

EVENING SITTING  
ADJOURNED DEBATES  
MOTIONS

Constitution Amendment, 1987

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Devine.

**Mr. Goulet:** — Mr. Speaker, with the understanding that we'll be proceeding to the Bills and with the understanding also that I'll be speaking more on the Langevin-Meech Lake accord, I beg leave to adjourn the debate.

Debate adjourned.

SECOND READINGS

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. Tchorzewski:** — Thank you, Mr. Speaker. I do hope that the member from Weyburn is listening because the remarks that I and my colleagues have to make on this Bill I think are important, and express the concern of those thousands of people of Saskatchewan who have no other voice except that which is given to them by the official opposition on this side of the House because the government has abandoned so many of them.

Now this Bill which I want to speak to this evening, Mr. Speaker, Bill No. 19, the education and health tax Bill, can only be described as a Bill of betrayal. It's a Bill of betrayal in every sense of the word and I want to point that out in the remarks that I make here this evening.

As well I want to point out, Mr. Speaker, how this Bill, along with other legislation and tax measure which this government has introduced, are creating a growing and ever-growing unfairness in our tax system and switching the tax load more and more on to the backs of ordinary working people and the farm people of this province, people who are paying far more than their fair share already.

One of the first requirements, Mr. Speaker, of any government in our parliamentary system, is that it be honest. Honesty is a major requirement of any government. People should be able to feel confident that what their politicians say and what their leaders say will be the truth. They need to be able to trust them, Mr. Speaker, and if they don't believe that the political leaders of the day are honest with them, the result is a loss of confidence in the politicians and then, Mr. Speaker, a loss of confidence in a political democratic system which has taken hundreds of years to develop to the state in which ours exists today.

It is a fragile system. Its existence and growth depends on

the strength of the people who work within it. And when there are people who work within it, Mr. Speaker, who do not show the kind of integrity that is required, the fragility of that system becomes exposed.

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

**Mr. Tchorzewski:** — Now I ask you, Mr. Speaker, and I ask the public in Saskatchewan: has this government, has this Premier, has this Minister of Finance been honest with them? And I can tell you, Mr. Speaker, that as I go, and I know my colleagues go, from one corner of this province to another, in growing numbers the people of Saskatchewan are saying, no, this government and this Premier has not been honest with them.

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

**Mr. Tchorzewski:** — I regret that, Mr. Speaker, and I regret even having to say that because I go back to my opening remarks where I say that that's one of the very fundamental requirements of people in public life, in order for our system to be able to function properly, the requirement of honesty.

Today this Bill, Mr. Speaker, and I want you and others in this House to note, this Bill proposes an increase in the education and health sales tax of the magnitude of 40 per cent. Now that's not an insignificant increase in anything. Forty per cent is almost half as much more as what the existing tax is.

Now as other members on this side of the House have asked, is that what was promised by those people on that side of the House? Is that what was promised by the Premier who went around the province in the last election and in 1982, saying that they're going to build Saskatchewan? Well regretfully it seem, Mr. Speaker, that the only thing this government is building in Saskatchewan is the level of the tax system which continues to grow and grow and grow.

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

**Mr. Tchorzewski:** — Now I'm not going to spend a lot of time on the examples of these broken promises and this dishonesty, Mr. Speaker, because others have done it. But I think it's useful to always remember some of those members opposite, including the member from Shellbrook — or from Lloydminster — who continues to speak from his seat more than he does from his feet. And I have some reminders for him here as well. I know his memory might not be so good, but I think I have some evidence here that will bring his memory back to a period of time when he said something to his constituents which then . . . a confidence which then he broke, and is continuing to break as he votes on each one of these Bills that are before us today, including this one here.

Let me first of all refer to a member who is no longer here with us, the former member for The Battlefords, who ran an ad in the newspaper in his constituency making a firm promise which was sanctioned by the Premier, who then was not yet the premier, and it says here, Myles Morin, and why people should vote for this gentleman who is

going to represent them well. And one of the commitments that he made on behalf of this Conservative Party was the removal of the E&H tax. Now that's pretty clear, Mr. Speaker, pretty clear — a total removal in the first term of this Conservative government.

Now you remember that, Mr. Speaker, but unfortunately some of those members' memories have become short and they have forgotten. And I remind the members opposite what they promised.

Well, the member from Lloydminster asks what it has got to do with him. I want to let him know that I'm ready now to address that question because I have another ad which was put in the newspaper. I assume that it was probably put in the Lloydminster newspaper, but it may have been one other one in his constituency. And it talks here of . . . A nice little picture here of the member from Lloydminster. It can't be mistaken for anyone else, and it says, "Michael Hopfner, man of achievement."

And he says to his constituency, Mr. Speaker — and they believed him; they believed him — he says, a Progressive Conservative government will phase out the sales tax. Now this man of achievement, Mr. Speaker, this man of achievement has achieved quite the contrary. He has now achieved a 40 per cent increase in the sales tax rather than the promise which he made, along with every other candidate, to eliminate the sales tax in the first term of that government.

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

**Mr. Tchorzewski:** — What could be more dishonest and deceitful than that? And I regret to say that, too, Mr. Speaker, I have some respect for the members opposite as I do for any other people who are involved in public life. But I can tell you, Mr. Speaker, when people in public life tell their constituents one thing and do something else, I begin to weaken in my respect for that kind of approach.

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

**Mr. Tchorzewski:** — Of course, in front of the member from Lloydminster sits the member for Redberry, and I wouldn't want him to feel that he's being ignored. He too made this promise in advertisements he ran in his local newspapers, authorized by the PC Association of Redberry, in which he said, we will cut and slash — now that is a good one — he said and he promised that, we will cut and slash the cost of living — highlighted in yellow, I did, so that it wouldn't be missed. And then he said how the Conservative government would bring savings to you in other areas, meaning to his constituents. Now at least . . . (inaudible interjection) . . . I'm glad to hear that the member from Lloydminster is now going to get into the debate because I and my colleagues on this side of the House are anxious to see how he will defend this 40 per cent increase in the E&H tax and how he will explain his promise, in light of that, to remove that sales tax when he was running for public office. I welcome that opportunity and I hope that he will keep his word, at least in this House, since he can't keep it out there at home.

Mr. Speaker, the member from Redberry made the same promise. The member from Yorkton . . . Here it says,

Lorne McLaren, member from Yorkton, will remove the education and health tax. Same thing from this member in charge of the oil patch, the member from Swift Current who made the same promise. Now I could take, Mr. Speaker, 64 of those candidates who ran for public office in 1982, and talk about them. But I think it is sufficient to point out by using some of these few examples why this Bill is, as I described it at the initiation of my remarks, a Bill of betrayal.

Now, Mr. Speaker, this betrayal was introduced by a minister of Finance who promised back in 1982 some other things. You will recall in the budget speech debate, Mr. Speaker, that I brought to your attention and to the attention of this House because I was so shocked when I heard in that budget speech announcement, and some announcements before it, what this government was going to do to the prescription drug plan. It was almost beyond belief. But when I stood in this House and began to speak about it, I was given this guarantee which this minister, who was then not the minister of Finance, made in his election literature, in which he said, and he signed personally a guarantee, that the Progressive Conservative Party of Saskatchewan is committed to continue the medicare system in our province and the Progressive Conservative Party of Saskatchewan regrets any form of deterrent fees or health insurance premiums; the Progressive Conservative Party of Saskatchewan will abolish the unfair deterrent fees for prescription drugs. Now, Mr. Speaker, I ask you: isn't that just as dishonest as this Bill? I believe that it is and I know that the people of Saskatchewan believe that it is, from one end of this province to another.

But this year, this year, Mr. Speaker, this Minister of Finance, after his promise, along with the Premier of Saskatchewan chose to cause people to pay up to \$1,000 and in some cases more than \$1,000 in prescription fee costs because of this changed prescription drug program that they introduced. Now I say, Mr. Speaker, there is not much more that needs to be said about this dishonest Bill, how dishonest this Bill is, and why this Minister of Finance and this Premier would bring it forward.

You know, it doesn't end here. That's the real cruelty of it all. It doesn't end just here in Saskatchewan. Across Canada people are concerned as well about dishonesty and about increasing taxes while they are getting fewer benefits from their governments.

(1915)

Today we have in Canada, for example, a Prime Minister who is lower in the polls than ever any other prime minister before him — lower than any other government before. Why is that so? Well the people say they can't trust the Prime Minister. And thankfully, maybe within a year or a little more, they will have a chance to say that at the ballot box — and it can't be any too soon.

Well, Mr. Speaker, in Saskatchewan I want to say that the government members are reflecting the same kind of attitude and temperament. The situation, in fact, is even worse. When you promise to do away with the tax, Mr. Speaker, and then turn around and make it even worse, that's dishonest and that's a betrayal. And that is why the

Saskatchewan public cannot and will not trust this Conservative government and this Premier again.

Now, Mr. Speaker, this increase in the sales tax is not the only increase that we have introduced by this government in this session. It is only one of an endless list of tax increases. We have had, Mr. Speaker, a gas tax and a flat tax along with the increase in the sales tax. These have to be announced in the budget. The government can't hide them; they have to be announced in the budget, and then legislation has to be brought into the House and debated and the public knows what's going on, and that's what we're doing here today. But along with these tax increases which the government is obligated to make public and announce before it imposes them, this government has also increased hidden taxes in the form of government fees and licenses and other charges by more than 42 per cent since taking office. And when one talks about tax increase in any one Bill, you have to keep it in perspective and do it in the context of all of the tax increases so that it is clear then how big the tax load is. This increase of hidden taxes that I have mentioned has been 11 per cent in this year alone — an increase of nearly \$17 million.

And I say, Mr. Speaker, these massive tax increases are decided in secret by the cabinet or by the Minister of Finance along with his Premier. NO public statement is made and new charges simply imposed on those who have to pay it or individuals who have to pay it or organizations have to pay it or businesses who have to pay it, and they pay it — no fanfare, no announcement. It's snuck in under the door and people don't have any choice, no opportunity to debate. Now that's another element of the tax increases which we have seen happening along with this 40 per cent increase in the education and health tax that is before us today.

Do you know, Mr. Speaker, that these increases in fees and charges and licenses that the government has imposed are having some very damaging effect? They're having damaging effect on the business community and, as a result, there are damaging effects on employment in Saskatchewan. This Bill asks this legislature, along with that, to approve an increase in the sales tax of 40 per cent. But when we consider any one tax Bill that has to be considered, as I have said in the context of the whole tax grab that's imposed by this government. And so I want to point out some more of those examples.

But before I do that, I want to say this, people can accept paying taxes. We all say, oh, we don't like to pay taxes. But I think, out of fairness, people can accept paying taxes provided that they are fair taxes and that the services that they receive in return are adequate.

And either way, Mr. Speaker, taxes do take money out of people's pockets. Whether it is to pay for health care or whether it is to pay for education, they take money out of people's pockets as individuals and as businesses. But while this education and health tax increase of 40 per cent, and while there is a reduction there as a result of consumer spending, people are getting nothing or very little more in return. The government is taking money out of the pockets of Saskatchewan's small businesses with these hidden taxes as well as with this education and

health tax increase.

I say, Mr. Speaker, something that I think is self-evident — every dollar paid in increased education and health tax is a dollar less that families can spend in the shops and the stores and the car dealerships in Saskatchewan. It reduces business.

Now the Department of Consumer Affairs is the other example that I refer to. Only one department which has increased some of its fees on businesses and co-operatives for registration by 100 — and in some cases more than 100 — per cent.

Mr. Speaker, what's the result of this kind of tax grab? Realistically let's consider what this means. When you take these kinds of hundreds of millions of dollars of additional tax revenue or additional taxes out of the pockets of consumers who would ordinarily spend it in the economy, there are some serious effects.

Here is another example. In 1986, there were 21 more bankruptcies in Saskatchewan than in 1985. And this figure represents the second highest bankruptcy rate record in Canada, dwarfing the Canadian percentage rate increase of 6.5 per cent.

Those are the kind of implications that happen when you have a dishonest government that mismanages so badly that it has to then, or thinks it has to then, increase taxes on people by 40 per cent like we're seeing in this particular tax Bill.

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

**Mr. Tchorzewski:** — And the Minister of Social Services, time and time again will stand up in this House and blame somebody else in the most cruel and callous way; everybody else is to blame for this government. But I'll tell you, Mr. Speaker, it is clear and well-known that the reason why some of this is happening is because of the kind of gross mismanagement that has brought about the financial situation which this province is in today.

You can't have a strong economy if you reduce the amount of consumer spending in this kind of way. People can't have a high standard of living if more and more of their income has to go to pay for the government's mismanagement. Governments can't expect people to continue to have confidence in the tax system when it continues to get more regressive and more unfair.

What's another result of this tax grab caused by this Premier's mismanagement — this Premier who's more interested in waving his arms and making irrelevant speeches and sounding like Howdy Doody so that no attention is paid to the management of this province?

Well the other result of this, Mr. Speaker, is the growth in unemployment like we haven't seen it grow in this province for a long time. The result of taking massive amounts of spending dollars out of the pockets of Saskatchewan people means fewer Saskatchewan people working. And it's been the most devastating on our young people, Mr. Speaker.

Now isn't it ironical that when we had a Premier who travelled this province and from podiums and on the television said that we will bring our families home, when we have had a Premier who says that, but when the results all come in we have fewer people under the age of 25 working in Saskatchewan today than we did in 1986 because there are no jobs for them. Because money that could have been spent in the places where they worked in the businesses of Saskatchewan has been taken by this government so that they can pay for the patronage that is rampant within this government, so that they can pay for the mismanagement such that even now they introduce in this House amendments to The Provincial Auditor Act so that they don't have to provide information which the public ought to know. Information which they know that if they provide it, the public would rise up and demand that they do something about it. And it's too bade that they may have to wait three years for an election in order to be able to express that point of view.

