

The Assembly met at 2 p.m.

Prayers

## ROUTINE PROCEEDINGS

### ORAL QUESTIONS

#### Child Hunger in Saskatchewan

**Mr. Hagel:** — Thank you very much. Mr. Speaker, I direct my question to the Minister of Human Resources, and it deals, Mr. Minister, with a disturbing problem that's been growing more serious in recent times. I refer, of course, to the problem of child hunger. It's a problem, Mr. Minister, that has grown beyond being an urban Saskatchewan problem and has entered into the rural life as well. In these tough times on the farm, more and more young family farmers are having difficulty feeding and clothing their children.

And I ask you, Mr. Minister, as minister responsible for both Social Services and Human Resources: just how serious do you see the problem of child hunger in Saskatchewan being? And what new initiatives do you have in mind to deal with this very serious and growing problem?

**Hon. Mr. Schmidt:** — Mr. Speaker, first of all, I was in rural Saskatchewan yesterday evening, and while things are tough on farms, the farmers of Saskatchewan are still feeding their children. And no one should suggest that they're not.

Secondly, there is a concern with children going hungry; it is a concern that our department looks into as much as possible. I do not accept at all that child hunger is a financial problem, but it is a social problem. And we are taking measures to have our social workers look into these social problems and try to ascertain why the money for food is not getting to the children.

**Mr. Hagel:** — Supplementary, Mr. Speaker. Mr. Minister, you may not believe that child hunger is a serious problem in Saskatchewan, but I assure you it is. Last year in Saskatchewan food banks distributed nearly 1,000 tons of food, and over half of that to be consumed by children, Mr. Minister. When community schools have breakfast and lunch programs that result in line-ups of over an hour, and we have in the bread-basket of the world children going to bed hungry, I say that's a disgrace, and I say we have a problem.

And I ask you again, Mr. Minister, I ask you again: does your government have any specific initiatives in mind to deal with this very serious problem for the children of Saskatchewan?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, I'm prepared to meet with the school boards, where the problem exists, to ascertain the nature of the problem. I'm prepared to study the situation to see what is the cause of the problem. I'm prepared to have social workers go to the schools and interview teachers. But I'd prefer to work out the process

with the school boards before we take any action out of the ordinary course of what our social workers now do.

**Mr. Hagel:** — Supplementary, Mr. Speaker. Mr. Minister, I ask if you have urged your cabinet colleagues to expand the community schools program, in rural Saskatchewan as well as urban, and also to provide funding for lunch programs in those community schools. That's an immediate way of dealing with a very critical problem. And, Mr. Minister, I ask: have you proposed the idea to your caucus and your government to address this real problem for Saskatchewan children?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, traditionally in Saskatchewan parents have fed their children, and we believe that that tradition should continue. We take measures so that every parent in Saskatchewan has money to buy food, and we are prepared to look at the problem as it exists and, as I've indicated earlier, it is a social problem; that even in the hungriest of years, the hungry '30s, the people of Saskatchewan fed their children. And so there's no excuse for one not feeding one's children. It is against the law of Canada to neglect children, under the Criminal Code, and it is against the laws of the province.

So we will take all measures that we can to make sure that parents are using money to feed their children. And if parents do not have enough money, then they should apply to us, and they qualify if they do not have enough money. But other than initiating food stamps or something of that nature, or paying the money directly to children, or having children issued with food rather than their parents with cash, there is a limited amount of control that the government has over families — and I think it should be a limited amount of control. The responsibility is for parents to feed their children. We will help them if they need help.

**Mr. Hagel:** — Final supplementary, Mr. Speaker.

**Mr. Speaker:** — Final supplementary.

**Mr. Hagel:** — Mr. Minister, I am not interested in empty rhetoric. I am interested in seeing the real problem addressed with a real solution. And I ask you, Mr. Minister . . . You are aware that municipal councils, you are aware that school boards and community agencies and social agencies have expressed their concern about child food shortages and child hunger, and they're prepared to work together. You admit in this House that you have no solutions in mind, and I ask you: will you show us some real leadership, at least with the sponsorship of a conference to bring these groups together to talk about the concerns and find real solutions to the problem of child hunger in Saskatchewan? Will you at least provide that kind of a solution and initiative to help the Saskatchewan groups solve their problem with Saskatchewan children? Will you do that?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, recently I had

correspondence from the mayor of Regina indicating that he felt there was a problem in the city. I replied to the mayor that I was prepared to meet with the school boards and with the city, the mayor of Regina, and try to get to the bottom of the problem and look at possible solutions. But simply to immediately initiate the school lunch program, where would we do that? Would we do that in certain parts of Regina, in all of Regina, or in all of Saskatchewan? This would have to be examined as an overall policy. I am prepared to meet with the school boards and with the mayor and council, as I've indicated, and try to ascertain how broad the problem is and what solutions can be found.

**Mr. Hagel:** — Thank you, Mr. Speaker. Final supplementary. Mr. Minister, this is not a Regina problem; it is a Saskatchewan problem. I ask if you will provide the forum for interested groups who care about child hunger to come together and work to find solutions? Will you provide the resources to do that at least, Mr. Minister?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, the member opposite is suggesting that we provide resources, which I think in the terminology of the members opposite is that we provide money so that people can be paid to come, or paid their expenses to come together and work on this problem. I am prepared to, as I've indicated to the mayor of Regina, meet with the school boards and the city to see what can be done about the situation in Regina. Outside of Regina there hasn't been a very visible problem.

#### Closing of Yorkton Crisis Centre

**Mr. Koskie:** — Thank you, Mr. Speaker. I want also to address my question to the Minister of Human Resources. As the minister may well be aware, that the Yorkton Crisis Centre is closing its doors next week because the government has refused to give a grant, an operating grant of \$60,000. The Yorkton Crisis Centre case-load went up by 300 per cent last year — 1,200 people in stress were able to go to the crisis centre.

Sixty thousand dollars it takes to maintain that crisis service to the people in need, many of who are families in stress under economic circumstances. And I say to you, if you have priorities where you can give George Hill \$200,000 or Paul Schoenhals \$100,000, can you give to the crisis centre in Yorkton, which provides for over 1,200 people support, can you find \$60,000 to keep it open?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, first of all the crisis centre in Yorkton has provided a useful function in the community. There are many, many functions in many communities that can be provided in many, many ways with respect to many problems. So the first criteria, or the fact that it is a useful function, is not the main criteria that a government can consider. The government has to consider the need for this useful function.

Now in the case of the Yorkton Crisis Centre, there has

been a misconception that somehow this was a provincial government funded, sponsored, and operated crisis centre. It was not, and it never was. It was started under special money from the federal government several years ago.

The special money from the federal government has now run out, and they have now come to the province and said, will you take over the costs of operating this crisis centre? We have to weigh the needs in other parts of the province and the existing facilities that there now are in Yorkton. I didn't do a specific calculation, but I did a quick calculation when I looked at the 1,400 referrals, and there were not 14,000 as suggested by the member from Lakeview a few days ago in this Assembly — 1,400 referrals.

When you look at those 1,400 referrals, more than half of them — and I don't have a specific figure, but my quick calculation was that approximately 60 per cent were to government-funded helping institutions in Yorkton already, which included the Yorkton Psychiatric Centre, the hospital, and Shelwin House; the contracts that go to non-governmental organizations like SIGN (Society for the Involvement of Good Neighbours), and the Yorkton Friendship Centre — and so most of those calls by the people phoning directly to the agency that would help them, could have had their problem solved.

In addition, there are traditionally the R.C.M.P. where they refer people to. There is the church groups that have traditionally helped their people. So when you consider that the bulk of the calls were simply referrals to existing government-funded facilities, we had to weigh the need in Yorkton as compared to the need for that expenditure in other parts of the province.

**Mr. Koskie:** — Supplementary, Mr. Speaker. Mr. Minister, you're correct that the program was initiated and initially funded by the federal government for over three years. That, it seems to me, has given you enough lead time to be able to have evaluated it. Many of the programs that we had in Saskatchewan were initiated by the federal government and subsequently funded by the provincial government and taken over by the provincial government if worthwhile. I ask you: where is your forward planning? Are you, in fact, saying that the Yorkton Crisis Centre does not serve an important enough function of 1,200 people in crisis that you can't find \$60,000 to keep it operating? Is that what you're saying?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, this is something that the province is now supposed to inherit from the federal government. Three years ago before a federal election, the federal government spent money on various projects. This was one of the projects they spent money on. Is the province to take over every federal project that the federal government, whatever their policies are, may abandon or may decide to start? We have to weigh a need and the duplication that there now exists, and that has to be taken into account. And we cannot have all of the services in one place and no services in another place.

The regional office of Social Services is in Yorkton,

Saskatchewan. There are a large number of social workers available right in Yorkton. In addition to the other functions, it is a regional city. There are other parts of Saskatchewan that do not have any of those, or very few of those facilities.

And we have to weigh health care in other places; we have to weigh counselling and various other things in other parts of Saskatchewan, and we cannot have duplication. We cannot have the federal government of any given day deciding how the province of Saskatchewan is going to service its people.

**Mr. Koskie:** — Further supplemental, Mr. Speaker. Mr. Minister, are you aware that the Yorkton Crisis Centre provides a 24 hour a day service to people in crisis? Are you aware of that? And I ask you, if you are not, can you indicate whether other government agencies, churches, or other organizations which are available to help people in crisis, do they provide 24 hour service? Or does your department?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, social workers in the Department of Social Services are available on an emergency basis. In addition, the Yorkton Psychiatric Centre operates 24 hours a day, seven days a week — when you are talking about emotional problems and suicide. The RCMP are available 24 hours a day. And I do not believe that any church leader or any person of the cloth in Yorkton would turn away someone in need who phoned them at 2 o'clock in the morning and said, I need help in this regard; what should I do?

So these facilities are available, in Yorkton as much as they are in other larger cities, and so therefore we have to weigh the need in a certain region compared to other regions. And this is a referral service — 1,400 calls, 60 per cent of which are already made to government-funded services already available in the city of Yorkton. So we have to consider the duplication here.

**Mr. Koskie:** — Mr. Minister, I want to agree with you that the community groups, the churches, and other groups are providing help to people in stress. But I say to you here, Mr. Minister, how can you be so callous to close down a crisis centre helping over 1,200 people, and at the same time your government spends for political promotion \$20 million a year or more?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, our commitment to Yorkton and eastern Saskatchewan cannot be questioned. In addition to all the existing facilities, the Whitespruce youth Drug and Alcohol Treatment Centre is now being put into place, will be in operation soon, will cost approximately \$1 million to operate when it's in full operation. That area, that part of Saskatchewan will have more government facilities than almost any other area when it comes to people in need. In addition, the women's shelter received extra beds this year so that we have not disregarded Yorkton. Yorkton is well served and we . . .

**Mr. Speaker:** — Order. Order, please. Order. Order. Order, please. I'd like to ask the hon. member to my left to please refrain from interrupting the minister. If you have a few words you'd like to wrap up with, I'll give that permission now.

**Hon. Mr. Schmidt:** — Thank you, Mr. Speaker.

It should not be forgotten that in eastern Saskatchewan a lot of that based out of the city of Yorkton, that there are services of all kinds available to all of the people in that area, and in addition, the new service of the drug rehabilitation centre for youth — the first of its kind in Canada — and that should not be forgotten.

**Ms. Atkinson:** — Question to the Minister of Social Services. Can he explain to this House how the Whitespruce Drug and Alcohol Treatment Centre for young people would have anything to do with women who are abused and children that are abused? Can you explain how that centre can possibly help those people, Mr. Minister? And those people were helped by the Yorkton Crisis Centre.

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

**Hon. Mr. Schmidt:** — Well, Mr. Speaker, the Yorkton Crisis Centre, I said, formed a useful function, but it has to be weighed whether it's the best way to solve problems. And in our view the best way for problems to be solved is by professional people, either at the psychiatric centre, either at the RCMP, either the clerical people — all of those things are done by professional people. Shelwin House serves women in Yorkton and area, and so it is not anywhere near accurate to say that the services are not there now. And they are done by professional people rather than referrals. And I don't think people who are doing referrals should be getting into the area where the professionals already exist.

### Collapse of Principal Group

**Ms. Smart:** — Thank you, Mr. Speaker. My question should be to the Minister of Consumer Affairs but in her absence to the Minister of Finance. I have a letter from the Principal Group auditors dated May 1986. It warns that the real estate held by First Investors Corporation and Associated Investors Corporation was worth millions of dollars less than the companies had claimed in their 1985 financial statements.

Mr. Minister, I'm assuming you know that The Investments Contract Act is a Saskatchewan law and that it requires that these statements be filed with the Department of Consumer Affairs. Officials in that department received this written warning in May of 1986. Why did you, your government, and your officials fail to heed that warning?

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

**Hon. Mr. Lane:** — Mr. Speaker, the debate has been going on for some time, and the hon. member has been advised on numerous occasions that the province takes advice from the headquartered province of the various trust companies as to their status and as to their viability

and their operations. And that's the normal course. That, I'm advised, is what's happened in this case, and so I suggest to the hon. member that the advice that was available to the department was such that allowed them to continue.

**Ms. Smart:** — Mr. Speaker, the law of this province requires the Department of Consumer Affairs to know those audited statements and to act on them. I have a new question. I have a document, the information circular that's been sent to the Saskatchewan investors who lost money in the collapse of First Investors and Associated Investors. This is a plan of arrangement by Coopers & Lybrand, the court appointed managers for winding down those two companies. It's a lengthy and a very complex document. But on September 23 and September 24, the investors are going to be asked to vote on the options in this plan.

Will the Alberta lawyer, whom this government is funding, review this information circular and provide clearly written legal opinion to the Saskatchewan investors so that they can know what their options are and explain this plan? There are many Saskatchewan investors who've lost their life savings and they can't afford a lawyer to help them with this document. Will you do that?

