

The Assembly met at 2 p.m.

Prayers

INTRODUCTION OF GUESTS

Mr. Swenson: — Thank you, Mr. Speaker. It's a pleasure for me to introduce to you, and through you to the rest of the members of the Chamber, 12 grade 12 students from the largest town in my constituency. They're from Central Butte High School. They're in the east gallery. They are accompanied by their teacher, Mr. Ron Richardson, and I'd just like to welcome them here today to watch question period and the debate of the Chamber.

I will be meeting with you at 2:30 for pictures and drinks and to answer any questions which you might have which arise from the proceedings of the day. I'd like all members to join with me in welcoming the students from Central Butte High.

Hon. Members: — Hear, hear!

Mr. McLaren: Thank you, Mr. Speaker. It's a pleasure for me to introduce to you, and through you to all members of the Assembly, 47 grade 12 students from the Yorkton Regional High School. They're seated in the west gallery and accompanied today by their teacher, Mr. Ed Magis. And I'd just like to tell the Assembly that Mr. Magis has made a habit of doing this as long as I can remember, and I want to commend him for bringing his students into the legislature.

I will be meeting with them at 3 o'clock for pictures, and in room 255 for some refreshments after question period. I hope you enjoy your stay in Regina and your attendance here at the Assembly, and I would ask all members to please greet these students in your usual manner.

Hon. Members: — Hear, hear!

ORAL QUESTIONS

Free Trade Negotiations

Hon. Mr. Blakeney: — Mr. Speaker, I would like to direct a question to, I think it will be, the Acting House Leader. The question deals with the free trade talks, and it deals with negotiations which begin tomorrow in Ottawa between Simon Reisman, the Canadian negotiator, and his U.S. counterpart, Mr. Murphy.

Can the Acting House Leader tell us whether or not Saskatchewan's free trade representative, Mr. Wakabayashi, will be present in the bargaining room when Mr. Reisman and Mr. Murphy begin their negotiations tomorrow? Could you indicate what the arrangement is?

Hon. Mr. McLeod: — Well, Mr. Speaker, I can't indicate whether Mr. Wakabayashi will be in the room or not. I will take notice of the question on behalf of the Minister of Economic Development and Trade, and I'm sure he'll come back with the answer, probably tomorrow.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. I direct a question to the Acting House Leader in the absence of the Premier, the Deputy Premier, and the Minister of Economic Development.

My question is similar to the first. Who do we anticipate will be at the bargaining table to make sure that none of the compromises — which is an element of all negotiations — none of them are harmful to the future of the Saskatchewan economy and Saskatchewan people?

I take it members opposite are not relying upon Mr. Reisman, who is a long-time central Canadian federal public servant, some might call the quintessential bureaucrat. I hope we're not depending on Mr. Reisman to put forward the interests of Saskatchewan and have them at the top of his list.

And my question then is: in the course of these discussions, who will be speaking for Saskatchewan, and how will this voice be made known?

Hon. Mr. McLeod: — Well, Mr. Speaker, the Premier announced some weeks ago about the appointment of Mr. Wakabayashi in terms of representing Saskatchewan in the process leading up to trade talks between the United States and Canada. The member opposite gives his outline of Simon Reisman and his qualifications, and so on; I neither agree nor disagree with those at this stage.

I would say to the hon. Leader of the Opposition he has had several opportunities to raise these questions. The member who is responsible for trade in this province, my seat mate, the Minister of Economic Development and Trade, has been in his chair, I would submit, almost every day since this House has been in session. That question was not raised with that member. But I will take notice of the second question, Mr. Speaker, and raise it with the Minister of Economic Development and trade, and he'll bring his answer back.

Hon. Mr. Blakeney: — Thank you, Mr. Speaker. I raise another question, Mr. House Leader. In the report on the free trade negotiations which was published this morning in the Globe and Mail, Mr. Reisman has declined to release the 84 studies which he has had done on the impact of free trade on various sectors of the Canadian economy.

What I say, sir, is: has Mr. Reisman released the 84 studies — the contents of the 84 studies — to the Government of Saskatchewan so that at least you may know the assumptions upon which Mr. Reisman proposes to carry on his negotiations, and if so, can you advise us whether or not some or all of the contents of those studies will be made known to the people of Saskatchewan?

Hon. Mr. McLeod: — Mr. Speaker, I'll take notice of that question on behalf of the Minister of Economic Development and Trade, as I have done on two previous occasions.

Mr. Koskie: — Thank you, Mr. Speaker. In the absence of the Premier and the Deputy Premier and the Minister of

Economic Development and Trade, I address it again to the Acting House Leader. And I ask you, Mr. House Leader, can you advise: who will Simon Reisman be reporting to as these free trade negotiations proceed, and what veto power do Saskatchewan and other provinces have over the Reisman's negotiation decisions? I wonder if you could advise us of those important matters.

Hon. Mr. McLeod: — Well, Mr. Speaker, my understanding is that Mr. Reisman will be reporting to the federal government, the government of this country, as he should. And as the Premier announced in his appointment of Mr. Wakabayashi as Saskatchewan's representative to the trade talks, as it relates to the lead-up to the trade talks between the two countries, Mr. Wakabayashi will represent Saskatchewan's interests well — I am sure of that.

I am not sure what I'm reading into the questions from the members of the opposition. Whether they disagree with the appointment of Mr. Wakabayashi, or don't believe that he will do the job that we believe he will do on behalf of the Saskatchewan people. I believe he will, and this government believes he will. But as it relates to who Mr. Reisman will report to, he will reporting to the federal government.

Mr. Koskie: — I asked a further supplement to the minister, which he has very adroitly side-stepped. I want to ask you, since Mr. Reisman is reporting to the federal government, can you indicate whether in fact Saskatchewan and other provinces have veto powers over the negotiations that are carried on by Reisman on behalf of the federal government? Does the province have a direct veto power?

Hon. Mr. McLeod: — Well, Mr. Speaker, I'll have the Minister of Economic Development and Trade answer in a more direct and more detailed way to the question. But I will say to the member that it is my understanding that there is no veto power for any province in the country.

Mr. Koskie: — A supplement, Mr. Speaker. I want to further ask you, Mr. Minister — we aren't getting much answers from this — but perhaps you can take it on to your colleague. I ask you again: will Mr. Reisman be reporting directly to the provinces after each negotiating session, as well as to the federal government? What is the mechanism that is established for involving the provincial governments directly in the free trade discussions?

Hon. Mr. McLeod: — Mr. Speaker, in direct answer to the member's questions, I am not sure of the exact reporting mechanism as it relates to every meeting or reporting immediately following every meeting. I am not sure of that. I do know there's a consultative process in place. In that process Saskatchewan is represented by Mr. Wakabayashi. I believe Mr. Wakabayashi will do, and is doing, an excellent job on behalf of Saskatchewan and the economy of this province.

And as it relates to the very specific question that the member from Quill Lakes asked, I will once again take notice, and there will be a series of questions here that the Minister of Economic Development and Trade will be in a better position to answer, Mr. Speaker.

Mr. Koskie: — I have a new question to the Minister, Mr. Speaker. As you are aware, the American negotiator in the free trade talks, Peter Murphy, has stated publicly that he believes everything is on the table in these negotiations. That, in our view, would include the future of the Canadian Wheat Board, the future of stabilization programs for a number of agricultural products, as well as medicare and other social programs. And this is the direct statement by Mr. Murphy. I ask you, how do you square Mr. Murphy's clear public position with your constant claim that none of these protections would be subject to negotiations in the free trade talk?

Hon. Mr. McLeod: — Well, Mr. Speaker, the member makes reference to a quotation from Mr. Murphy, the American negotiator. I would say to him that I believe Mr. Reisman's on record; I believe Mr. Clark, the Minister of External Affairs, is on record as rejecting that view, as rejecting the view of what Mr. Murphy has said. Certainly the negotiations are just under way, just coming to the point of being under way, Mr. Speaker.

It's very, very interesting that members of an NDP opposition will be now talking about the details of a free trade arrangement, one which they do not believe should be taking place in the first place. They don't agree with free trade in any way, shape, or form, or any type of negotiations between two major countries on this continent. They do not agree with it. They have stated on many occasions that they do not agree with it, and yet here they come with trying to cut down and break into negotiations before they can even get under way.

Mr. Speaker, the view of Mr. Murphy that was expressed by him and what was quoted by the member from Quill Lakes was, in fact, contradicted by the Canadian representative, Mr. Reisman, and by Mr. Clark, the federal Minister of External affairs. All I can say is, let's have the negotiations carry on, and Saskatchewan's view will be well-known to Mr. Reisman through Mr. Wakabayashi.

Trade Complaint Against Canadian Lumber Exports

Mr. Thompson: — Thank you, Mr. Speaker. And I direct my question to the minister responsible for Saskatchewan Forest Products.

The United States, just hours before free trade talks are due to open in Ottawa, have shown they only like free trade when it's a one-way street. Yesterday in Washington the United States lumber industry filed a trade complaint against the Canadian lumber products. They have demanded that a duty of \$54, United States, be slapped on each 1,000 board feet of Canadian lumber exported to the United States.

My question to the minister is this: how much Saskatchewan lumber is exported to the United States each year? What percentage of our total output goes to the United States? And what specific action has your government taken to intervene in this case to protect Saskatchewan's lumber export and Saskatchewan's jobs.

Hon. Mr. McLeod: — Well, Mr. Speaker, as it relates to

the specific questions about how much lumber and how many board feet of Saskatchewan lumber goes into the United States and so on, certainly I'd take notice of that question and come back with an answer, in terms of the annual amount of lumber that goes into the American market.

I will say though, Mr. Speaker, it is a substantial amount. There's no question about that. There's no question as well, that when we see the protectionist view of the United States in terms of some of the countervailing duties, countervailing suits that have come against Canadian lumber and some other products which are very important to western Canadian provinces, it underlines the very reason for our country to enter into the free trade negotiations, which we just referred to in the early questions, the very reasons why our two countries should be into those kinds of negotiations, and I would submit to you, Mr. Speaker, that the NDP opposition is having it both ways. In one hand they want to talk about . . . they're against free trade, they're against all of the negotiations that are going on, and on the other hand now they want to talk about the countervailing duties and their concern for the protectionist winds which are blowing across the United States these days.

Mr. Thompson: — Final supplementary, Mr. Speaker. Mr. Minister, the American lumber industry filed this trade complaint under the name: the United States Coalition for Fair Lumber Imports. Can you tell the Assembly and Saskatchewan people whether or not the Weyerhaeuser corporation is a member of that corporation? Also, is Weyerhaeuser one of the American lumber companies attempting to cut off Canadian exports to the United States?

Hon. Mr. McLeod: — Well, Mr. Speaker, Weyerhaeuser, coming into this province, and Weyerhaeuser with the marketing system that they have, I would submit to the hon. member that one of the best opportunities that we have in Saskatchewan, or that western Canadian resource industries have for going into the United States market is through already established marketing structures, which is one of the things that Weyerhaeuser brings to this process, and it's a very excellent record in terms of marketing and in terms of very many other processes in the forest industry.

So I would say to the hon. member, he says there has been a complaint lodged. There was, I would remind him, a complaint lodged as it relates to hogs from South Dakota and so on; there was a complaint lodged as it relates to trade between our two countries before. Canada has won, to a significant extent, in that area. I submit to you, Mr. Speaker, and to the members opposite, that Canada will win in this area as well, and we must continue our vigilance. And that's the reason for those negotiations to be going on. The very reason those negotiations need to go on is because of the kinds of things that are going on in the United States and the various industries now.

Hon. Mr. Blakeney: — Mr. Speaker, I direct a new question to the minister who is answering questions with respect to lumber exports, and I'll direct this to the Acting House Leader. As the minister will know, Simpson

Timber Company Ltd. operates in this province. As the minister will know, it exports a good amount of its product to the United States, and as the minister will know, the Simpson Timber Company is a United States owned company with marketing arrangement in the United States. Would you be good enough to advise the House whether or not the ownership of the Hudson Bay mill by Simpson Timber Company Ltd. has facilitated our entry into the United States market or not. Has it made any difference, and will it make any difference in the case of Weyerhaeuser?

Hon. Mr. McLeod: — Well I'm not sure if it has made any difference as it relates to Simpson, Mr. Speaker, but I submit to this House that it will make a significant difference as it relates to Weyerhaeuser.

Investigation of SGI Claims

Hon. Mr. Blakeney: — Mr. Speaker, I direct a new question to the minister in charge of SGI. It deals with the performance in this Assembly last week of the Premier, condoning actions of his chief political aide who had attempted to interfere in a Saskatchewan Government Insurance arson investigation involving a long-time friend and associate of the Premier's principal secretary. And I just want to get the government's position clearly on the record.

As I understood the Premier to say, anyone in Saskatchewan who is under investigation by the police or some other agency can go to the Premier's office and lobby the Premier's political aides, and then these aides are free to do the following — and I want to direct this question to you with respect to SGI: to review all the confidential files involved in the investigation; share the contents of those confidential files with the person under investigation; contact the Department of Justice to inquire about the case; and pressure those in charge of the investigation to bring it to an end before it is completed.

Now that is what I understood the Premier to say. And I want you, Mr. Minister, to say whether or not that is the policy of the SGI. Is it the policy of the SGI, when conducting arson investigations, to make available their files to the principal secretary of the Premier who may wish to investigate on behalf of a long-time friend, and to authorize that officer in the Premier's office to discuss the contents of the investigation file with the person being investigated? Is that the policy of the SGI?