Mr. Speaker, just like the provincial Tory promises turned out to be untrue, I'm afraid we're seeing the same thing happening in Ottawa. We have had a debate in Ottawa about what may be the next phase of Tory taxation.

**An Hon. Member:** — Is this on the Bill?

**Mr. Tchorzewski:** — Yes, it is. Because, Mr. Speaker . . . The member from Weyburn asked if it's on the Bill. Well I want to point out to you, Mr. Speaker, and this House, that tax increases which are unfair are common to Tory governments whether they are in Saskatchewan or whether they are in Ottawa.

Now the people of this province clearly know, after this government was elected for a second term, that they cannot afford to elect a Conservative government in Ottawa for a second term, or the kind of taxes which these people have introduced here in Saskatchewan will be in for a second term.

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

**Mr. Tchorzewski:** — Now I talked about the deceit and the betrayal. Well here's an example of how it works, Mr. Speaker. The Finance minister in Ottawa said that he was undecided when asked about the tax on food, that he was undecided and was not taking sides in the debate over whether a tax on food was going to be imposed. He said that in one breath. But then he warned the Commons that not taxing food will benefit the rich more than the poor. And he said that later on he said that it's something that governments have to be open to and consider.

So I say to the public of Saskatchewan, what Mr. Wilson says about not taxing food is not clear. And they have to ask themselves, will Mr. Wilson's word be as good after the federal election, if there is a Conservative government, as the word of this government has been on the promises that they made not to increase the education and health tax — a promise which they broke and in which we now see instead an increase of 40 per cent on this tax.

Mr. Speaker, the tax increases in the budget this year

penalize those who can least afford to pay. The 2 per cent increase in the sales tax, or the two percentage point which is a 40 per cent increase, will hit low-income families hard since they spend a greater proportion of their total income compared to wealthier people who can afford to save money.

The tax reduction . . . I know that the Minister of Finance will talk about the tax reductions which he has mentioned in his budget. Words, again, but those tax reductions for families with children and single parents and seniors will only have a marginal effect on the very poorest in society. This tax reduction scheme gives us another glimpse of this government's penchant for flimflammy. The 330,000 poor people that this Minister of Finance claims will be helped by this should not be paying taxes in the first place, Mr. Speaker, because they can't afford it.

Second, any savings through this tax reduction will be swallowed up by the user fees, by the deterrents, and increased costs in the dental plan and the drug plan which this government has introduced. And they will be swallowed up by the increase in the education and health tax which we are debating here today.

Mr. Speaker, the unfairness of the tax increase inflicted this year by the Premier and by the Minister of Finance is highlighted, once again, by this 40 per cent increase in the education and health tax. While the E&H tax is being increased, what do we see happening? Education has had massive cut-backs; health care services have been reduced and made more costly to individuals and families; and people will pay, in spite of that 40 per cent increase in E&H tax, and would get less in return.

But it doesn't end here. What makes it even worse is that along with this provincial tax increase, there has been a massive tax shift to the property owner, onto the backs of property taxpayers. All across this province the mill rates have increased.

(1930)

I give you an example of the city of Regina and only a portion of it. What this education and health tax has done in the city of Regina, it has increased the amount of education and health tax that the taxpayers of the city have to pay. In 1987 before the tax was announced, the city had estimated that it would spend \$1.575 million education and health tax. With the increase in this tax announced by the Premier, the city of Regina has had to revise its estimate and it will not spend \$2.205 million. That's the kind of magnitudinal increase and tax shift that this government has imposed on the people of Saskatchewan.

It's going to tax them more with education and health tax on most things that they buy, and it's going to tax the municipalities for the things that they buy with an increase of 40 per cent on the tax. The municipalities are going to then have to take it out of the property taxes and the mill rates would go up. And you see here, Mr. Speaker, a major shift of the tax load from the provincial government, where it can be more equitably distributed, to the municipal governments where their choices of taxation are very limited.

Mr. Speaker, this Bill to increase this education and health sales tax by 40 per cent increases the tax load on Saskatchewan families who are already hard pressed because of massive tax increases since 1982. Many of those families — and you will know some of them; every member of this House will know some of them — many of those families take less home pay today than they had five years ago — less home pay in 1987 than they took home in 1982. And what's the government's response? They're going to tax them some more with the increase in this tax. I say, Mr. Speaker, this Bill is the product of a dishonest political party and a dishonest government.

They promised to eliminate the sales tax; they did it even in writing. Instead they increase it by 40 per cent. Now I say it takes a very high level of arrogance to do this, never before witnessed in Saskatchewan, never before.

The government admits, the members opposite will admit any day that it did not tell people the truth and the facts about what their intentions were in taxation. And it acts, Mr. Speakers, it acts like truth and honesty in government is not relevant today. I find that extremely regrettable. I find it sorrowful.

This Bill is brought forward by a government which took a \$140 million surplus in 1982 — they inherited a surplus in 1982 of \$142 million — and through mismanagement, through waste and incompetence they blew it. They blew it away. And so the result in the end is an accumulated deficit of \$3.4 billion, so says the Minister of Finance. It didn't need to be, but it was there because this government made the wrong choices.

This Bill, Mr. Speaker, comes at a time when consumer spending should be one of the tools to keep our economy moving instead of one of the tools to drag it down even more. But in this confused thinking of this Premier and this Minister of Finance, when they see unemployment increasing, when they see a net out-migration where more people are moving out of the province than are moving in, when they see unemployment growing amount young people, instead of trying to get the economy rolling and leaving expenditures out there, they increase the sales tax by 40 per cent and reduce consumer spending. It couldn't come at a more inopportune time. Any time is inopportune because of the promises that these people made, but when we know the state of the economy today, it is so much worse.

I cannot in good conscience support this kind of a Bill. I don't know how anybody who is an elected member of an Assembly of the legislature could at this time support this kind of a Bill. I most of all, Mr. Speaker, do not understand how any of those members opposite who promised to do away with the sales tax can support a Bill now which would increase it by 40 per cent.

I will not be supporting this Bill. I will be voting against it. I welcome members opposite to live by their promises and join me and my colleagues in doing the same.

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

**Mr. Brockelbank:** — Well, Mr. Speaker, I hadn't planned

on speaking on this particular Bill, but I've warmed up to the subject now that the member for Regina has said a few words on it and in view of some of the comments that I've heard from across the floor — most of them coming from the member for Weyburn — of a rather vacuous nature.

However, when I stand to speak on this Bill, Mr. Speaker, I think it's important, if I'm to solidify the support of the members here in the House, to oppose this Draconian measure. These members who are younger than I am must have some historic background on which to base their decision in voting against this Draconian Bill that this government's brought in, Bill 19.

I have an interesting sense of déjà vu when I saw this Bill come forward. I said, Mr. Speaker, I've been here before; I've seen this before; I've seen this all happen before. And I recall back to 1964 when the Liberal Party was elected to govern this province. That was the first time they had been elected for 26 years. Now the people remembered the Liberal Party for a long time — 26 years before they'd give them a second chance.

The Liberal Party was re-elected again in 1967, and, Mr. Speaker, that was the last time for a long time that the Liberal Party was elected. The first budget thereafter the re-election in 1967, which was in early 1968, the infamous black Friday budget was brought forward. Every conceivable tax was raised, and new ones were invented, Mr. Speaker, and implemented. The subsequent defeat of that government was clear for all to see at that point in 1968, and consequently there were defeated in 1971 when they next had the courage to call an election in the province of Saskatchewan.

Not to be outdone, this PC government, the present government, was elected in 1982, and that is the first time in 48 years that the people of Saskatchewan had decided to give them a chance to govern. They remembered them so well from the time prior when they were in government. And I suggest once again, Mr. Speaker, this may be the last time that there were elected — 1986 — the last time for a long time. This government's demise may even be more catastrophic than their Liberal brothers' crash in 1971, the reason being, Mr. Speaker . . . And obviously the member from Weyburn is suffering from a lack of history, historical perspective, and this is his chance to get it for free. In 1971 the crash of the Liberal Party was such that they will unlikely get another chance to govern. Now I said that this particular party, the Conservative Party, is even more disorganized than the Liberal Party was. They're lurching from one crisis to the next, they're fuelled by empty rhetoric from their leader; and their new financial Messiah with his early Liberal training, well experienced in changing direction, now cries out: stay the course; put on the taxes.

Mr. Speaker, this scenario of the Conservative and Liberal parties' last fling at office would be great stuff for an operatic comedy. I am sure Gilbert and Sullivan or an opera of that nature, an operetta of that nature, would do it up very well. Unfortunately, Saskatchewan people aren't laughing. They're not laughing. They are central to this great Conservative government experiment. They suffer the double effect of this budget that this government's brought in, which contains among its

provisions The Education and Health Tax Act, Bill 19. They suffer the double effect of cuts in services and increase in taxation, cuts in the prescription drug plan, cuts in the dental plan, cuts in the hospital services plan, cuts in property tax assistance, increases in fuel tax, a variety of fees increased, a variety of charges increased, a new flat tax, an increased new flat tax.

Where does this all stop, Mr. Speaker? Well, Mr. Speaker, the ultimate responsibility, where the buck stops, is front row centre to your right in this House. We call him the Premier of the province of Saskatchewan, and he is the responsible person. That's where the responsibility lies. He is the person who guided all his members to promise doing away with the E&H tax, not increasing it by 40 per cent from what it was. He was the one that put the stamp of approval on their programs to tell the people of Saskatchewan that he would be doing away with taxes, cutting taxes, and they would be in financial heaven.

Well, Mr. Speaker, that is how it is viewed by the people of Saskatchewan. How about the urban governments in Saskatchewan? I watched with interest while the member for Regina South introduced the mayor of Saskatoon, Mayor Wright, and Alderman Dayday in the gallery this afternoon, and I watched with even further interest as the lone Tory member for Saskatoon reintroduced him, or at least attempted to. And I only wish that they were here again, the mayor of Saskatoon and Alderman Dayday from Saskatoon, because I have sat with those two gentlemen on Saskatoon city council, and I watched the effect of this government's action over a number of budgets. I wasn't on their council when this most recent budget came down, but I imagine that the effect was rather dramatic.

Now what does this do to urban government? — this fiscal policy of this government, part of which is Bill 19, the education and health tax increase. Well in the area of transit, for the city of Saskatoon alone, the cuts are \$300,000. The city of Saskatoon had already increased their fares in anticipation of government increases. They're either going to have to raise fares again or trim services.

(1945)

Transit incentive grants cut, \$700,000; fuel tax, \$500,000 a year increase; sales tax, \$1.5 million a year increase because of the actions of this government; E&H tax increases estimated, \$120,000 — much of this to be added into the budget which was already established because the province of Saskatchewan, Minister of Finance and Premier, could not get their act together in time to bring in the budget as is usually done prior to the time when the municipal governments establish their mill rates.

What is the city of Saskatoon going to do because of this serious financial position in which the Government of Saskatchewan has plunged them? Well they're going to have to delay some important projects — the Lathey pool, the 8th Street circle, planting trees, roof repairs to Cosmo Civic Centre, upgrading Holliston and Senator James Gladstone Park. Thirty-eight projects will have to be delayed; 33 will go ahead, for a total of 71 projects, Mr.

Speaker. The changes brought about by this government in its shotgun approach to financing is going to have a drastic effect on the budget of the city of Saskatoon.

What has happened to the city's finances? Well it's quite serious. I have a page right out of the report of the city commissioner. It shows the provincial capital fund. This is better known as the PC fund, now defunct. The city was estimating, the city was estimating, Mr. Minister of Urban Affairs, the city was estimating \$5.4 million this year in that particular PC fund. But instead of that, Mr. Speaker, they got slashed from 3.855 million, to zero. Slashed. What happened in the operating? Transit operating grant dropped from \$987,000 down to \$710,000. What about the inter-municipal recreational grant? Dropped from \$91,313 to zero. This is how this government, this is how the Premier's fiscal irresponsibility is affecting the city of Saskatoon. Library operating grant, \$475,925 — cut to \$332,100. Overall, Mr. Speaker, cuts in funding from the province of Saskatchewan which they could normally anticipate, and did anticipate increasingly under a New Democratic government, cuts from \$24.411 million to \$20.980 million for total cuts of \$3.431 million, just in one year, due to the fiscal irresponsibility of this government.

**Mr. Speaker:** — Order, please. The hon. member is giving an interesting speech; however, it's a very wide ranging speech. It sounds something very, very close to what one would give on the budget debate. It would like the hon. member to please try to confine or relate his remarks to the E&H tax Bill before the House.

**Mr. Brockelbank:** — Well I think your point of order is well taken, Mr. Speaker. I got carried away by the goading from the Minister of Urban Affairs over there, who suggests everything is fine in Saskatchewan and in the municipalities. And I suggest to you, Mr. Speaker, had the mayor of Saskatoon and Alderman Dayday been in the gallery this evening, they would have been silently nodding their head in support of the comments I'm making here this evening. The city of Saskatoon will be sorely affected by the actions of this government.

The people of Saskatchewan will be sorely affected by the actions of this government and its increases in taxes, fees, and changes, one of them which is The Education and Health Tax Act, increasing by 40 per cent — 40 per cent in one budget. Quite frankly, Mr. Speaker, if it could be possible that Premier Ross Thatcher and finance minister Dave Stuart could be here, they would feel they would be absolute pikers compared to the Premier of this province and the Minister of Finance, who have deceived the people of Saskatchewan in the most recent election to an extent far greater than Premier Thatcher and finance minister Dave Stuart did at a previous time in this House.