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

**Hon. Mr. Lane:** — Mr. Speaker, I will certainly ask Saskatchewan counsel in the province of Alberta as to whether it's proper to give advice. The advice may well vary from investor to investor, so whether general advice would be applicable or helpful to each individual investor is questionable. But I certainly am prepared to ask counsel in Alberta whether, on his review of that document, if there are any general guide-lines or general advice that can be given, and I will report back to the Assembly.

**Ms. Smart:** — Supplementary, Mr. Speaker. Will you get from that Alberta lawyer and from Alberta all the list, the entire list of the Saskatchewan investors? Obviously they have it in Alberta. You still haven't provided it here to this House or told us that you have that information. Be sure that all the investors get that information. Will you get that mailing list and be sure that they get those guide-lines?

**Hon. Mr. Lane:** — Again, I've indicated on numerous occasions that if we get the list, and when we get the list, and if that list is a public document, we will be more than pleased to give it to the hon. member and to the Assembly. I'm not advised as yet that we have such document.

**Hon. Mr. Blakeney:** — I direct a question to the Minister of Finance, and it concerns First Investors. It concerns the same subject as the previous question, and I ask the minister this: do you deny that the financial statements for 1985, filed in the first part of 1986, in respect of First Investors, show that that company was insolvent? Do you deny that those financial statements further have a large qualification by the auditors, indicating that if ordinary accounting procedures were used, the insolvency would be a great deal more? Do you deny that following the

receipt of this, you licensed this company to sell to further Saskatchewan citizens for 1987; and do you not admit that that's shocking incompetence on the part of your government?

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

**Hon. Mr. Lane:** — I think that the government's position has been well stated before on numerous occasions, Mr. Speaker, and that is that the department complied with its mandate, and that it was acting under the proper advice and in the normal course of its activities. And that is exactly what has been stated on numerous occasions, and the hon. member is aware of that.

**Hon. Mr. Blakeney:** — Supplementary, Mr. Speaker. Mr. Minister, are you aware of any case in the past where financial statements of an investment contract firm showed that it was insolvent and that a licence was issued subsequent to that, no matter what advice was received subsequent to that, no matter what advice was received from what province? Are you telling us that your government will issue licences to companies which are insolvent, to sell investment contracts where you know people are investing their life savings, on the basis of advice from any province in this Canada?

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

**Hon. Mr. Lane:** — I don't think it would be wise to take the Hon. Leader of the Opposition's allegations at face value with regard to statements of insolvency, Mr. Speaker. It's not normal for any company to send out a notice that that particular company is insolvent. That's not standard practice, so I don't think we should take his statement at face value.

And I indicate, Mr. Speaker, that again the practice has been, and it has been across Canada, that the companies take their advice in the case, primarily of the provincially administered companies, they take their advice from the headquartered province as to the status and activity of the company. And that's, as the Minister of Consumer and Commercial Affairs has indicated, that was what happened in this particular case.

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

#### SECOND READINGS

##### Bill No. 16 – An Act to amend The Time Act

**Hon. Mr. Klein:** — Thank you, Mr. Speaker. I am pleased to move second reading on The Time Act amendment. There are two parts to this amendment, neither of which will affect most of Saskatchewan which, as we all know, is on constant central standard time.

Firstly, I ask the members of this Assembly to recall that this spring Alberta and virtually all of North America move to daylight saving time three weeks ahead of what might be described as their normal schedule to do so. The border city of Lloydminster and the surrounding communities and school divisions follow the same time system as Alberta and, therefore, change to daylight

saving time, unlike the balance of Saskatchewan.

As a result, it is necessary to amend The Time Act to permit Lloydminster and area to move to daylight saving time three weeks earlier than usual, to stay in sync with the balance of North America. By this I mean switching along with Alberta to daylight saving time on the first Sunday in April rather than the last, as is presently prescribed under the Act.

This amendment will insure that school attendance times and other important everyday routines continue to operate and on the same time in the Lloydminster area. As I mentioned, Mr. Speaker, there is a second feature to this Bill. The Bill will ratify and approve the use of central standard time in north-western Saskatchewan — and by north-western Saskatchewan I mean that part of the province in the northern administration district, west of the third meridian.

This area of the North, Mr. Speaker, uses central standard time year round and is contrary to The Time Act. The Act presently states that this region should follow Alberta time; that is, it should use mountain standard time during the winter and central standard time in summer. And this change simply puts into effect the time that has been used informally by everyone in that region for many years.

Mr. Speaker, there are not major changes; they simply bring the statute in line with what has been happening in western and north-western Saskatchewan for years. I'm pleased to say that we have the support of SUMA (Saskatchewan Urban Municipalities Association), the city of Lloydminster, the surrounding school divisions, for these necessary amendments.

As these are really only housekeeping changes, I will urge all members to support the Bill, and I now move second reading of Bill No. 16, An Act to amend The Time Act.

**Mr. Van Mulligen:** — Thank you, Mr. Speaker. My comments will also be brief. I would just simply indicate that we agree with the Bill. We view it as simply housekeeping to bring into line an existing practice in the province and, therefore, this side of the House will be supporting the Bill.

Thank you.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

#### **Bill No. 22 – An Act to Amend The Municipal Revenue Sharing Act**

**Hon. Mr. Klein:** — Mr. Speaker, today I am moving second reading of a Bill to amend The Municipal Revenue Sharing Act. As we all know and realize, Saskatchewan faces a severe economic challenge brought on primarily by the international commodity pricing situation. In spite of the economic difficulties facing Saskatchewan, our government remains committed to retaining the concept of revenue sharing with the province's municipalities.

Although our revenues have dramatically decreased, Mr.

Speaker, I am pleased that this Bill provides that the total dollars available for revenue sharing in the 1987-88 fiscal year will decrease by only 1 per cent compared to last year. The current fiscal situation necessitates that this reduction in the revenue sharing pool for 1987-88. The urban and rural revenue sharing pools together will amount to \$114.5 million of operating assistance to the province's municipalities.

Mr. Speaker, we remain committed to working in partnership with the province's municipalities. And I move, Mr. Speaker, second reading of Bill No. 22, An Act to amend The Municipal Revenue Sharing Act.

**Mr. Van Mulligen:** — Thank you, Mr. Speaker. This side of the House will oppose the Bill that's before us very strongly.

We oppose it because the net effect of the Bill is to transfer the taxation burden from the provincial government to municipalities. We oppose it because it shifts taxation away from potentially more progressive bases of taxation or of revenue to a more regressive base of taxation or revenue. The shift, as the minister indicated, may be a small one, that is to say, 1 per cent.

But the principle involved in this is a very great one indeed, and I think on this particular issue, perhaps more so than some others, the government's weird and whacko right wing agenda is coming out. These people really believe that it's in the interests of the taxpayers of the province, that it's in the interests of the province overall, to transfer taxation dollars from those who can best afford it to those who can least afford it. And it's on those grounds — on those grounds, Mr. Speaker — that we will oppose this Bill, and oppose it most strongly.

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

**Mr. Van Mulligen:** — The concept of revenue sharing, of urban revenue sharing, is based on two principles. And I would quote from the government's own Local Government Finance Commission report. And I quote:

The property tax and other local sources of revenue are not sufficiently large to finance locally delivered services unless they are supplemented by revenues from a broader tax base of the provincial government.

And secondly the Local Government Finance Commission report states, and I quote:

Urban revenue sharing is in place to ensure that there is an opportunity for comparable communities to have comparable services, and to ensure that the services can be provided at comparable rates of taxation.

In putting forward the Bill that you have today, you are betraying those principles. You are betraying the essence of revenue sharing for urban municipalities in Saskatchewan. When your government's Local Government Finance Commission recommends that the amount of money in the revenue sharing pool be increased by \$17 million so that equalization of services

and tax levels can move forward, what does your government do?

We have the answer today. It introduces a Bill to cut this funding by 1 per cent. Again this action is a betrayal of the principles of urban revenue sharing and, I would submit, a betrayal of the people of Saskatchewan.

Mr. Speaker, the question is: what is the net effect of this action by the government? By reducing the amount of money to urban governments, the government is in effect forcing increases of property taxes in Saskatchewan.

Just recently, Mr. Minister, I undertook a survey of municipal governments in Saskatchewan. The results, I would submit, are shocking. Over 42 per cent of all municipalities have been forced to increase their mill rate. As a result of this action and other government cut-backs, over 90 per cent of the cities have had to increase their mill rates. The average mill rate increase across the province has been 3.5 per cent, with communities of a size between 500 and 1,000 in population having increases of more than 5 per cent.

So in an attempt to reduce the deficit that your government's incompetence has created, you have decided to shift the cost of municipal services, increasingly, from the province to municipalities. And let me make it clear, Mr. Speaker, that the money to pay for these services is still being raised and is still costing the taxpayers of this province money out of their pocket. However, the province has decided that instead of raising the money through its greatly varied array of taxation potential and methods, it would rather see municipalities raise this same amount of money through a regressive property tax system.

And instead of making the Peter Pocklington of the world pay their fair share of the taxes for streets and roads and ambulance and public health services, those that can afford it, instead of them being made to pay their share, this government has decided to make property owners in Saskatchewan pay more.

What the government in a sense is doing is saying that it wants property taxes to increase in Saskatchewan so that it can pay down its deficit – and I use the word “its” deficit because it is the government's incompetence that has created the deficit that plagues this province.

Mr. Speaker, let me give you some facts about Saskatchewan property taxes. In 1968 Saskatchewan relied more heavily on property taxes than any other province in Canada. Between 1974 and 1981 the NDP lowered this to the point that Saskatchewan's reliance was lower than that of any other Canadian province. In 1980 property taxes represented 2.7 per cent of the gross domestic provincial product. By 1985 this had risen to 3.5 per cent of the gross domestic provincial product, and this is an increase, Mr. Speaker, a rise of 30 per cent.

By figures of the government's very own Local Government Finance Commission report, net Saskatchewan property taxes are now the third highest in Canada – the third highest in Canada. This, Mr. Speaker, at a time that the Minister of Finance, the Minister of

Finance boosts in his budget that personal income taxes are among the lowest in Canada.

So what we see here is a real contradiction: property taxes being among the highest in Canada; personal income taxes, if we are to believe the Minister of Finance – and that is another question entirely, Mr. Speaker – if we are to believe the Minister of Finance, personal income taxes being among the lowest in Canada. Yet here we see the contradiction, and here we see the ideology that's implicit in this Bill, Mr. Speaker.

Yet knowing all these facts, the government has decided to shift the tax burden even more through the use of regressive property taxes. And I want to explain, Mr. Speaker, that property taxes are regressive. The relationship between ability to pay of those who own property and pay taxes directly or those who rent and must pay taxes indirectly through their rent – the relationship between ability to pay and the taxes that must actually be paid is a spurious relationship. That is to say that there is very little relationship between the two, unlike supposedly more progressive forms of taxation where there is supposedly some relationship between how much money you make, therefore how much you can afford, therefore your ability to pay, and what you actually end up paying. In property taxes, that relationship is simply not there.

And I wonder, Mr. Speaker, if I might illustrate that with a brief example. And for example, let's take the Minister of Urban Affairs himself. And we know that the Minister of Urban Affairs lives at 3043 Carnegie Place in Regina. And we know from information which can be obtained publicly through real estate or from the city directly that the minister's taxes are \$2,320.16 this year.

On the other hand, Mr. Speaker, I contacted an elderly widow in my constituency, and she lives on Quebec Street. Her taxes, because her house is far more modest than the house and the property that the minister owns and pays taxes on — her house is far more modest, but her taxes are \$712.81 this year.

Now the minister will say, well there you go; the proof's in the pudding; I'm paying more taxes than she is, so therefore it's a fair system. But when we contrast that with ability to pay, Mr. Speaker, when we contrast the taxes paid with ability to pay, a different scenario presents itself. And if we take the minister and the amount of money that he makes each year, and I take *Estimates*; it's public information . . . the minister's salary as a cabinet minister and as a member of the Legislative Assembly, take those public facts – and I don't include any other income the minister may enjoy from sources outside of the government – but it seems to me that a reasonable estimate of the minister's income – and taking into account the number of sitting days and the like – a reasonable estimate of the minister's income is likely to be around \$68,000 this year, \$68,000. And again, Mr. Minister, I exclude from that, because I don't know, and neither is it my business to know, what other income the minister might derive from sources outside the legislature.

This widow, this elderly widow that I talked about earlier

on Quebec Street in Regina, her income is \$719 per month. And that's prorating things like the senior citizen's heritage grant for which she gets the maximum because her situation is not a wealthy one; in fact, it's close to a penurious one. But her income is \$719 per month.

When we start to compare the amount of taxes paid by the minister for his property and relate that to his income, and take the amount of taxes paid by the widow and relate that to her income, we get a situation where the minister is paying 3.4 per cent – 3.4 per cent – of his income on property taxes. But it's a different picture for this widow. Her taxes, her taxes are 5.9 per cent of her income.

(1445)

So this illustrates, Mr. Speaker, the fact that property taxes are regressive, that poor people, those of limited incomes, pay far more in property taxes than those who have access to higher incomes. When we talk about property taxes being regressive, we mean to say that people of limited incomes, of limited means, must pay relatively more in property taxes than those of higher incomes.

And again I want to emphasize the figures I talked about are those that are an estimate – and I think a reasonable one – of the income that the minister derives by virtue of being a member of the Assembly and by virtue of being a minister of the Crown, and again excludes other sources of income, which might be considerable, and again provide a very different picture, and provide an even clearer contrast of the regressive nature of property taxation.

And, Mr. Speaker, I guess the question is: how can the government defend this action and can defend this Bill to the unemployed and the single parents and the poor and the elderly of this province? And how can they defend this action when they're forcing people of limited incomes to pay increasingly – pay increasingly – for regressive property taxation?

I'd like to shift the focus at this time, Mr. Speaker, to what effect this Bill will have on local governments as opposed to the impact that it will have on property taxpayers, or taxpayers of the province *per se*. I want to at the outset, Mr. Speaker, commend urban municipalities, in fact all local governments, for their abilities to work in a very difficult situation.