Hon. Mr. Folk: — Mr. Speaker, the simple answer is no.

Hon. Mr. Blakeney: — Mr. Minister, can you deny that that is what happened in this case? Can you deny that a confidential file of an arson investigation was made available by SGI to the principal secretary of the Premier, which principal secretary discussed the contents of that file with the person under investigation? Do you deny that?

Hon. Mr. Folk: — Mr. Speaker, the investigation is over, and I think the Premier outlined the case very well last week. And the Leader of the Opposition should know very well the answer for that. If you're looking for the

policy of SGI, you know what it is. The gentleman was fired.

Hon. Mr. Blakeney: — In the court proceeding with which the minister will be aware, Mr. Tkachuk gave this answer:

I told him, (that is Mr. Townsend), from what I had seen in the file, that that there was nothing that I couldn't believe that he wasn't going to be paid, is what I said.

Question: And did you tell him what you had seen on the file?

Answer: Specifically, in a couple of instances, yes.

Now that is what Mr. Tkachuk said on oath. I ask you, Mr. Minister: is that use of files of SGI when they're conducting arson investigations condoned by you and by the officials of SGI?

Hon. Mr. Folk: — Mr. Speaker, I think it was outlined very good by the Premier last week, where the judge also said there the only person deserving of censure in this case was Mr. Ryan.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. I ask you again, sir, whether or not you condone the principal secretary to the Premier taking a file dealing with an arson investigation and sharing its contents with the person under investigation. I take it you do, since you feel that no one else ought to be subject to censure. I ask you: do you condone that use of the files of SGI?

Hon. Mr. Folk: — Mr. Speaker, I believe the question has been answered adequately, and I guess we could go back to previous actions of the previous government, how they treated SGI files, and we can keep on going on that if you wish.

Hon. Mr. Blakeney: — I ask you again . . . Mr. Speaker, I'm sure members opposite will want to get into the debate . . .

Mr. Speaker: — Order, please. I asked for order in the House. Order!

Hon. Mr. Blakeney: — Mr. Minister, I ask you simply two questions. First, do you condone that use of the files of the corporation for which you are responsible? And second, are you aware that Mr. Tkachuk's interference in the investigation of this insurance claim included an attempt to call together the board of directors of SGI in order to have the decision of the president of SGI overruled? Are you aware of that? Do you condone it? And is that service available to anyone who is being investigated by SGI, and where the decision of the citizen is not agreed with by the president of SGI?

Hon. Mr. Folk: — Mr. Speaker, what I'm aware of is that there was a case that SGI took to court. The decision was brought down by the judge, and in that the only person that he censured for his actions was that of Mr. Ron Ryan. The decision, the investigation is over.

Hon. Mr. Blakeney: — I ask you, Mr. Minister . . . I'm not now dealing with the issue which was before the Court, which was a limited matter. He was not dealing with the use of SGI files.

I ask you again, Mr. Minister, are the same services which were available to Mr. Townsend, I.e., a look at the file when there was an arson investigation under way, an attempt to get a board of directors meeting to overrule the decision of the president. Are all those services available to all citizens of Saskatchewan, or just to friends of the Conservative party, and more particularly, particular friends of the chief secretary, the principal secretary of the Premier.

Hon. Mr. Folk: — Mr. Speaker, the investigation at that point was over. The answer has been given very adequately by the Premier what the position is, and the answer to the first question, to which I responded, still stands.

Mr. Sveinsson: — On the matter of the unappealed portion of the judgement by Mr. Justice MacLean on the Townsend insurance claim, Mr. Speaker, it's very apparent that virtually everyone who became acquainted with SGI's file on this matter became convinced, along with the learned judge, that SGI's denial of this claim was unjust. These included the following people, and I'll just list them for the record: the original adjuster at SGI; the Saskatchewan fire commissioner; an eminent expert witness hired by the fire commissioner's office; an eminent expert witness hired by the plaintiff; at least one of the experts hired by SGI; the assistant to the minister in charge of SGI; the assistant to the president of SGI; the head of the investigating RCMP detachment.

My question is to the minister in charge of SGI, who is here today. In light of the fact that Don Black, the president, who refused to read the file by his own admission, and that the head of the SGI legal department was not familiar with the file by his own admission, and that there were no written submissions on the file from SGI's special investigation unit, who in SGI was directing the denial of the payment of this claim?

Hon. Mr. Folk: — Mr. Speaker, I think it's very clear on this that SGI proceeded with litigation on this case.

Mr. Sveinsson: — By way of supplementary . . . the plaintiff was Mr. Townsend, so I'm afraid the minister is incorrect. But as a supplementary, why did SGI fail to comply with the Saskatchewan government regulations by not submitting the required report on the Townsend fire investigation to the provincial fire commissioner?

Hon. Mr. Folk: — Mr. Speaker, in those specifics I will take notice and get back to the House.

Mr. Speaker: — Order, please.

Mr. Lingenfelter: — Mr. Speaker, before orders of the day, I wonder if we could have leave to proceed directly to public Bills and orders, second readings, and then to revert to motions under rule 16.

I ask leave to do that in order that the Assembly may have

an opportunity to debate the important tax reduction private members' Bills that the official opposition put forward a couple of months ago, and in the understanding we would deal with second readings of those Bills and then revert back to rule 16.

I wonder if we would have the privilege of the Assembly and the vote of the members of government to deal with these three important Bills that would cut the taxes to the people of Saskatchewan.

Leave not granted.

ORDERS OF THE DAY

MOTION UNDER RULE 16

Unfair Taxation Policies

Hon. Mr. Blakeney: — Mr. Speaker, I'm pleased to have the opportunity to debate the motion before us in the Assembly today. This motion is about a central issue facing the people of Saskatchewan, and that is the Progressive Conservative government's unfair tax increases.

All across Saskatchewan, in cities and towns and rural communities right across the province, we're hearing that more and more people are saying that they are deeply disappointed in this PC government. It promised tax cuts for working families and farm families, but it broke that promise by imposing the biggest and most unfair tax increases in Saskatchewan history.

Now here in the legislature, even with its huge majority, it refuses to debate the private members' Bills on fair taxation put forward by my New Democratic Party colleagues.

Saskatchewan people are particularly disappointed by what they see as this PC government's double standard — one set of rules for ordinary people, but a very different set of rules for the rich and the powerful and the political friends of the PC government opposite.

PC members opposite may shout from their seats, as the member for Moosomin now is, but they don't want to hear more about what Saskatchewan people are suffering. They don't want to hear more about just how disappointed, how deeply disappointed Saskatchewan people are with this PC government and its double standard.

But there have just been too many examples, too many instances where this PC government showed it had one set of rules for ordinary Saskatchewan people and a very different set of rules for its political friends. Saskatchewan people are with this PC government and its double standard.

Just ask an architect or a consulting engineer or a contractor — just ask them about competitive tendering and the political friends of this government. They understand the PC policy of patronage all too well, for they've been its victims.

Or just ask some small-business operators about the secret deal with an Alberta millionaire, Peter Pocklington. Reports say that there's \$10 million going to Peter Pocklington, but there are no facts, no facts on the table, and none will be revealed. And Peter Pocklington doesn't know . . .

Mr. Speaker: — Order, please.

Hon. Mr. Blakeney: — Peter Pocklington just happens to be a candidate for the . . .

Mr. Speaker: — The members are calling for order. When I stand and get order, then it's the members themselves that continue to holler. And I'm going to ask for order on both sides of the House.

Hon. Mr. Blakeney: — I am just saying, Mr. Speaker, that Peter Pocklington will be known to be very close to the councils of the Progressive Conservative Party because he was a candidate for the federal leadership of that party.

Or just ask Saskatchewan working men and women, or farm families, about the \$145 million loan guarantee to Manalta Coal Company Limited, without creating one single job — \$145 million guarantee; no single job.

And now we have perhaps the most blatant example of all — the Premier's principal secretary and his hand-picked political appointee to SGI taking confidential government files to do a favour for an old political friend.

One PC insider was directly criticized for improper behaviour by the judge who heard the evidence, and was fired for his misconduct. But the other person directly involved in taking these confidential files, the Premier's top political adviser, hasn't even been criticized by the Premier; he's being defended.

And on what grounds? On the grounds that this was just the sort of routine help that any citizen might get by going to the Premier's office. As if ordinary citizens who were being investigated by SGI for arson could get the Premier's principal secretary to bully the president of SGI on their behalf.

Or as if they could get the principal secretary of the Premier to call up the Department of Justice on their behalf. No way. And we all know it's no way the ordinary citizen would get that sort of service. It's a blatant double standard.

This is just the latest example of how this PC government shows special treatment for the rich and the powerful and its political friends while imposing unfair tax increases on ordinary people.

I'm sure that all members of the Assembly remember the PC promises in 1982, a 10 per cent across-the-board cut in income taxes. And in how many ads did that appear? And the complete elimination of the 5 per cent sales tax in the first term of office, and that's a quote.

PC members opposite don't like to be reminded of these promises, but they made them, PC promises to the people of Saskatchewan, in newspaper ads, in pamphlets —

solemn PC commitments to the people of Saskatchewan. That's what they said. Well, I invite any PC member who wishes to enter this debate, and I would include former PC members under that invitation, to answer two simple questions: did they make those promises; and did they keep those promises?

But they don't want to talk about those promises. They don't want to explain to their constituents and to the people of Saskatchewan that they were just political rhetoric, used in order to win an election but not intended to be kept.

But the people of Saskatchewan have watched this government closely. They remember the PC promises of 1982. They remember the promise to cut income taxes by 10 per cent — a PC promise made; a PC promise broken. They remember the promise to completely eliminate the 5 per cent E & H tax — a PC promise made; a PC promise broken. They remember the bold promises about tax reform last year. Well we don't hear very much about PC tax reform these days; that's another PC promise made, and a PC promise broken.

But let's look at their record. This PC government is now in its fifth year, the longest sitting government in Saskatchewan since World War II, and let's look at their record. Let's compare their promises with their performances.

They promised to eliminate completely the 5 per cent sales tax in their first term of office. Instead they extended it to used vehicles, to used cars and trucks. And at the time, New Democrats and the people of Saskatchewan said this was an unfair tax, an unfair tax imposed upon those with the least ability to pay. But the Devine government didn't listen, and they were right ahead and they collected tax on 60,000 used vehicles. And finally, after their staggering loss in the Regina North East by-election, they cancelled the unfair tax at least temporarily — at least temporarily. Although they concede it's unfair, they refuse to refund the tax and, I think significantly, they've refused to repeal the law which provides for the tax.

We note that the government has put forward before this Assembly a Bill to amend the sales tax legislation, but they haven't included in that Bill any repeal of the used vehicle tax. And why not? I invite any of the members opposite who may enter the debate to answer that question.

And they've promised to cut the provincial income tax by 10 per cent across the board. Instead they've added a new and additional provincial income tax, the flat tax, the unfair flat tax which hits hardest at people in low and middle-income areas. Certainly those people are hit hardest by the flat tax. Not only did they break the promise to cut income taxes by 10 per cent; not only did they impose this new, unfair PC flat tax; now they have doubled the tax this year. In 1985, it was one-half of 1 per cent. In 1986, they've doubled it to a full 1 per cent.

Now members know that the people of Saskatchewan know that the flat tax is unfair. The flat tax is not progressive. It's a flat tax, as its name implies. Second, it's

levied on net income, so the sophisticated and wealthy investor can still take advantage of his loopholes, his film and video investments, his offshore drilling investments; but the ordinary wage earner, the working men and women of Saskatchewan, can't deduct allowances for dependent spouses and children, or extraordinary medical expenses, or charitable donations, or the fact that they may have an allowance because they're in a wheelchair. Oh, no! The flat tax comes first. Your deductions come after that. But not, of course, if you're having a frontier drilling credit. That, you're allowed to take off.

And I'm sure that the PC members opposite have heard from many angry constituents over the last few weeks. I certainly have. And they have said that they don't like the flat tax. The nurse in Melville who had to pay \$110 this year for 1985 and looks forward to her 1986 tax of \$220; the welder from Saskatoon who had to pay \$140 this April and looks forward without much anticipation to paying \$280 next year — the people are angry about the unfair PC tax increases. People are disappointed in the Devine government.

Let me turn for a moment to still another unfair PC tax increase, their effective increase. They have moved to increase property taxes, and they've done it by eliminating property tax relief. Members opposite may not want to discuss that and I can well understand why. But I invite them to listen to their constituents, to the farmers and the small-business operators and the home owners and the renters, who used to be able to get property tax relief, but now cannot. They'll hear what my New Democratic colleagues and I have been hearing from many people that the Devine government's elimination of the property tax rebates was another example of PC tax reform, another unfair PC tax increase. That's their record — promises made, promises broken; unfair tax increases on working families and farm families.

Now on taxation, the New Democratic Party commitments are clear, straightforward, and unequivocal. A New Democratic government in Saskatchewan will refund the unfair PC sales tax on used vehicles. A New Democratic government will repeal the unfair PC flat tax. A New Democratic government will restore property tax relief for homes, farms, small businesses, renters.

The people of Saskatchewan are deeply disappointed in the PC government's record of broken promises, deeply disappointed in the PC government's unfair tax increases, deeply disappointed in the PC policy of a double standard — plums for their friends, extra burdens for ordinary people. They want a provincial government committed to fair taxation policies for ordinary people. That, Mr. Speaker, is the commitment which the New Democratic Party gives to the people of Saskatchewan, and that is the commitment we will be offering to the people of Saskatchewan in the next election.