The wheel has gone right around again. We've seen the Liberals voted in to power after a long period out of power; they destroyed themselves by their irresponsible fiscal policies. This government, voted into office after over 50 years in the wilderness, is now destroying itself by its irresponsible fiscal policies. The problem is, the people of Saskatchewan have to suffer along with you. And the people of Saskatchewan will remember, they will remember the promises this government made in 1982

and reinforced in 1986 about doing away with taxes, about doing away with E&H tax, where in fact they increased it 40 per cent.

Now I hope from this brief foray into the past, Mr. Speaker, that the members on this side who were in doubt about the seriousness of this Bill will reinforce themselves and be prepared to vote against this Bill. And I'm sure there will be some eagerness to have a standing vote and find out where all those government members that ran the ads in the election campaign, solemnly promising to do away with the E&H tax when in fact they've increased the E&H tax by 40 per cent — I want to see where they're standing when the vote comes on this particular Bill. And I'll look forward to that, Mr. Speaker.

I certainly cannot support this Bill.

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

**Mr. Hagel:** — Thank you very much, Mr. Speaker. It is with a bit of hesitation that I enter into debate this evening. It will come as a pleasure to some, I'm sure, to note that laryngitis seems to be setting in. So, Mr. Speaker, this evening . . .

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

**Mr. Hagel:** — The member from Regina Wascana looks pretty excited, and I can understand that, Mr. Speaker, because just simply the fact that laryngitis is setting in means, Mr. Speaker, that I am going to have to stick to the cold, hard facts. We'll cut the rhetoric today, and we'll stick to the cold, hard facts in a review of the performance of many of the members opposite dealing with this education and health tax increase that they are proposing to the province of Saskatchewan, despite their promises to the contrary.

And so we have before us, Mr. Speaker, as we stand in this House tonight, the issues of the credibility of the government. We have the issue of the credibility not only of the government but of the Premier of Saskatchewan.

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

**Mr. Hagel:** — We have to ask ourselves: is the Premier and the members of the PC caucus a collection of people whom we can trust to keep their word?

The issue as well, Mr. Speaker, is one of cut-backs and whether people are getting less for more. And the issue as well, Mr. Speaker, rests with whether this is a fair taxation system when governments make that cold and calculated decision.

And I'd like to take a factual review of history, Mr. Speaker. I will be repeating some of the things that have been implied and said by some of my colleagues. But I think the people of Saskatchewan, the people of Saskatchewan have a right to know what the members of the PC caucus committed themselves to when they asked for the trust of the people of Saskatchewan to represent them in the Legislative Assembly. And what did they say?

Well, Mr. Speaker, I'm going to refer first of all to a little

item here called "pocket politics." It says it's a quick reference on PC policy for candidates in 1982, Mr. Speaker. This is a reference that I think no one can conclude anything other than it is a directive of the Premier, the man who is now the Premier of Saskatchewan. And what does *Pocket Politics* tell all the PC candidates in 1982? It says:

Tell the people that a PC government would battle inflation by phasing out the provincial sales tax under the directive of the Premier of Saskatchewan.

Well, Mr. Speaker, let us take a review; let us take a look at what some of these folks have said in making their commitments in going to the people of Saskatchewan and saying, will you choose me. Will you choose me to be your representative in the Legislative Assembly? Will you take me at my word? And what did they say, Mr. Speaker/ Well I have here from the Battlefords Advertiser Post, from April 14, 1982, an ad that is sponsored by . . .

**Mr. Speaker:** — Order. Order, please. Order, please. Order, please. The member may describe what is in the particular ad. He may not use it as a display or exhibit.

**Mr. Hagel:** — Okay, I won't use it as a display. I'll simply read it, Mr. Speaker. It says: "We're voting PC for Myles Morin." And what does Myles Morin say in this ad, Mr. Speaker? Mr. Myles Morin says he stands for a removal of E&H tax, the education and health tax. And I say, Mr. Speaker, that the people in his constituency in The Battlefords understood what he stood for and they removed him.

Well, Mr. Speaker, we go on and we find here an ad published by Lloyd Hampton. It says: "Lloyd Hampton, Canora constituency." And it's a pamphlet, Mr. Speaker, and what does it say? It says: "PC policies for good government." And what's the third thing that's listed, Mr. Speaker, in this ad of 1982? Lloyd Hampton says he promises that he will support the removal of the 5 per cent E&H tax — and his constituents removed him, Mr. Speaker.

We move along and we take a look at an ad published in *The Watrous Manitou* in April of '82, an ad that has the picture and lists Louis Domotor, the member for Humboldt at that time. And what did the Premier direct Mr. Domotor to promise his constituents? He says here he's going to eliminate the 5 per cent E&H tax over four years. And four years later, Mr. Speaker, his constituents eliminated him as their representative from the Legislative Assembly.

Mr. Speaker, here is a picture that your mother would be fond of, and out of respect for your position we'll move along. And Mr. Speaker, I come to a pamphlet and it has the picture and the name Paul Meagher, Prince Albert, on the front. And it says: "PC policies for good government." And what does he say, Mr. Speaker, in 1982? He says: "Remove the 5 per cent E&H tax." And, Mr. Speaker, four years later the constituents of Prince Albert removed him.

Now, Mr. Speaker, Progressive Conservative Lakeview, Tim Embury is the picture in the pamphlet, and it says:

"The Progressive Conservative blueprint for economic common sense proposes to . . ." And what does he say? Item number seven: "Reduce the E&H tax by 1 per cent per year until it's eliminated, and here we are five years later, Mr. Speaker, are we eliminating it 1 per cent per year? No we're going up 2 per cent this year. And, Mr. Speaker, his constituents eliminated his representation and they transferred him to a consultant job with the provincial government.

And, Mr. Speaker, the Premier of Saskatchewan had some advice for Gordon Dirks as well. The Premier of Saskatchewan advised Gordon Dirks that he too should make a commitment to the people of Rosemont. And what did Gordon Dirks say? He said he's in favour of sensible taxation, abolish the 5 per cent sale tax, and four years later his constituents abolished him from the Assembly. And, Mr. Speaker, he too has been transferred to a consultant position with the provincial government.

And here we have, Mr. Speaker, Paul Schoenhals for Saskatoon Sutherland, another pamphlet directed by the Premier to make a commitment to his constituents in Saskatoon Sutherland. And what did he say in this pamphlet in the 1982 campaign, Mr. Speaker? "PC policies for good government. Remove the 5 per cent E&H tax." And people, Mr. Speaker, removed him as their representative and he's now been transferred to a \$100,000-a-year job with the Potash Corporation of Saskatchewan. And it's kind of ironical, Mr. Speaker, down on the bottom of this pamphlet it says, "There's so much more we can be." And I say, ain't that the truth.

Well, Mr. Speaker, we go on and we see here an ad that is put forth under the name of Jim Garner in the Wilkie constituency. Jim Garner, and he says, "We will completely remove the 5 per cent sales tax." Mr. Speaker, four years later, people transferred him to the private sector, they transferred him to the private sector, and he too said, "There's so much more that we can be."

(2000)

Well, Mr. Speaker, along comes Paul Rousseau, Regina South, and what did the Premier, what did the Premier tell Paul Rousseau to tell his constituents in 1982? The Premier told Paul Rousseau to tell his constituents that he was promising to, and I quote, "Phase out the 5 per cent provincial sales tax." And Mr. Speaker, the Premier phased out his representation in the Legislative Assembly and sent him off to England.

**An Hon. Member:** — And who took his place?

**Mr. Hagel:** — Well the member from Regina South says, who took his place, who took his place? Mr. Speaker, it was the former member from Regina North who didn't have the jam to go back to his constituents and snuck off into Paul Rousseau's constituency because he didn't believe the people of Regina North would re-elect him.

Well, Mr. Speaker, the list goes on. And here we have an ad from Gordon Currie. It's an important notice to all senior citizens, and this is an ad directed by the Premier of Saskatchewan. And what does he say? He says, "A

Progressive Conservative government will phase out the 5 per cent sales on all other articles in addition to clothing." And now, Mr. Speaker, I say, Gordon Currie is gone, but the sales tax is still here and it's gone up to 7 per cent if this Bill is passed that is before the legislature tonight.

Now we come along to Russ Sutor. In an ad that lists, "Sutor the better," is says, for Regina North East. Fancy little phrase. And what did he say to the folks in 1982 in Regina North East? He said, "I would like the government to phase out the sales tax." Well, Mr. Speaker, as we all know, he phased out his desire to represent the people of Regina North East a couple of years later, and after that, Mr. Speaker, they sent a member with a resounding commitment and a vote of support to come and represent them in this Legislative Assembly.

Well, Mr. Speaker, those were a whole list of PC candidates who went to their constituents in 1982, and they said, this is the commitment I make for you, and since that time they have gone the way of history and they no longer sit in this Legislative Assembly. But are there some folks in this Assembly still who promised their constituents that their government would eliminate the sales tax? And the answer is yes, Mr. Speaker.

And let me take a look at some of these. I have before me a pamphlet, Mr. Speaker, a copy of a pamphlet, it says: "Elect Grant Schmidt, the Progressive alternative. There's so much more we can be." And what did this member say, Mr. Speaker, at the direction of the Premier of Saskatchewan, PC policies for good government? Remove the 5 per cent E&H tax.

And I think the constituents of Melville will be watching, Mr. Speaker, to see how this member, how their member who sits in the Legislative Assembly now, will vote when it comes to a vote on increasing the E&H tax and not removing it.

Well, Mr. Speaker, I see an ad here, it says: "Vote Bob Andrew. Re-elect Bob Andrew in Kindersley." And this one is a little more wordy. It's a little more wordy, Mr. Speaker. It says:

Real programs for real people. Eliminate the 5 per cent sales tax on clothing and utility bills, (And then it goes on to say) This measure will be the first phase of a new PC government's commitment to the complete elimination the sales tax in its first term of office and its commitment to ease the burden of inflation for Saskatchewan citizens.

And he, too, Mr. Speaker, he, too, forewarned us of the fact that he wouldn't be, he wouldn't be planning to stick to his promises. And he give us the warning, because in the bottom he said, "there's so much more we can be." And he was correct, there is so much more that he can be.

Well we've got the member from Melfort, the member who sits in this House, MR. Speaker. I have an ad that says: "Grant Hodgins — a Progressive Conservative government will phase out the sales tax." He too was acting under the directive of the Premier of Saskatchewan. And the folks out in Melfort will be



watching tonight, or whenever this Bill comes to a vote, they will be watching the member from Melfort and they will say — they will ask themselves, did you keep your 1982 promise to us that you put into writing, or are you one who is going to vote to not only not carry on with the sales tax, who is going to vote to increase it. And those constituents will be watching.

And, Mr. Speaker, the list goes on. I have an ad here that is sponsored by the member from Swift Current, the Minister of Energy. And it says:

Pat Smith — a Progressive Conservative government has dedicated to phasing out provincial sales tax and reducing personal income tax by 10 per cent.

Another directive by the Premier. And the people of Swift Current, Mr. Speaker, will be watching very carefully to see how their member votes, whether their member votes to increase the sales tax.

This one says: "Vote Johnson. There's so much more we can be." And this one says, Mr. Speaker, that there is a commitment by this member to eliminate the sales tax, 5 per cent on clothing and utilities now, and the remainder in the first term of office. Well the first term of office, Mr. Speaker, has come and gone, the sales tax has stayed, and the government is now proposing to increase it.

The member from Yorkton has an ad that says, "Lorne McLaren. Eliminate the 5 per cent sales tax on clothing and utility bills." And he explains it, Mr. Speaker; he tells us how it will be done. He says:

This measure will be the first phase of a new PC government's commitment to the complete elimination of the sales tax in its first term of office and its commitment to ease the burden of inflation for Saskatchewan citizens . . . (and) There's so much more we can be.

And, Mr. Speaker, I wonder, I wonder what the member from Yorkton will do when the Premier directs him to vote in favour of this increase to the sales tax.

"Morse Needs Martens," is another ad of 1982. "Remove the 5 per cent E&H tax." And how will that member from Morse vote when we come to a vote, Mr. Speaker?

There's another one here from Lloyd Muller, a letter to constituents and it says . . . It's signed, "Sincerely, Lloyd Muller." It's dated Wednesday, April 14, 1982, and under the topic of: "Savings to you in other areas," he says, "By phasing out the provincial sales tax." And how will the member from Shellbrook-Torch River vote when we come to a vote on this Bill, Mr. Speaker? And I wonder.

I wonder how the subject of this ad that has a picture and it says, "Michael Hopfner, man of achievement." I wonder how that representative who sits in this Legislative Assembly representing the constituency of Lloydminster, who said, "A Progressive Conservative government will phase out the sales tax," I wonder how that member will vote when we come to a vote on this Bill, Mr. Speaker.

And here's one that says, "John Gerich, Redberry. Savings to you in other areas by phasing out the provincial sales tax." Mr. Speaker, I wonder how the member from Redberry, whether he will keep his promises to his constituents when it comes to a vote.

And last, last but not least, last but not least, Mr. Speaker, there is one here . . . I have an ad, it says simply, "Commitment," and it has the face of the Premier of Saskatchewan. And what does it say? What does it say? It says, "Eliminate the 5 per cent sales tax on clothing and utility bills." And then goes on to say:

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

From the words, words from the mouth of the Premier, of the Premier of Saskatchewan in 1982 saying that "We promise (A PC government promises) to eliminate the 5 per cent E&H tax."