In my travels around the province, and in my discussions with various councils, I have an impression of men and women who are creative, sensitive, intelligent, in dealing with a very difficult situation, in trying to grapple with the eternal see-saw of trying to provide effective services, yet to keep property taxes to a minimum.

But in the last five years the government has turned its back on a very strong relationship between municipalities and government in so far as revenue sharing is concerned. It has in the last five years ignored the funding formula that was there to give some stability to the revenue sharing pool, and the extent to which it was to be increased every year. As opposed to taking indices that were developed so that the pool could increase outside of the dictates of government, the

government decided to do away with that and arbitrarily – arbitrarily – increase the revenue sharing pool every year, and now this year arbitrarily deciding to decrease the revenue sharing pool.

You know, and on balance . . . if on balance you look at that – and the government might argue, yes, but the increases we gave would have been about the same as the increases that might have been arrived if those indices had been in place and those had been used to calculate how much the revenue-sharing pool should be increased by – even if those were the same, Mr. Speaker, I would argue that municipalities want, far more than anything else, far more than anything else, they want to know that the revenue sharing pool and the size of that pool will not be affected by the dictates and the vagaries of the government of the day, but will be dictated by true economic indices; and let those economic indices indicate what the revenue sharing pool will be, as opposed to the vagaries and the assurances and, I would think, the capriciousness of government, Mr. Speaker.

Mr. Speaker, municipal governments of this province ask that there be stability in the revenue sharing pool so that they have a clearer idea of what their funding might be in future years, as opposed to relying on the capriciousness of government. And I ask, Mr. Speaker, is it too much to ask from a government that purports to represent the interests of people, that it undertake to do so?

Obviously it is too much to ask because there has been no consideration and very little consultation with municipal governments. The minister on every occasion says he consults. But in saying that, I don't get any strong appreciation that he listens to anything of consequence that municipal governments might have to say. And I think this is more of a case that when the minister says he consults, that the minister speaks, listens to himself, tell municipalities that this is going to be the case, and says that's consultation. Well that's not consultation, Mr. Speaker, that's more like the rule of Louis XIV, using the divine right of kings.

And consultation implies to me a two-way street: that in addition to telling municipalities that this is the way it's going to be, that you also ask them sincerely and begin to respond to the concerns that they put forward.

And the question is: how fair is it, Mr. Speaker, to elected municipal politicians who are trying to manage competently, as opposed to the incompetence shown by this government; this government that has given no consistency at all to work with, and yet those municipal leaders struggle on.

We're in the midst of a crisis in Saskatchewan, and I think the minister is right on that point. He tries to give the impression that this is a crisis that to a complete extent has been forced upon us by forces from outside the province. I would say that it's a crisis that has been created by the mismanagement and incompetence of his government.

And now, in an attempt to get out of the mess that it has created, the government has decided to rob the taxpayers of Saskatchewan. But they don't have the guts to do it directly in this case. They don't have the guts to do it

directly, so instead they connive to steal the money from municipal governments and from property taxpayers, knowing full well that these municipal governments will be forced to impose more taxes on their residents.

And the minister might say, well it's his hope, and it's not a lot of money. It's not a lot of money, and therefore municipalities shouldn't have to increase taxes. I want to tell the minister that if that's his impression, that the minister really doesn't know very much about municipal government in Saskatchewan, that he has no appreciation for the kinds of things that municipalities have been doing in the last four or five years. That is to say that municipalities have progressively been trimming fat from their budgets, whatever fat there might have been, and that municipalities are lean, and are running the most cost-effective operation possible.

I might say, Mr. Speaker, this contrasts very favourably, very favourably with the government opposite, which, when we look at its patronage appointments, seems to be adding fat upon fat. The municipalities of Saskatchewan have been doing an incredibly good job in the last number of years trying to reduce expenditures, to keep taxes low, yet trying to maintain a reasonable level of services.

This Bill makes it harder for municipalities to do that. This Bill encourages municipalities to raise property taxes as a means of balancing the books. And I might add, Mr. Speaker, that municipalities are required by law to balance the books, to balance the budget. They, unlike the provincial government, cannot come in in deficit finance. They cannot at the outset of the year say that our expenditures are of a certain level, our revenues are significantly less, so therefore we're going to incur a deficit. Municipalities can't do that.

Every year – every year – they have to take into account the real costs of providing services to their citizens. Every year they have to take into account the real revenues that they realize from sources other than property taxes. And the difference in those has to be made up in property tax increases, or through property taxation, period. And that's the situation for municipalities, unlike the province.

Mr. Speaker, again, even though the amount involved is a small one, even though some municipalities might shrug and say that a 1 per cent cut in revenue sharing is perhaps not a great deal, although it has various effects because of another formula that came into place – even though some municipalities might say that, we will oppose this Bill very strongly because we perceive the government to be moving in a wrong-headed direction in pursuit of its own narrow, right-wing agenda, an agenda, again, that would take taxes from those . . . or to take tax revenues from those who are most able to afford it, and to shift it to those who are least able to afford it.

And to us, Mr. Speaker, that is an ideological commitment on the part of the government, and we oppose that. We oppose that, not only because we are philosophically opposed to that, but also, given any rule of fairness, given any rule of fairness by any honest, decent, caring government, that is simply not the way to go.

And it's for those reasons, Mr. Speaker, we will oppose this. I would advise you, Mr. Speaker, that I have more to say on this matter, and at this point beg leave to adjourn debate.

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

Debate adjourned.

### **Bill No. 23 – An Act to amend The Rural Municipality Act**

**Hon. Mr. Hardy:** — Thank you, Mr. Speaker. It's a pleasure for me today to rise on second reading of Bill No. 23, An Act to amend The Rural Municipality Act.

Mr. Speaker, this Act is necessary to enable the tied vote provision in The Rural Municipality Act to be changed. It's interesting to note that over the last many, many years, that if there was a tied vote with rural municipal councils, that they had to put the names in a hat and draw the name out of the hat to see who was going to be their elected representative. I don't believe that's very democratic, nor do I believe it should be that way.

**An. Hon. Member:** — You've got a 50-50 chance of getting the right guy.

**Hon. Mr. Hardy:** — Yes, well the member from Quill Lakes said it's a 50-50 chance. Well I believe, Mr. Speaker, that you, as a person running for elected office, should have at least that opportunity to have another election to decide who should in fact represent that district or that council as a reeve.

It was interesting to note . . . A few moments ago I heard the member from Victoria talking about councils and about mill rates and about how the lack of consultation with municipalities has not been there in the last few years. I believe that in this part of the Act that we're talking about consultation has been there. We've met with the municipal council; it's brought up at all the SARM (Saskatchewan Association of Rural Municipalities) conventions; it's been a request by the councils for many, many years to make these changes.

He also mentioned within the mill rate structure that there has been many changes made; in fact, he was talking about the increase in mill rates that has occurred because of increase in the tax structure, or the increase in costs and a lessening of revenue sharing.

I just thought I would just point out, Mr. Speaker, that over the last few years that the consultation, especially in the last two years that I can speak as Minister of Rural Development, and that is part of this urban Municipal Revenue Sharing Act that we're talking about, that in fact there has been a lot of consultation going on, and in fact most R.M.'s (rural municipalities) are . . . they're very much aware of what we have been doing with rural municipal sharing.

(1500)

I know, Mr. Speaker, it doesn't relate directly to whether we should change, and how they should vote, but it's very



important because it fits in with all the rural municipal councils, and how they act, and how they treat their representatives out there.

I just thought I'd mention also that over the last few years, in fact last year, I have met with about 140 R.M. councils, talking about this part of the Act, talking about revenue sharing, and talking about how councils should operate, and how they should . . . how we can make it better for them to run their municipality.

There was an interesting thing that I found out as I travelled around the province in the last few months and talked to many different R.M. councils, that this is one of the areas of concern; whether there should be changes made because a vote is coming up this fall. The other area that I . . . thing I noted was that in the rural municipalities only three increased their mill rates; 14 lowered their mill rates . . .

**Mr. Speaker:** — Order. Order. Order. Order. Order, please. I believe the hon. member realizes that his remarks are becoming somewhat wide-ranging and difficult to see how they have any direct bearing on the Act he is discussing, so I ask him to please confine his remarks to that Act.

**Hon. Mr. Hardy:** — Anyway, Mr. Speaker, thank you. I just want to mention that in event of a tied vote the returning officer draws the name out of a hat; that will be changed. This Act will in fact change that. Therefore, Mr. Speaker, I . . . The proposed amendment will ensure that the procedure is to void a tied election and conduct a new election.

Mr. Speaker, I would like to emphasize that it will be necessary for this amendment to proceed to prevent the possibility of a judge declaring one of the original tied candidates to be elected, as well as having a different candidate being declared elected by winning the new election.

With these comments, Mr. Speaker, I move second reading of Bill 23, An Act to amend The Rural Municipality Act.

**Mr. Koskie:** — Thank you very much, Mr. Speaker. I want to speak specifically to the amendments of the Bill. I thought the minister, either he doesn't get a chance to talk often or he thought he was in the throne speech when he got up to deliver his speech.

All I want to say, Mr. Speaker, is that it does in fact provide an amendment where, in the case in a municipal election two people running for the same office are tied with the number of votes, that rather than as previously the names were put in a hat and one name pulled out, that this provides that the election, if in the case of a tie, be voided and that a new election be provided. It also indicates that those who ran and came in as tie will automatically become candidates in the new election to be held unless they specifically withdraw. Well we have no problem with the amendments and accordingly we will be supporting the proposed amendments.

Motion agreed to, the Bill read a second time and referred

to a Committee of the Whole at the next sitting.

## Bill 27 – An Act to amend The Income Tax Act

**Hon. Mr. Lane:** — We've just indicated – as a courtesy to me, I have a meeting – that we're just going to change positions here. We've indicated to the member from Regina North West.

This Bill introduces policy measures announced in the budget. It also contains a number of technical amendments that have been requested by the federal government as part of our responsibilities under the Canada-Saskatchewan Tax Collection Agreement. The policy measures contained in this Bill are designed to make Saskatchewan's tax system fairer while permitting the generation of revenues that are required to finance necessary government priorities.

The continued reliance on the flat tax and the lowering of the basic provincial tax rate permits the province the ability to maintain relatively low marginal tax rates and improve the overall equity of the tax system. We are especially proud of our new personal tax reduction that protects low and middle income families. This Bill introduces the following personal income tax changes. First, basic provincial income tax which is determined as a percentage of basic federal tax will be accessed at 50 per cent of 1987 rather than 51 per cent currently slated in the Act.

Provincial income tax was first introduced, the flat tax was first introduced in 1985 to partially offset the implementation of the flat tax on net income. With the continuation of the flat tax in 1987, our government has chosen to extend the lower rate. The Bill also provides for the continuation of the flat tax on net income for 1987 at a rate of 1.5 per cent of net income. Our government introduced the flat tax because it is a fair and efficient tax, and we have chosen to continue it for these reasons.

A decision respecting the continuation of the flat tax and the basic provincial rate for 1988 and subsequent tax years will be made as a part of a broader review of the impact of the federal tax reform proposals on provincial residents and one the province's taxing authority. Fairness in the tax system requires not only that taxpayers share the tax burden but also that they share it according to their ability to pay.

This Bill introduces a new Saskatchewan tax reduction designed to assist low and middle income individuals. The reduction provides relief from provincial taxes on the basis of the tax filer's income and family situation. The new Saskatchewan tax reduction provides a basic sales tax reduction of \$200. The reduction is available to lower income tax filers and is intended to offset the impact of the increase in the education and health tax announced in the budget.

Our government has continuously recognized the important role in our province of home-makers. We are pleased once more to recognize their contribution by providing a new \$300 reduction which is available to tax filers supporting dependant spouses.

Our government also recognizes the hardship faced by many single parent families. To assist such families, Saskatchewan has now made available the same \$300 reduction to tax filers who are single parents, the only jurisdiction in Canada to make such provisions, Mr. Speaker.

The new reduction also permits a tax filer to claim a reduction of \$200 per child for dependant children. This is in recognition of the costs associated with raising children today. I would also like to point out that a single parent who claims a child under the \$300 reduction for the equivalent to a married exemption, is also entitled to claim a reduction of \$200 for that child.

Many senior citizens have lower incomes or fixed incomes and require some protection against increases in personal income tax rates. The Saskatchewan tax reduction recognizes this need by providing a new \$200 reduction for senior citizens.

The aggregate value of the components of the reduction is reduced as the tax filer's net income rises above \$10,000. This provision recognizes the need for maximum protection and assistance for low income tax filers, and provides diminishing assistance as the tax filer's ability to pay increases.

In total, Mr. Speaker, over 330,000 people will benefit from the reduction, at a cost of some \$51 million annually. For example, a family of four with a net income of \$20,000 will receive \$400 in tax relief. A single mother with two children with a net income of \$15,000 will receive \$650 in tax relief, and a married couple with a net income of \$17,000 will receive \$350 in tax relief.

Members opposite have urged that we increase corporate tax rates. Currently, provincial corporate tax rates are the highest in the country. To increase corporate tax rates could have discouraged businesses from establishing in the province at a time when our economy demands continued diversification. In effect, to increase our corporate rates at this time would likely result in a net decline of economic activity in the province, with the result that less, not more, tax revenues would be generated.

Our government also views the current state of the world commodity markets as an important reminder of the need to reduce a reliance on a commodity-based economy. Diversification will not only further insulate Saskatchewan against global economic uncertainties, it will provide new economic opportunities, new jobs, and an improved quality of life.

Diversification can only be achieved if Saskatchewan's corporate tax rates are competitive and if a climate exists which encourages business development. Our government has created that climate and will continue to encourage business development through programs like those offered through the economic diversification and investment fund.

Finally, this Bill introduces a number of technical amendments at the request of the federal government

under the terms of the Canada/Saskatchewan Tax Collection Agreement. These amendments will allow our Act to remain consistent with the federal law so that the taxpayer compliance is made as simple as possible. And I would be pleased to answer members' questions concerning these amendments during Committee of the Whole. I therefore move that An Act to amend The Income Tax Act be now read a second time.