Accordingly, Mr. Speaker, I move, seconded by my colleague, the member for Pelly:

That this Assembly regrets that the provincial

government's taxation policies are unfair to Saskatchewan farm families, working men and women, and small-business operators; and that this Assembly urges the provincial government to take immediate positive action to make the tax system more fair for ordinary Saskatchewan people by refunding the sales tax on used vehicles, repealing the unfair flat tax, and restoring property tax relief for homes, farms, small business, renters, and seniors; and further that this Assembly especially regrets that the provincial government is pursuing tax policies that are unfair for Saskatchewan families at the same time that it is showing preferential treatment to the powerful and the political friends of the Progressive Conservative government.

Mr. Speaker, in so moving I call upon PC members opposite either to support this resolution or to call an election and give the people of Saskatchewan an opportunity to vote on their record.

I so move.

(1445)

Mr. Lusney: — Mr. Speaker, I'm pleased to support the motion put forward by the Leader of the Opposition, an issue that shows just how unfair this government has been when it comes to dealing with the people of Saskatchewan in regard to taxation.

Mr. Speaker, in '82 when they became the government they promised the people of Saskatchewan just about anything you can think of. They went out there and they made promise after promise, and they said that somehow they were going to make this an excellent province to live in. They said, there's so much more we can be. Well, Mr. Speaker, I'm sure that if you mention that to a lot of people in this province today, I don't think that they would be agreeing with the government that there is so much more that they could have been at that time. I think today the people will be saying, there certainly is so much more that we can be, because it certainly has been proven over the last four years that this government has not kept any of those promises. They have virtually betrayed the people of Saskatchewan when they said that they were going to do so much for them, and in fact they did the opposite.

Mr. Speaker, we have to look at just what did happen over those four years. We have to look at the promises they made in taxes and the tax cuts that they were going to do, and we have to look at what actually happened over the four years.

As my colleague has mentioned, instead of tax decreases we see tax increases, and we've seen that virtually in every area of this province. We can look at agriculture, Mr. Speaker, and that's one area where they continually talk about helping. And they say that they are doing so much for agriculture. Well when you look at how they've hit the people — the farmers of rural Saskatchewan — with taxes, one would have to agree that this government certainly was taking away with one hand and then offering with the other and giving nothing, in essence, to the farmers of rural Saskatchewan.

Mr. Speaker, they are the government that put in the used vehicle tax instead of cutting back E & H tax or removing it totally as they said they would prior to '82. This government instead imposed an additional tax on there, 5 per cent on used vehicles, Mr. Speaker. That is what they did. And the farmers were hit pretty hard with that because every used vehicle they bought, be it a truck, a half-ton, or a large truck, they had to pay this tax. And a lot of farmers don't go out and buy new trucks; they made do with a used one, especially the way the economy has been in this province for the past four years. Those are the ones that got hit, the ones that could least afford it.

People on low incomes, Mr. Speaker, they couldn't go out and buy a new car; they had to buy a used one. Who got hit with that tax? Those people got hit with it, too. And not because they could afford to go and buy a new one; no, it's because they couldn't, and they didn't have the money. They were already being hit hard and they had to pay an additional tax. That's what this government has done for the people of Saskatchewan. That's what they have done over the four years that they have been in power.

And during all that time that they were in, they didn't only increase the taxes on the people, they built up a huge deficit in this province, a huge deficit that's going to be with us for generations. It's hard to eliminate a deficit, Mr. Speaker. It's easy to create one, and anybody will tell you that. Ottawa found that out, and this government has done the same thing. And now they are increasing taxes on the public because they have to somehow deal with the deficit that they have created.

Well, Mr. Speaker, one could only ask why this has happened, why this has happened over four years. Four short years, that is what has happened to this province, Mr. speaker. That is what has happened by a government that refused to listen to people and to deal with the issues at hand in a way that would be responsible. And I suppose that's probably the key to it. This has been an irresponsible, incompetent government. They did not deal with the problems and deal with the resources of this province in a way that they wouldn't have to tax people. But they gave away our resources and taxed people instead.

One only has to look at some of the things that have been happening, and one can use the oil companies as an example. I just see an article here from the Leader-Post. It says, "Exxon Corporation reported a \$385 million increase in net income for the first three months of 1986." Mr. Speaker, when everybody else is going bankrupt, is finding it difficult to even feed their family in this province, the large oil companies are recording some of the largest deficits ever. That is what is happening, Mr. Speaker . . . or the largest profits, pardon me.

The oil companies are recording the largest profits ever, and the government of this province is recording the largest deficits ever. That is what has happened. They have given it away to the oil companies and said, we're going to put it on the backs of the people. This is where the taxes are going to be — the farmer, the labourer, the small-business man, he is the one that is going to have to

pay it. They have used the people's credit card; they've virtually put their hands into his pocket, into his wallet and said, we're going to take this money, give it to the oil companies, and you are going to have to pay for it. You will eventually have to pay for it.

And the members opposite holler from their seats and say, who's going to believe that? Well, Mr. Speaker, I think Ottawa finally realized that when you build up a deficit, somebody is going to have to pay for it. And it eventually winds up as the taxpayer having to pay for it. And they are saying the same thing here: who is going to believe you? Well, Mr. Speaker, I think when you talk about deficits and taxation, the people are going to believe that sooner or later, through their taxes, they are going to be asked to pay for it. That's what this government is going to do.

They ask for another term. They will be shortly, whenever they decide to call that election, and when they do, and if they should ever win government, Mr. Speaker, you can be certain that they are going to go to the people and say, now we have to get you to pay this bill because it can't continue that way. There's too much money that has to be paid back. We don't have it. We've squandered it, and we've got to raise the taxes on you now.

Look at what's been happening recently, Mr. Speaker. One only has to look at some of the corruption that's going on, and I think a good example is what we've been talking about this past week. When you look at some of the patronage that's been going on in this province, by this government, the patronage that has been happening. We can deal with people like Ron Ryan, and he's been talked about quite a bit recently. Quite a bit, Mr. Speaker, and why? This is the same person that was in SGI, removed a file from there, took it to the principal secretary of the Premier; they reviewed it, and then he was fired.

Well, Mr. Speaker, that same individual after he was fired, what happens to him then? Did he have to go and try to apply for another job like anybody else would have to? No, he didn't have to go and apply for another job. The government gave him a nice job — a nice plushy job — and that is a contract whenever he wants it, for any kind of reason that they might decide, to make sure that he gets everything and all the money he wants. That is what happens behind the scenes, Mr. Speaker.

We have a contract . . . there's the same Ron Ryan that goes out and gets a contract then to do a survey for the Minister of Health about the laundry services in our hospitals. Well, Mr. Speaker, I think if you talk to any hospital, or if you talk to the Department of Health, I think they've got all the surveys that they need; they know what's required. All they need is action and money from this government. They don't need another study for \$75 or \$100,000. That's no more than a pay-off, in my opinion; that's all it is when you do that.

An Hon. Member: — Say it outside?

Mr. Lusney: — And the members say, say it outside. Well, Mr. Speaker, all that they are concerned about is trying to cover up and cover up and cover up. Well some of those things should be said outside. And if this was a responsible government . . .

Mr. Speaker: — Order, please. It is my duty to inform the member that his time has elapsed.

Some Hon. Members: — Hear, hear!

Mr. Birkbeck: — Thank you, Mr. Speaker. I think, Mr. Speaker, it's indeed regrettable for the Assembly, indeed regrettable for this Assembly and, Mr. Speaker, for the people of this province, that we have to be subjected to such derogatory comments coming from the NDP members in opposition. It's absolutely deplorable; it's disgusting, Mr. Speaker, and I don't know, quite frankly, how the public of this province can stand much more.

You know they have been calling for an election, Mr. Speaker. And you know I'm beginning to think it's not a bad idea because there's nine of them in NDP, in opposition, and I believe, Mr. Speaker, if the people were going to be doing the right thing, they'd get rid of the nine that are left.

And it's interesting too, Mr. Speaker, the Leader of the Opposition moved this motion; he moved it. He got up in his place; he didn't talk to this Assembly; no, not at all. He's recalling the cameras though, yes sir. He's just shining himself right into that camera and looking real good. Well I'll tell you, Mr. Speaker, I'm not talking to the people. I'm not going to look at the camera and brush my hair and make sure I look real good and make an election speech. That's what the Leader of the Opposition did. That's exactly what he did, Mr. Speaker, and he does it all the time. All he's trying to do in here is to score some political points; that's all he's trying to do, Mr. Speaker.

What does he . . . he gets up and he says: massive tax increases. And they do this all the time, Mr. Speaker. That's the part I believe is regrettable. Here is a government under the compassionate leadership of Grant Devine, the member for Estevan, Mr. Speaker — compassionate leadership — a man who cares about the people of this province; a man who does not believe that Saskatchewan people are ordinary, but rather, Mr. Speaker, that they're exceptional — they're exceptional people. That's what the leader of this party believes. That's what the Premier of this party believes. And that's what every member of this party believes, Mr. Speaker. That's not, obviously, what the Leader of the Opposition and his little happy band that follow him around — not all of the time, but some of the time — they don't believe that at all. They believe that there's a group of people there that are ordinary, and that there's a group there that are disabled and handicapped, and they want to keep them that way. I've always said, Mr. Speaker, any political party who claims it gets its support from the poor and the underprivileged has a reason to keep them that way.

We don't believe that on this side of the House. We don't believe it. We believe in providing opportunities. And we've done that, Mr. Speaker, not by massive tax increases, as the Leader of the Opposition says on behalf of the NDP; we've done that by, in fact, tax decreases.

And, Mr. Speaker, I want to tell you right now that before I conclude my remarks today, I'm going to move this motion. And I'm going to move it, seconded by the hon.

member for the Battlefords, and it will read as follows, Mr. Speaker:

That all the words after the word "Assembly" in the first line be deleted and the following substituted:

congratulates the provincial government for its outstanding efforts (1) to improve the fairness of the Saskatchewan system of taxation; (2) to make the citizens of Saskatchewan one of the lowest taxed in Canada; and (3) to ensure that virtually all essential commodities are now free of provincial sales tax.

And, Mr. Speaker, that's the motion that I will be moving at the end of my remarks.

(1500)

Now I think, Mr. Speaker, that it's completely unfair, and that's the sort of things that I say, Mr. Speaker, is very regrettable in this House when the members of the NDP in opposition get up and deliberately mislead this Assembly — which isn't so regrettable in itself because we know better; we understand. But to mislead the people of this province as the Leader of the Opposition did, by just trying to stare into the camera and talk directly to the public and not be concerned about this institution whatsoever — no respect for parliament . . . And it's so unfortunate, Mr. Speaker, that a man like that, who has lost complete control of his party and lets them mislead the people of this province on means and measures of taxation reform and policies that are being implemented by this government, it's just a sad day in the province of Saskatchewan, Mr. Speaker.

Now, Mr. Speaker, what does he try to do? He tries to drive that proverbial wedge between the rich and the poor. Well there are people, unfortunately for the Leader of the Opposition — I say unfortunately — that make a profit. Well now I would like to just wonder if there would be any member in the NDP that could get up and explain to this Assembly, and of course subsequently to the people of this province, however would this province run on a taxation policy where none of the people in the province made a profit. Whatever do you think you tax in this province? All you can tax is profit. You can't tax losses. Now I've never understood their economic logic, because there is none. There's no logic to their economic policies whatsoever. None whatsoever.

Now, Mr. Speaker, I want to make another point very clear. It's a short debate. I don't have a lot of time, and I want to make a few very concise points. These comments coming from the Leader of the Opposition about this government imposing massive tax increases is nothing short of absolute hypocrisy. This is the same man who, when he was Premier, increased the personal income tax rate from 37 per cent to 51 per cent. That was the hon. individual, member for Regina Elphinstone, when he was the Premier. He's the one that introduced massive tax increases, not this Tory government, not at all. An NDP administration was responsible for hitting the people of this province with massive tax increases. And they were the ones, Mr. Speaker, that had that terrible tax on

gasoline that took this government just 18 minutes into administrative to remove — just 18 minutes and it was gone — and it's not going to come back on, Mr. Speaker.

But oh, yes, the NDP are trying to back-pedal now. But we know that if they ever — and they won't, I'm sure, given the good judgement of the electorate of this province — if they ever did get into government, they want to put that gas tax back on. Well I tell you, Mr. speaker, make it very clear to the people then; we took it off and we're going to keep it off. And we know that they are going to put it back on.

Now, Mr. Speaker, another thing that bothers me quite a bit is when they get up and they talk about this \$10 million gift to Peter Pocklington — \$10 million gift to Peter Pocklington. And they rant and rave in the House about that. Then they run on up to North Battleford and they say, oh, this is not a bad idea, building a bacon plant up there. Oh, they don't oppose it up in North Battleford — no, not at all. But down here's it's a \$10 million gift to Peter Pocklington. I say that's unfair. That's unfair to speak that way. It's a double-talk any way you want to cut it. It's unfair to misled the people of this province that way.

Now, Mr. Speaker, I've heard quite enough about that \$10 million gift to Peter Pocklington, and I want to leave that particular aspect of the discussions today, likely to the member for The Battlefords who I'm sure will clear that issue up, and very quickly, here in the House today.

Mr. Speaker, the other thing that bothers me immensely, when they get up and talk about taxation, somehow or another they got back to their old bailiwick of castigating every individual in the province who ever had anything to do with the government. Well, Mr. Speaker, even you yourself, you pay your power bill and your telephone bill; you're having something to do with the government — and so does everyone else. And who will they castigate next? Everyone that had anything to do with the government in any way, shape, or form in helping us to build a strong economic base here gets chastised, castigated, muck-raked up and down one side of themselves, Mr. Speaker.