And Tory candidate, after candidate, after candidate, after candidate repeated that commitment to their constituents. And their constituents sent them to this Legislative Assembly believing that they were good for their word, Mr. Speaker.

Well we'll find out if they are good for their word because there is a Bill before us, there is a Bill before us that not only does not eliminate the E&H tax, we have a Bill before us in this Assembly that will increase the sales tax from 5 per cent to 7 per cent, Mr. Speaker. And we'll find out, we will find out on record, for the constituents of all of these members, as to whether they intend to keep their promises to their constituents when we come to a vote.

Well, Mr. Speaker, is this the only issue around the E&H tax increases before us now? And I say no. Because we also have to ask ourselves if ordinary Saskatchewan people are being asked to dig deep into their pockets and come up with another 2 cents on the dollar every time they buy a good in Saskatchewan. Is that because they're getting increased services? Is this extra 2 per cent addition to the sales tax going to result in improved dental care program for children? No. Is it going to result, Mr. Speaker, in improved social services for the poor of Saskatchewan? No. Is it going to result, Mr. Speaker, in increased spaces in universities and technical institutes? No. Is it going to result, Mr. Speaker, in reducing the waiting lists in hospitals across Saskatchewan? No, no. Is it going to result, Mr. Speaker, in improving our highways, upgrading our highways, and putting Saskatchewan people to work? No, no.

And the list goes on. The list goes on, Mr. Speaker. The message is simple. The PC members say, we don't keep our promises and we'll give you less for more. Trust us, trust us — it's only a matter of credibility.

Well, Mr. Speaker, there are taxes that are certainly much more appropriate than sales taxes. Many would describe the sale tax as a regressive tax, Mr. Speaker, because it's

a tax that's paid not on the basis to afford it, but on the basis of purchase, and a tax which tends, therefore, Mr. Speaker, to hit the poorest the hardest. Those who don't have savings, those who spend all of their income to purchase goods and services, those are the ones who pay a greater proportion of their income on sales tax, and those are the ones who will be hit hardest by this Draconian measure, Mr. Speaker. Not only a violated promise but a difficult measure for people in Saskatchewan, which hits most those who can afford it the least.

And there is one particular group, Mr. Speaker. In 1978 there was introduced to this House an amendment to the E&H tax Bill which provided an incentive to purchase a mobile home, understanding that owning a home is an important factor for Saskatchewan people and Saskatchewan families, and that mobile homes provided a less expensive alternative.

And in 1978, Mr. Speaker, there was introduced an amendment which provided for a rebate of half the sales tax to purchasers of mobile homes in Saskatchewan. And what this Bill does as well, Mr. Speaker, is not only increases, not only increases the sales tax from 5 to 7 per cent but for those people whose hope to have a home that they can own is found in the purchase of a mobile home, for those people, Mr. Speaker, they're doubly hit. Because not only is the sales tax increased but the rebate is eliminated. And so, whereas the rest of Saskatchewan is experiencing an increase of 2 per cent for 5 to 7, purchasers of mobile homes, Mr. Speaker, by this Bill, will receive a sales tax increase of 4.5 per cent, from 2.5 per cent to 7. And that's another implication to this Bill, Mr. Speaker.

Well, Mr. Speaker, as I said when I began, laryngitis is setting in, and so I have restrained myself and struck strictly to the facts in this debate tonight. I want to simply wrap up, Mr. Speaker, by asking all members of this Assembly, and particularly those members of this Assembly who promised their constituents, when asking for the right to represent them in this Legislative Assembly, I ask those members of this Assembly, Mr. Speaker, to stand up for their word, to stand good for their word, and when it comes to a vote on this Bill, to stand up and say no to this Bill and to say yes to their constituents and to say yes to the people of Saskatchewan, Mr. Speaker.

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

**Mr. Anguish:** — Thank you, Mr. Speaker. Well the member from Weyburn asks about the speech I'm going to give. If he'd pay attention and not interrupt, we'll see what the member from The Battlefords has to say this evenings. I don't want to unduly delay this House. We've been here for quite some time, Mr. Speaker, but I think that we have to mention a few words at least about the Progressive Conservative tax record in government in the province of Saskatchewan. And they've been a government who've said one thing at election time and done something totally different when it comes to their administration of government in the province of Saskatchewan.

(2015)

They certainly went around the province of Saskatchewan saying they disagreed with big government, and the government should not be the taskmaster of the people, and all other kinds of phrases describing an inaccurate description of the people who work for this fine province of Saskatchewan. And they did make massive cut-backs. We see many examples in the health care programs where they have cut and slashed programs, they've increased costs to senior citizens, they've put a burden on the sick of this province, and they certainly can't be recognized for what they said during election campaigns in 1982 and in 1986. In fact, Mr. Speaker, I think the credibility of the government is all but shot. They will have a hard time telling people in the province the same line as they did in 1982 and tried to reinforce in 1985.

What we saw in Saskatchewan, Mr. Speaker, was virtually a populist government from 1982 until 1986, whereby every time the public opinion polls made a shift, the members opposite changed their position to suit what the public opinion polls were saying. And then after 1986, when the government was re-elected — unfortunately, as many people in Saskatchewan say today — they became a very hard-line government and have not carried out many of the things they said, especially in the area of taxation. That's what we're debating here this evening, is the increase in the E&H tax, which has been an ever increasing burden under this government for the people in the province of Saskatchewan.

And not only, Mr. Speaker, are people in the province questioning the credibility of the Progressive Conservative government in this province, they're also wondering about the competence of the government whereby we find less and less programs that are delivered to the people of Saskatchewan at the same time as taxation measures are ever increasing on people within the province.

In 1982, Mr. Speaker, the Progressive Conservatives, who are the current government in the province of Saskatchewan, they promised to eliminate and reduce a wide, wide range of taxes. Then in 1985 we saw the government introduce the flat tax. They called this an experimental measure and they imposed on the people of Saskatchewan a very unfair flat tax. I'll go on to talk about that a little bit later.

They also made another unprecedented move where they introduced a sales tax on used vehicles in the province of Saskatchewan. And they found that this was so unpopular, Mr. Speaker, through their polling and through the feedback they got from constituents, that after six months, even though they had introduced the tax in a budget, after six months they eliminated the tax. And they put a very, very heavy burden, I believe of . . . I stand to be corrected, but I believe the figure was something like about \$8 million they collected from people in the province. And then they wanted to be popular so they removed the tax on used vehicles that's in the province of Saskatchewan. And never before had there been a tax in the province of Saskatchewan where it was introduced in

the budget, didn't even run the full course of a budget year, and was eliminated because those members opposite wanted nothing more than to be popular with the people of the province so they could be re-elected.

Mr. Speaker, they also in 1985 eliminated the property improvement grant . . .

**Mr. Speaker:** — Order. Order, order, order. The hon. member is treading, one might say, off the topic, which is An Act to amend The Education and Health Tax Act. I realize that hon. members do have a great deal to say. However, if we allow the debates to become too wide-ranging, then naturally we will be right off the topic, and in effect, the debate will be out of control. So I'll ask the hon. members to please confine their remarks to the Act that we are discussing.

**Mr. Anguish:** — Well thank you, Mr. Speaker, for putting me right back on the specific point. I just wanted to give a little background as to taxation in the province of Saskatchewan. And although these items do not deal specifically with E&H tax, they certainly deal with taxation. And a case needs to be built for the tax load of people within the province of Saskatchewan, because people are telling me, and I'm sure they're telling the members opposite . . . They wouldn't be telling you this, Mr. Speaker, because you have to be non-partisan in the conducting of the rules and the fair debate of this legislature — but what people are saying is that they can't afford to pay any more taxation.

When it comes to the point where half you earn is paid in taxation measures, whether it be E&H tax or whether it be income tax or whether it be tax on cigarettes or alcohol or gas tax, Mr. Speaker, they can't afford to pay more tax and maintain the standard of living that they've appreciated during many, many years in the province of Saskatchewan.

So I would have hoped, Mr. Speaker, you would have allowed me some leeway, as long as I stick within the realm of taxation, to debate this very, very important point. And the point is, is that taxes are being increased and there has to be reference made from time to time to other tax burden placed on the people to put the E&H tax in perspective as to the tax load that is burdening people in the province of Saskatchewan.

Mr. Speaker, I would want to look again at 1987 and our current year, where the flat tax which was very unfair has again been increased one percentage point and it's staged in. And one of the reasons that that flat tax is so unfair is that it comes off on the net income, not the taxable income. So those that do have a few dollars to invest in tax shelters are able to do so before they actually have to pay the tax, and people who can't afford those tax shelters, of course are hit with the full brunt of the flat tax. We would like to acknowledge here tonight that the government has placed a very heavy burden on people in the province.

But, Mr. Speaker, in terms of the E&H tax, again in 1987, in this current fiscal year, and on the point of the Bill precisely that we're debating this evening, this government has raised the E&H tax by 40 per cent — 40 per cent, Mr. Speaker. If any wage earner or business or

corporation asked for an increase of 40 per cent in their profits in one year, this government would not hear about it. They'd pass legislation to stop that from happening. Yet in one swoop this provincial government under the leadership of the member from Estevan, from the Minister of Agriculture from Albert Street South, from the Premier of this province, this government is guided to increasing E&H tax by 40 per cent in one stroke, Mr. Minister. And members up on the other side of the House refuse to stand and justify the reasons they need to impose a 40 per cent increase in one particular area of taxation.

Of course that makes our sales tax in Saskatchewan 7 per cent, Mr. Speaker, 7 per cent tax — a great increase of 40 per cent. But 7 per cent rings true with 7 per cent, as well. Remember, Mr. Speaker, or the government should remember when they were going around the province saying they'd eliminate the tax on gasoline, or they deceived farmers within the province of Saskatchewan by saying, you'll get your gasoline for 7 cents a litre less.

Well, Mr. Speaker, farmers never did pay that tax on gasoline. The road tax was non-existent on farm fuel, and this government and the members opposite deceived the agricultural people, the farmers of Saskatchewan, by saying they would give them their gasoline for less. And of course we realize, Mr. Speaker, that that never did in fact happen.

I would want to turn for a just a few moments, Mr. Speaker, to the reason why people in Saskatchewan are questioning the competence of the government. They're questioning the credibility of a government in the province of Saskatchewan that has said one thing at election time and their actions portray something totally different throughout 1986 and 1987.

We look, Mr. Speaker, at the bail-out of Pioneer Trust and the bungling of the Principal affair in the province of Saskatchewan, where this government does not stand behind the taxpayers, Mr. Speaker. We can look at the deal with Pocklington and Weyerhaeuser and Manalta Coal, the sale of the highways equipment. These are all reasons, Mr. Speaker, why they have to raise the E&H tax because they've sold off the resources and the assets of the province of Saskatchewan, Mr. Speaker. They gave away \$1.5 billion to the oil companies in the province of Saskatchewan, therefore they have to raise the E&H tax, Mr. Speaker, by 40 per cent.

We look at . . . well the estimates range between 17 and \$20 million in government department advertising in the last year of Public Accounts that we've received. And that's a whole other issue which I won't go into because the debate is not on that. But I find it appalling that it's been so long and we haven't yet received the Public Accounts for the fiscal year ending 1986, March 31, 1986, Mr. Speaker.

And I see you pointing to me and I know that I shouldn't be going on to some of the things that are so old and do in fact reveal the incompetence of this government to deal with the programs and the administration of the province of Saskatchewan. So I will deal with the subject of E&H tax here this evening.

One of the major reasons, Mr. Speaker, that the E&H tax has to be raised by 40 per cent, I believe — and some of the members opposite can refuse this — but I believe is because of the fact that they came into office in 1982 with a surplus in general revenue of \$139 million. And the in 1982-83, Mr. Speaker, they forecast a deficit of \$219 million. They came in and they made a little error; the actual deficit was \$227 million. In 1983-84, their second fiscal year, they forecast a deficit of \$316 million and they came in with an actual deficit of \$331 million.

Now I hope you can see I'm building my case, Mr. Speaker, as to why there has to be increased E&H tax in the province of Saskatchewan. In the third budget that was delivered, Mr. Speaker, the 1984-85 fiscal year, they came in with a deficit forecast of \$267 million. Now the actual deficit, Mr. Speaker, was \$379 million. Fourth budget, 1985-86, forecast deficit of \$291 million. Whoops! Actual deficit, \$584 million, Mr. Speaker, over half a million dollar deficit in one single fiscal year.

Well the fifth budget, Mr. Speaker, 1986-87, they forecast a deficit of \$389 million. And then, whoops, whoops, whoops, Mr. Speaker! The actual deficit was one thousand, two hundred and thirty-five million — a billion point two dollars-plus, in one single fiscal year. No wonder this government opposite has to raise E&H tax in the province of Saskatchewan, and it doesn't matter how much they raise or reduce or adjust taxes, people have lost confidence in the government, Mr. Speaker.

And I look forward to the day, Mr. Speaker, where you have to rule over a vote that throws this government out of office before they can run the full five years of the mandate that they have under the constitution of the province of Saskatchewan.

At the same time, Mr. Speaker, in concert with the raise in the education and health tax from 5 per cent to 7 per cent — a whopping 40 per cent increase — they've had to cut urban capital grants, totally eliminate it. Education development funds cut by \$20 million. School grants cut. Urban revenue sharing cut. Farm fuel rebate cut by more than 50 per cent. Technical institutes, savage cuts in the technical institutes. We're blowing the brains out of this generation, Mr. Speaker, by the incompetence and the bungling of the government opposite.