**Mr. Solomon:** — Thank you, Mr. Speaker. I'm pleased to participate in the second reading of Bill 27, although the opposition will obviously not be supporting this Bill for a few reasons. One, that it is implicitly unfair. I couldn't believe my ears when the minister was getting up on his feet saying that this flat tax will mean, and I quote, "a tax system fairer" for people in this province.

Another quote that he indicated was that the flat tax, the one and a half per cent flat tax on income, will be a fair and efficient tax system for the people of Saskatchewan. And I sure would like to ask him a question as to who it is fairer for? It's obviously not fair for those people who have to pay it that are of middle or low income or of modest income that require those dollars for other purposes, for their family.

But we will oppose it, not only on the basis of it being unfair, Mr. Speaker, but we believe it's the wrong choice for attacking the deficit. It's the wrong choice for attacking the fastest growing deficit in North America that this government has put together and has been the author of. It's a wrong-headed approach, in our view, because it attacks people, as opposed to the problem. And the problem, of course, is the management and the individuals and, collectively, the cabinet in this government that has sunk us very deep into debt.

And as well, Mr. Speaker, the flat tax, Bill 27, doesn't resolve the credibility of the government; it doesn't resolve the incompetent management of the government, and finally, it really double-crosses the people of Saskatchewan in terms of their commitment to reduce taxes to the people of Saskatchewan, as opposed to what this Bill does — it increases taxes. And that, Mr. Speaker, very clearly, is a double-cross to the people of Saskatchewan.

The flat tax is going to bring in about \$150 million, and that's equal to about 12 basis points, and I'll get to that in a moment. But the problem we've got, Mr. Speaker, is that the government opposite is putting forward tax bills. They have put forward major tax increases to the people of Saskatchewan, totalling \$1,000 in provincial tax increases per family of four this year alone. That is an awful burden for people who are working on no increases in salaries, modest increases in salaries, that have . . . We have the highest cost of living in the entire country.

As of July, the cost of living in this province is at 6 per cent. The inflation index is at 6 per cent, yet settlements in the rural areas . . . Farmers and other workers are receiving either a negative increase, that is a decrease in salary, or hardly any increase. Certainly, I think, this tax grab on the Conservative government's part will add further injury to the families that are being affected.

Mr. Speaker, the deficit is now at \$3.4 billion, as more and more people are beginning to realize. It's the fastest growing deficit in all of North America. It totals about \$14,500 per family of four. It's about \$3,400 per person living or being born today in this province. That's the debt they are carrying. That's not the interest that we're paying, but the debt.

(1515)

And this tax bill, Mr. Speaker, is the provincial Conservative government's approach to getting that deficit under control, and I think it's highly unfair. I think what they should be doing is looking at other tax avenues. For example, a fairer tax system would be one which, rather than cutting taxes to oil companies, should be looking at oil companies' profits and taxing those at a higher rate than which they are being taxed. And they are not doing that because the oil companies are friends of theirs.

Mr. Speaker, I indicated that we won't be supporting it because it doesn't deal with the mismanagement of this province by this government. They are continuing to ignore the problems that they are the authors of, that they have been involved in creating through mismanagement, and instead they are bumping up the taxes to as many people in this province as possible.

They have failed to come to grips with their mismanagement tactics, and we can list them off, Mr. Speaker. I'm sure you know them and you've heard them before, but I will, for the record: the Pioneer Trust debacle in 1985; the Principal Trust affair now in '87; they've provided funds to Peter Pocklington to the tune of \$21 million; the \$250 million boondoggle at Weyerhaeuser; the Manalta Coal sell-off of our assets; the 10 cents on the dollar give-away of our highways equipment to American construction companies — people have not forgotten that, and as our highways deteriorate we're seeing a very serious effect of the give-away of that highway equipment; the \$1.5 billion foregone in oil royalties to those poor, struggling oil corporations like Exxon and Texaco and Shell.

And I could go on and on, but it also, Mr. Speaker, doesn't deal with the severe crippling problem of this government, and that is the massive amount of patronage that they have been doling out to their friends. I've never seen more Conservatives salivate at this deep and delicious pork-barrel as we are seeing now. And it's not a matter of just seeing them, Mr. Speaker; they're in effect being appointed, and as my colleague from Regina Victoria said, I believe, "fat upon fat" is where they're being appointed. And that really is a concern for people in this province.

As a result, Mr. Speaker, this Bill, this tax Bill does not deal with that approach to resolving the deficit. The minister, Mr. Speaker, has also indicated that the tax Bill is going to be fairly precise in saving some dollars, but more importantly for them, in raising a fair chunk of dollars — \$150 million alone from taxpayers in this province. And I don't know whether this Bill is going to materialize in the forecast that he has provided to us, but the government opposite, Mr. Speaker, has some very severe problems.

In the last five years they have provided budget deficit forecasts which have been so far out of whack that anything this government says with regard to fiscal responsibility or financial credibility has to be laughed at. It's just unbelievable, Mr. Speaker, and I have some examples.

For example, in '82-83 fiscal year, the deficit forecast is \$219 million; in effect it ended up being \$227 million. From '83 to '84, forecast figure was \$316 million; in fact, it was \$331 million. Mr. Speaker, '84-85, \$267 million forecast as a deficit but, in fact, it was \$379 million; '85-86, \$291 million forecast, but, in effect, \$584 million — almost 100 per cent out of whack in their estimates. And of course that was put to shame by the recent forecast, '86-87, \$389 million. And that was out by over 200 per cent; it was \$1.2 billion. And that is an example of the credibility of this government in terms of raising funds for taxes and figuring out where their expenditures are going. That's their approach to attacking the deficit which, in our view, is totally incomprehensible, incredible, and incompetent.

Mr. Speaker, we have other examples of mismanagement in cut-backs. They have made commitments and promises in their literature in the public view: forums, on television, radio, newspapers. You've heard and seen them all and, as a matter of fact, I believe that even you were part of that as a candidate in the last couple of elections. And of course, rather than carrying out these promises this government, Mr. Speaker, this government, rather than fulfilling the promises of tax decreases, they have increased taxes. And I'll get into the details on those in a minute.

But they have indicated in election campaigns that they are going to improve services, that they are going to provide increased funding for various programs for people, not to worry about our health care programs. And we have seen in this budget, Mr. Speaker, all of the double-crosses, all the double-crossing moves of this Conservative government, because they've done exactly the opposite of what they've promised. And I'll go into some of those examples in a moment.

But with respect to tax increases, they promised to decrease personal income tax by 10 per cent. And of course we see the flat tax being increased, which is not a 10 per cent decrease in our view or any one's view, Mr. Speaker. The flat tax increase to date has been a 12 basis point increase. So the minister gets up and say, oh, we're going to reduce the basis points, that is 51 per cent of the federal taxes payable — Saskatchewan taxpayers will pay — they're going to reduce that to 50 per cent. That's what he said just moments earlier. But in effect they've added the flat tax on, and rather than a 51 per cent down to 50 per cent, we see an increase from 50 per cent up to 62 per cent. That is a decrease? We'll have a little talk about that under another Bill, Mr. Speaker.

But I think in the dictionary the word "decrease" or to eliminate or to cut down or to phase out have a far opposite meaning, a far different meaning than what this government is putting forward to the people of Saskatchewan.

**An Hon. Member:** — The Minister of Finance can't count.

**Mr. Solomon:** — The Minister of Finance has had a very large problem in counting. He's achieving the reputation, Mr. Speaker, as being the "tax man" in this province, and I think that that is something that will have a very negative implication on him as a member of this Conservative government and for sure on the Conservative government when the next election rolls around.

The tax increases that have been . . . decreases that were promised, of course you've seen the PC used care sales tax put on. We've seen other tax increases — the elimination of the property improvement grant for farms and homes and small businesses and renters as well. We've seen the increase in the flat tax with this Bill by 50 per cent — from 1 per cent on net income to 1.5 per cent, and that's a very significant increase, Mr. Speaker. We've seen the sales tax increase from five to seven, and of course the gas tax and all of the other taxes.

But I think that that's a very serious problem for this government, Mr. Speaker, and very, very doubtful in terms of attacking a deficit when you've got all of this credibility problem, when you've got this ball and chain of inconsistency around your ankles. And you've got this reputation of making a commitment as a government, and people of this province knowing full well that your commitment and your statement is exactly the opposite of what you're saying.

And I wanted to share with the minister with a little scenario that I encountered over the last 10 days. I was in the constituency of Qu'Appelle-Lumsden and I was visiting with some people and these teenagers were doing a little singing. And the tune sounded very familiar, Mr. Speaker. As a matter of fact, it was the tune which many of you will recall, if you think back to the mid and late '60s.

And I said to these young people, I said, well what do you call that song? And they said, well we call that song "The Gary Lane Song." I said, you mean named after the Minister of Finance? And they said, well yes. It's actually called . . . it was taken from a Beatles song in the '60s called *The Tax Man*, written by George Harrison.

And the words to that song, which they paraphrased a bit, are right here, Mr. Speaker. I'd like to read this into the record, because I think it's pertinent to what's happening with respect to this Bill and the massive tax grab of the Conservative Party. And here it goes, and I quote:

Let me tell you how it will be:  
One for you, 19 for me.  
'Cause I'm the tax man.

Should 7 per cent appear too small,  
Be thankful I don't take it all.  
Because I'm the tax man.

If you drive a car, I will tax the street.  
If you try to sit, I will tax your seat.  
If you need some food, I will tax what you eat.  
If you try to walk, I will tax your feet.  
Cause I'm the tax man.

But don't ask me what I want it for,  
If you don't want to pay some more.  
Here is my advice for those who die:  
Declare the pennies on your eyes.  
I'm the tax man and you're working for no one but me.

And that's what we're faced with in this province, Mr. Speaker.

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

**Mr. Solomon:** — We have the young people in his constituency and we have people around this province calling the Minister of Finance and the Minister of Revenue, the member for Qu'Appelle-Lumsden, the tax man, and they know this tax man to be somebody who is not a friend of theirs.

He has both of his elbows into their pockets, taking the money that they're worked hard to feed their families and to buy the things that are necessary. And now he has the gall, as the Minister of Finance, and this government has the gall, to come into this House and raise the flat tax and other taxes, holus-bolus, without consultation with the people of Saskatchewan, and in clear contradiction of what they have made in terms of their commitments as a party during the election, prior to the election, and after the election — really an incredible story.

I'd like to just take a couple of minutes now, Mr. Speaker, to go over some of the things that some of the members from the government have indicated in the past. Sometimes members get carried away and make statements that may not be based on a lot of reasonable, solid ground, but I want to assure the members of this Assembly and the people of Saskatchewan that what I have said regarding the Conservative promises and commitments to reduce taxes is absolutely true.

But, in effect, with these Bills they have brought upon the largest tax grab in this province's history and they have hurt, in my view, thousands of families in this province from achieving what they have to achieve as families.

And I have here, Mr. Speaker, some photocopies, which are fairly accurate, of candidates who were running for the Conservative Party and many of them were elected. And I'll just go over a few of them. I see the member from Melville here. He says in his Progressive Conservative pamphlet that: "PC policies for good government." We will reduce "provincial income tax by 10 per cent" — the flat tax. The flat tax, Mr. Speaker, is a 24 per cent increase in personal income tax.

Now maybe this was . . . people might suspect that perhaps what I have just read is inaccurate, so what I did, Mr. Speaker, is I checked a few more candidates to see whether they were consistently right or whether I was invariably wrong, and what I found, Mr. Speaker, is that the member from Melville, who promised a 10 per cent reduction in personal income tax, who is now a member of a government that is introducing a 24 per cent increase in personal income tax, that maybe he was . . . there was a misprint in the newspaper or a misprint in his pamphlet.

So I checked the member from Kelsey-Tisdale who is here today, and he says in his pamphlet, and it says right here, I've got a copy for the cameras: we will "bring about a 10 per cent across the board cut in personal income taxes" – a 10 per cent cut in personal income taxes. Well maybe that shouldn't be believable either, but we have seen a 24 per cent increase in this one Bill alone in personal income taxes.

So I checked a few more members. The member from Maple Creek: "The Conservative alternative," she says; number one in her promises, "a 10 per cent across the board cut in personal income taxes." I don't know what that means, it must mean a 24 per cent increase in personal income taxes. Does it mean whatever they say, they are going to carry out the opposite? What does it mean, Mr. Speaker? It's a clear double-cross, Mr. Speaker, a clear betrayal of their word. When I was in university, we used to get lessons from our professors, Mr. Speaker, and one lesson that I learned very clearly was that a man's word is his bond. What we see here are man and woman after man and woman in the Conservative Party making a commitment in writing and breaking their word, not just breaking it, but slapping people in the face with a 24 per cent personal income tax increase, not a 10 per cent decrease.

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

**Mr. Solomon:** — That destroys, in my view, all the lessons that young people learn about keeping your word. What kind of society are we going to have, Mr. Speaker, if grown adults who are running for public office make a commitment in writing, verbally and in writing, to do one thing, and they do the opposite when they get elected? That is an opportunity for adults to provide leadership to young people? I'm disgusted with that, Mr. Speaker, and I'm sure many people around the province are.

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

(1530)

**Mr. Solomon:** — Well, the member for Melfort: "A Progressive Conservative government will," Mr. Speaker, "Provide a 10 per cent reduction in provincial income tax." And he goes on. And of course the member from Regina North does the same thing, who is now the member for Regina South. We have another member here, he's no longer with us, but he used to be the MLA for Regina North East, Mr. Sutor: "Provide a 10 per cent reduction in provincial income tax." Where is he today?

**An Hon. Member:** — He's got travel plans.

**Mr. Solomon:** — I understand he's got travel plans. Well I can understand full well why he should. At least he had some credibility, Mr. Speaker, because when he knew that he couldn't fulfil his word he left the province.

