — And I'll raise my voice if it's necessary.

What I say . . . Mr. Minister, You indicated that the revenue from the flat tax will an additional net 70 million. Have you got the gross figure that that produces — gross figure that you get from the imposition of the flat tax? What you indicated by some subtractions, the net amount, have you got a gross figure?

**HON. MR. ANDREW:** — I think what you're asking is: this year the gross tax that would come from the flat tax would be \$50 million, and then there would be an \$11 million off because of the tax reduction, and there would be \$6 million off because of the decrease in the rate from 51 down to 50 — that's \$6 million — \$11 million assisting to the low-income people where we added the low-income deduction higher, so that there would be, in fact, a benefit to those low-income people, leaving a net of 33.1 for the '85 tax year.

**MR. KOSKIE:** — So for the gross figure for a full year it's \$100 million. Well, for this part of the year from July 1st until the end of the year, it's 50 million, and so I ask you: for a full year, would that figure then be \$100 million?

**HON. MR. ANDREW:** — If you wanted to look at the full year, 1986, as opposed to the fiscal year — so we're talking the calendar year, 1986 — what we have there is a decrease, the 51 down to 50 per cent decrease would mean . . . (inaudible interjection) . . . Oh, I'm coming to that . . . would be \$12.7 million reduction across the board — gross. The decrease in the rate — and that's the benefit to low-income people — would be \$23 million; the gross would be \$23 million; the gross would be 106. For a net or a . . . (inaudible interjection) . . . No. The total gross would be \$70 million.

**MR. KOSKIE:** — Now, Mr. Minister, what you have done here is impose a flat tax which you indicated will in fact produce, and I think . . . and we'll use your figures — \$70 million additional dollars during the course of a year — and what you have done likewise in respect to the existing system of income tax is to decrease it by one percentage point.

Now isn't it in fact true that a decrease of one point on the percentage of the federal tax, is that not in fact equivalent to about 10 to \$12 million?

**HON. MR. ANDREW:** — Thirteen.

(1145)

**MR. KOSKIE:** — Using you figures, which are suspect . . .

**AN HON. MEMBER:** — They're not suspect at all.

**MR. KOSKIE:** — Well they have been evidenced before. In a total year, the net amount of increase to the taxpayers of this province, on your figures, is \$57 million more than you're plucking from the pockets of people across this province. And you call that a tax reduction.

How do you justify trying to indicate that there has been a tax reduction when in your own words, when you take down the 1 percentage point from the federal portion of the application and you put in the flat tax, you have increased the net tax amount of \$57 million on the taxpayers of this province? Isn't that correct?

**HON. MR. ANDREW:** — I never indicated that the 1 per cent flat tax would not raise revenues. We clearly indicated that it would raise revenues. We have increased taxes, and we indicated that in the budget speech, by \$39 million this year; and that we've taken that money and allocated it, which we believe to be the important four corner-stones of what we believe should be done by government. That's education, health care, agriculture, and job creation.

We obviously indicate that. I never at any point indicated we didn't. What I am saying, though, is this: that the person making \$15,000 a year less tax than he did in 1981. And that's the reality of it.

**MR. KOSKIE:** — Well that's quite an admission from the Minister of Finance, totally contradictory to what the Premier of this province was saying, that there was 20, 30 per cent decrease; one time he said 50 per cent. And here today the Minister of Finance has indicted unequivocally that he has picked the pockets of the taxpayers in this province by at least \$57 million.

Here is a government that says things are rolling, that sales tax should be up, and other revenues from the basic income tax. And what they have done is slow down the economy. They have wasted the money, and now they are picking the pockets of the taxpayers in this province by over \$57 million.

I want to ask you, Mr. Minister: how does the family fare under this fairer, most intelligent imposition of the surcharge? How does the husband and wife with a couple of children, where the husband is earning a wage but the wife is staying home looking after the family. It seems to me that under this tax on the net amount, the surcharge on the net amount, under those circumstances where you have a husband working, the wife stay home, couple of children, there are no exclusions under the surcharge flat tax. That couple, I submit to you, are getting nailed, and nailed hard. And I think it's unfair.

But I want to make another comment, and that is that this flat tax is an imposition primarily directed to the middle and upper middle class people — the people that are at a fixed salary — because they have so little exemptions to get to their net income. And that is the group . . . Those are the people that are the generators in this society. And what you're doing, apparently, is attacking this individual group within society, and at this time you're giving holidays to the oil companies.

It doesn't make sense. It just doesn't make sense. You know, under economic conditions that we have here in Saskatchewan, we would have thought that a tax reduction would have been in order to get the economy going. But what you have done is pluck \$57 million out of the taxpayers' pockets, and you say there's going to be more economic activity. Well, I doubt it very much, Mr. Minister.

If you look at the other aspects of your budgets, which we'll be coming to, and I don't want to address those now because I'd be out of order, but if you look at all the package, there is hundreds of millions of dollars being taken out of every constituency across this province when you apply to this flat tax. Hundreds of millions of dollars are being taken out of small communities. And that's not going to be spent there.