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

**Mr. Anguish:** — I would hope at least the back-bench members at some point could realize this, Mr. Speaker. They might as well go and join the member from Assiniboia-Gravelbourg because they certainly won't be elected as a Progressive Conservative member in the province of Saskatchewan.

(2030)

Also in concert, Mr. Speaker, with the E&H tax is the cut in the youth employment programs in the province. Municipal governments were shocked this year, Mr. Speaker, to find that they no longer qualified for youth employment programs in the province of Saskatchewan.

And I'm sure that every member opposite heard from their municipal governments as to the appalling effect that that cut had on their summer programs for what municipalities relied on to carry out the programs. And this government is transferring that share of the deficit on to the backs of municipal people to make them collect tax to pay for the deficit that I outlined a few minutes ago.

We're talking this evening, Mr. Speaker, and you've pointed out to me already about education and health tax being raised by a whopping 40 per cents, Mr. Speaker. Well the health side of it, Mr. Speaker, I wonder, does that money all go into paying for health programs? Well if it did go into paying for health programs, many people in the province of Saskatchewan could understand that. But they doubt if it was, because in the area of health, \$18 million less for health care this year in the health budget. Dental plan destroyed in the province of Saskatchewan, Mr. Speaker. The drug plan attacked. The poorest people in our society can't afford to buy the drugs.

And what's the government's answer? They send them out rapid transit envelopes to make sure they get their payment back to them quicker. People are still paying far, far more for their drugs, and when they see their health tax going up by 40 per cent, they wonder why the programs are being cut to make them pay twice, Mr. Speaker.

They also wonder, Mr. Speaker, why the hospital waiting lists exceed 10,000 in Saskatoon. Why has the hearing aid plan been virtually cut? I had a constituent phone me the other day who said it would take so long to get his hearing aid that he might as well not even apply for the program. It was non-existent as far as he is concerned. Backed up a year, two years; can't get a hearing aid any more; have to go to some private company — the great privatization policy of the government opposite so that they can pass on . . .

**Mr. Speaker:** — Order, please. Order, please. Why is the member on his feet?

**Hon. Mr. Hodgins:** — Mr. Speaker, I'd just like to make a point of order, please.

**Mr. Speaker:** — State your point of order.

**Hon. Mr. Hodgins:** — Well, Mr. Speaker, I have been listening to the hon. member from The Battlefords and I have found it extremely difficult to relate the hearing aid program to the Bill at hand.

I think if you are listening closely, Mr. Speaker, you would see that the member has wandered to a great number of subjects. I think also, Mr. Speaker, if you were listening closely you would find that the member is not making sense. I would suggest to you, Mr. Speaker, that if the member is not going to make sense at least he should not make sense as it relates to the Bill.

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

**Mr. Speaker:** — The hon. member . . . the latter part of his remarks, of course, were not a point of order, and I'm sure he knows that. As far as the hon. members wandering from the topic, I think it's agreed here that some hon. members

have been drawing a rather long bow in their debates. And I suppose if they want to they can relate all kinds of tax increases or cuts that have occurred over umpteen years to this Bill, but I'm sure that that is not the intent of the debate.

So I would just like to once more remind them that they can build a case; I'm not opposed to that. But try to be reasonable in your remarks so that we don't cover a large, large spectrum, and as I said earlier, the debate simply deteriorates.

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

**Mr. Anguish:** — Oh, Mr. Speaker, I would never stray from the debate to abuse the rules of this House. I appreciate your rulings. I wonder though, I would ask the member from Melfort if it is not the E&H Bill that we're debating this evening? And I've always stood to believe that the E in E&H tax stands for education, and the H in E&H tax stands for health. Is that right?

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

**Mr. Anguish:** — And I notice the member from Melfort applauding, so that I know that even he understood my intervention in this debate here this evening, Mr. Speaker. And I think that as long as that tax is called E&H tax — education and health tax — then I think education and health, which have both been decimated in the province of Saskatchewan, are eligible for debate under this particular Bill.

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

**Mr. Anguish:** — Mr. Speaker, in the area of mental health, in the area of mental health, Mr. Speaker, there have been over 100 positions cut in the province, over 50 of those positions in the constituency I represent in The Battlefords. People start to wonder, because of the increase of the 40 per cent in the education and health tax, how they can cut mental health programs like they have been in the province of Saskatchewan, Mr. Speaker. Community health services cut; patient care fund no longer exists; health capital fund no longer exists.

Mr. Speaker, we need to talk about education and health in this province, because if they're raising money under this particular Bill for those programs, then we need to talk about them. It's deceitful, it's incompetent, it's uncaring for people in the province of Saskatchewan, Mr. Speaker.

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

**Mr. Anguish:** — At the same time, Mr. Speaker, I question why the cost of living is rising faster in Saskatchewan than any other province in Canada. We lead the national polls. Another first by the Progressive Conservatives in the province of Saskatchewan — yet one other first, leading the province, world-class leaders in inflation.

Mr. Speaker, we need to also look at the promises of this government, what they've said during elections, to establish whether or not, Mr. Speaker, there's credibility for the members opposite.

**An Hon. Member:** — The Premier. That's what we're talking about.

**Mr. Anguish:** — Well, the Premier . . . My hon. colleague from Quill Lakes says it's the Premier. Well certainly it's the Premier. He leads the Executive Council; he's the Premier of the province; he leads the caucus over there; he sets the agenda for everything that happens in this province; and it rests with no one else other than the farmer from Albert Street South, Premier . . . I can't say the name — Premier of the province of Saskatchewan, Mr. Speaker.

Well let's through some of the ads. What did they say at election time? This is an election ad, Mr. Speaker, and I won't display it. They say in this ad from the former member from The Battlefords, Mr. Speaker, "Removal of the gasoline tax." And it was removed, Mr. Speaker. The road tax was removed, but it was brought in again with a vengeance on people in the province of Saskatchewan. That's why there's credibility lost; that's why people question the competence of this government, Mr. Speaker. We now have over 28 cents a gallon tax on gasoline that was less than that before, Mr. Speaker.

What else did they say besides removal of the gasoline tax? They said, "10 per cent less provincial income tax." We know that it's gone up, Mr. Speaker. It's gone up by the flat tax, the unfair flat tax imposed on people in the province of Saskatchewan, more unfair on those that can't afford tax shelters than those that can afford them.

And finally, right to the point of what we're dealing with this evening, Mr. Speaker, removal of E&H tax. Well, removal of E&H tax — a 40 per cent increase, Mr. Speaker, is hardly removal of the E&H tax in the province of Saskatchewan.

And then there's a member you used to have, Mr. Speaker, on the government side, Lloyd Hampton. Well he's departed, so I won't even keep that one file. I'll put that in the garbage bin beside my desk.

Oh, the member from Cut Knife-Lloydminster. Yes, he's here this evening, acknowledged by some members as an expert on the constitution, Mr. Speaker, but certainly people in his riding are questioning competence, credibility, and why cut-backs in the province of Saskatchewan. People write to him on a daily basis, I would imagine., Mr. Speaker, saying, why are you doing this after you promised at election time . . . They provide . . . And I'm quoting from an article. I don't want to display it, Mr. Speaker, because that's not within the rules of this House, but I'll certainly quote from this article here.

It's an election ad by the member from Cut Knife-Lloydminster. It says, "Provide 10 per cent reduction in provincial income tax." Is that true? "Phase out the sales tax." Is that true? "Freeze utility rates." Is that true? "Establish Public Utilities Review Commission." Does that still exist? Well, Mr. Speaker, that's why people are questioning this government's competence and this government's credibility in the province. And, Mr. Speaker, I'm not going to file all these in the garbage can, but I will this one because the member will not be here

after the next election, so we'll just put it right in there.

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

**Mr. Anguish:** — Mr. Speaker, there's the former member from Humboldt, Louis Domotor. And he made the same promises, Mr. Speaker.

This member we won't talk about. Who have we got here? Oh, Mr. Speaker, I don't know whether I can do this and I won't reveal to anyone who it is, but it's authorized by Last Mountain-Touchwood Progressive Conservative Association and it's got a picture of their candidate in the corner. And the promises are to eliminate the gas tax, revitalize and improve health care, eliminate 5 per cent sales tax . . .

**An Hon. Member:** — Really?

**Mr. Anguish:** — Yes, really. Freeze public utility and insurance rates, improve the quality of rural life. Yes. We'll file that because we can't talk about that individual, Mr. Speaker.

Here's another member from Prince Albert. We don't want to talk about that one either. Oh, here we have one, Mr. Speaker. This is the member from Redberry, whip of the Progressive Conservative Party that keeps those members in the House. And I regret the day when the member from Redberry isn't able to be here to keep a full vote quorum in the House because they'll fall the day that he leaves, Mr. Speaker. They won't have enough members to carry the vote. You know that some of the votes have been very close, Mr. Speaker. And if that whip falls apart for one . . .

**Mr. Speaker:** — Order. The member is off the topic. It has nothing to do with the E&H tax Act and I ask him to get back on topic.

**Mr. Anguish:** — Well it does, Mr. Speaker, have some . . .

**Mr. Speaker:** — Order, order. Are you challenging my ruling? The actions of the whip of this House have nothing to do with the debate under question, I remind you of that. I want no more discussion.

**Mr. Anguish:** — Well I wouldn't want to discuss that, Mr. Speaker. But most of the Bills, Mr. Speaker, that come through the legislature, at some point ultimately have either a voice vote or they have a vote that stands where members of this House are counted.

Mr. Speaker, the only reference that I was making to the Government Whip is that the Government Whip's job is to get their members on the government side into the House to vote. If he doesn't do that for this particular . . .

**Mr. Speaker:** — Order, order. The hon. member is walking a very fine line. I believe he knows it, and I think in the best interests of this House that he get back on the topic.

**Mr. Anguish:** — Well the member from Redberry, Mr. Speaker . . . I have an election ad here from the *Shellbrook Chronicle*. He says in here, "Real savings for real people.

Savings to you in other areas." And they go to make some other statements here but he says, ". . . by phasing out the provincial sales tax."

(2045)

And now I believe, Mr. Speaker, that that's the same as the E&H tax. The "E" stands for education and the "H" stands for health tax in the province of Saskatchewan. Well did they phase it out? And I would say that if we had a vote on this Bill and that same member didn't have all these members present, you'd lose the vote and the government would fall. People in Saskatchewan look forward to that day and I hope that the member from Redberry continues to do the fine job that he's doing in this legislature by, even though thinly sometimes, having all their members there.

I'm going to keep that one, Mr. Speaker. There's the member from Lakeview, the Tim Embury who used to be in government. I'll file that one in the garbage can, Mr. Speaker, because he isn't here any more — made the same promise, though. And, here's one from Gordon Dirks. "Abolish the 5 per cent sales tax."

Was there a Bill, I'd asked my fellow colleagues, was there a Bill to eliminate the 5 per cent sales tax? Reduce personal income tax by 10 per cent. Was there a Bill to reduce personal income tax by 10 per cent? Eliminate gasoline tax. Did they eliminate the gasoline tax? Well, yes they did but they brought it back, even stronger than before.

And here's one by the esteemed Deputy Speaker of the House, Mr. Speaker, the member for Shellbrook-Torch River, again an election ad from a paper. "They're going to have savings to you in other areas (speaking to the people of the province) by phasing out the provincial sales tax," Mr. Speaker. Yes, increased it by 40 per cent. That's certainly on the topic, and I'm going to keep that one because that member's going to be around for a year or so.

Member from Saskatoon Sutherland, Paul Schoenhals, got his reward. He won't be back. We'll file that one in the garbage can too, Mr. Speaker.

And here's one by the member from Wilkie, the member who was betrayed by his own government. What does he say? They will completely remove the 5 per cent sales tax, Mr. Speaker. And just as a side note, the Crow rate must remain. One of the few that I saw, I'm going to keep that one, Mr. Speaker, keep that on file because I haven't seen that before. Most of their members wouldn't admit to that.

Here's the member from . . . Is it Saltcoats? Walter Johnson, is that Saltcoats?

**An Hon. Member:** — Saltcoats, yes.

**Mr. Anguish:** — The member from Saltcoats, Mr. Speaker. Again they're going to reduce gasoline prices by 40 cents a gallon; reduce provincial income tax by 10 per cent. The Deputy Premier, Mr. Speaker, says they did that when I referred to reducing the gasoline prices. So they did do that, Mr. Speaker. They did do that, but the

reintroduced it with a vengeance.

So what would the people of Saskatchewan have to believe, Mr. Speaker, other than that the members opposite are liars and cheats. You know, there is no other . . .

**Mr. Speaker:** — Order, please. Order, please. Order, please. I ask the hon. member from Meadow Lake to please be quiet. The hon. member from The Battlefords has just uttered an unparliamentary remark. I ask him to withdraw the remark and apologize.

**Mr. Anguish:** — Well I will withdraw that. I got caught up in the heat of the debate, Mr. Speaker. I would say that half the members opposite are not liars and cheats.

**Mr. Speaker:** — Order, please. Order, please. Order, please. Order, please. I think the hon. member should rise, withdraw the remarks, apologize in no uncertain terms, without equivocation, and without saying half are not and half are; just completely withdraw your remarks and apologize.

**Mr. Anguish:** — I completely withdraw my remarks and apologize, and I do now beg leave to adjourn this debate.

Debate adjourned.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mrs. Smith that Bill No. 21 — **An Act to amend The Mineral Taxation Act, 1983** be now read a second time.

**Mr. Rolfes:** — Mr. Speaker, I hope I have a little more luck this evening in abiding by the rules of the House, and I certainly will intend to do so in my short address on the changes to The Mineral Taxation Act.