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

**Mr. Solomon:** — He wanted nothing to do with this government either, Mr. Speaker.

And I have another one here. It says – it's a newspaper ad

with a picture of a PC candidate who is now the MLA from Swift Current – it says: "Pat Smith, PC candidate," on this photocopy. And let me read the quote:

Is big government taxation taking more than a bite out of your pocketbook?

A Progressive Conservative government is dedicated to phasing out provincial sales tax and reducing personal income tax by 10 per cent.

Mr. Speaker, how can they sit in the government benches and have this information be reminded to them, and not stand up and speak in this debate and defend themselves?

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

**Mr. Solomon:** — Mr. Speaker, I challenge the members of the government, whether they're in cabinet or whether they're in the back benches, to stand up and either admit to the people of this province that your word has no bonds, that your word is not good, or to get up and say these photocopies are not accurate. Well, Mr. Speaker, we have the originals in our files, so I'd like them to get up and make some comments about that.

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

**Mr. Solomon:** — I have another one from the former member of Regina South, who is Mr. Paul Rousseau. And he says in his leaflet, Mr. Speaker, that we'll be "reducing personal income tax by 10 per cent" – reducing personal income tax by 10 per cent. Well that's really incredible, Mr. Speaker. Where is he today? He is one of the patronage appointments in England. He is now recipient of a major hand-out by this government. Because I'm sure, Mr. Speaker, that he, too, could not stand in this House another term and have this stuff brought to him and have proof provided to the people of this province that his statement and his word was not a bond – that it was broken the day he was elected.

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

**Mr. Solomon:** — I have a few more, Mr. Speaker. I have one from the member from Yorkton. And he says, right here he says:

Vote PC. This measure will be the first phase of a new P.C. government's commitment to the complete elimination of the sales tax in its first term of office in its commitment to ease the burden of inflation for Saskatchewan citizens.

Ease the burden of inflation. Right now we are paying \$3,000 per family of four in interest payments on the budget deficit alone. That's easing the burden, Mr. Speaker? That's all that money that's not available now to provide improved services and new programs that will benefit people.

Mr. Speaker, I have another one here, and this is the member from Saltcoats. I know he was anxious to hear what kind of position he should be, vis-à-vis his written name. And I'd like to inform and remind the member that right here, with his picture on it, and his name, and it

looks like him although the picture here has a cowboy hat on, and he says:

It's time for change. A PC government will reduce provincial income tax — a 10 per cent reduction in provincial income tax.

Whoops! This is the member from Saltcoats. He's still here and I'm sure the members in his constituency are saying: Mr. Member from Saltcoats, Mr. Johnson, you've said this; why are we getting a 24 per cent increase in our personal income tax rate? Why?

Will the member stand up and explain that? Will the member stand up and explain that to his constituents? How is he going to feel when come the next election and he goes to the voters and say . . . and they say to him, or he says to them: I want your support because, you know, my word is my bond. And they're going to say to the member: not any more; your word is in writing; you've broken your word; you can no longer be trusted.

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

**Mr. Solomon:** — You've double-crossed us — you and your colleagues have double-crossed us, and now you're going to get yours. They're not going to tell you to your face how they're going to vote. They're going to do it very silently, and they're going to do it very subtly and very subliminally, and they're going to do it at the ballot box. And I know personally from that experience.

Mr. Speaker, I have a few others here and won't take up much more time. But I want to raise one more with regard to the flat tax. And this of course is the member from Shellbrook-Torch River who is sitting there anxiously awaiting to see how many promises he broke and what kind of bonds that he no longer has with his constituents because he has broken his word.

And I have here, Mr. Speaker, a photocopy, and it says:

Dear Constituents:

The NDP is up to its usual election tricks of spreading lies about the PC Party policy. One would think that a party that has been in power as long as the NDP would be able to run on its record, even if it has no policy for Saskatchewan's future.

One of the negative NDP election ads says that the PC's will "cut" this and "slash" that.

The PCs certainly won't make any cuts in spending on Medicare. We will increase Medicare funding.

And he goes on, Mr. Speaker, and he gets into the personal income as well: but we will cut and slash the cost of living. That's what he commits to his constituents.

Now maybe he doesn't understand what cut and slash and decrease means, so I have again, Mr. Speaker, brought with me my dictionary. And I know that this is going to be very painful for the members opposite, but I

want to just maybe read some definitions of what reduction is. For example, they promised to reduce the flat tax or the personal income tax by 10 per cent. We have a 24 per cent increase.

And now in their literature they say, reduce, or reduction, and in the definition of the *Oxford* paperback dictionary which I have here, "reduction" says, "reducing or being reduced," the amount by which something is reduced, especially in price.

Now maybe they've got their own dictionary, Mr. Speaker, that has opposite meanings, but this meaning means that if they're going to reduce something that that figure is going to decline. It's going to go down. But in effect, Mr. Speaker, it's gone up. They haven't cut 10 per cent, it's gone up to 24 per cent. They indicate that they were going to remove things. They were going to remove the 5 per cent sales tax and other burdens. And I have a definition of "remove." And remove says, to "take off or away from the place occupied . . ." Now, "to get rid of," that's the other meaning, Mr. Speaker.

Now getting rid of the sales tax, and maybe it's not on the right topic, Mr. Speaker, but as an example, if they're going to get rid of it, why would they go from 5 per cent to 7 per cent and increase it by 40 per cent? That's a strange dictionary that they have.

Mr. Speaker, they indicated that they were going to phase out a lot of things. And I've got a definition of that; it just happens to be there. And of course "phase out" the sales tax — that was their commitment.

**Mr. Speaker:** — Order, please. We're talking about The Income Tax Act, not the sales tax.

**Mr. Solomon:** — I appreciate your getting me back on the beam, Mr. Speaker. But I have here a definition of "commitment". This government and these candidates opposite talked about commitments, that their word was their bond: you vote for me and my party, and I will commit to you that I'm going to reduce the personal income tax rate by 10 per cent. Well, Mr. Speaker, the dictionary of the same title defines "commitment" as:

"... the state of being involved in an obligation, an obligation or a pledge," Mr. Speaker.

If that's an obligation to the people of Saskatchewan, a pledge to the people of Saskatchewan, they have clearly broken it.

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

**Mr. Solomon:** — Some of the ads, Mr. Speaker, said that: we will promise to reduce personal income tax by 10 per cent. So I looked up the word "promise" because obviously I thought when you promise something that if the person or somebody reciprocated that you have to carry out the promise. But maybe this didn't fit well with them, and they've neglected or forgot about the meaning. So, Mr. Speaker, in the dictionary it says, "promise:"

a declaration that one will give or do, or not to do a certain thing; an indication of something that may

be expected to come or occur.

And, Mr. Speaker, I would invite the members opposite, when they get up and speak on this Bill, to bring forward their dictionaries and read the meanings to us of all of these commitments that they've made, because whatever they have promised to do, whatever they have committed to do, whatever they have indicated or stated in writing or verbally to do, they have done the opposite.

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

**Mr. Solomon:** — Mr. Speaker, I believe that this government is on its last ropes, and I could go on. I've got a number of other things . .

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

**Mr. Solomon:** — But they have made promises, Mr. Speaker. They have broken every promise that they made. They've promised fiscal responsibility. They have delivered fiscal irresponsibility.

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

**Mr. Solomon:** — They preach restraint to the people of this province, yet they practise unrestrained spending and patronage, Mr. Speaker. They promised the people of this province, Mr. Speaker, good government, and what they've delivered is a shambles. You're a laughing stock.

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

**Mr. Solomon:** — They are the laughing stock government of this country right now, Mr. Speaker.

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

**Mr. Solomon:** — They promised, Mr. Speaker, improved services. And what we've received is we've received cut-backs second to none in the province of Canada.

Finally, Mr. Speaker, they have promised lower taxes, as I've just indicated, as they have indicated through their own written word. And they have delivered not tax decreases, Mr. Speaker, but they have delivered massive tax increases unprecedented in the history of this country.

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

**Mr. Solomon:** — And in the final analysis, Mr. Speaker, the people of Saskatchewan will judge who has been double-crossed. They will judge who has double-crossed who. And when that decision is decided by the people of Saskatchewan, when they come to that conclusion, I can assure you that the members opposite will not be returning as a government after the next election.

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

**Ms. Simard:** — Mr. Speaker, I want to speak on this Bill which increases the flat tax to one and a half per cent — the unfair flat tax that was levied on the people of Saskatchewan by the PC government. This tax is a very unfair tax, Mr. Speaker, because it basically is a tax on the middle class and lower income people. And it's unfair for

that reason.

The PC government attempted to sell this tax on the basis that it was a tax on the rich, but that was a misrepresentation of what the tax actually did, and actually represented to the people of Saskatchewan — a gross misrepresentation, Mr. Speaker, because wealthy investors are still able to deduct many of their investments before they pay the flat tax. But a family with an ordinary income cannot deduct its individual benefits, the individual deductions, before paying the flat tax, and I say that's unfair, Mr. Speaker, very unfair.

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

**Ms. Simard:** — As a result what has happened is that middle income people in Saskatchewan are paying an unprecedented rate of taxes under the PC regime of government and they're very, very heavy taxes, Mr. Speaker, unprecedented in this province. And they're doing this, Mr. Speaker, in spite of all the promises that they made during the election — and the member from Regina North West went into many of those promises, and I might add that the Premier was also a part of those promises.

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

**Ms. Simard:** — And I have an ad today that talks about his commitment to reduce taxes in this province, and the fact that the PC government repeatedly said in the '82 election it would reduce income tax by 10 per cent — reduce income tax by 10 per cent. But what has it done, Mr. Speaker? It's increased income tax, and it's levied an unfair flat tax on the people of Saskatchewan. Another individual who referred to the 10 per cent reduction on income tax was the former member of Regina Lakeview. And let me tell you, Mr. Speaker, the people of Regina Lakeview remembered that when I was campaigning in the election.

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

**Ms. Simard:** — And they remembered the broken PC promises and the fact this government reneged on its promises to reduce income tax, and got elected in 1982 on such promises. They remembered that, Mr. Speaker.

(1545)

There were a number of other measures that this government attempted to introduce which showed its propensity to break one promise after the other. The used car sales tax — let's just think about the used car sales tax, this unfair, used car sales tax that was levied on the people of the province of Saskatchewan.

**Mr. Speaker:** — Order, please. I know that the member would like to give a speech on many different issues which may or may not be related to this topic. The issue she just brought up is not directly related, and therefore I would ask her to refrain from it.

**Mr. Brockelbank:** — The point of order being this, Mr. Speaker. I listened to the member very carefully, and what I heard the member saying is that this is not an

isolated case of tax increases and broken promises. But there is a whole array of broken promises on tax cuts – in fact, tax increases. The member is making an argument on that basis. I think a member is allowed to bring supporting evidence to the issue that is before this House at this time. And in my view, Mr. Speaker, that's what the member was doing, was supporting the case, saying it's not a single issue.

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

**Mr. Speaker:** — I have listened to the point of order carefully and I noted the member's argument. The members may attempt in their own way to try to bring in supporting evidence to support what they believe is their case; however, if we allowed that to happen, there would be almost a limitless amount of evidence that could conceivably be brought in. And therefore, no doubt much of that would not be on topic, and I rule that a wide ranging discussion on taxation is not on the topic.

**Ms. Simard:** — Mr. Speaker, I agree with you. There is a limitless amount of evidence that could be brought in on the tax increases of this government of one form or another. We can look at numerous tax increases, and not just tax increases, Mr. Speaker, but a transfer of the tax burden from the government to municipalities. That's another type of tax increase, Mr. Speaker.

We can look at the cut-back in programs like the property improvement grant. We can look at the gas tax, the increase in gas tax. We can look at the increase in sales tax. And the evidence is just limitless, and I agree with you whole-heartedly, Mr. Speaker. I will accept your ruling; however, I think it is very relevant because it's a pattern that this government has displayed, a pattern of taxing people in every niche and corner that it's possible to tax people. If there's a way of taxing people, they've found it; they'll do it – they'll do it. You can't believe them, Mr. Speaker. They come in with big promises about eliminating gas tax, eliminating sales taxes, reducing income tax by 10 per cent. You can't believe them, Mr. Speaker. They have absolutely no credibility on the issue of income tax – absolutely no credibility.

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

**Ms. Simard:** — They double-crossed the people, Mr. Speaker. They double-crossed the people. And why are they doing this? Why are they double-crossing the people? They're double-crossing it because they're now asking the people of the province of Saskatchewan to pay for their mismanagement and their incompetence.

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

**Ms. Simard:** — Their mismanagement and their incompetence which is evidenced by a \$3.4 billion deficit in this province today, Mr. Speaker. And they should be ashamed of that. We're being asked now, the people of Saskatchewan are being asked, to pay for their give-aways, their huge give-aways to corporations like Pocklington and Weyerhaeuser. We're being asked to pay for their incompetence on the fire sale prices that they sold our highways equipment at. We're being asked to pay for the \$1.5 billion give-away to large out of province

oil corporations, and for the numerous patronage appointments that this government has engaged in. Now the ordinary taxpayer of Saskatchewan is being asked to pay for that, Mr. Speaker, not to mention the \$17 million advertising budget of this government.

This government started off with a surplus, Mr. Speaker, according to their own accounting. They started off with something like – I think it was, if my memory is accurate – something like a \$150 million surplus. And in something like five or six years they've had . . . in five years, I believe, they've introduced six deficit budgets, notwithstanding the fact that they started out with a surplus. And that, Mr. Speaker, is evidence of their incompetence and their mismanagement.

And not only have we had higher tax increases, but we've had cuts in services – cuts in services, a reduction in services, Mr. Speaker, a substantial reduction in services, and a transfer of the tax burden to municipalities.

Another thing that's happened this summer which is very shocking is the fact that the consumer price index jumped by 2.5 per cent in Saskatoon, and 2.3, I believe, in Regina from June to July – a 2.5 per cent jump, when the national rate was something like 0.7 per cent. And that tells you something about what's happening in this province, Mr. Speaker. There's no question that the introduction of this increase in the flat tax is a tax on the people of this province for the mismanagement by this government.