And again, that's unfair. I don't care how you look at it. Those are nice individuals out there that mean well, trying to build on the economy and the strengths of this province, and they've got to drag them through the dredge. I think it's unfair.

Now, Mr. Speaker, the other thing that I want to make very clear — the Leader of the Opposition says this is a government who made a lot of promises and never kept any. I challenge, Mr. Speaker, I challenge the Leader of the Opposition to listen to a cassette recording of my nomination speech given prior to 1982. And everything in there I said we could do as a government has been done, and more, Mr. Speaker. And I challenge him, I challenge the Leader of the Opposition to review that tape. I'll provide the tape for him. I'll provide a ghetto blaster or whatever he'd like — a ghetto blaster would be a good idea — and he can listen to it. And if he can find one promise I made in there that hasn't been kept to date, then, Mr. Speaker, I would be more than happy to be

resigning my seat — more than happy. But if he wants to accept the challenge, of course I would expect him to do the same thing.

So, Mr. Speaker, that's how much I believe in what I'm saying here today, and how wrong the Leader of the Opposition is.

Mr. Speaker, the Leader of the Opposition was a man of integrity — he was a man of integrity. He was a man I respected and admired. He's not that kind of man today. He's fallen right into the same trap, with all the rest of his NDP colleagues in here, of misleading the public, and I think that's very fair, Mr. Speaker. Subsequently, I would like to take this time then to move the motion that I have read into the record.

The debate continues concurrent.

Hon. Mr. Morin: — Thank you very much, Mr. Speaker. It's a pleasure to be able to participate in the debate today, particularly as it relates to an area that I'm very interested in, and that's taxation. The member for Moosomin mentioned that I would likely touch on the Gainers bacon processing plant in The Battlefords. I'll touch on it only to this extent. The people of The Battlefords and the people of the entire north-west corner of the province know where the two different political parties stand on Gainers.

The Leader of the Opposition has been dancing all over this province trying to get out of the way from a little fire that he's drawn upon himself. When he was in The Battlefords not long ago he developed a new step that up there they're calling the "Blakeney back-off." And what he's done now to perfect that step, he's backed off on Gainers in North Battleford, and he's backed off on the Weyerhaeuser project in Prince Albert, and when he's down in the Estevan area, he's backing away from things there.

Unfortunately, or maybe fortunately, depending on the side of the fence that you're coming from, he's not as light on his feet as he might have once have been, and he's not backing away very fast or very far.

Mr. Speaker, we're here today to talk about taxes and tax increase. I want to just run through a little bit of the history of taxes and tax increases as I think that that is very pertinent to the debate today.

Mr. Speaker, we've heard a little bit of talk today about honouring campaign commitments. Well, Mr. Speaker, in 1971 in this province there was an election, and in 1971 the NDP promised to reduce personal income tax. At that time the personal income tax rate in the province stood at 34 per cent. They did not make one move to reduce that income tax. In fact by 1975, when there was another election in the province, the personal tax rate was 40 per cent. So in spite of their 1971 campaign promises, they did not honour it.

In 1975 they came to an election and they again promised that they would be taking or lowering the personal income tax rate. Did they? No. And in 1978 they promised it again. Well the facts of the matter are that from 1971 until we took over office, the NDP had raised

the personal income tax from 34 per cent to a high of 58.5 per cent and never once looked at reducing the personal income tax to the people of the province.

In addition, they slid in their gas tax. They taxed our utilities. They taxed virtually everything we use, and in addition, Mr. Speaker, taxed our clothing, taxed building products, taxed everything. No programs for relief; nothing. They also couched a little bit of tax in the purchase of their uranium mines and potash mines which now is coming back to the taxpayer of the province to be paid for.

What we've seen happen here today is a bit of what happens often in political arenas, and it's a tactic called the big lie. If you tell a lie often enough, and you tell a big enough lie, you hope that sooner or later people will believe it. And in listening to the Leader of the Opposition today the only thing that came to mind was a news clip I saw following his chat with the people from the Board of Trade in Saskatoon, when one individual stood up after Mr. Blakeney's comments — or the Leader of the Opposition's comments — and said, you know, I don't believe you. Well, Mr. Speaker, that's what people around the province have been saying. And they're saying it based on what they promised to do in '71 and '75 and '78 and never did do.

Mr. Speaker, they've been trying to make a great deal of hay over income taxes, and unfortunately this year I was late filing my income tax. I was a little busy with other matters, and I got all my information to the accountant, and it was there when I got home this weekend. And I was sitting in my office on Sunday thinking: now, I wonder, you know, I paid a certain amount of provincial income tax; and I thought, gosh, you know, I wonder how that compares to other years. So what I did was I pulled my income tax forms for other years. And all that I had handy were 1983, 1984 and 1985, but I'd like to read into the record the amounts of personal income tax payable on provincial income.

In 1983 I paid new Saskatchewan tax payable of \$2,550. In 1984 I paid net Saskatchewan tax payable, \$2,344; \$206 less. And in 1985 I paid \$2,329 provincial tax, less again than the previous year.

Now lest anyone think that I'm a high roller or a rich guy like the members opposite, most of whom are multimillionaire farmers, let it be known — and my colleagues here would certainly know — that I am the quintessential average taxpayer in this province. The average guy. The little guy who has to get up and go to work every morning to work for my bread on the table and pay my taxes. The guy in the middle.

And every year under this administration my tax payable has come down. Has my income dropped? No. My income has gone up every year, Mr. Speaker. yet — yet my tax payable has gone down. And Mr. Speaker, that . . . And I encourage other members of the House and anyone else around this province to do the little exercise that I did. Pull out your tax forms and flip to provincial tax payable this year, last year, the year before, however far you want to go. Because in my particular case, even though my income has gone up every year, I've paid less

tax, because we have a government in this province that did not raise — in fact, lowered — the provincial income tax rate.

Now, Mr. Speaker, they like to talk about flat tax. And they ran advertisements all over this province saying that we had introduced the flat tax, and it would cost the people 100 and however many dollars, \$400 per person per year. Well, I'm an above average income earner. I'm an above average income earner. Do you know what the flat tax cost me? A hundred and fifty-seven dollars, about one-third of what I saved by not having to pay tax on gas; almost equal to what I saved by not having to pay tax on my power bill.

(1515)

Well, Mr. Speaker, the facts — and I know the opposition don't like to deal with them — but the facts indicate that our tax rate in the province has gone down, that the taxes paid by individuals in the province have gone down dramatically. And that flat tax guarantees that poor people, people on the lower sector of the income scale, pay, in fact, no tax at many levels, and less tax up to about \$25,000 per year. And, Mr. Speaker, I believe that that's tax equity. And finally, there's a mechanism to trigger into people who make the 50 and 60 and \$70,000 a year that they like to talk about.

Now when were there tax increases? Well in 1978, I believe the year was, the members opposite introduced a bunch of tax measures which cracked up the tax rates in this province by \$200 million. And they're hoping that everyone has forgotten. Well I don't believe they've forgotten, and I'd like to talk about some of the reductions, some of the additional reductions that our government has done.

Mr. Speaker, the Leader of the Opposition goes into Battleford and talks to the council there and he says, we'd put the tax back on gas. And he says, fundamentally we believe in a sales tax and we'd either re-establish it, or we'd raise it, or both. Well, Mr. Speaker, I believe that a sales tax is not a particularly fair way to tax people because it hits the lowest-income people the most often. And what we have done is to remove the tax. We've got it off on clothes under \$300, and that has a very significant impact for people — \$23 million this year the people of Saskatchewan will save because of that tax reduction. And what do the NDP say? Well we'd put it back on, and we'd maybe raise it.

Well they're running around spreading one story, depending on what town they're in on a given day, and another story here. And, Mr. Speaker, no one believes them because they have learned that they're untrustworthy; they have no credibility when it comes to talking about tax relief and tax reduction; and frankly, they are cynical. We watch them in the House there on a daily basis, standing up dripping with sanctimony. And then what happens? They run up to Battleford and they say, we'd put the tax back on. We wouldn't create 200 jobs in your community. We'd shut down the . . .

Mr. Deputy Speaker: — Order. It's my duty to remind the member that his time is up.

Mr. Thompson: — Thank you, Mr. Deputy Speaker. I'm very pleased to be able to take part in the rule 16 debate today. I just find it interesting the member from Battleford who just took his seat . . . and I can see why, Mr. Deputy Speaker, that the polls up in Battleford show that this individual is running scared and that there has been a tremendous shift away from this member, and I can see why.

The member from Moosomin, who spoke before me — I want to make a number of comments on what you said. But I first want to indicate that when the member from Battleford was talking about the leader of the NDP party and said that he was not as light on his feet any more, but I just want to say this, Mr. Deputy Speaker, that when the Conservative government gets the courage to call an election, you'll just see just how light our leader is on his feet. And I'll tell you, you guys can run but you can't hide.

I want to make a few remarks about the member for Moosomin who stood up in the House, Mr. Deputy Speaker, and he stood up and he moved an amendment to the main motion put forward by our leader, the member from Elphinstone . . . (inaudible interjection) . . . And if the member from Moosomin would just allow me to comment. I allowed him to proceed with his speech and I never interjected but, if the member from Moosomin would allow me, I would like to comment on some of the remarks that he made.

He was referring to his leader, the Premier, and his compassion, the compassion that the Conservative government had in Saskatchewan as the leader of their party. And I just wonder, Mr. Deputy Speaker, when he talks about compassion, if has discussed this at all with the 64,000 individuals in this province who are unemployed. I tell you, I just ask you where your compassion is there, Mr. Member from Moosomin, or the approximately 50,000 citizens in Saskatchewan, Mr. Deputy Speaker, who are on the welfare rolls. They're on welfare because they can't get a job, not because of choice. They can't get a job; their unemployment stamps have run out because they couldn't get any work and, as a result, we have close to the 50,000.

And I ask you, Mr. Deputy Speaker, and through you to the member from Moosomin: where is the compassion for these folks? And I don't see any compassion out there. The type of compassion that I see out there, Conservative compassion, Mr. Deputy Speaker, is food banks and the like. For the first time in our history . . . And they're talking, the member from Moosomin was talking about compassion, Mr. Deputy Speaker, and I tell you, when you talk about compassion and you see food banks for the first time in the history of this province, and you see that the advertisements that are going out on a daily basis asking for more food to feed the citizens of this province who are taking advantage of the food banks, and I say, where is the compassion? I ask you where that compassion is.

Or if you see the lotteries that we have around the province and the advertisements from major hospitals up in Saskatoon, trying to raise funds for expansions in the hospitals, and we see this government shutting down

hospital beds, Mr. Deputy Speaker. You see them shutting down hospital beds. And he talks about compassion. And he congratulates the Premier of this province and his policies for the compassion that he has, and the fairness. And he talked about the fairness in taxes and this is what he was . . . And he accused us of deliberately misleading this House. And I say to you, Mr. Deputy Speaker, that on no occasion have we deliberately, or any otherwise, misled this House. We're telling the facts.

And I say to the member for Moosomin — and I still have some of your remarks here that I want to touch on before I go on to the main motion. But when you talked about a fairness of taxes . . . and then you also said, well how could we run a province if we didn't tax profits? How could we run a province if we didn't tax profits, Mr. Deputy Speaker? That's what the member of Moosomin said. And he agrees with that. Well one just has to take a look at the state of the province that it's in right now.

And I just want to go back a little ways and tell the member that there was profits to tax when we were the government. When we left this government in 1982, we left you, this government, with the \$140 million in the bank. They had \$140 million to operate with. And we had programs that were going ahead. And there was profits in this province, and the profits were going into the coffers and were creating jobs and were building better highways and were building hospitals and were building schools.

But what did they do in four years? They're into the fifth year now, Mr. Deputy Speaker. What did they do? They took our \$140 million that we had in profit that we left them, and they have now turned that into a \$2 billion debt — a \$2 billion debt, Mr. Deputy Speaker.

Now I just wonder, if you're taxing the business community in this province on profits, how come if you're doing that, and things are so good as you say they are, why do we have an operating debt in this province of \$2 billion? And I asked the member for Moosomin, he got up here and he said, well we run this province on profit; we tax profit.

And I also want to say, Mr. Deputy Speaker, before I get to the main motion and the comments of the member for Moosomin, that when we left this government in 1982, we had an accumulated debt of \$3.3 billion. We had an accumulated debt of \$3.3 billion. And your policy now has got this province into debt to the tune of \$9 billion accumulated debt — \$9 billion — over and above the \$2 billion on the operating debt.

Now the member for Moosomin, to get up and say that they are compassionate and that they tax profits — well I don't know, Mr. Deputy Speaker. It would seem to me that when we're facing the massive debt that you guys have created in the short four years that you have been in power — and the massive unemployment rate that we have in this province, and the massive amount of our citizens who are on social assistance, well I just wonder where your compassion, and I wonder where your open for business policy and your good business management is.

Mr. Deputy Speaker, I just don't think there is a good government policy. I think you had an opportunity when you had the member that was in charge of Tourism and Small Business. He had a business head on his shoulder and still has it — but what did you do with him? You kicked him out of cabinet. You ran him out. And here is a man who is capable; he knows business, and he knew that this government was going down the wrong trail — tried to correct it, but it didn't work. So what do you do? You dump him out.