Mr. Speaker, when the minister, the hon. minister gave second reading to this Bill, I unfortunately was absent from the House, but our hon. leader, the member from Regina Elphinstone, made a few comments on this Bill. I intend also to make my comments rather brief this evening, and point out a few things, reiterate a few things that the hon. member from Regina Elphinstone made the other day, and to add a few comments of my own.

This Bill, Mr. Speaker, increases the mineral rights taxes that are owed by those people who have the right to those taxes. And in her address to the House on second reading, the minister indicated that most of those freehold tax rights were held by large corporations. That is in fact true, Mr. Speaker; however the portion of the tax that is payable by individuals is not an insignificant amount, and I'd like to draw that to the attention of the members of this House.

If this Bill had not been introduced, Mr. Speaker, the total taxes collected under The Mineral Taxation Act would have been around \$3.3 million. The government anticipates of bringing in an additional 2.2 million or a total of \$5.5 million. As she indicated in her second reading, Mr. Speaker, about 70 per cent of that is paid by large corporations. In other words, approximately \$3.85 million is paid by large corporations. But as I said, not an

insignificant amount paid by individuals — about \$1.65 million.

Now that's a fair amount of money, and had this Bill not been brought into the House, the individual farmers would have paid about \$1 million. In other words there's an increase of about \$650,000 that individual farmers will have to pay.

Now I'm not saying that this Bill is exorbitant in nature. I simply want to draw to the attention of the members on this side of the House, and the members opposite, that \$650,000 at this time, Mr. Speaker, when you look at the farming situation out there and the hard financial pressure that farmers are under, maybe \$650,000 may be a significant amount and may be just a straw that will break the camel's back for some of those farmers. So \$650,000 is, I think, still a fair amount of money.

That is one of the points that I wanted to bring up. The other, Mr. Speaker, is again as the minister indicated. The first 32,000 acres of mineral rights that a farmer has are exempt at the present time, but the same thing . . . (inaudible interjection) . . . Yes, I agree with that. That's been in existence when we were the government and fortunately you people didn't change that, and that was very fortunate.

But there is some concern, Mr. Speaker, as the member from Regina Elphinstone pointed out, that they now will also exempt farms that will be incorporated. In other words, corporation farms, agriculture corporation farms will also now have that exemption; per se, Mr. Speaker, I am not opposed to that. But we know that sometimes people incorporate in order to take advantage of the law, and I'm not sure that the government has clearly thought this one through. And I will certainly again, when it comes to Committee of the Whole, question the minister on this particular matter.

The Leader of the Opposition I think pointed this out very clearly, that a farmer who could own, let's say, 10,000 acres of mineral rights, could certainly divide this up, incorporate himself into three different companies, and avoid paying any tax at all. And I'm sure that this was not the intent of the Bill and that the government will probably bring in some amendment — at least I hope they will bring in some amendment — or, at least, make some clarification of this when we get to the committee of the whole. And so I want to make sure that this is clear to the government so that we don't have to haggle over this when we get to committee of the whole.

The other thing, and a very valid point that again was made by the Leader of the Opposition, is that the definition of an incorporated farm or an agricultural corporation should not be in regulations but should be put into the Bill. Now that can be . . . (inaudible interjection) . . . amendment brought in by the minister, and that would not be a difficult thing to do, and incorporate right into the Bill what the definition of an agricultural corporation would be. And we'd ask the minister to please do that.

Mr. Speaker, as I indicated, this will be an increase of about \$2.2 million, and 660,000 of that will be paid by

individual farmers. That, as I again indicated, I have some concern about that, and I am not so certain at this particular time when the farmers are in desperate financial situation that the timing of the Bill is that appropriate.

Mr. Speaker, with those few words, I will leave the Bill go through.

Motion agreed to, 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. Hepworth that Bill No. 15 — **An Act to amend The Student Assistance and Student Aid Fund Act, 1985** by now read a second time.

**Mr. Prebble:** — Thank you, Mr. Speaker. Mr. Speaker, the large majority of this Bill is of a housekeeping nature. We'll be supporting the Bill in principle.

I might say, Mr. Speaker, that we have one concern about the Bill itself and that is with respect to section 10 which gives the Minister of Education the power to pass regulations on such matters, such as the total amount of financial assistance that may be provided for students and the terms and conditions under which such financial assistance might be provided, without any reference to cabinet, Mr. Speaker. We don't think that that's a good policy measure. We don't think that the Minister of Education should have the power to pass regulations himself without taking those regulations to cabinet, Mr. Speaker. We'll be moving an amendment in committee of the whole to rectify that problem, and I hope that members opposite will support that amendment, Mr. Speaker.

I might say, Mr. Speaker, that while this Bill, itself, is not contentious, with the exception of the section that I mentioned, the regulations that it will permit the Minister of Education to adopt are highly contentious. I think we've seen an example of that this summer, Mr. Speaker, when the Minister of Education and the cabinet made a decision to say to the students of this province, after promising to them in the last provincial election campaign that they would make post-secondary education more accessible, introducing a policy this summer, Mr. Speaker, that for students who were eligible for a bursary last year, if they were eligible for a loan of \$80 a week, this year, twelve months later, have to be eligible for a loan of \$180 a week instead of \$80 a week, Mr. Speaker, before being eligible for a bursary.

The result of that policy, Mr. Speaker, has been that a student in, shall we say, studying at Wascana or Kelsey Institution or STI (Saskatchewan Technical Institute) or NIT (Northern Institute of Technology) in Prince Albert, in a 38-week program of study, now has to borrow \$6,840, Mr. Speaker, before they are eligible for a penny of that to be forgiven. And a student at the University of Saskatchewan or the University of Regina in a 33-week program now has to borrow \$5,940 this year, in comparison with \$2,640 last year, before they are eligible for a penny of that loan to be forgiven.

That's the kind of regressive policy, Mr. Speaker, that I

fear the Minister of Education will continue to try to implement by way of these regulations, Mr. Speaker, that he now proposes, Mr. Speaker, to be able to implement unilaterally instead of by way of cabinet order.

And we on this side of the House object to that policy, the regressive policy of student aid that the minister has implemented. While this Bill is of a housekeeping nature and we support it in principle, we'll be looking to change section 10 in committee of the whole.

With that I conclude my remarks, Mr. Speaker.

(2100)

Motion agreed to, 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. 27 — **An Act to amend The Income Tax Act** be now read a second time.

**Mr. Koenker:** — Thank you, Mr. Speaker. I'm grateful for the opportunity to speak to this Bill this evening and to give voice to the concerns of countless people from the Sutherland constituency, people that I know personally have great concerns about this flat tax Bill, that consider this flat tax a fundamentally unfair tax, an unfair tax on their income.

And some would . . . have even suggested to me that the Minister of Finance wasn't thinking when he put this tax on, that he fundamentally couldn't have known what he was doing. He wouldn't have deliberately, couldn't have deliberately perpetrated such a grossly unfair tax — a tax that is so prejudicially fair to people on high incomes and so patently unfair to people on low incomes or with average incomes. And I'm talking of people with incomes of 30 or \$35,000 for whom this flat tax is very, very unfair — ordinary working people.

This flat tax illustrates perfectly, Mr. Speaker, the very mind and heart of PC policy, the very mind and heart of our Premier in terms of the unfairness that it perpetrates. This flat tax gives tax breaks to the rich and those who are at the top of the economy, while it's a tax take from those who are at the bottom or the middle of the economy.

And I want to explain very briefly with reference to the 1986 general tax form precisely how this works. Most people are familiar with the income tax form. The first page really doesn't come into play where there is a declaration or calculation of total income. So when we come to the second form . . . second page of the income tax form, the calculation of taxable income, this is the critical area of the form for the flat tax because the flat tax is predicated on net income.

Now deductions from net income can be claimed by high-income earners. People who have high incomes, have disposable incomes, and who can afford to invest in frontier oil exploration or film and video development, these are precisely the people who can avoid paying the flat tax by making these kinds of investments. People who can invest in registered retirement savings plans and take



full advantage of that kind of tax savings will also benefit from this flat tax. People who can make full contributions to pension plans will benefit immensely from this flat tax. People who can invest money in stocks and bonds, who can pay management fees, who can pay accounting fees, who can afford investment counselling, can deduct those fees. People who can afford safety deposit boxes . . . All these categories of high income people who can salt their money away in investments can avoid paying flat tax on that income. These are all deductible under the flat tax. They all establish net income.

Now the principle on which this flat tax rises or falls, and the principle on which it really fails Saskatchewan people is that the same time that people with high incomes that can afford to make investments — say a single young lawyer who has a high income of 50 or \$70,000 and can afford to make an investment, who doesn't have to support a family, who doesn't have to pay for an education for children — this individual can reap the benefits of the tax savings; while at the same time this flat tax hits those with large families, the elderly, and those with high medical expenses because net income is calculated before these personal exemptions come into play, before medical exemptions or expenses are declared, and before expenses for the elderly are declared.

But what is also grossly unfair is that when it comes to charitable contributions, people who contribute to the public welfare, to their church or their charity, are actually penalized by virtue of this flat tax, while people who have large incomes and can invest it in their own personal income plans and for their own personal security, escape paying this flat tax. So this is just fundamentally unfair.

Far from catching high-income earners, as the Minister of Finance would have us believe, this flat tax goes after and attacks ordinary Saskatchewan people, families. This is just a fundamentally unfair tax that is unacceptable to the people of Sutherland, I know, in canvassing and talking with them, and to the people of Saskatchewan.

Now the question is: if this flat tax is so fundamentally unfair, why would the Minister of Finance deliberately perpetrate such an unfair tax in the first place in 1985, and why would he revisit it now and perpetrate such an unfair tax, to add to it by half a percentage point for this year? Because the minister wasn't thinking? No, I believe exactly the opposite.

There's another explanation, a fundamentally different explanation. And that is, that the Minister of Finance was thinking when he perpetrated this flat tax; that he did know exactly what he was doing when he initiated it and again when he increased it in this last budget; and that in deliberately deciding to implement the flat tax in the way he did, the Minister of Finance was acting fundamentally immorally, giving the tax breaks to the friends, his friends who are in the investment community, people with high incomes, to accountants and lawyers, bankers, investment counsellors, who know the ropes, who can avoid paying income tax — and sticking it to ordinary Saskatchewan people, slapping a flat tax on them which they can't avoid if they have large families. They can't

deduct their children or their sick or their elderly that they support; they can't deduct their contributions to churches and charities. Fundamentally immoral.

Could it really be that the member from Qu'Appelle-Lumsden, then, the Minister of Finance, is really so unthinking as people suggest? I hardly think so.

Now some would say that the Premier and his PC government certainly must have not planned on this flat tax increase, especially after the outcry after it was introduced in 1985; that they certainly in running in the 1986 election would not deliberately have thought or calculated to raise the flat tax still further.

In 1982 the Premier promised to eliminate the sales tax, to reduce income tax. But did he do it? No, he was dishonest with the Saskatchewan people.

In 1985 the Premier introduced a new PC flat tax, the used car sales tax, and he betrayed Saskatchewan people. And so what do we have in 1986 with this flat tax? In the election was there any talk of a tax increase? None whatsoever, not a whisper of it. And yet what do we get in this budget of June from the Minister of Finance and the Premier, the PC party? Another PC flat tax increase, another PC tax increase with respect to the sales tax, from 5 per cent to 7 per cent, and a new PC gas tax at 7 cents a litre.

This after they had declared that there would never be a gas tax for Saskatchewan people to pay again — a fundamental betrayal of Saskatchewan people. Grossly unfair. A double-cross, fundamentally immoral, I say. At the same time the government introduces a flat tax, it gives one and a half billion dollar tax breaks to the big oil companies in their first term of government. If that isn't immoral, I don't know what is.

And now with this second term, what do we have? The government giving away \$248 million to the Weyerhaeuser corporation at a time when it slaps yet more flat tax on Saskatchewan people. Not a penny received from the Weyerhaeuser sale to the people of Saskatchewan, not a penny to be received in the years ahead. Yet at the same time, Saskatchewan people paying out hundreds and hundreds of dollars in ordinary families — each family — in flat tax.

I wonder, Mr. Deputy Speaker, whether a good measure of this flat tax isn't going to pay for patronage appointments like Paul Schoenhals and George Hill. We know it went to Weyerhaeuser. We know it went to Peter Pocklington. Poor Peter Pocklington who can get \$10 million from the Saskatchewan treasury, and Saskatchewan people can't even get a tax break from the Minister of Finance and his Premier. Yes, Mr. Deputy Speaker, PC mismanagement always means PC tax increases.

So, Mr. Speaker, I want to say to the people of Saskatchewan that few things this Devine PC government have done in the last five years illustrates . . .

**Mr. Deputy Speaker:** — Order. Order. I've asked members many times not to refer to other members by

name, rather by position or constituency.

**Mr. Koenker:** — That was a slip of the tongue, Mr. Deputy Speaker. Few things that the Premier of this province has done, few things that this PC government have done in the last five years illustrate so clearly their fundamental unfairness as this flat tax, the immorality of this flat tax. I say it is nothing short of scandalous that the rich are allowed to salt away their thousands, their thousands in registered retirement savings plans and investment plans for frontier oil exploration; that they are allowed to deduct their investment counselling expenses before their net income is calculated; and at the very same time ordinary working people are not, under this flat tax, allowed to deduct their charitable and church contributions. I say they are being slapped in the face with an unfair PC flat tax, as part of the largest tax increases in this province's history.