So that leaves us with several conclusions that can be drawn about the PC government. There is absolutely no question that they are prepared to introduce unfair taxes, such as the unfair flat tax that taxes middle income people and lower income people and doesn't deal with the fact that many wealthy investors are getting away with paying very little tax. It doesn't really deal with that problem, Mr. Speaker. And this government is prepared to go ahead and nevertheless, in spite of the fact that this tax is unfair, to increase it yet again this year.

And it's prepared to say anything, Mr. Speaker. It's prepared to make any promises it wants in order to get elected, prepared to say anything, but it's not prepared to deliver on its promises. Oh no, it's not prepared to deliver. It's perfectly satisfied with itself when it introduces taxes such as this and double-crosses the people of Saskatchewan.

As well, this government's prepared to wallow in patronage appointments and airplane flights to Edmonton or Calgary, for example, all at the expense of the taxpayers of this province. And it's the taxpayers that are paying for these patronage appointments, for these airplane flights, for these huge give-aways to friends of the PC Party. It's the taxpayers that are paying for it.

And for them to take a province, a have province with \$150 million surplus in the treasury, and make it into a have-not province, Mr. Speaker, is evidence of the fact that the PC government is totally incompetent and has totally mismanaged the resources and the funds of the people of the province of Saskatchewan.



This is a great province. We've got plentiful resources. We've got people who are very resourceful. We have people who are hard-working; people who know how to balance budgets and want to make things meet; people who want to see this province reach its full potential and be the great province that it can be.

But what's happening? We've got a government over there that's totally incompetent, has mismanaged the provincial treasury to the tune of a \$3.4 billion deficit and who's prepared to put the responsibility for that deficit on the taxpayers of this province. And I believe, Mr. Speaker, I believe that history is going to show that this government was the worst government that Saskatchewan has ever had.

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

**Ms. Simard:** — And the people of the province of Saskatchewan, Mr. Speaker, are not going to tolerate this unfairness any longer, and they're not going to tolerate the mismanagement of this government any longer. And we will see the results of that when this government screws up the courage to call the by-election in Saskatoon. And when they can screw up the courage to do that, we'll see how the people of Saskatchewan feel, Mr. Speaker.

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

**Mr. Kowalsky:** — Well, Mr. Speaker, I paused for a moment before I stood, in anticipation, hoping that perhaps there was a government member here that would like to defend this particular tax Bill.

**An Hon. Member:** — Where are they?

**Mr. Kowalsky:** — And we're looking for them. They're sitting here, and they're sitting silent, Mr. Speaker. And I think it's quite indicative of just how embarrassed they are about this thing that they don't want to stand up and speak about it.

I want to spend a few minutes today talking about how it affects the average wage-earner, Mr. Speaker. And I notice that of the members opposite, there are people there who I believe did earn a wage at one time, or were wage-earners rather than entrepreneurs. The member from Regina Wascana, I may be mistaken, but I believe was a wage-earner. I think he would know about that. The member from Saskatoon Mayfair was certainly a wage-earner. I'm certain that he has dished out an extra two or three or \$400 as a result of this flat tax. I believe the member from Rosthern, as well, has felt the effects of this flat tax in the same way that I have, perhaps to the tune of two or three, \$400 a year.

Mr. Speaker, when this idea of the flat tax was introduced, we heard them use the word "reform." There was going to be tax reform. Now if you're going to reform something, that means you're going to substitute, pull taxes somewhere and charge them on somewhere else. It's not just a matter of adding taxes, it's a matter of reducing taxes somewhere. But to the PC government, just like to their cohorts in Ottawa, tax reform simply means another way to gouge the public.

Now I want to talk about, very briefly, about how the average middle-income family earning a wage is hit. I'm talking about wage-earners in the range of 20,000 to 40,000 gross. All you have to do is go and ask somebody who is in that category, ask somebody who has been in Saskatchewan, who's had his — particularly if they're with the civil service — ask them, those people who had their wages frozen, and ask them what's happened to their take-home pay over the last two or three years. Ask them if any of them have take-home pay that's greater than it was a year ago, or two years ago, unless of course they have an increment or perhaps have changed jobs. But in most cases, in most cases and even with increments, they will tell you that they are taking home \$50 less, \$100 less, in some cases 150 to \$200 less a month. And a lot of that is due to the tax grab by this government and by the federal government.

Now, Mr. Speaker, in Saskatchewan people have been used to paying for services and, as a general rule of thumb, I think do not mind paying taxes for services received. I think, as a general rule of thumb, people have generally felt that if there's a service to be paid for, they're prepared to pay it. As a matter of fact, there are parents right now who are thinking of asking their local school boards to raise the mill rate so they can bus students within cities because they like that service to be provided, Mr. Speaker.

But what they don't like is: they don't like to have to pay increased taxes when the services are going down. That's the shocking thing. They don't like it. They don't like it when they see that their taxes are going up and the services in education are going down. The services in post-secondary education are going down. The services in health are going down. The dental plan is being cancelled. And instead they're seeing pay-offs, political pay-offs. And while this is happening, they're asked to pay higher property taxes because that's happening at the same time. And they're thinking well, look, I have to do this because the government is mismanaged, and what I have to do is I have to sacrifice something that I've been working for for my family. That's the first effect, Mr. Speaker, that's the first effect on the wage-earner, that they feel they have to sacrifice on behalf of their family.

The second effect of this particular tax increase, Mr. Speaker, is that it's a betrayal — a betrayal of promises. Now my colleague from Regina North West has indicated several of these, and I want to repeat them because I think it's important. I will, instead of repeating the ones that he mentioned, I'll add a couple more, because this was a program, a part of the platform of the PC Party in 1982.

(1600)

And I have here pictured before me a handsome individual, a former member from Saskatoon. It says here: "Schoenhals for Saskatoon Sutherland." And right in the middle of his campaign platform it says: "reduce the provincial income tax by 10 per cent." That's one of his big promises. And what have we got here? Exactly the opposite.

We have one here, another pamphlet — no picture this

time – but it's from a member from Regina, Gordon Dirks, a former member of the government, and once again exactly the same statement. "A commitment to the people of Rosemont. Sensible taxation – reduce personal income tax by 10 per cent."

Here's one, a picture of the handsome member from Redberry. It says here underneath: "Savings to you in other . . ." Here's how the people of Redberry were led to believe that they would be saving money. It says here: "by a 10 per cent reduction in personal income tax."

Now I could go on and on, Mr. Speaker. There were 64 candidates, and 64 times this was repeated. Here's one from a member who sits in the government opposite right now. There's a picture of a family here. It says underneath here: "Man of achievement – Michael Hopfner. A Progressive Conservative government will" – will do what? – "provide a 10 per cent reduction in Provincial Income Tax."

**An Hon. Member:** — Where is it?

**Mr. Kowalsky:** — Well we're waiting for that reduction. We're waiting for that reduction. And, Mr. Speaker, there's one here that sums it all up, and there's a picture of the Premier with his commitment right on the campaign literature. And right here in his commitment he says: "The measure . . ." The headline is "Eliminate the 5 per cent sales tax on clothing and utility bills."

And he says he has a commitment to "the complete elimination of sales tax in its first term of office . . ." Another betrayal and that's right from the leader.

A little piece of information that all of the members opposite had in their back pockets to wonder how they should campaign, and it's titled *Pocket Politics*. It's a quick reference for PC policy, or on PC policy for candidates. Here's what they were told to say about fighting inflation. You should tell them that the – those are my words "you should tell them" – but it says here:

A PC government would battle inflation by:

(by doing what?) . . . a 10 per cent reduction in personal income tax.

Well, Mr. Speaker, that is the record. That is the record, and it's an unfortunate record for the members opposite. I spoke, Mr. Speaker, about two things, two effects that this is having on the average wage-earner. First effect is that it's causing the average wage-earner to sacrifice things that he ordinarily wouldn't have to have had; and the second is, the effect of the broken promise; the effect of the double-cross; the effect it has on the mind-set of the people that here was a government that said they were going to reduce taxes and they're increasing them.

And this is not the only tax that this government has increased. And you can list them, and I have some here, Mr. Speaker, that I would like to read into the record. In addition to this tax, we've had the used car tax – the now defunct used car tax which the government had to rescind as a result of the public pressure. We know that people felt a great tax increase when the property improvement

grant which was initiated by the former NDP government, used to be paid to them in help with their property taxation for farms, for homes; renters used to get this, and so did small business men.

And, of course, the betrayal this year in the budget of adding the 7 per cent sales tax increase and the more recent gas tax, the 7 cent per litre gas tax, which is a complete debacle because how are people supposed to keep track of this. And I don't know how the government is ever going to keep track of it.

Well, Mr. Speaker, I – for the reasons that I have mentioned – want to indicate to you that there is no way that the people of Saskatchewan want us to vote for this Bill. And on that grounds I will not be voting in favour of this Bill.

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

**Mr. Koskie:** — Thank you very much, Mr. Speaker. I want to join with my colleagues this afternoon to address the question that's before the House here today – the question of ever-increasing taxation burden on the people of Saskatchewan.

I want to also comment, Mr. Speaker, that if the members opposite were proud of their record, they'd be entering this debate. They'd be defending their mismanagement. They would be defending the deficit that they have displayed to the people of Saskatchewan. I want to say that this government has given us three things – three, in fact, four things – all of the worst possible consequences that have developed as a result of this government.

First of all, that we have a massive deficit, as has been mentioned — \$3.4 billion laid on the backs of this generation and future generations. Coupled with that, not only do we have a massive deficit after the last election, now we see the devastating cuts in the safety net that we had developed and had become a tradition in the province of Saskatchewan. They have massively cut the drug program, and they have decimated the dental program. And there's more to come, Mr. Speaker.

Thirdly, not only do we have a deficit, not only do we have cuts in programs, but we have massive increases in taxes. Now isn't that a tremendous legacy that any government should offer to its people? Massive deficit, massive cuts in programs, and huge and massive increases in taxes. Now that is a record that any government should be ashamed of.

And I'll tell you, the people of Saskatchewan – you read the polls – they're on to those boys over there. They deceived the people during the last campaign, and they went around Saskatchewan and tried to make people believe that everything was fine.

"We're building Saskatchewan." Yes. They were spending massive amounts of money irresponsibly, and they had the hidden agenda that once they were elected that there was going to be cuts and increased taxes.

Across this province, Mr. Speaker, there is a new awareness by people. In 1982 one of the slickest

campaigns was launched by the government opposite. And many young people across this province didn't have the experience of deficit and mismanagement and waste. And many people, and many people – many young people – indeed, many people of many walks of life believed in what they were saying and the campaign promises that they made.

And I want to say that there's a change in society today. The people of Saskatchewan are saying: this is an incompetent government; this is a deceitful government; this is a government of waste and mismanagement.

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

**Mr. Koskie:** — I want to relate to this legislature my conversation with a young person when I went to buy my insurance the other day – car insurance. And when she recognized who I was – and many people across the province do – and I want to say, when we were discussing with this business man, and she was an employee, and the business man was excited about the New Democratic Party leadership and how we were going to develop and form the next government. And he was interested in this. And she said to me, oh, I know who you are – that was the one few that didn't know immediately – but she said, she said to me, she said, I remember discussing whether I should vote for this government, this Tory government. And she said, you know, I'm going to have to bite my lip. She said, I made a very big mistake.

She said – and I said to her, I said, I forgive you. I said, you were a young person; they promised you everything under the sun. I said, you didn't have experience like many of the rest of us in respect to Tory governments because we hadn't had one for 50 years in Saskatchewan; how would you know what to expect?

But she said to me, she said, never again will I vote for the deception, the mismanagement, the waste, and the broken promises.

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

**Mr. Koskie:** — Here we have before us an increase in the flat tax. The total flat tax increase is 1.5 per cent on net income. That adds up to somewhere in the neighbourhood of \$150 million that they're socking it to the people of this province — \$150 million of increased taxes. But not only that, they destroyed the property improvement grant, which was \$83 million, which was sent back to the taxpayers of Saskatchewan.

Hundreds of millions of dollars of increase in taxation has been the legacy of the government opposite. And I say to you, Mr. Speaker, the people of Saskatchewan, there's an old saying that you can fool some of the people some of the time, but you can't fool all of the people all of the time. And I'll tell you, the polls in Saskatchewan are indicating that the game is up with you boys across the way.

I say to you, Mr. Speaker, the Minister of Finance – and I want to give just a little bit of a record of the financial record of this government opposite – the financial record of this government. They came in in 1982 with

\$140 million of surplus. And in 1982-83, deficit forecast \$219 million, actual 227 – fairly reasonable. 1983-84, 316 million was the forecast of deficit – came in with 331; '84-85, 267 million and they came in with 379 million; in '85-86, 291 – getting closer to an election – and they jumped it to 584. And then, in order to get themselves elected the last time in '86, they forecast a deficit of \$389 million. And do you know what they brought in? — \$1.235 billion — \$1.3 billion is the debt, the deficit that this government . . . in order to get elected.

So what they have done is shown a total unadulterated disregard and respect for the integrity and the hard work and the dedication of the small-business people, the farmers, the workers of this province. They have exploited their trust, and they have raked upon them and heaped upon them just an absolutely terrible mess, a mess that each and every one of you should be ashamed of.

I want to also indicate, the Minister of Finance gets up and he says, overall our taxation is the lowest in Canada. Well I want to read from their gospel.

**An Hon. Member:** — Their gospel according to whom?

(1615)

**Mr. Koskie:** — The gospel according to the Fraser Institute, rapidly being adopted by the right-wing members opposite. And in the Fraser Institute they do a taxes on average family by province – 1987. They indicate that Manitoba has income tax for an average family of 5,095; Saskatchewan, 5,132; Manitoba – New Democratic government with more social programs than here and a lower tax base, according to the Fraser Institute, my friend, and you must believe the Fraser Institute; after all they're writing your gospel for privatization. You've got to believe in the Fraser Institute.