And I want to say that when you talk about compassion and you talk about fairness, I just don't for the life of me — and I'll tell you the citizens of this province don't — see where the compassion is, and they don't see where the fairness is. And I say to the member from Weyburn who is talking from his seat, you better believe it; the citizens of this province will make that decision, and they will make it loud and clear when you get up the nerve and you get your Premier to get up his nerve to call this election. They most certainly will make that decision, and it'll be loud and clear, and I can tell you that.

But when we talk about leaving a province . . . We talk about taxes and unfair taxes, and when the NDP government can leave the province with the debt load that it had. And the debt load that we have in this province today is going to be a tax burden on my children and your children, and for generations to come, Mr. Deputy Speaker, that debt burden is going to be on our children and our grandchildren . . .

Mr. Deputy Speaker: — Order. It is my duty to remind the member that his time has elapsed.

Mr. Tchorzewski: — Mr. Deputy Speaker, thank you for noticing that I wanted to speak on this important motion moved by the Leader of the Opposition, the member from Elphinstone. And I say important because indeed it is. And I will be supporting the motion, and I will indeed not be supporting the amendment moved by the member from Moosomin.

And I noted with some care, the member from Moosomin in his remarks said, and I quote, "I'm not talking to the people." That's what the member for Moosomin said. Well I want to say, Mr. Deputy Speaker, that he may not want to talk to the people of Saskatchewan; I do. I do, and so do my colleagues in the New Democratic Party caucus. We want, and always have wanted, to talk to the people of Saskatchewan because it is our view that they have a right to know what their elected officials think and have to say. And so we don't hesitate to speak to the citizens of this province, and we don't hesitate to listen to them and hear from them what their concerns are. And as a result of that listening, Mr. Speaker, we have introduced this motion into this legislature today because it is this whole area of unfair taxation which is of uppermost concern in the minds of Saskatchewan people.

And that's not unusual to some degree because it is right after the time of filling up of income taxes and the final assessments coming in. But that's not the only reason, Mr. Deputy Speaker. There are reasons which have accumulated in this province since 1982 when this government was elected.

(1530)

Those concerns have grown and grown and grown and have reached the point now where this government is so fearful of what the people are viewing their policies like, that they are even afraid to call an election.

Now, Mr. Deputy Speaker, the issue, as outlined by our leader, the member from Elphinstone, is that of unfair taxes. Well I want to say, Mr. Speaker, that this government's, this Devine government's policy of unfair tax increases on Saskatchewan people has become so large, particularly when it's coupled with the unfair tax increases of the federal Conservative government, that there are a lot of people out there who are hurting very badly because they have lost some income to the government which they needed to be able to provide the needs that their families must have.

And what have they got in return? Well the member, my colleague, the member from Athabasca stated very well; they have got the largest deficit ever seen in this province, all made in less than five years, in five budgets, Mr. Speaker, and they know that that's a debt that they're going to have to pay, and their children are going to have to pay, and their children afterwards are going to have to pay.

So the issue of unfair taxation, Mr. Deputy Speaker, is a central issue in Saskatchewan today. And you even cannot deny, and neither will anyone else, that this Conservative government in the 1982 election did indeed promise to cut the provincial income tax by 10 per cent. The member from Moosomin stood and he said he never promised it.

Well, Mr. Deputy Speaker, what more evidence is necessary than the ads that they ran in their election campaign, in their election program? In 1982 . . . and I only will use two examples. One is one run by a Mr. Boutin, it says in here, in the constituency of Kinistino — he's not running any more; he's recognized the errors of the ways of this government, so he's thrown in the towel — and it says, without any doubt, in this ad, "Elimination of the 5 per cent sales tax . . ." April 22, 1982, in *The Wakaw Recorder*.

Every Conservative candidate ran that kind of an advertisement, Mr. Deputy Speaker, in their campaign.

Here's another one, and I think that member is here. It says in this ad, "John Gerich, constituency of Redberry." What did Mr. Gerich say, along with all the Conservative candidates to the people of Saskatchewan who put their faith in this government when they elected them? He said:

Phasing out the provincial sales tax (total elimination, Mr. Deputy Speaker), and a 10 per cent reduction in personal income taxes.

Promises made, Mr. Deputy Speaker, and promises broken by this Conservative caucus and by this Conservative Party. That's why the people of this province have lost faith in them, and that's why this

resolution is here today. And that's why I think it's important.

Mr. Deputy Speaker, this debate here today highlights a very important point as well as a question of taxation. Two months ago the New Democratic caucus put on the order paper notice that were going to introduce three private members' Bills dealing with taxation. There was going to be a private members' Bill that was going to repeal the unfair PC flat tax. There was another Bill, Mr. Deputy Speaker, in which we said that an NDP government would refund the unfair Progressive Conservative sales tax on used vehicles. And you know, this government introduced some amendments to the legislation dealing with the sales tax, and they did not even include in that amendment a repeal of the sales tax on used vehicles. And I submit to you, Mr. Deputy Speaker, that there is some concern that everyone in Saskatchewan should have about that, because by not repealing that law this government can by simply a passing of an order in council, without ever coming to this legislature, reinstitute that sales tax on used vehicles without having it debated and having it scrutinized by the public.

And I suggest to you, Mr. Deputy Speaker, that's why they have not introduced that amendment in the sales tax Act because it is every intention of this government, when they should decide it's opportune for them politically, to reintroduce the used tax on sales cars. And if that was not the intention, why would they not have brought in an amendment to repeal that provision in the sales tax Act.

The third Bill that we have had, Mr. Deputy Speaker, on the order paper in this legislature for two months, is the Bill in which we say that the government should, and a New Democratic Party government would, reinstitute the property improvement grant program — property tax relief. Those are three very crucial and important taxation Bills that are on the order paper for two months.

And do you know what's happened? For two months on private members' day this government has put up speaker after speaker after speaker on their resolution, not allowing any of these private members' Bills of the opposition to be brought forward. They have used their vast majority elected in 1982 to attempt to muzzle an opposition of nine, and so every private members' day since the beginning of this session, this government has refused to allow resolutions, and it's refused to allow these three taxation Bills to be considered in this House.

And not only that, Mr. Deputy Speaker, in order to be able to move things along what the House normally does, it sits some evenings on a Tuesday evening. This government has refused to have this House sit on a Tuesday evening, adjourning in each case at 5 o'clock after they have used up the time of this legislature on private members' day. Now I say to you, Mr. Deputy Speaker, that that is an example of a government that cares not for the interests of the population and the taxpayers, who I suggest are extremely concerned about the unfair taxes which this government has imposed on them, while it has provided relief for those who are extremely wealthy and those in the large corporate sector.

There has been some debate here on revenues that government gets from taxpayers. I have here two documents, one which is the budget speech of 1982, which I had the honour of presenting in this House, and one which is the budget speech of this fiscal year presented by the member for Qu'Appelle-Lumsden.

Well, would you know, Mr. Deputy Speaker, if you draw some comparisons what has happened? In 1982 the revenue from oil was going to be \$603 million. You know what it's proposed to be in 1987, Mr. Deputy Speaker? It's proposed to be \$510,540,000. That's the budget of this government. They talk about getting more money for profits. Well in 1982 there was more oil revenue coming to the coffers of this province than is proposed by the Minister of Finance for 1987. And how did they make up the difference. You want to know, Mr. Deputy Speaker, how they've made up the difference? Well I will show the House.

And I'll not go back to 1982; I could because that would make the figures even more, of greater concern . . .

Mr. Deputy Speaker: Order. It's my duty to remind the member that his time has elapsed.

Some Hon. Members: — Hear, hear!

Mr. Meagher: — Thank you, Mr. Deputy Speaker. I would like as well today to join in the debate and make a few comments on this motion, that I think that — it's more than any other thing that's been discussed in the House in the past several weeks — it really exposes the fundamental difference here between the Conservative approach to people and to economics and the socialist approach.

Some of the members opposite have spent a great deal of time discussing comments made by other members, and in particular the member for Athabasca when he responded to some of the things the member from Moosomin had said. It made me wonder if really we aren't dealing with a group of people who somehow graduated from the London school of convoluted economics. They talk about tax incorporations, and taxing profits. They really don't seem to understand, Mr. Deputy Speaker, that only people pay taxes. Corporations and profits — you tax corporations, you're taxing the shareholders; when you're taxing the province, you're taxing the shareholders as well.

Only people pay taxes. This government inherited decades of an administration that advocated taxes, lots of taxes — lots of government and lots of taxes; that's the philosophy both federally and provincially. Canadians are now burdened with a legacy of debt and taxation. And then we have the hypocrisy of the party that was instrumental in creating that economic climate here in this province to put forward a motion like this today advocating a reduction in taxes and fair taxes. Well I must say that I think that the people of Saskatchewan do agree that we need fair taxes. They agreed in 1982, and that's why they changed the government, and I believe they'll agree again this year and return a Conservative government for the same reason. They want fair taxes, but

more, Mr. Deputy Speaker, they want less taxes. That is not accomplished by the kind of economics we've heard here today in the House from the members' opposite.

We believe, and I believe, that the way this province can salvage its economic future is to broaden the tax base and encourage investment. That's not done by raising allegations and a smear campaign against potential investors for an example, such as Weyerhaeuser, Peter Pocklington and his group, Gainers. I was present in the House and witnessed the performance of the members opposite when they were guests of our legislature. That's not the way that you encourage investment, and that's not the way that you create jobs.

The member for Athabasca speaks of welfare and food banks and things that concern him a great deal and his constituency, and they should, and they concern me and have for a number of years. Where we really differ is how do we deal with them. We talk about them, look negative, tax away a bunch of more money from the productive segment of the economy to deal with it, or do we encourage investment and jobs and growth. And essentially that, Mr. Deputy Speaker, is the difference.

They make reference as well to PC promises. And I'm reminded of a story my dad told years ago about the old CCF government trying to get re-elected in the '50s. They promised to get rid of the 3 per cent sales tax. By gosh! they did. As soon as they were elected they raised it to 5 per cent. So technically they got rid of the 3 per cent sales tax, but it's the kind of political deceit that the people of Canada are fed up with.

Never have the public had a low regard, in fact, for politicians than they do today in Canada — all across this country — and it's for the very reason that's so clearly enunciated by the members today and in this motion.

The public want honesty in government. And they don't want more government; they want less. They believe that their futures are best secured by a tax system that is not only simply and clear to understand, but if fair and not so burdensome on those that work.

How the members opposite and their party intends to accomplish that, if they pursue the policies that they practised when government, escapes me. While government, in good times in this province, when the revenues were pouring in from high-priced natural resources that were being marketed all over the world, what was the legacy? Where was the money? What did they save up? How much was in the Heritage fund?

Debt is what our legacy was under the NDP, and lots of it. Sleight of hand at bookkeeping that the member for Regina Elphinstone accused the Weyerhaeuser group of being able to do; I think he speaks from a great deal of authority on that subject, having been premier here for a number of years and burying a great deal of government waste and expenditure in the Crown corporations, as they did.

Well the public can't be fooled quite so easily any more. They can't believe that, on the one hand, the NDP are going to bring forward promises that, on the face of it, are

over a billion dollars, reduce taxes, and reduce the deficit. Now it's the kind of miracle working that the public aren't prepared to accept. They want some honesty, and they want government to be honest with them.

And that raises the second question. And the second part of this motion that so concerns me is the allegations that are so readily made by members of the party opposite against business men, and against other members of the legislature, and against people who they see as being in conflict with government. And in a way it's the beauty of the system that they've so cleverly crafted over the past couple of decades that government is so huge now, like an octopus, in so many affairs of the public that you can't hardly be in business without being in conflict with respect to dealing with the government, because the government is everywhere.

So they win both ways. And ultimately, if their philosophy prevails, we will have nothing in our legislatures and parliaments but elected bureaucrats of a socialist bent who don't believe in business or business men. And their slate of candidates for this upcoming election clearly reflects that. They aren't interested in business people, and they're not interested in business. They're interested in taxing them and smearing them, raising allegations.

And I think, Mr. Speaker, that if the public want fair taxes and less taxes, they have to accept some economic realities, and they are accepting it out there, that the business community generates the real wealth in this country.

Business community must be encouraged to come into this province and develop the resources we have. And the biggest recourse, of course, is the people, who are now staying in this province for that very reason, as opposed to moving to Alberta or British Columbia and other places as they did in the decades of the NDP.

(1545)

We have to set a climate here that not only encourages investment in this province but makes them feel welcome in this province. Business is not going to come here when they hear comments such as have been levelled in the past several weeks against the Weyerhaeuser group. That doesn't encourage them to invest in a hostile climate. They don't need to do that. There's other places in the world where business is welcome, and business will go where they are welcome.

We believe in this party, and I believe that the questions raised of fair taxes and essentially the question of patronage are both addressed in the same manner. You can have less risk of patronage and less risk of conflict when you have less government. There really is no other approach to that problem. There's very little conflict, of course, in the Soviet Union and other places where everybody works for the government. But in a free society where people are operating in the business world and dealing with government, the less and the clearer are the guide-lines, and the less government we have in the business sector, of course the less opportunity for conflict.

But the party opposite, when in government, invested in all sorts of business, weren't concerned about lowering taxes at all. They took a billion dollars and threw it into businesses that were already existing and already employing people — potash mines, uranium mines and others. Those dollars, those hundreds of millions of dollars would have been very helpful in tougher times to do the things that government — legitimate things that government should be doing, such as building highways and hospitals and senior citizens' homes and things of that nature. But no, that money is invested now in the business community, so that government could be that much more persuasive and that much more powerful in this province.