So all I can say, Mr. Minister, you had no mandate, really, to impose such a massive increase here, and under the disguise of calling it tax reform. What you have done is betrayed the people of this province, because obviously one of the major planks when you were running was that taxes

would be reduced. And we've gone through those before.

Sales tax would go, you said; income tax would be reduced 10 per cent across the board. That's what you promised. And what did you give? Fifty-seven million dollars that Saskatchewan people are going to pay in additional tax. Who can believe you? What I'm saying is that there is no credibility in this government, Mr. Minister.

I can give you a few recommendations. One, you should resign. And secondly, an election should be called so that that people of this province have an opportunity to judge this government. I think it's unfair. The flat tax, as the globe and Mail and the Financial Post has said, it's not any innovative new tax; it's a surcharge to get more money. That's what they said. And you walking around, talking about reform and holding conferences. It's a simple surcharge to take more money, because you're squandering the resources of this province. And I think it's self-evident. You promise reductions. What you've done is given \$57 million more on a surtax.

**HON. MR. ANDREW:** — I think the first question the member from Quill Lakes posed is an average family. Let's take an average family of four. That's a husband and a wife, the wife staying home looking after the two children. Now if that family is making, Mr. Chairman, \$35,000 a year, let's look at what their tax would be. The personal income tax would be 2,425. That's on \$35,000. There's no gas tax. The sales tax would be \$325 prorated. The property tax rebate would be taken away, for a total of \$2,750 if they went to look at that from a tax point of view. That's in this year, 1985. That's family of four, making \$35,000.

The same family of four making \$35,000 in 1981 paid \$3,020 income tax. That's \$595 more income tax in 1981 than they're paying in 1985; \$595 less in income tax being paid. Over all, they're paying 20 per cent less tax, if you add the income tax, if you add income tax, gas tax, sales tax and property tax rebate.

Now that same person on the lower income scale, making not 35,000 but 15,000, that person paid \$406 income tax in 1981 — \$406. Today, 1985, with the flat tax, with the other tax changes, that person is paying \$117, or \$289 less tax than he did in 1981. For the person making \$15,000, family of four, one person working in the family, the other person staying home looking after the two children, that person is paying 50 per cent less tax, if you add income tax, gas tax, sales tax and property tax rebate.

Those are the facts. Those are the numbers, Mr. Chairman, and that is what the tax reductions have been since 1981 in this province.

**MR. KOSKIE:** — Well this is a convoluted type of logic, because the minister stands up here, Mr. Chairman, and says, in a full year under my new taxation regime, the flat tax, and the adjustment in the percentage of the federal, that the Saskatchewan people are going to pay \$106 million more. That's what he said. And he said it nets out to over, well, \$106 more. And even using his figures, he says that they're going to be paying about \$70 million more annually.

But with his convoluted logic he says, well the people of this province, you know, are better off. You know, we've increased the taxes, but we've kept a political promise of reducing taxes. That's what they're trying to tell the public of Saskatchewan: we have increased the taxation, the net income tax by \$70 million, and everybody else is better off. Now that is Tory logic, I'll tell you. Tory logic.

And I'll tell you, Mr. Minister, call the election on your convoluted arguments, and sell it, because the people of Saskatchewan don't believe you any more. You promised tax reduction in your election — 10 per cent — and what you've done is given them a net increase of \$70 million in a year. And now you're trying to say everyone is better off. You've lost your credibility.



I again say to you, you have two options: One, if you're honourable, this government would call an election; and if they don't, you could be honourable and resign.

**HON. MR. ANDREW:** — With regards to the election, Mr. Chairman — and I won't get into calling or not calling an election. That was dealt with in the Premier's estimates last night. It's been dealt with in question period, as the member knows — that the Premier call elections, the Premier calls by-elections, and to date he's done a very good job on it.

With regards to the tax fairness thing, I would like to reiterate to the members opposite once again, with regards to what this tax Bill does, what this tax Bill does — and again I refer you to the Canadian Tax Foundation publication of March-April of 1985. And what that shows is an example of an individual, an example of an individual, Mr. Chairman, who has the bulk of his income being by way of dividend tax credits, being by way of interest from the bank, making \$76,000, paying absolutely no tax at all, that person will now start and begin to pay tax under this system.

Clause 1 agreed to.

Clauses 2 to 7 inclusive agreed to.

#### **Clause 8**

**HON. MR. ANDREW:** — Mr. Chairman, on clause 8 there's a House amendment that would read as follows:

To amend clause 8.4(4)(b) of the Act being enacted by section 8 of the printed Bill by striking out "and the individual's spouse each file" in the first line and substituting "their files."

A brief explanation of this is that we were able to go beyond the traditional way that the federal government deals with the income tax on individual basis. They have allowed this concession now so that a family, under the new program, with regard to the property tax credit, would be able to file as a family — senior citizens. Instead of having to file two returns they could file one return.

Clause 8 as amended agreed to.

Clauses 9 and 10 agreed to.

The committee agreed to report the Bill as amended on division.

The committee recessed until 2 p.m.