And then if you take the taxes on the average family by provinces, total taxes, and they go into all the excise taxes, sales taxes, automobile, fuel, motor vehicle, licence taxes, and so on, we find that again in Manitoba the total taxes is \$14,210. In Saskatchewan, when you look at all the taxes paid by the average family, is 14,477.

And so I say to you here, the people of this province are sick and tired of deceit, of waste, of mismanagement, of wrong priorities. The people of Saskatchewan and the farmers and the people in my constituency are saying: this government cannot manage; this government does not deserve. And, in fact, the people that I talked to say, is there any way of getting rid of this government without having to wait the three or four years?

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

**Mr. Koskie:** — So in conclusion, Mr. Speaker, I want to say that this government then, again, has given us three things: a massive deficit, cuts – unmerciful cuts in programs, and massive increases in taxation.

And moreover, not only have they done that, they have sold off many of the assets that were owned by the people of this province and have squandered the revenue from

the sale of those assets. And I say to you, Mr. Speaker, not only have we the huge deficit but they have taken dividends from the Potash Corporation of Saskatchewan to finance their operation; they have sold off coal mines, and that money is gone; they've sold off highway equipment and that money is gone; and they've sold off or given away Weyerhaeuser, the pulp mill, and that's gone.

So look at the incredible state that we're looking at here in Saskatchewan under this PC government — the most unmanageable massiveness of debt, and now they're cutting services to the weakest citizens in our society. That's what they're doing.

Today we demonstrated with the crisis centre in Yorkton . . .

**Mr. Speaker:** — Order, please. The member is bringing up many issues, and that's his right if he can relate it to the Act being discussed. If he can relate it to that, well then he can continue.

**Mr. Koskie:** — Yes, I certainly . . . There's a correlation. What we are having here, I'll tell you, Mr. Speaker, a demonstration of total incompetence and mismanagement. And I'll tell you, it rests with the Premier of this province; that's where the buck has to stop.

I'll tell you that he is a Minister of Finance. Ask yourself: would any business corporation keep a Minister of Finance or chief executive officer that couldn't make a prediction of deficit within \$800 million? And now he comes into this House, and he's still the Minister of Finance, and he's heaping more taxes on top of the people of Saskatchewan.

And so I say to you, Mr. Speaker, in summary, and I know that the people of Saskatchewan are saying: here we have a government that has betrayed people; they promised cut in income tax. And look through your brochures and hang your heads, because you said it. And today we see \$150 million of increase in taxes, heaped on the backs of the people of Saskatchewan.

And I'll tell you, I'll tell you, you may have tried to buy an election, and you had to creep down to Ottawa to get bailed out, but I'll say to you here that the increases in taxation, the cuts, and the deficit, I'll tell you, you're doomed. And so I say to you, Mr. Speaker, we're not going to be supporting — we're not going to be supporting. And they're starting to chirp, but I wish they'd get on their feet and defend, defend the massive increases.

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

**Mr. Koskie:** — No, they won't. I challenge the member from Saskatoon Mayfair, that formerly from Quill Lakes, that has travelled the province finding a seat to get elected.

But I say to you, Mr. Speaker, in closing, that we are not intending to support a tax increase because of a lack of priorities of this government, because this government has betrayed the people of this province. And I say to you,

Mr. Speaker, the people of Saskatchewan are sick and tired of being gouged by the members opposite.

I want to say a great deal more, and so therefore, Mr. Speaker, I beg leave to adjourn debate.

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

Debate adjourned.

## **Bill No. 24 — An Act to amend The Controverted Municipal Elections Act**

**Hon. Mr. Hardy:** — Thank you, Mr. Speaker. After listening to the member from Quill Lakes for quite a while here, I'm not quite sure how you should introduce any Bill.

In regards to Bill No. 24, An Act to amend The Controverted Municipal Elections Act, it has only one purpose. I mentioned earlier on Bill 23 some of the purposes of the Act. This here now will remove from statute the requirements of the Act itself, of that portion of the Act.

Rural municipal councils have requested on several occasions to change the present method of breaking tied votes for members of council. For many years, the returning officer, when two candidates for council receive an equal number of votes, places the names in a hat or a container and draws a name out of the hat, and that's the successful candidate. In one municipality last year, Mr. Speaker, three candidates for reeve received the same number of votes. The reeve was elected by this manner. Almost every year one member of a rural municipality is elected in this manner.

This request of the rural municipality councillors has the support of the Saskatchewan Association of Rural Municipalities, and at least on two resolutions has suggested the proposed changes that's contained in Bill No. 23, which would require these new elections in rural municipalities where polling results in an equal number of votes being cast by the candidates.

Elections are not final, however, until after a re-count of votes and/or proceedings under The Controverted Municipal Elections Act, if any has been concluded, re-counts must be requested within 14 days.

Councils are not adverse to waiting for that period to lapse before proceeding with a subsequent election in the event of a tied vote. Proceedings under The Controverted Municipal Elections Act can be commenced at any time up to six weeks after the election, or at a later time, with the consent of a presiding judge.

This delay would prevent holding the subsequent elections for at least two months. Without this proposed amendment or a two-month delay, it is possible the judge could declare one of the tied candidates in the original election to be elected, when another candidate for the same office has been elected at the subsequent election. I agree, such a possibility is remote, but it could place both the elected candidates in an untenable position.

This amendment will prevent that possibility and prevent the voters of the division or the rural municipality to make the final election for council.

With that I move second reading of a Bill No. 24, An Act to amend The Controverted Municipal Elections Act.

**Mr. Koskie:** — I want only to make a brief comment here, Mr. Speaker. We have dealt with The Rural Municipality Act which, in fact, the minister indicated dealt with in the event of a tie in a municipal election. And the Bill 24, what it merely does is to make that applicable to The Controverted Municipal Elections Act, and we are in agreement with that. It wouldn't make sense to have it in the . . . to amend the municipal Act — The Rural Municipality Act and not into the other applicable Act, so we are in agreement with that, Mr. Speaker.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

## ADJOURNED DEBATES

### SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 17 — **An Act to amend The Corporation Capital Tax Act** be now read a second time.

**Mr. Solomon:** — Thank you, Mr. Speaker. I'd like to just resume some of the comments that I started on the second reading. And I'd just like to indicate to the House that this is another effort on the part of the Conservative government opposite to increase taxes and to attack the deficit from the wrong perspective. Rather than grab their mismanagement and get it under control, and harness their patronage appointments, and look at all of the other fiscal irresponsible things they've done, they've instead opted to increase taxes and in this particular case, increase taxes on some corporations in the province.

And interesting, Mr. Speaker, that they are doing this because they have mismanaged the economy to the point where many corporations they have given tens and, in fact, hundreds of millions of dollars of assets that were property of the people of Saskatchewan. For example, the Weyerhaeuser deal which was . . . the PAPCO (Prince Albert Pulp Company) was provided to Weyerhaeuser, and that cost the taxpayers around \$250 million; the \$21 million to the Pocklington plant up in North Battleford and . . .

Basically, Mr. Speaker, what they've done is that they've, on the one hand, fed their friends, their multinational corporate friends, as well as providing tax cuts to the oil companies; but on the other hand, what they're doing, Mr. Speaker, is they're slapping some of their friends' knuckles, and they're looking at taking some more tax money from them.

And I have, Mr. Speaker, right here a copy of an article out of the *Leader-Post* dated Friday, August 14, and it basically reaffirms what this government is doing. They have alienated all people in this province that deal with the drug plan. They've alienated, Mr. Deputy Speaker, all

families that have had successes with the dental plan, that have used the dental plan. They have alienated, Mr. Speaker, all of the people in this province with respect to wage-earners, and farmers, and others, and the only friends they had left were the multinationals and the corporations, and with this Bill, Mr. Deputy Speaker, they have slapped the faces of their friends.

And in this article which refers to this Bill 17, The Corporation Capital Tax Act, the Royal Bank as a result, or partial result of this Bill, are making some major decisions regarding the province of Saskatchewan; other banks as well, the Toronto Dominion Bank and the Bank of Nova Scotia. And I'll read from this article, Mr. Deputy Speaker:

Several major banks have reduced or are reducing head office staff in Saskatchewan due to corporation restructuring, the slumping provincial economy and a five-fold increase in corporate capital tax in three years.

(1630)

And as the article proceeds, Mr. Speaker, the bankers from the Royal Bank, and of course the bankers from the Toronto Dominion Bank, and the Bank of Nova Scotia, go on to say that not only does this corporate capital tax increase have a negative effect on them in terms of employing people, but what it also does, Mr. Speaker, is encourage them with regards to the economy and with regard to their operation.

And in view of the terrifically bad economy that they have put together in this province these friends of the government opposite, these close friends that are cut from the same cloth are now saying to them, well, we're going to start cutting back some of our operations because of this tax.

But I guess the basic premise, Mr. Speaker, of my remarks today is that, rather than attack the real problem of the deficit, rather than to approach the problem of this province and the many problems that this government has put together on the plates of people in this province and therefore on the backs of people of this province, rather than look at some of the real causes of those problems, all they are doing is increasing taxes. And of course, Mr. Deputy Speaker, what that means is, again, this government has not only double-crossed the people of Saskatchewan but they've even double-crossed their own friends, and I find that quite peculiar for a government of this colour.

So, Mr. Speaker, in view of the fact that this government refuses to look at their own internal operations and correct them; in view of the fact this government refuses to closely scrutinize patronage appointments and eliminate them and to get their management on track and to start watching their spending in a normal fashion, we will not be supporting this Bill because we feel it's another effort to grab taxes as opposed to resolve and clean up the mess that they've gotten us into.

I would like to ask the minister at this point: how many other banks and major corporations have told him what they are going to be doing as a result of this new Bill and

this tax increase? And I will wait, Mr. Deputy Speaker, for his response. I am sure he will be looking at the remarks in *Hansard* and will be anxious to respond to those questions. And we'll be asking them as well as we get into committee.

But, Mr. Deputy Speaker, I'd like to just finish my remarks by saying that we will not support this Bill. And that we ask the government to fulfil their commitment to the people of Saskatchewan by keeping their word of tax decreases and to look closely at cleaning up the mess they've gotten this province into over the past four or five years.

Motion agreed to on division, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 18 – **An Act to amend The Tobacco Tax Act** be now read a second time.

**Mr. Solomon:** — Thank you, Mr. Speaker. This Bill fits in with the other bills that are before us today: The Corporation Capital Tax Act, the amendments to The Income Tax Act, the flat tax, and of course the E&H tax.

This is another effort on the part of the Conservative government not to look at the causes of the problems, but to try and transfer the problems onto the backs of the people of Saskatchewan.

And it's interesting, Mr. Speaker, that Saskatchewan, when you look at the figures in comparative terms, has increased this tobacco tax by 15 per cent in this budget. That's a figure of some concern to many people, but it's even more concern when you consider – and more serious, Mr. Deputy Speaker – when you consider the fact that this government in this province has increased the taxes on the tobacco products in the last 18 months not by 14 or 15 or 25 per cent but, in effect, an increase of over 52 per cent. And that's an increase that is one of the largest increases in taxes of any province, in terms of tobacco, in Canada. That is a real concern.

And of course what this means, Mr. Deputy Speaker, is the government opposite again have gone back on their word from previous election campaigns. They have made commitments to reduce taxes, and in effect what has happened with this Bill, The Tobacco Tax Act, it increases further tax burdens to those people who are consuming tobacco products. And in my view, Mr. Speaker, it's just basic fiscal irresponsibility on their part to heap these taxes on the backs of the people of Saskatchewan when, in effect, they should be looking at their own back yard.

Another interesting aspect, Mr. Speaker, I'd like to raise with the members this afternoon, is that according to the 1987 Saskatchewan tax initiatives, 51 in the budget, it shows that the corporate capital tax increase will provide \$2.2 million more to the treasury of this province — \$2.2 million. When we look at the tobacco tax, what they are doing with this increase, they are increasing the taxes to the people of Saskatchewan who consume tobacco products by \$9 million. So they're looking at the

corporations and providing only a \$2.2 million tax increase on them, but on the people of Saskatchewan they're slapping a \$9 million increase on tobacco products.

In my view, Mr. Deputy Speaker, four times greater a tax on tobacco products than there is on their large corporate friends. And I think, Mr. Speaker, that that's a very negative way to be approaching resolving the deficit. And as a result, Mr. Deputy Speaker, we will be likely opposing . . . we will be opposing this Bill as well.

Motion agreed to on division, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 19 – **An Act to amend The Education and Health Tax** act be now read a second time.

**Mr. Solomon:** — Thank you, Mr. Deputy Speaker. I gave a fairly comprehensive overview of our position on the E&H tax during the second reading debates earlier, and I would like to just add a few things, if I may.

Further to my remarks that were made earlier on The Income Tax Act, basically the E&H Bill, this Bill No. 19, is an unfair tax. The tax has been increased on sales from 5 per cent to 7 per cent – that's a 40 per cent increase, Mr. Deputy Speaker. It's an unfair Bill because it's a consumption tax, and it hurts ordinary working people and the poor the hardest. That's who it hits the hardest, and in that sense it's very unfair, because people who have limited incomes still have to purchase services and products that are subject to the tax and their cost of living increases. As a matter of fact, an interesting statistic which was in the newspaper the other day, in the *Star-Phoenix* on August 21, shows that the situation in Saskatchewan with respect to the inflation rate is very serious.

The inflation rate for the month of July, over the previous 12-month period, has been 6 per cent, which is the highest inflation rate of all of the provinces of Canada. So, Saskatchewan, with this Conservative government, and this was before the E&H tax increase, has the dubious distinction of having the highest cost of living in all of Canada, and Mr. Deputy Speaker, that worries the opposition a great deal.

This government preaches time after time, speech after speech, day after day, what a terrific job they're doing to help the economy of this province. We know that Saskatchewan was the only province in August that had, over the previous 12 months ending August, had 2,000 fewer people working in this province. Every other province in Canada had an increase. That's the terrific job they're doing in the economy. Manitoba had about 4,000 more people working; Alberta had about 12 or 14,000 more people working; and they say that the western Canadian economy is in hardship.