Well that's not what the people of Saskatchewan want; it's not what they're going to vote for. They're going to understand that the true economic miracle can be only created by the people themselves through their own enterprise and by business, and not by government, and that this party, the PC Party, is the opportunity that they are looking for and that they will go for this year.

And for that reason I do not support the motion, Mr. Speaker.

Mr. Lingenfelter: — Mr. Speaker, I know there's not much time left in the debate, but I do want to put on the record the opposition to the amendment that has been moved here in support of the motion as written on the blues. What we have here is a motion that would have dealt clearly with massive tax increases that have taken place in this province since the election of the Devine government in 1982. What we have seen here in the province, Mr. Speaker, since the election, is a number of broken promises, the most important one, the promise to remove the sales tax in the province of Saskatchewan, that 5 per cent sales tax that the now government members promised to eliminate in their first term of office.

And the people of the province know full well that you can't believe these people when they promise at election time. They know full well that a promise to remove the sales tax was broken, and not only broken, but it was extended. It was extended to used automobiles in the last budget, Mr. Speaker. And as a result of that tax being extended to used automobiles, some of them grain trucks or . . .

Mr. Speaker: — Order, please. It is my duty to inform the member that the time has elapsed.

MOTIONS

Resolution No. 1 : — Assistance to Farmers through Oil Royalty Refunds

Mr. Swenson: — It's my pleasure, Mr. Speaker, to move, seconded by my colleague, the member from Shellbrook-Torch River:

That this Assembly commends the Minister of Agriculture and the Government of Saskatchewan for the initiative taken to lower input costs on the family farm through the farmers' oil royalty refund

program.

I think, Mr. Speaker, on referring to this particular motion, it gives me a great deal of excitement and commitment by this government because it really marries two of the great industries in Saskatchewan: that of agriculture and that of energy. As everyone is aware, the farm oil royalty refund is a 21-cent-a-gallon refund to farmers in this province, and it's made possible because of the expansion which has taken place in the energy sector in the last few years under our government.

Sixty-five thousand farmers in this province will receive approximately \$650 each, a year, through this royalty refund. And of course, this wouldn't have been possible if the energy sector had not moved forward like it has in the last three years. As everyone knows, until our government came to power in 1982, the energy sector in this province amounted to virtually nothing. The number of gas wells drilled in this province prior to 1982 were insignificant. The number of oil wells drilled in this province prior to 1982 were basically insignificant, and this sector was not here to provide assistance, to provide jobs and provide benefits to the people of Saskatchewan. It's obvious by the amount of money that has been generated, Mr. Speaker, over the last three years by this particular sector, that those benefits can now start flowing back to the people of Saskatchewan, especially to the agricultural sector.

And I think when we talk about input in the farm community, many of them have to do, either directly or indirectly, with energy. And we talk about fuel, and we talk about fertilizer, farm chemicals, of course, and these are all significant farm inputs. And because of the things that we have been doing with the energy sector in this province, many of these things can now start accruing back to reduce inputs on the farm level. I think the natural gas distribution program, though it isn't the same as oil, is directly related. Because of the increased drilling that has occurred in this province, we now suddenly have enough natural gas available to start supplying rural Saskatchewan with significantly lower energy costs. To think that nearly 20,000 rural and urban hook-ups have occurred since 1982, that's got to have a large impact out there in rural Saskatchewan.

You know, we talk about things like irrigation and the potential that's there in our province. We talk about livestock and the expansions that are happening in the livestock sector, processing, and the value-added sector; all of those things are enhanced by having those cheaper costs available, those lower input costs, because of the natural gas program. And of course, as I've said before, this is directly related to the energy sector and the increased drilling that has occurred in this province in the oil fields. I think that it shows a continuation of our government's commitment to decreasing taxes and passing on the benefits of our resources to our people.

As you know, Mr. Speaker, in 1982 this government did away with all taxes on gasoline in this province, and I know that some say that that had no direct benefit to the agricultural sector. But I can tell you, Mr. Speaker, from my own experience anyway, the fact that my wife and my mother do a tremendous amount of the business of our

farm — and that means driving to Moose Jaw for parts or driving in to settle up the bill with the fertilizer dealer — that was all done on fuel which had provincial tax on it. And the fact that it was removed meant a significant portion of money, input costs, were saved by my particular farming operation and every farming operation in this province. So, Mr. Speaker, even though the motion only deals with the oil royalty refund, as you can see, it has a fairly wide-ranging aspect to it because it is a marriage of these two great industries — agriculture and energy.

And I think of the things which have accrued from it, things like an upgrader for Regina, which once again will be using Saskatchewan oil, Saskatchewan heavy oil, processing it here into usable diesel fuel, usable gasoline, which are then available to the producers in this province at lower input costs. And every time you can lower any one of the input costs in farming, it means that your profit margin goes up, and that is what we are faced with today, is keeping our profit margin put and keeping our farmers profitable. And I think of this upgrader as a result of the expanded interests in the energy sector, and then I think of the fertilizer plant that's going along with it.

And it's always made me wonder, Mr. Speaker, why a province that has 40 per cent of the arable land in Canada doesn't have one fertilizer plant in it. And you think that all our fertilizer is trucked in or brought in by rail from the province of Alberta, or brought in from Pocatella, Idaho, or brought in from somewhere else in the States, and I think the current costs for trucking, evidently, right now are about \$2.50 a loaded mile, the fact that we might have a fertilizer plant here, using the energy from Saskatchewan's oil fields, using the energy from Saskatchewan's gas fields — and you could draw a circle around the city of Regina 150 miles wide, and anything inside of that circle is saving costs because that trucking cost will not be there. And you think that the average farmer probably uses 10, 20 tonnes of fertilizer per year, maybe more, and he's got \$2.50 a loaded mile per tonne there, and you start adding those figures up, because they would have a fertilizer facility here in Saskatchewan, where the farm land is, and you realize a significant cost decrease to the agricultural sector in this province.

It makes me wonder why this didn't occur before. Why didn't this realization that we could take two of our great resources in this province, agriculture and energy, and meld the two of them together so that they benefit one another? And I guess I can only say, Mr. Speaker, I'm certainly glad that a Conservative government finally came along in 1982 to start making some of these things happen, because we have to reduce the input costs for our agricultural sector. Many of these things that I've named off here have been reducing them, piece by piece.

I also would like to commend the Premier in this motion, Mr. Speaker, for the co-operation which has occurred between the provincial and federal governments recently. We asked for, as a large agricultural province, that the federal government remove the federal taxes on farm fuel. And that has happened, Mr. Speaker. There's \$165 million over the next two years going to accrue to Saskatchewan farmers. And I think that's another significant cost in the reduction of inputs that goes right

along with what we've been doing provincially. It's going right along with what we've been trying to do as far as fostering development and growth in this province. And even though agriculture has been facing some tough times, and the energy sector is momentarily down a little bit, I'm sure you'll see that over the next number of years, by combining these two powerful forces together, that Saskatchewan has got nowhere to go but grow and grow and grow and prosper.

I'd like to go back for a minute to the processing side of things. For years, we've been accused in this province of being drawers of water and hewers of wood. And I don't know if that's a reflection on some of the past governments that we've had in this province or not. And I know that some of the members opposite speak with great derision on Mr. Pocklington for trying to add a processing plant in this province.

An Hon. Member: — What's that got to do with this resolution?

Mr. Swenson: — Well it has a great deal to do with this resolution, Mr. Speaker, because the hogs that are going to be grown in this province to be in Mr. Pocklington's plant are going to be raised in hog barns which are going to be heated with Saskatchewan natural gas; they're going to be heated with Saskatchewan fuel. And our government, through its oil royalty refund, with its natural gas distribution program, all of these things has been making the production of those hogs cheaper, and therefore adding to the profit margin of the farmer growing them, meaning that we can then grow more hogs and we can have processing plants; we can get into the value-added sector; we can get into the markets which have never been available to us before.

(1600)

And if those markets are there, and the statistics provide to us that they are, that we've got a \$300-billion grocery market in the United States of America which the Canadian farmer has been not tapping into because he's only had raw product, and if the market is there for Canadian bacon, then I say we go for it.

And it goes for the same for the processing of rape-seed, for the cubing of alfalfa. All of these things are directly related to energy. All of these things are directly related to the programs which we've been trying to foster in Saskatchewan, both through agriculture and energy, of reducing costs.

And I think of the jobs. When I think of the expansion and the growth that's possible by fostering this value-added sector and this processing, then, Mr. Speaker, anyone who speaks against such development obviously doesn't want Saskatchewan to grow and prosper.

And I gather from the quiet in there that my argument has been making some sense because we've maybe finally got through to some of the members opposite that yes, we are on the right track with this type of program, and it is making some sense.

And obviously the great benefactor in this province is

going to be our agricultural producer. Because of all of these programs and all of the inputs which are now costing him less money, he's going to become a more profitable farmer. And that has been the number one goal of this government, is to enhance agriculture and make our producers, if not already number one in the world, to keep them being number one in the world.

There are many other items here, Mr. Speaker, which I could touch on, that are directly related to the energy sector and related to farmers. I'd like to finish off with one. I think it's high time that Saskatchewan took the lead in getting a major chemical plant in this province.

I know that negotiations have gone on, and I think that with the combination of cheap natural gas and cheaper fuel costs, that if we could get some chemical manufacturing in this province that would use our resources and perhaps get in on the generic side, that we could finally have the whole gamut — the fuel, the fertilizer, the chemical — and we would have the whole gamut in our hands to control, if you will, Mr. Speaker, some of the input costs that govern the destinies of our farmers.

And I would like to just say that this government has obviously been on the right track in this particular area. Our farm royalty refund is only one piece of a much greater plan and a much greater thrust.

And I would like to finish off, Mr. Speaker, by saying that I wholeheartedly support the marriage of these two great industries — agriculture and energy — and the benefits which can accrue back and forth between them and to the people of this province in the jobs and the growth and the dynamism which the province of Saskatchewan will result from these particular things.

I guess, Mr. Speaker, I forgot to move my motion. I so move, seconded by the member from Shellbrook-Torch River:

That this Assembly commends the Minister of Agriculture and the Government of Saskatchewan for the initiatives taken to lower input costs on the family farm through the farmers' oil royalty refund program.

Mr. Muller: — Thank you, Mr. Speaker. Not coming from an energy-producing part of the province of Saskatchewan, I don't know a great deal about energy production in Saskatchewan other than it does certainly reflect greatly on agriculture and the cost of producing food and agricultural products in this province.

Agriculture depends on energy in so many different ways. It has a reflection on all the input costs that go into agriculture, such as fertilizer and chemical and all related industries — trucking and the trucking of fertilizers and chemicals all across Saskatchewan. Of course, to broaden the debate a bit, it also has a lot to do with the interest rates and everything charged to farmers, and that's a definite input cost in the agriculture sector.

This last winter and fall we had a cabinet committee on farm input costs that travelled across Saskatchewan. Two

or three of the main input costs that came up at every meeting — and I only attended the one in my own area — but the most prevalent things to arise at these meetings was the cost of energy and the taxes charged by governments on energy. Of course, everyone there knew that this provincial Government of Saskatchewan had no tax on energy as, i.e., the former governments had in this province.

The NDP government had costs on gas tax. There was gas tax, and that related back to the farm, because I hauled fertilizer that was trucked by commercial truckers, and I hauled chemicals that were trucked by commercial truckers, and grain was hauled by commercial truckers, and that all related back to agriculture, and I paid the gas tax on that. It wasn't only my wife and mother going to town for parts or to do the books, travelling the 20 miles, 40 miles round trip. Everything in the gas tax relates to agriculture, and certainly we removed the gas tax in 1982 and we've certainly reduced farmers' input costs through that.

The former government once gave a fuel rebate, 3 cents a gallon in 1977, I think it was. They removed it in 1978 right after the election. I think I got in on it once. I got \$350, which was the maximum. And the farmers' oil royalty refund now that's in place is . . . We are going to lower the farm input costs by taking 4.6 cents a litre or 21 cents a gallon off; and certainly lobbying the federal government to remove the federal tax on farm fuels is going to remove another 5-point-some cents a litre off of farm fuels. And with the reductions in farm fuels as, i.e., the world price of oil has dropped, certainly the farm input costs are going to be a lot lower this spring in the fuel area.

It certainly has also stabilized and lowered in some cases the cost of fertilizers. And coming from the northern part of the province where we depend very heavily on fertilizers for our inputs in agriculture . . . I come from an area that does a lot of continuous cropping, and certainly we rely very heavily on nitrogen fertilizers and phosphorus and potash. We even started to use potash this year.

This committee found that the costs of fertilizer are really closely related to the energy costs. This has been a major step forward in the cost of agriculture — the lowering of the price of fertilizer especially in the northern part of the province . . . northern farming area, I should say; it's the central part of the province.

But everything like this that drops the price to agriculture a little bit on each sector, certainly makes a major difference when you come to the end of the year.

There's many other things that came up at the cabinet committee hearings. The one other major issue that came up on farm input costs was the interest rates and the cost of interest for agriculture. The one thing that they were quite happy about was the lowering of the interest rate to 6 per cent on the production loan program, and it was far better than the 24 per cent they were paying in 1981, down to 6 per cent in 1985-86.

In 1981 the NDP said that was a federal issue; that the

provincial government could not attack or do anything with interest rates; interest rates were a federal issue. They refused to look at them through the agricultural sector or any other sector. They just let them run rampant. They never tried to slow them down in any way and certainly got a lot of the agricultural people into problems in 1980 and '81. It took them four or five years to work themselves out of those notes that they had signed, those loans that they had made in '80 and '81, in '79, '80-81. Those interest rates carried on a floating rate, and thank goodness that we took the initiative and chased the interest rates down. And I think that probably Saskatchewan can stand proudly in saying that we have chased the interest rates down somewhat, because other provinces and the federal government have certainly followed.