And now this increase in the flat tax that we saw in the June budget is positively obscene — that this PC government comes along before this legislature now to amend the flat tax legislation, not to deal with the unfairness and the injustice and the immorality of this tax, but rather to perpetuate the injustice. That adds insult to injury already afflicted, and it's fundamentally inexcusable. It's dishonest; it betrays the promises that they made to the people of Saskatchewan, and it indicates that this PC government and that this Premier is not only fiscally bankrupt but morally bankrupt as well.

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

**Mr. Koenker:** — How else can we explain it? How else can it be explained? Eighteen million less in the budget for health care; a cut of 100 people from the Department of Health; cuts in dental care; cuts in the drug program; increases in the waiting lists at hospitals. At the same time, we get a flat tax — an unfair flat tax.

Mr. Deputy Speaker, I have great respect for the *Prairie Messenger*, published in Muenster, Saskatchewan. And when the flat tax was first introduced back in the budget of 1985, in April of 1985, there was an editorial that appeared in the *Prairie Messenger*, and this editorial noted, and I quote:

The flat tax is not quite as flat as it first appears. By no means have all unfair tax shelters been removed. Hefty deductions can still be made before declaration of one's net income . . .

(2115)

Which is exactly what I was trying to explain. It goes on, Mr. Deputy Speaker, to say that:

Hefty deductions can still be made before declaration of one's net income — deductions few farmers or \$30,000 wage earners are in a position to make.

I want to continue, Mr. Deputy Speaker. The *Prairie Messenger* editorial continues:

What is the rationale behind allowing deductions

for frontier oil exploration or multi-unit residential buildings, while not allowing deductions for gifts to SCIS, which is the Saskatchewan Council for International Co-operation, or to churches in Saskatchewan. Surely the churches, feeding so many of Saskatchewan's hungry, should be worth something in cold, economic terms.

And the editorial continues:

The most significant factor in the income tax reform which Mr. Andrews has introduced is not that the rich will finally begin paying at least the minimum amount; it is that the lower middle-class will begin to pay a larger share. And that includes an endangered species, the small family farmer.

And so, Mr. Deputy Speaker, this flat tax introduced and perpetuated now in this budget from last June from the Minister of Finance purports to help the agricultural sector. And yet with this increase in taxation for lower-income people — and we're talking now about farm people with depressed grain prices, they're certainly going to have lower incomes this year — this flat tax goes a long way to perpetuate the unfair tax burden for Saskatchewan farmers.

Over the last five years this PC government has rolled up successive deficit budgets. Each and every year they have been in power we see yet another and a greater deficit budget. And now with this flat tax increase they ask the good people of Saskatchewan to bail them out. And I wager, Mr. Deputy Speaker, that it won't be long before we'll have the Minister of Finance announcing that the flat tax which was announced in June at 1.5 per cent for half of the year will now go to 2 per cent for next year because it will be a whole year. So we'll see yet a further perpetration of this unfairness. And that's something that the Minister of Finance has yet to deny when asked very directly about.

Well, Mr. Deputy Speaker, we have a flat tax to bail out the incompetence and the mismanagement of this government and its Premier — \$1.5 billion lost in tax revenue — lost in tax revenue when the concessions are made to the oil companies, when the give-aways are made to the oil companies by the Premier and his cabinet in the first three years of his government. And what do we get now in return? Increases in the flat tax. We've seen it in June, and we'll see it shortly for next year — a further increase.

Money given to Weyerhaeuser, money given to Peter Pocklington, but no help for Saskatchewan people, for farm people who are hurting with low commodity prices when it comes to the tax system. And that's why this flat tax is an unfair tax. An astute government, a caring government, a competent government would be looking for ways to make taxation fairer. A PC government, a Progressive Conservative government doesn't do that. This PC government is unfair; it is dishonest with Saskatchewan people; it lies to them at election time . . .

**Mr. Deputy Speaker:** — Order. Order. I would ask the member from Saskatoon Sutherland to withdraw that last statement. It's unparliamentary language and I would ask

him to apologize to the House.

**Mr. Koenker:** — I retract that last remark, Mr. Deputy Speaker. I'm advised that I should have said that this government misleads . . .

**Mr. Deputy Speaker:** — Order. I've asked the member to apologize to the House.

**Mr. Koenker:** — I apologize to the House, Mr. Deputy Speaker.

All I can say, and by way of conclusion is that this PC government is fundamentally unfair. It deceives Saskatchewan people, and more than that, with this flat tax we have proof of its fundamental immorality.

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

**Mr. Calvert:** — Thank you, Mr. Deputy Speaker, for permitting me the opportunity to enter this debate, although I suggest that I am using that word debate, in this case, rather loosely, to say the least.

This could hardly be called a debate, Mr. Deputy Speaker. I have been waiting and waiting for some member opposite to enter this discussion, and they are not rising in their seat. I say to myself, why will they not enter this debate? Why will they not stand in this House and defend these massive tax increases on the people of Saskatchewan?

Why is it, when Saskatchewan people are seeing their drug plan, at best, altered . . .

**An Hon. Member:** — Guttled.

**Mr. Calvert:** — Some suggest gutted. When they see their dental plan decimated, when they see their roads falling to pieces and their parks being sold, why is it that members opposite, then, will not stand and explain to the people of Saskatchewan why, therefore, they should be paying more?

These Bills that we are now debating are asking, clearly, the people of Saskatchewan to pay more, while at the same time they're receiving much less. So I ask: why are members opposite ashamed to speak? Why are they ashamed to stand in this House and explain and defend what they're doing? And I suggest, Mr. Deputy Speaker, it's because there is no defence and there is no justification and this tax grab is nothing but the sign of a desperate government.

Mr. Deputy Speaker, in one of those dusty old books that preachers like to keep on the book shelf, one of those books of old proverbs and little old verses, I discovered a small verse. While it's not dated, I take it that it's a very old verse, and yet it seems to me to be as appropriate today and as appropriate to this government as when first the verse was coined in some other Tory regime. I would like members present here to listen to this verse carefully. It reads:

"Taxes are equal, is a dogma which I'll prove at once"

(proclaimed) a Tory boor,  
"(Why) taxes hardly press upon the rich,  
and likewise press hardly on the poor!"

I'll just say that again, Mr. Deputy Speaker:

"Taxes are equal, is a dogma which I'll prove at once"  
exclaimed a Tory boor,  
"(Why) taxes hardly press upon the rich,  
and likewise press hardly on the poor!"

Mr. Deputy Speaker, we are here debating An Act to amend The Income Tax Act, an Act that will raise the flat tax on Saskatchewan people. And it's an indication again, Mr. Deputy Speaker, the governments on the right never really change. Once in power, and especially given a second term, they turn. They turn on the average person; they turn on working people; they turn on small farmers. They tax and they tax and they tax with one hand, and with the other hand they continue the hand-outs and the give-aways to their friends. Some things never change.

And while this is going on, Mr. Deputy Speaker, they suggest that the whole process is fair and just and equal. Listen to what the Minister of Finance said as he introduced this Bill 27, which from personal income tax in this province will take well over another \$100 million from Saskatchewan people. The Minister of Finance said, and I quote:

Our government introduced the flat tax because it is a fair and efficient tax. And we have chosen to continue it for these reasons.

Well, it's efficient all right. It's efficient at taking money out of the pocket-books and the bank accounts of Saskatchewan people, but it's anything but fair — anything but fair!

Mr. Speaker, in the total of the tax increases contained in this budget, contained in the Bills we are now looking at, including this Bill 27, this government is extracting another \$200 million — more than \$200 million — from the people of Saskatchewan. That's through income taxes, the taxes being raised by this Bill in addition to the extra taxes on tobacco, the sales tax, the E&H tax that we debated earlier here tonight, the gas taxes. They're forcing up property taxes by cuts to municipal governments, higher licence fees across the board — taxes, taxes, taxes — while at the same time cutting services to people. The people of Saskatchewan are being asked to pay more and receive less, and they suggest that that's fair.

Well I'll tell you, Mr. Speaker, the people in my constituency say it's unfair. They're saying it in Moose Jaw; they're saying it in Regina; they're saying it in Saskatoon; they're saying it in Davidson; they're saying it in Estevan; they're saying it across the province. It's unfair! It's unfair! The truth of the old verse remains the same: taxes, these "taxes hardly press upon the rich," but they "press hardly on the poor."

Now I find the figures provided to us and to the people of this province by the Minister of Finance in terms of his

estimates of tax revenue for this current year to be very interesting. I find these figures very interesting. I'm going to compare for this House, Mr. Speaker, four taxes that come under the category of provincial taxes.

The first estimate revenue — I'm comparing estimated revenues for last year and then the estimated revenues for this year. While many of us have little faith in the minister's estimates, I'll give him credit tonight, and we'll just look at his estimated figures.

For corporation capital tax, the estimated revenue in 1986-87, the past fiscal year, was \$55,900,000. The estimated revenue from corporate capital tax in this current year is \$51,900,000. It's down \$4 million.

Corporate income tax — the Minister of Finance's own estimated revenues — in 1986-87 he estimated from corporate income tax we would receive \$162,400,000. His estimated revenues from corporate income tax in this budget year — \$130 million; \$30,400,000 less. A total of \$34,400,000 less in corporate taxes.

Now let's look at individual income tax, the taxes affected by the Bill we are now discussing. In 1986-87 the Minister of Finance predicted that from individual income tax we would receive revenues of \$698,800,000. In this budget year he predicts we will raise from individual income tax \$751,500,000. That's a \$52 million increase. A \$52 million increase for people.

Let's look at sales taxes, the taxes also borne by average and ordinary Saskatchewan people and families. The estimated revenue in 1986-87 from sales taxes — \$386 million. The estimated revenue in 1987-88 — \$467,300,000. An \$81 million increase.

(2130)

Mr. Speaker, the bottom line on these projected revenues from provincial taxes is that this government, this Premier, this Minister of Finance, and this government is taking well over \$200 million in additional tax moneys from the people of Saskatchewan. Over \$200 million. At the same time, taxation from the corporate sector is decreasing by \$34 million. Some things don't change, Mr. Speaker.

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

**Mr. Calvert:** — Mr. Speaker, I ask, is it fair? I ask, is it fair when you consider how Saskatchewan families and Saskatchewan households are struggling these days to balance their own budgets. Is it fair then that this government through this flat tax should be further taxing them when this government can't balance its budget? Is it fair to take \$200 million out of our provincial economy, out of the earnings of working people in this province; take another \$200 million out of the hands of Saskatchewan business people; take another \$200 million out of the hands of the family farmers in Saskatchewan? Well this government seems to do nothing to address its own mismanagement. I ask members present, is that fair? Is that fair?

Mr. Speaker, I ask, is it fair? While this government is

going about cutting services, while it has decimated the dental plan, while it has attacked the drug plan, while our roads are in bits, and our parks are being sold, and funding is cut to culture and sport and recreation, is it fair, then, that this government should ask for more from the people of Saskatchewan? I ask members present, is that fair?

And I say, Mr. Speaker, is there any wonder that a tax revolt is brewing in this province? People are being taxed to death and they're saying, we can't take any more.

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

**Mr. Calvert:** — Mr. Speaker, there are options, there are many options — options that this government didn't even consider. Mr. Speaker, the other evening in this House we listened as my colleague from Moose Jaw very eloquently described the numbers of people in this province who today are receiving social assistance simply because they can't find a job. They're receiving social assistance because they can't find work in this province. They're employable people, but they're without jobs.

Now, Mr. Speaker, I don't think it takes a Ph.D. in Economics to figure out that these folks are now receiving from the provincial treasury rather than contributing to the provincial treasury. Mr. Speaker, provide those people with meaningful employment, stimulate the economy, provide a decent job strategy, and many of these people will be working, will be — rather than taking from the provincial treasury — will be contributing to the provincial treasury. That seems to me to make good sense.

But do we have a job strategy in this province? Do we have a plan? What we have, Mr. Speaker, is one plan, a plan to cut services, increase taxes, and continue the give-aways to the friends of this government.

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

**Mr. Calvert:** — Mr. Speaker, how many other options has this government overlooked before taxing again the people of Saskatchewan? Well, they've gone about substantially cutting health care, legal aid, municipal funding, funding to sport and culture. But have they cut funding to their own political staffs? Have they cut anything from their self-serving advertising budgets? Have they cut from their lavish personal expenditures and trips on government aircraft? Have they cut a thing from those luxurious trade offices overseas? Have they done one single thing to get a grip on their own mismanagement? Not a thing. Their one answer is cut services and increase taxes on Saskatchewan people, and then they try to make the people of this province believe it's fair.

Mr. Speaker, this Bill 27, this amendment to The Income Tax Act that will raise the unfair flat tax in Saskatchewan, will take money directly from the pocket-books and from the bank accounts of Saskatchewan people. Now some members opposite may not know what it's like — or perhaps they've forgotten; maybe they never knew what it's like — to try and raise a family when your income is very limited. Perhaps they've forgotten what it's like to

keep a household going on a small farm when the price of grain today is effectively no more than it was in the Depression. Perhaps, Mr. Speaker, they have forgotten. Perhaps some of them never knew what it's like to try and keep an old car on the road and pay a mortgage and send the kids off to school in the fall. Perhaps they don't know what it's like to farm on a small farm where you can't afford new machinery and you go from repair to repair to try and get a crop off. Perhaps, they forget, or they never knew. Perhaps they don't know what it's like to go year after year with 0 per cent increase in your salary while everything else goes up and up and up and up.

Every tax that you levy on the people of this province is another attack on limited household budgets; it's another attack on the pocket-books and the bank accounts of Saskatchewan people. Every dollar that you take from Saskatchewan people is a dollar less that they have to spend on a pair of running shoes for their kids; it's one dollar less for a family holiday; it's one dollar less for a tractor tire; it's one dollar less for a day at the park with your kids; it's one dollar less that you have to donate to your church or your community club; or one dollar less that you have to support a child in the Third World.