Mr. Deputy Speaker, I maintain that it's not the western Canadian economy but, in fact, it's the direct result and a direct correlation with the government in this province. The government, rather than becoming involved in the

economy in tough economic times, as is their obligation – and we heard what the definition of obligation was earlier – they extract themselves from the economy. They should be getting more involved with the economy when the economy is tough, but they sit back with their open for business philosophy and they say: let everybody else do it. Yet they add on to the people of Saskatchewan this ominous burden of an E&H tax, a 40 per cent increase, from 5 per cent to 7 per cent.

What this indicates, Mr. Speaker, what this Bill is clearly indicating to the people of Saskatchewan is that the government opposite has double-crossed and has misled and deceived the people of this province. During my remarks earlier – this was a few weeks ago, when second reading first commenced – I talked about how the government have misled people, how they told people what they were going to do regarding their government if they became elected. And I went through a number of individuals in the government – I believe there were eight or nine cabinet ministers that said in writing, with their names and their pictures on the documents, that they were going to eliminate the 5 per cent E&H tax.

Well we know what the definition of eliminate is, because I happen to have the dictionary here. And I appreciate the Speaker straightening me out on the last Bill for this E&H tax, that I'd like to share with the Speaker and all members what the definition of eliminate is. And I'll do that in a few moments, because I want to go over some of these commitments made by members of the Conservative Party that I have not yet talked about.

For example, the former member from Wilkie, one James Garner, he said, we will completely remove the 5 per cent sales tax. It says, re-elect James Garner. And the people of Wilkie re-elected this member, and they brought him into this House, and where is he today? And where is he today? Well, Mr. Speaker, he is no longer here because he, he could not even stomach the breaking of commitments and the deceit that this government has practised. And I think he's even left the province.

We have the private member from Yorkton, one Mr. McLaren, and he says, vote PC; eliminate the 5 per cent sales tax and other taxes, and this measure will be the first phase of this new PC government's commitment to the complete elimination of the sales tax in its first term of office – not in its second term, but its first term.

Well I think the member from Yorkton is quite embarrassed, because he has broken his word to the people of Saskatchewan. He's broken his word, and he's deceived and misled people in his constituency. And I understand why he sits there uncomfortably, because if I was reminded of having my word broken, I would be quite uncomfortable with it as well.

And of course we heard the member from Shellbrook-Torch River in his ads. We heard some other information from them earlier, but he says, savings to you in other areas by phasing out the provincial sales tax. He said he was going to phase it out.

The member from Saskatoon Sutherland says he's going to remove the 5 per cent E&H tax. He's no longer here,

but he's going to his reward. Mr. Schoenhals is no longer a member from Sutherland. He is in effect, Mr. Speaker, involved with the Potash Corporation of Saskatchewan, appointed to a political patronage position at a rate far greater than some of his former colleagues in cabinet. And that's the reward for breaking his word?

I wonder if some of the members of the potash community around the world are aware of these kind of commitments that this chairman of the potash corporation has made that he had no intention of keeping, nor his government. I wonder how they would deal with our potash corporation at the international level.

And of course the member from Saltcoats, he says, we're going to eliminate the sales tax, eliminate 5 per cent on clothing and utilities now, and the remainder in the first term of office. We don't see a decrease or elimination, Mr. Speaker; we see an increase almost . . . it is exactly 40 per cent – from 5 per cent to 7 per cent.

The former member from Regina South in his ads as well, he talks about phasing out the 5 per cent sales tax. The former member from Rosemont, one Gordon Dirks – abolish the 5 per cent sales tax. That's what he was going to do. Maybe there's some amendments in this Bill we haven't found, Mr. Speaker.

(1645)

Maybe it means, rather than increase, maybe they're going to abolish it. We should look at the wording and perhaps get the dictionary meanings, and we'll get to that in a minute, as well. We have, Mr. Speaker, the member from Redberry who we haven't talked about yet. He says in his ads:

Dear Constituents: We will be phasing out the provincial sales tax.

And he talks in this ad about how the NDP slash and cut and are up to dirty tricks and so on, and don't believe the NDP. Well I wonder what his constituents are saying now when he's made all these commitments in here, and the sales tax is just one out of all the others he's broken as well. I wonder what they're going to say about him and his integrity and his credibility. How would you feel, Mr. Speaker; how do these members feel?

The member from Redberry, he sits there and he smiles and he laughs, and he figures that this is a big joke. And it sure is a joke. It's a joke on the people in his constituency. But I'll tell you, Mr. Speaker, they're not laughing. They are not laughing at what this government is doing to them, but they are laughing at this government, because when the next election comes around, they're going to be gone.

We have a former member from Prince Albert, and of course he has gone to his reward because his commitment in writing was to eliminate the E&H tax as well. And the people in his constituency, they figured out what kind of a person he was because they defeated him very soundly. And I'm pleased to say that my seat-mate is the member now from Prince Albert and he's a man of his word – the member from Prince Albert now. The former

member certainly has not been.

We have the member from Morse. And let's look at this one. It says, remove the 5 per cent E&H tax. Well that's interesting – remove. Does “remove the E&H tax” mean that we're going to go from 5 per cent to 7 per cent, or does it mean we're going to remove the tax? And I think we heard earlier the definition of remove.

Let me remind the members. The *Oxford* paperback dictionary, Mr. Speaker, says, very clearly, that the definition of “remove” is to “take off or away from the place occupied,” or to “take off,” or to “get rid of.”

And in my view, Mr. Speaker, jumping the sales tax from 5 per cent to 7 per cent is not taking off or removing the sales tax. And I think that the people of Morse are going to be wondering why the member from Morse has gone back on his word; that he's broken his commitment; that he's double-crossed them. And they'll be raising that with him over time, I'm sure.

Oh, there's one here I won't read, Mr. Speaker; it's got some picture on it. We also have the member from Cut Knife-Lloydminster. “A Progressive Conservative government will provide a 10 per cent reduction on income tax, plus phase out the sales tax.” And he goes on with all the other commitments.

And I see the member from Redberry is still smiling because he thinks this is even funny when we talk about his colleagues who have broken their words. They've made commitments; they've made promises to eliminate the E&H tax, but in effect they've said, and they've shown by their actions, don't do what I do, do what I say. And of course they do not do what they say, whether it's verbally or whether it's in writing.

I think the member from Redberry is anxious to get up and speak on this Bill and I'm going to give him some time. And I invite him to do so because his constituents are asking people that I know up there; where does he stand with respect to the commitments that he has made in his constituency in writing about the E&H tax and the sales tax and the flat tax and the gas tax and the hidden taxes that have been levied on the people of Saskatchewan. Where does he stand? We'll know that fairly soon.

The former member from Canora, one Lloyd Hampton, who we all know is . . . his word was his bond. He said that if they get elected, the Conservative government gets elected, they'll “remove the 5 per cent sales tax.” So I think that the member from . . . former member from Canora doesn't really need to answer to his constituents any more because he is no longer there.

And I have here another copy of a former Conservative cabinet minister from the constituency of The Battlefords, one Myles Morin, and he says here – actually some other people say, we're voting PC – for Myles Morin because he's a man of his word. He's going to remove the E&H tax. And under his picture he says: I'm going to remove the E&H tax.

Well I wonder how the former member of The Battlefords, Mr. Morin, is going to explain this to the people that he

works with now in business that, hey, it's okay if I write something that I'm going to do, but don't believe what I'm going to do.

Or I wonder what he's going to do if he happens to run for some presidency of some Conservative Party and people are going to believe him? Now he wants to attract people to support him for the presidency of the provincial Conservative Party, when this guy has broken his word in writing to the people of Saskatchewan. You've got to be kidding. I hope he does get elected president of the Conservative Party, because this is something we're going to continue to raise, Mr. Speaker. I think it's important, Mr. Speaker, that he gets elected because it'll highlight in spades – it'll highlight in spades, Mr. Speaker, the incredible disregard and deceit the Conservative Party has for the people of Saskatchewan.

Some people are saying, Mr. Speaker, that if you can do something like this, you know, break your word in writing, deceive people and double-cross people, that maybe, through all of those experiences, you'll achieve a higher office, the presidency of the Conservative Party. And maybe that's what's going to happen.

I have here, Mr. Speaker, another one, and it's from the member from Biggar, and he's still in this House, Mr. Speaker. And he says here . . . fairly comprehensive statement, but his name and his picture's on this, along with the PC slogan. He says: “Harry Baker believes in:”

Lower taxes – Governments at both levels are trying to squeeze the taxpayer for as much as they can. We say provincial income tax is too high, and will immediately lower it.

Gasoline – There is no reason in the world gas prices in Saskatchewan should be more than in Ontario.

And he goes on about the gas tax, and he goes on about the E&H tax.

Mr. Speaker, I think that these kinds of written, documented commitments by people, whether they're in politics, or in private life, or in business, should mean something. Obviously, it doesn't mean a darn thing.

Every one of those members, member after member, in the Conservative Party have made a commitment, have promised to reduce the E&H tax, and what do we have here today, Mr. Speaker? We don't have the elimination of the sales tax, we don't even have a reduction in the sales tax. We, in effect, have another massive tax grab by the taxman, the member for Qu'Appelle-Lumsden and his government, from the people of this province. They've got both of their arms so deep in the pockets of the citizens of this province that you can't even see their elbows. And I think that that's going to mean some very negative implications on this government come the next election.

I now, Mr. Speaker, like to just wind down a bit because I think it's very important that other members get involved in the debate, and I know that the member from Redberry, and the member from Moosomin, and the member from



Canora, and the members on that side of the government are anxious to get in on this debate, to say to the people of Saskatchewan that, yes, they made a commitment but you know our word is not worth very much so we're going to increase the E&H tax.

And, Mr. Speaker, I think, I think and I expect them to so. I think they're going to stand up, and I think they're going to make those statements to the public of this province and to the members of this Assembly. And they're going to say that their word, that their word in effect, is precisely not what it means, that they have their Conservative dictionary, that all of this, these *Oxford* paperback, and the *Webster's Dictionary* is on the table and other forms of dictionaries are really just reference points and don't really mean anything, that these words don't have any particular commitment or no particular importance.

Well, Mr. Speaker, I think that the people of this province, the people of this province are sick and tired of statements made by this government, promises made that have been broken. They're sick and tired of hearing promises about restraint and that people should be practising restraints, when in effect they practice as a government unrestrained patronage, unrestrained waste, and unrestrained management. They just spend money and it's out of control.

So the E&H tax, Mr. Speaker, is something that we can't support. It's a tax grab, it's an unfair tax. It's a consumption tax. It will hurt the hardest those that can least afford it, and they are not in a position, Mr. Speaker, in my view, to continue governing. They have all broken their word to the people of Saskatchewan . . .

**An Hon. Member:** — Time and again.

**Mr. Solomon:** — Time and again, we have documented evidence.

Mr. Speaker, my father would be turning in his grave if, after he taught me about being honest and a man's word is his bond, if he taught me all of that — and he did — he'd be turning in his grave if I was to get up — in writing or in this House — and make a statement that is totally opposite of the truth, at least to my knowledge. I think he'd turn in his grave, and I would disgrace my family if I was to do that.

And I think the members opposite, Mr. Speaker, are not only disgracing their party by what they've done in terms of commitments, and not only disgracing their own families but they've disgraced the people of this province and disgraced the entire province.

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

**Mr. Solomon:** — The E&H tax increase from 5 per cent to 7 per cent basically sticks it to the families of this province, Mr. Speaker, and I think that that is a very sad, sad attempt by the government to raise revenues. They are not looking at the real reasons for the problems. We have a deficit which is unparalleled in any other province in terms of its rapid growth. We have the fastest growing deficit not only in Canada but in all of North America. We have a

government which, rather than looking at how to control that deficit, we have a government trying to feed the deficit.

What is happening, Mr. Speaker, and it relates to this 5 per cent E&H tax which is being increased, is that this government, rather than introduce new services and new programs, and future governments rather than having the power to introduce new programs and improve services, we are going to be hampered with a massive size of the deficit to the point where our only function as elected officials is to be a debt manager.

Now maybe we should go back to the previous corporate capital tax debate. But in that newspaper clipping all of these bankers are laying off some of their people. Maybe what this government should do is hire some of these bankers that are being laid off and have them provide some fiscal management, some fiscal guidance on how to run and manage a government — financially at least. They obviously don't have the talent to that.

But what this government is doing, Mr. Speaker, with this massive deficit, it's burdening the people of this province. It's leaving a legacy, as the member from Quill Lakes has indicated earlier, a legacy not only for this generation but for future generations. And it's not a good legacy, Mr. Speaker. It's a legacy of high taxes. It's a legacy, Mr. Speaker, of restricted governments. And what we are going to do in the next government, what members and individuals in this province who want to run for office are going to be doing next government, is not to improve services or to help people in this province or to introduce new programs, but our major responsibility instead of governing is going to be managing debt. We may as well all take bankers courses and figure out how the banking system operates because we're going to be dealing with the bankers and the bond dealers on almost every move we make.

We are doing a disservice to the future and the present of this province, Mr. Speaker, by having this government continue with their increased taxes, to have this government continue in their irresponsible and incompetent fashion. We not only are going to be seeing members in the next government, Mr. Speaker, become debt managers, we're also going to be seeing a drastic cut in services because the amount of money that's required to service that debt is growing on an alarming basis. It's expanding faster than a helium balloon expands. And it's up now to \$3.4 billion, and that means \$340 million a year in interest payments alone; \$3,400 per person in this province just to pay the interest.

And people are saying well, we can understand when we pay taxes and we pay — whether it's 5 per cent or 7 per cent E&H tax — we have an understanding that if we pay that tax and we get our children out to the dental plan, or we can go get some drugs at reasonable price . . .

**Mr. Speaker:** — Order. It being 5 o'clock, This House does now stand recessed until 7 p.m.

The Assembly recessed until 7 p.m.