As we've done with the oil royalty refund, we've forced the federal government — and I want to compliment them — we forced them into removing the tax off farm fuels by us taking the first step, making a step in the right direction, and they seen the light and followed us. And I'll say that I have to compliment the Prime Minister and his colleagues in Ottawa for following the lead of our Premier here in Saskatchewan, because he is a leader, and one that's really going to certainly show up in the next few months.

This fertilizer plant that is certainly going to be built in Regina . . .

An Hon. Member: — What is?

Mr. Muller: — The fertilizer plant that's going to be built in Regina is certainly going to be a plus for Saskatchewan. We're going to be able to . . . (inaudible interjection) . . . Yes, we'll have the oil upgrader. The problem is with the opposition; they never had any long-term planning. They never planned into the future for an upgrader or a fertilizer plant or anything that would reflect on the agricultural sector in the input costs. They wanted to buy all their oil from Alberta and their natural gas . . .

An Hon. Member: — And they wanted to buy all the land.

Mr. Muller: — Well their land, that was in Saskatchewan; they couldn't move it to Alberta. But they wanted to buy all the farm input costs from Alberta. They never built a fertilizer plant or an upgrader or anything in Saskatchewan. They refused to look over the long term. They thought, well maybe some day we'll own all the land, and we may not have to fertilize it; we'll just buy the grain.

But in any respect, the long-term planning of this government looking forward to an upgrader, an upgrader is going to do a tremendous amount of good to Saskatchewan. We'll be able to use our own heavy oil and produce the proper products we need in our agricultural sector.

But the important thing of that too is the fertilizer plant that will be built there. The first one in Saskatchewan is going to be built in conjunction, in conjunction with co-op Refinery; Co-op and provincial government and federal government building the upgrader; Co-op

Refinery working in conjunction with the provincial Government of Saskatchewan to build an upgrader and a fertilizer plant that is certainly going to have a major impact on the costs of farming in Saskatchewan.

(1615)

The amount of money we pay into Alberta and into their provincial coffers by buying our energy from them . . .

An Hon. Member: — Building their heritage fund.

Mr. Muller: — And we built their heritage fund, that's right. And it's our farmers that are doing it, and they're skimming our profits. And the former government, the NDP Government of Saskatchewan, never recognized this, and weren't able to look into the future and see what we really need in Saskatchewan.

The member from Pelly earlier this afternoon was on his feet, and he was talking about the extra cost to farmers that we have incurred since we became government. We have reduced the cost to farmers — interest free on livestock, 6 per cent production loans, and the 8 per cent interest for the farm purchase program. I could go through this book and take quite some time — the hog incentive program, the agricultural credit corporation. We've reduced the interest rates to farmers. Zero per cent on money borrowed on livestock — zero per cent. In 1981 interest rates were 24 per cent. How can they sit there and say that we have increased the costs to farmers. We've decreased the cost to farmers.

Agriculture has finally been recognized by this government, and agriculture being recognized certainly has an impact on the rest of the economy in Saskatchewan. And certainly the whole world has been in a downturn, and I'm sure that that will turn around. I've been in the agricultural business all my life, and it's been cyclical. It's up and down, and it certainly has been over the last 30 years that I have been involved with it. But it will turn around. And the next time it turns around with a Tory government, it will certainly be better. And with that, Mr. Speaker, I will be voting in favour of the motion.

Some Hon. Members: — Hear, hear!

Mr. Martens: — Thank you, Mr. Speaker. I, too, want to speak in favour of the motion as suggested by the member from Thunder Creek. And I want to begin by saying that there are certain things that have value in the process of society in Saskatchewan. And those things, we generally call them traditions. Those are the things that we call . . . things that have gone through our history.

Saskatchewan today has to build on this traditional kind of society, and in order to do that we have to take a look at just exactly how do we do it. I've lived in this province all my life, and as I've looked and worked in the agricultural sector, there are a lot of things that have indicated to me that the opposition and the government that they represented were not, in all fairness to them, they were not doing the things that would promote agriculture and do it in a proper way.

So when the member from Thunder Creek suggested that

he would like to have someone speak on this, it was a pleasure for me to do that, because we have taken an integrated, as he suggested — integrated the oil sector into the farming sector. We have taken and put the two together. If you take a look at the history of it, this is something that we have to work on and we have to expand it.

The point has to be that we working a complementary kind of way with the other sectors of our society; agriculture with the energy; energy with the pulp business; energy with the potash; agriculture with the potash. All of us have to work together to make this province grow.

In order to do that, we have to in some instances begin to say, this sector of our society needs a specific advantage. And that's why the Minister of Agriculture at the time, the member from Weyburn, introduced the oil royalty refund program in order to give an opportunity for agriculture to benefit directly from the royalty that was received by the provincial government.

What does this do, Mr. Speaker? It does a number of things. First of all, it protects the agriculture sector in its area of development. Agriculture is not always able to determine its profit and loss margin within itself, because we are affected basically by a lot of outside influences. And in order to do that, our government has set up a basic safety net in a lot of areas. We've dealt with a number of them today, and I'm planning on discussing some of them in view of relating it to the royalty holiday, or the royalty rebate program.

We need another thing to happen in this agriculture community, and that is that we need to have an opportunity for growth. And the only way that we have an opportunity for growth is to provide some stability, number one; economic viability, number two; and that we have to work at to get the agriculture sector moving.

In order for this to happen, you also have to have people in the agriculture community. You have to have people who are willing to take on that kind of a vocation, and if you don't have any profits in it, Mr. Speaker, you're not going to get any of the people wanting to be a part of that.

How does this all transpire into what a government should do and how it should lead its society in that specific sector? I think that our government has shown an awful lot of leadership in this area. We have shown leadership as it relates to trade; we have shown leadership as it relates to energy; we have shown leadership as it relates to agriculture; we have shown leadership in a lot of different ways. And the oil royalty refund is just one example of the way we have shown leadership in this province. We've shown leadership in providing these kinds of Bills for the people of Saskatchewan.

One of the things that the oil royalty holiday will do, it will provide for Saskatchewan producers a reduction in the costs of fuel. And when we were travelling around in the cabinet committee on farm input costs, this was one of those main items that was addressed in just about every place that we went. There were emphases in other areas, in certain places, but each one dealt with the fuel costs.

And as we went around listening to the people, we began to assess it from their perspective, not understand this thing for a fact, that we understood it before because we're one of them. They told us again exactly what they thought we should be doing. And in this oil royalty refund they said, yes, that's the great thing to do.

When we told them, for example, Mr. Speaker, that we weren't using any gas at all, or crude oil in Saskatchewan, that was drilled in Saskatchewan, they found that a little surprising. Well, why don't you use your crude oil? It's because the refinery here in Regina was never able to use the crude oil in Saskatchewan because of the NDP.

And what happened was, we were buying our crude oil from Alberta, and in that process we could never reduce the costs. They found that probably just as difficult when they were in government — they couldn't pay a royalty they weren't getting on the fuel that was consumed in Saskatchewan because it wasn't Saskatchewan fuel. And we put a billion dollars into the Alberta Heritage Fund in that process, and that's why the upgrader here in Regina is extremely important. And the energy sector, in relation to agriculture in Saskatchewan, is extremely important. That's why I think it's very important that we discuss this in the legislature here today.

The importance of the energy sector is often minimized by the opposition. And we heard that just earlier in rule 16 debate how the budget in 1982 was \$700 million, and in 1986 it was \$500 million. Well, Mr. Speaker, there's a lot you have to learn about the NDP arithmetic. The NDP arithmetic only uses the gross figures; they never use the net figures when they're talking about it. They only use the gross figures over there. And that's the kind of thing that they have always done.

And the fact is that we had to pay back to many of the energy producers in this province, an agreement that was made by them. And that cost the taxpayers of this province \$300 million. That's what it cost them. Now they don't even understand it. That's just the type of mental arithmetic that they do.

Since 1982 the oil and the gas industry has undergone a lot of dramatic changes. And in order to provide the position that this government can have in 1986 of providing a farm fuel rebate for producers in Saskatchewan, it had to undergo a major renovation. The whole energy sector was down and going away on us. Down in the south-east, what did they have? They had everything shut down. The south-west was almost shut down. Up at Lloydminster it was almost shut down.

In gas alone they drilled nine wells in 1982; nine wells in '81. That's the kind of energy policy they had. And they're bragging about their 700 or \$600 million. I wouldn't, because they never took off the cost that it was to get that, because they had to put it in. And that's the part that they never consider. They never consider the net.

When we took in '82 and assessed it, there were three things that we had to come up with — three objectives. The first was to get the oil and gas business going; the second was increase provincial revenues; and the third

was to get jobs for the people of Saskatchewan. And those three things were identified; they were addressed in the energy policy that we put in in '82.

And what happened? The energy sector took off. And it started to do things in Saskatchewan that they put moratoriums on. It started to be the catalyst for having money to put into nursing homes and all that kind of stuff on the social side of the society of Saskatchewan. That's the kind of things that the energy sector did, and also it tied in in giving an opportunity for agriculture to get a benefit, and that's extremely important.

In 1985, for example, Mr. Speaker, there were over 3,800 wells drilled in this province. Thirty-eight hundred. And in revenue as it relates to the land sales, almost \$150 million in 1985. And what does that do? It gives an opportunity for the energy sector to provide, through its royalty structure, a payment to the agriculture community. It's what you call a direct benefit, Mr. Speaker.

Our net revenue from the province has increased by about \$270 million over 1981-82 to '85-86, and that's one of the things that the NDP never ever talk about. They talk about their gross sales and their volume but, Mr. Speaker, when the production in Saskatchewan was going down, down, down, how did they ever expect to get the revenue out of those barrels of oil? They never did. And 1985 was the first year where we broke the record for a production in energy in this province.

And, Mr. Speaker, I was just reading in the *Leader-Post* today an article as it relates to the energy sector. Doom and gloom over there often portrays that oil is going out, and I just read today, "Oil price above \$17." And they were scoffing and spoofing about it for the last three, four months, that this was not going to happen. But anyway, they are the people that talk about the negatives. And the oil industry is going to pay, Mr. Speaker, for agriculture production in this province. And in time, Mr. Speaker, it's agriculture that provides an opportunity for that fuel to be used.

(1630)

Another thing that the NDP did is, when they were with their energy program, they were dealing mainly with the multinational corporations. And I can't understand how they could even do that sort of thing. They drove every little business man out of this province. And what they did is they said, okay, we will give a payment to get your work done; we'll give you a payment to get your wells restructured. And what they did is they set the people in this province ... they taxed them and gave that to the oil companies. What did the little oil companies have to do? When they saw the squeeze coming, they couldn't afford to have their banker foreclose on them. so what they did is they sold their share of that refund to the big, major oil companies. And then Mobil, and all of those big, multinational corporations, who they always talk against, they had them. And really in fact, Mr. Speaker, the taxes that we paid in Saskatchewan went to the big, multinational corporations who they are always against. And I don't think that that's the kind of thing that we in this province want to have.

We have established many little companies in this province, and some of the members of the opposition are parts of those companies, and they have provided an opportunity for oil rebates to flow into the agriculture sector. And that is why, Mr. Speaker, we have to work together with them.

The other area that the mover spoke about was the natural gas side, and I want to take a little time to discuss that with the Assembly here today, and just point out a couple of things that were in the program as it related up till 1982. Up till 1982, Mr. Speaker, the NDP had made an agreement with the Alberta government and transcend pipeline that they would buy all the gas from Alberta. Why use up our gas in Saskatchewan to deal with the energy sector? The opportunity was never given to the people of Saskatchewan to develop the energy sector. They made an agreement with Alberta, and they made an agreement with the Liberal government in Ottawa that they would run it their way. And what happened was that the people of Saskatchewan were left out. They were left out by that kind of leadership, Mr. Speaker, and that's the kind of leadership that the people voted against in 1982. And I think that the opportunity, when it is presented, will provide them that opportunity to do it again. And I think that that's the kind of thing that we in Saskatchewan really believe is the way it should be.

Placing agriculture on the Canadian agenda was brought about by people in agriculture in this province working together to provide an opportunity for that to happen, and that was provided by leadership. The same kind of leadership that put in the oil royalty refund to the agriculture sector is the same leadership that provided an opportunity to have agriculture discussed in a broader sense in a national and international way. And I believe that it is an attitude that has caused this to happen. And I just want to read a paragraph out of a letter addressed by the Premier of the province to the first ministers' conference. And it says here:

I'm impressed that there is a growing consensus on the nature and magnitude of the problems in the agriculture environment that farmers and governments jointly face. We agree that the situation is serious, but there is also an emerging willingness to examine and try new solutions.

And we, Mr. Speaker, have done that — try new solutions to the problem.

When did they ever think of a zero per cent interest rate? When did they ever think of a 6 per cent interest rate? When did they ever think of an 8 per cent interest rate? When did they think of \$42 million going back into farmers' pockets through the oil royalty holiday? Never!

And the member from Shellbrook-Torch River mentioned the rebate on fuel that they had. And, Mr. Speaker, a lot of the farmers thought it was a joke. A lot of the farmers didn't even apply, because they had a limit. They had a \$300 limit on their thing. And they'd put it in for an election and took it out as soon as the election was over; and they put it in for an election and took it out as soon as the election was over. And that's the kind of planning that

they had over there. That's the kind of agriculture that they thought that they could have.