Mr. Speaker, this Premier and this government seem to believe that the wallets, the pocket-books, and the bank accounts of Saskatchewan people are bottomless; that at whim they can just reach there to solve their own mismanagement. Mr. speaker, I submit, the only thing that has truly been open for business since 1982 in this province are the wallets and the pocket-books of Saskatchewan people.

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

**Mr. Calvert:** — And you've taken the hard-earned money from Saskatchewan people and you've squandered it. You've run up a deficit, and now you're cutting our health care and our education and so much else. And this Premier, and this Minister of Finance, and this government says it's fair, says it's fair. I say it's unfair, and I say this government has lost the right to take one more dollar from Saskatchewan people, to increase taxes.

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

**Mr. Calvert:** — Mr. Speaker, I listened with some interest a week ago, or a little more, to a small business man from a small community in Saskatchewan. I listened to him address a group of 125 people who had gathered, and their common concern was health care in this province. I can't quote him directly, but I paraphrase what he said, and this is fairly accurate to what he said. He said to that group of people, if the government came to me tomorrow and said we're going to charge you another \$1,000 in taxes, he said, I wouldn't mind if I could be guaranteed that every one of that \$1,000 would go directly to health care.

Mr. Speaker, I think in some ways his comment is typical of Saskatchewan people. Saskatchewan people will accept and understand the need of taxation if, when they place in the hands of government their hard earned dollars, they can be confident that the government will spend it wisely; that the government will be responsible

with the money; if they are confident that that money is going to provide care for the sick and care for the elderly and education for the young . . .

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

**Mr. Calvert:** — . . . if they have some confidence that their tax money is going to provide better roads and parks and facilities for the people of this province.

But, Mr. Speaker, I tell you, the people of my constituency and across this province no longer have the confidence in this government. Mr. Speaker, that's why I will be voting against this Bill and against every Bill that proposes a tax increase on Saskatchewan people, because Saskatchewan people don't want their hard-earned money to go to patronage; they don't want it to go to waste; they don't want it to go to pay the salaries of every defeated PC candidate who happens to come into this building looking for a job. They don't want to see their hard-earned dollars going to pay off the bond dealers and the banks in New York City and Tokyo; they don't want to see their hard earned dollars going into the hands of out-of-province corporate friends.

Mr. Speaker, I believe the people of this province no longer want to see their hard-earned dollars put in the hands of this Premier, this Minister of Finance, and this government.

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

**Mr. Calvert:** — So on this tax Bill 27, I will be voting with the will of Saskatchewan people. I'll be voting against this massive tax grab. And I say to you, Mr. Speaker, I say to this House, and I say to the people of Saskatchewan, the truth of the old verse remains:

Taxes are equal . . .  
Proclaims the Tory boor,  
Taxes hardly press upon the rich,  
And likewise press hardly upon the poor!

And some things don't change, Mr. Speaker.

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

**Ms. Smart:** — Thank you, Mr. Speaker. I waited a moment before getting to my feet to see if any of the back-benchers from the government side opposite who have been lolling around in their chairs all evening were going to stand up to defend this Bill, the Bill to amend The Income Tax Act, which we're talking about tonight.

With my colleague, the member from Moose Jaw South, I share the concern that no one from the government side has the courage to stand up and defend an amendment to The Income Tax Act. We've heard already how many promises they made in the election campaign that they were going to reduce taxes, and with this Bill we very sadly see an increase in the taxes on the people of Saskatchewan.

I am sad to see the taxes go up. I'm sad because I know what a burden this means to the many people in Saskatchewan, particularly low and middle income

people, many of whom I represent from the constituency of Saskatoon Centre. And I'm particularly sad that the people of Saskatchewan have been subjected to so much deceit from the government opposite.

Mr. Speaker, during the last election campaign one of the platforms that I ran on was an elimination of the flat tax which was first introduced in 1985. So it's with some sadness that I stand here today to address a Bill which is going to increase that flat tax, because when I was going door to door campaigning in Saskatoon Centre and I spoke to people about this issue, we all agreed that 1 per cent flat tax across the board was an unfair flat tax, but that should it go up — and it would likely go up — it would become even more unfair. And I very sadly foresee that in the future we may be standing in this House — next year looking at a 5 per cent increase across the board, and that is an even more unfair tax burden on the people of Saskatchewan.

I note with interest in introducing this Bill that the Minister of Finance described it this way: our government introduced the flat tax because it is a fair and efficient tax. Frankly, I'm not surprised to hear the Minister of Finance say something like that, because his ability to twist language and to call something fair which is blatantly unfair has been proven time and again in this House. It reminds me of the brochure that he put out calling the gas tax a savings for Saskatchewan people. I commented on that already in the House; I refer to it again today as we look at the proposed increase in the flat tax, which is being called a fair and efficient tax.

Mr. Speaker, it's becoming blatantly clear that we cannot trust what the Minister of Finance is saying to the people of Saskatchewan. His credibility is really low, as is the credibility of the PC government opposite, and has been demonstrated many times tonight with the quotes from the brochures, the election brochures, and the promises of the members opposite who haven't got the courage to stand up and speak to this Bill and defend their increases in the taxes.

**An Hon. Member:** — It's a shame.

**Ms. Smart:** — It is a shame; it's a shame because the people of Saskatchewan expected something different, and now they're getting stuck with increases in taxes.

(2145)

The Minister of Finance has said he has to increase the flat tax to pay for the deficit — a deficit which, again, has been forecast to be a certain amount and has actually ended up to be something quite different. And just to go back a couple of years, in 1984-85, the budget deficit forecast was \$267 million and actually ended up being \$379 million. In 1985-86 he said it would be \$291 million; it ended up being \$584 million.

**Some Hon. Members:** Whoops.

**Ms. Smart:** — Whoops. Whoops. Very much so, a huge increase over what he said it would be. And now in 86-87, before the election forecasting a \$389 million deficit, we find we may be looking at a \$1.235 billion

deficit.

**Some Hon. Members:** Whoops!

**Ms. Smart:** — Whoops, indeed, a huge increase, a reflection of the kind of deception that this government has perpetrated on the people of Saskatchewan.

The Minister of Finance who has introduced this Bill has no comprehension of what is a fair or an efficient tax. He has no comprehension of what is a deficit and where it might possibly be; and he has proven in this House that he can't read a balance sheet.

I refer to his comments on the balance sheet of Principal Trust. I make these comments in connection with this Act because of the comments he's made in presenting it to us, and because it's very important that we stand up and we express in this House our indignation and our rage at the way in which the people are being deceived. This government is losing its credibility, has no credibility as far as I'm concerned, and is practising deceit on the people of Saskatchewan.

"Fairness," the Minister of Finance has said in Hansard on September 10 in speaking to this Act:

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.

And then he brings in a flat tax as an example of a tax that's fair according to your ability to pay. Nothing could be further from the truth when you have a flat tax. A 1 per cent out of a low income is higher amount of money out of somebody's actual money that they have to spend than 1 per cent out of a high income. Two per cent is worse.

I took the opportunity to figure out what it will be if it goes up to 5 per cent, and I thought it was quite interesting. Because if you have a \$20,000 net income, you're looking at a tax of \$82 a month if it goes to 5 per cent. At \$20,000 net income, you only have \$1,583 per month spending money. If you take a mortgage of \$600 out of that, you'll end up with just under a thousand dollars per month for everything else that you have to spend your money on — a thousand dollars a month.

There are a lot of people in Saskatchewan who earn around \$20,000 a month. None of the members opposite, I'm sure, have any idea of what it's like to live on that kind of an income, because I would say with confidence that all of them are living on a lot more than that. But there are many people, the majority of people in Saskatchewan, who have only that much amount of money to raise a family and to have for their spending. And with the cost of housing being so high, the amount of money that people have for everything else is going down and down. If you had a \$65,000 salary with a 5 per cent tax, you would be \$270 a month out of your income, but your income would be \$5,416 a month. And after you take out the tax, you will still have \$5,146 for all of your expenses. You could, with that money, afford a mortgage of \$1,000, and you would still have over \$4,000 a month for all your other expenses.

That's an example of why the flat tax is so unfair, why it puts such a high burden on people on low and middle income, and leaves people with high income with still a relatively large amount of money to cover the expenses that they have to meet from day to day and month to month.

The flat tax is, as I've said, an unfair tax. It's not a progressive tax. It's anything but a flat tax. And it's a tax that's levied on net income after deductions, and many people have already pointed out that people with money are able to afford the tax deductions; people with a low income, a middle income, are not able to afford tax deductions, so they are taxed out of their basic income a lot higher than people on a high income. There are so many reasons why this tax, this flat tax, is unfair, and why it does not share the tax burden with people according to their ability to pay. It does exactly the opposite.

And I have spoken out against this on the doorstep with people in Saskatoon Centre during the election campaign, and I certainly continue to speak out against it now.

To give credit where it's due, my colleague from Regina Victoria has pointed out that the flat tax has come to us from the flat earth society. I like that concept. The flat earth society — a group of people who still don't know that the world is round; they don't know and they don't understand how people live in this province. They're still hanging on to an obsolete idea and putting in a regressive tax, not a progressive tax.

The flat tax has come from the flatterers of society, the PC government opposite. But that's not surprising, Mr. Speaker, because the PC government opposite has, in a number of its other programs, constantly favoured people with money and provided benefits for those who are already wealthy — those who already have the money to pay for things — and still wants to enforce that regime of favouring people with money and leaving those with the low and middle income to bear the whole burden.

In the *Leader Post* in April of 1985, the headline in an article said:

Loopholes are available to allow rich taxpayers to dodge paying at least part of the 1 per cent flat tax proposed in the provincial budget.

That was for the Finance Minister, Bob Andrew, in 1985. The same is true today.

Now, Mr. Speaker, I've talked about how this government is constantly favouring the people with money and how this tax, the flat tax, is a burden on low and middle income people. And it's particularly sad when we realize that Saskatchewan now has the highest cost of living in Canada. With the gas tax, with the new sales tax which has been discussed in detail this evening, and now with a sharp hike in the flat tax, the cost of living has gone up to the point where we are experiencing real hardship for people.

In an editorial in the *Star-Phoenix* in August 21 of this year: The Government Fuels Inflation, are the headlines.

Customarily rising rates of inflation, a company and overheated economy which is expanding too fast — but that explanation doesn't fit the situation in Saskatchewan where the inflation rate jumped past the 6 per cent mark last month, in July of this year, giving this province the dubious distinction of having the highest cost of living in Canada. It seems safe to extrapolate from available information that the resulting inflation was, in the main, fuelled by government actions.

For one thing, taxation increased substantially July 1. Taxing provisions from the spring federal budget became effective then, as did increases in provincial taxes, most specifically a sharp hike in the flat tax and imposition of new sales tax.

It all amounts to a bad blow to the average citizen. Getting by in an inflationary economy is bad enough at the best of times, but when incomes stand a chance of at least keeping pace with rising inflation rates and an economic climate such as the one now covering Saskatchewan, the income trend is going in the opposite direction. Astute government policy makers would be looking for ways to reduce the impact of taxation, which simply takes money out of the hands of consumers rather than adding to the problems of taxing more.

Obviously what we have are not astute government policy makers. They're not looking for ways to reduce the impact of taxation, they're adding to it. They're adding to it and making the cost of living go up for Saskatchewan people at the same time as the income trend is going in the opposite direction.

Anyone who's talked to the many sales people, the business people in Saskatoon and Regina, about the way their businesses are going now will realize that the income trend is going down, and they're not experiencing the sales and the progress that they used to experience. More and more people are being thrown out of work, more and more people have less income. There's a spiralling sense of loss of income and of burden on people with low and middle income that's getting harder and harder for people to bear.

In July 22, '87, in the *Star-Phoenix*, the editorial said this:

Canadians in increasing numbers are expressing anger and frustration with the neo-Conservative style of governing they see in Ottawa and some provincial capitals. The tax burden on middle income earners is growing by leaps and bounds, particularly in Saskatchewan, while services are shrinking and, in the case of the federal government, the talk is all of tax reform.

But it's empty talk, and it's certainly been empty talk from the PC government about reducing the taxes in this province when we see what's happening now with the increase in the education and health tax, the sales taxes, and now, this amendment to the Income Tax Act.

It's empty talk, it's deceit, it's a reflection of incompetence, and as the editorial says: "There is just too

much of a gap between the message from government and what the vast majority of taxpayers know to be true from their own lives.” Too much of a gap from the message of the government to what people know is the reality in their own lives; and I know from talking to the people in Saskatoon Centre that that gap is growing. I know they’re concerned about this increase in the flat tax. I’m very concerned about the flat tax going up further and further because it’s a regressive tax; it’s a burdensome tax; it is in no way fair and equitable.

I’m sure that my other colleagues have lots to say about this topic, even if the back-benchers on the government side haven’t got the courage to stand up and defend this Act. Stand up in this House and tell the people of Saskatchewan why you’re doing this to them, why you think it’s a good idea as a PC government to increase a regressive tax, and to burden the people who are on low and middle income. Stand up.

I’d like to ask the Minister for Consumer Affairs, interested in consumer issues, someone who is supposed to be concerned about the high cost of living going up and what’s happening to the consumer index. Stand up and defend this legislation; tell the people why you’re doing it to them. I’m sure they’d like to know.

Mr. Speaker, it being close to 10 o’clock, I would like to beg leave to adjourn this debate.

The Assembly adjourned at 9:59 p.m.