Going on, we have to try new solutions. Natural disasters require more effective policy responses. And what does that take, Mr. Speaker? It takes the kind of planning and leadership that we have demonstrated in this province under the work of our Premier.

It deals, Mr. Speaker, going on with farm finance, trade, resource management, like we're talking about today — regulation and technology — all require that, the attention and modification necessary to sustain our family farms in an increasingly competitive world environment. Canadian farmers are leaders in world agriculture. National policy at home and abroad must aggressively support and develop that role.

When agriculture in this province realized that it was important for us to deal with various aspects of the costs of production in agriculture, we started to attack it almost immediately, and the first attack we had was on interest rates. Then we went to the oil royalty refund. And that, Mr. Speaker, will provide 4.6 cents a litre or 21 cents a gallon: a far, far cry from what was going on when the previous administration was giving direction for agriculture in this province. I think that that's extremely important, that we recognize it.

The Premier in the new year decided that there was reason to believe that we should go out and travel through the province and listen to what the farmers had to say. And that gave us an opportunity, Mr. Speaker, to talk to a lot of farmers in this province. We had briefs from about 2,000 people and through that there were some very, very important, striking things that came about because of that. I want to point out the fuel rebate, because it was almost the number one item, and every one of those is an extremely important feature.

I think it's done a number of things. I would say, Mr. Speaker, that the focus on fuels in this province is one of the reasons why we went out to bring the attention to that. But also, Mr. Speaker, what I think has happened is that a lot of the pressure brought to bear on companies supplying fuel to this province have had to reduce their prices in order to save face in a lot of places. And I think that that's an extremely important function in dealing with this.

It takes leadership to provide the road for these people to follow. And if leadership isn't there, then it'll go on its own way. And, Mr. Speaker, I read in the *Leader-Post* just recently that Federated Co-op had purchased a whole lot of their bulk fuel for delivery this summer, last fall at the high price, and they're expected to lose \$10 million on that purchase.

One of the things that I think is extremely important in this discussion is to think about their role. They need to have an opportunity to earn a dollar. But we also must consider that the farmers in this province have to earn a dollar, too, in order that they can buy the fuel that that refinery is going to manufacture. And not only the co-op upgrader — the Imperial Oil, or Shell, or Pert-Canada, or whatever.

These opportunities that we had for fuel discussions with the farmers on fuel costs have always been an integral part of the other costs that accrue to farmers. Interest costs are going to be reduced by the very fact that fuel costs are reduced.

Each one of these is a layer that is of positive benefit to the next one. If you reduce the costs of chemicals, you reduce the cost of interest. If you reduce the cost of fuels, you reduce the cost of interest. If you reduce the cost of any one of the things that farmers have to buy, it reduces the cost of interest. And I think that that's an extremely important feature.

What is this new upgrader in the province going to provide for us? Is it going to provide for us an opportunity to deal with the fertilizer prices? I believe it will. The costs of manufacturing are going to be reduced because the costs here are going to be reduced.

Yesterday, Mr. Speaker, we bought a load of fertilizer from Calgary, and it came in on a semi-trailer and we went and spread it. And that, Mr. Speaker, was from Calgary. Federated Co-op, their refinery in Medicine Hat isn't working. And I recall when that refinery was built, Mr. Speaker. There was an opportunity for a government that believed in the co-op movement to put a refinery in Saskatchewan, and they never even offered it into Saskatchewan. Why did they go to Alberta? Why did they go to Alberta?

I'll tell you why. Because it was cheaper there to manufacture the product. It was cheaper, because they could buy the gas cheaper. Here in Saskatchewan, because of the way we have operated our programs, Federated can now begin to buy that gas cheaper in Saskatchewan than they could from Alberta. And it's cheaper in Saskatchewan now than it is in Alberta. And they have continued to do that all the time. That's what their answer is: buy it from somebody else; close your own businesses down. And that's the way they've continued to operate.

There were a number of positions provided to us in the discussion that we had with farmers as we travelled around, getting their views on input costs. Interest costs were one — interest costs on the farmers' fuels, their mortgages, their land costs, and the machinery costs. This interest in 1981, 1980, 1979, 1978 — it was just going up and up and up. And when we came into power in 1982, what did we have to provide? We had to provide a safety net for that agriculture sector because it was being eroded. Because farmers today are in trouble because they're paying interest on the capitalization of their interest. And that's, I think, a very important feature of what the people of Saskatchewan have done.

I want to outline some broader things as it relates to energy and a number of other things. Interest rate on farm credit. The rates were too high, they told us. Okay, what do you do to fix it? Farmers told us from all over the place: they're too high, they're unstable, and you need a ceiling on the rates.

And what did we have in 1982 when we took over? We

had rates going up; we had escalating prices in fuel, machinery, land, and all those things. What we did, and what we're doing with the oil royalty refund, is lowering that cost so that they can continue to farm.

What else did the farmers say? Well maybe it would be a good idea to have an Agribond. That might be a good idea. One of the key things that I believe, Mr. Speaker, is that there are two things that relate to financing that are extremely important to agriculture. One is the term, the length of time for repayment; and the second thing is the rate of interest.

And what we had happen in the '70s, in the late '70s, was an increased rate of interest, and the farmers just couldn't support themselves or their families or pay their bills. And in 1982 they were refinancing a lot of that stuff. And that's the kind of thing that these people continue to do.

(1645)

There are other aspects that obviously need to be addressed. And the fuel costs, as it relates to farming and the need for rebates, was evident by the fact that we would not take any more tax off of the fuel in Saskatchewan. We didn't have any tax on the fuel consumed by the farmers of Saskatchewan.

And that's extremely important for the people of the province to realize; 95 per cent of the fuel that we use comes from Alberta. And it's extremely important for people to realize that, that the energy that is consumed in Saskatchewan is from Alberta, and we in Saskatchewan could not reduce the tax. So what we did is we said, okay, we will provide a benefit from the royalties that our energy provides, to the people of Saskatchewan. That lowers the prices of a lot of the different commodities that people have in the province.

In fuel costs, the people told us that we needed to lower the price of fuels, but also that we needed to encourage the federal government to lower the price of fuels. And I'm really happy that our Premier, together with the Prime Minister of Canada, put together a policy that would not only reduce our energy by the 4.6 cents a litre, but also another 5.5 cents a litre by the federal government.

I think that that's extremely important. That's over 11 cents a litre, Mr. Speaker. And if you multiply that out, that's a fair chunk of money when it comes . . . That's about 50 cents a gallon. That's a fair rebate in today's energy costs.

Because agriculture is extremely dependent on farm fuels, I believe that it is important that we take a look at it. I think we must understand that the average consumption in the province is about 15 per cent of the total cost in agriculture in Saskatchewan — 15 per cent. And that 15 per cent, if we can reduce that 1 per cent, 2 per cent, 3 per cent, that has a major economic benefit to the people of Saskatchewan.

What does it do? It provides an opportunity for that farmer to put some fertilizer in where he maybe wasn't going to before. It provides an opportunity for maybe where he can put some chemicals on that he wasn't going to before.

And that is extremely important in today's society, and especially our agriculture community.

There's another area, Mr. Speaker, that I want to deal with, and that relates to who else benefits besides agriculture from this kind of a function?

And I opened up a natural gas distribution in Bateman, Saskatchewan. It's just a little bit outside of my constituency, but I went down there and I opened this natural gas distribution area. And what did the gentlemen there who were visiting with me — they said this to me: there are two churches in this community; there are two halls in this community; there's a skating rink; there's a school; and all of these different community functions are paid for by 60 families. And those 60 families had a reduction of 50 per cent of their cost that they had to donate to those organizations. And what it did is it reduced the cost and it gave them an opportunity, instead of having their rink facility, for example running two and a half months, they had it running three and a half months because they could afford to do it.

And they were telling me that the school cost on an average of \$1.700 a month to run the fuel through there. What did the gas distribution do in that community? It reduced that to 800. And that, Mr. Speaker, has direct impact on the kinds of things that we do and the things that we recognize. And I know, Mr. Speaker, that when the opportunity comes for people to select who they want to have govern this province again, they will look and say: who's going to supply the natural gas to this province? It's not going to be the NDP. They're against it; they're right against it, and they've always been against it because they don't believe in that kind of thing. And they have said they're against it.

I believe, Mr. Speaker, that the natural gas distribution in this province is equivalent to the time in the early '50s and the late '40s when electrical power came to this province. And I believe that people will recognize that it's the future that they're going to deal with, and it's very important that they take a look at that.

The fertilizer business in this province has to be addressed for lowering prices, and we're doing that through the relationship of the gas industry to the upgrader, and I mentioned that before.

There's other places that need to be addressed. For example, how much does it cost to move the products that we need for land, for machinery, for example? What does it take to bring those products into my community? And when I was getting some grain hauled by a liner out of one of my granaries, I said to the fellow that was hauling it, I said, how much saving did you have when you had the gas tax taken off in this province? He said, every time I fill up I save \$100. And every time he fills up and he hauls my grain and he uses a tank of fuel, it's a \$100 less than it costs him. And that benefit, Mr. Speaker, is passed on to us as rural people.

And that's a thing these people across the way could never understand. They never understood it. I recall very vividly the former minister of Agriculture and the minister of Rural Development speaking in Swift Current. He said,

my 1946 two-ton Mercury still does the job. I think, Mr. Speaker, that's exactly where their agriculture community was getting their ideas from — 1946 and earlier.

And I think that that's the kind of thing that we have on this side of the House, from the leadership of our Premier, that gives us a dimension of dealing with the problems, addressing them in a very positive and a concrete way.

One of the things that often is neglected are the small items, or what people perceive to be small items. And as we were going around on our input costs, one of the things that was mentioned to us by a gentleman who did a lot of income tax for people and their business accounting, he said one of the things that people don't put together properly is what their depreciation on their machinery really costs them. That's the kind of thing that we went around and saw. For example, Mr. Speaker, he said there was — roughly 25 per cent of the cost of agriculture was on the farm machinery, as it relates to 15 per cent on oil and fuel consumption.

Those are the kinds of things that need to be addressed, and we have been addressing them. We have addressed them as it relates to energy costs by putting on a 4.6 cents a litre reduction. That's going to give us an opportunity at the end of every quarter to apply for a rebate on the fuel that we have consumed. And I believe that that is also an important thing to mention.

The people have said consistently that we need to have more and more of the government listening to people; the government needs to listen to people. We have done that time after time after time, and we will continue to do that.

Another aspect of dealing with energy and its relationship to the agriculture community is, I think we have to address it from the point of view of utilities. In this province we have energy that is put through the power lines and it is generated by hydro dams; it's generated by coal burning furnaces; it's generated by natural gas turbines. Each of these has a very important function. But I want to get to the part that deals with the energy part in utilities. And in every part that we can use fuel from Saskatchewan — we can use energy that is produced in Saskatchewan — it gives us an opportunity to have jobs; it gives us an opportunity to have more wells drilled; it gives us an opportunity to get people going in this province. And I think that that's an extremely important feature.

The people in various other parts of the province may not recognize the importance that the opportunity to use natural gas in this province has. And I think it is extremely important for me and for the people in my constituency. From my constituency west to the border, there are a lot of gas wells drilled, and that is supplying energy for Sask Power Corporation. And I think that that's an extremely important item in reducing the costs to farmers. We need to have that.

The opportunity that there is to have various kinds of energy production in this province, gives us an opportunity for diversity whether we have hydro, whether we have coal burning, or whether we have the natural gas. And I believe that the gas that we use on the west side

of the province is extremely important.

What else have we done to respond to the input cost side? One of the things . . . As we went around in the province, one of the things that was mentioned time after time after time was the lack of a research facility in this province. I was very pleased that the Premier of this province took it upon himself to develop that research facility in Saskatoon, and that's going to be the new college of agriculture. That, Mr. Speaker, is going to have an extremely important impact on us in this province.

There are a lot of other issues that we could deal with in this discussion, but I want to conclude by saying this, Mr. Speaker. There are features of the things that have happened that give an opportunity for agriculture to plan. We have had a lot of different hit-and-miss kinds of policies demonstrated by the opposition. But when you put all of our policies together, what does it do? It provides protection; it provides an opportunity for agriculture to develop. If you have adequate leadership, I think, it's extremely important. And that's what we have demonstrated by our Premier. He has leadership in agriculture. We need to take a very serious look at that because that gives us an opportunity.

Because of the opportunity . . . and I see the time is getting late, Mr. Speaker, I beg leave to adjourn debate. Thank you very much.

Debate adjourned.

The Assembly adjourned at 4:58 p.m.

CORRIGENDUM ET ADDENDUM

In the *Hansard* No. 43A FRIDAY, MAY 16, 1986, 10:00 a.m. on page 1360 under INTRODUCTION OF GUESTS, the full text of the introduction by Mr. Maxwell should have read.

Hon. Mr. Maxwell: M. le Président, c'est mon plaisir de vous présenter pour ma collègue le ministre d'Energie, le membre pour Weyburn, des étudiants de la belle province, Québec.

Hon. Members: — Hear, hear!

Hon. Mr. Maxwell: Merci. J'espère que vous allez enjouir de votre visite ici à la Saskatchewan, et que vous allez trouver la session à la législature très intéressante. Les professeurs qui sont avec les élèves sont Richard Wanner, de Weyburn, et Messieurs Arsène Savoie, Alain Gauthier, et Walter Sonier de Jonquière, Québec. Bienvenue!

Note: — The online *Hansard* has been corrected.