

The Assembly met at 1 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Hon. Mr. Tusa: — I'd like to take this opportunity to introduce to the Assembly a group of Girl Guides and Pathfinders who are in the Speaker's gallery. The Girl Guide leaders are Mrs. Nina Smith, and Mrs. Lucy Millette. There are several Girl Guide members: Jill Straker, Kathia Millette, Nicole Ruud, Aime Cheung, Christy Grassli, Paula Anderson, and Chrystal Thomas; one of the mothers, Mrs. Pam Ruud is also present; the Pathfinder leader, Mrs. Gladys Ollinger is present; and Pathfinder members, Laura Byer and Katherine Schultz are present.

These people are from the Punnichy area. They are working towards a citizenship badge, and I'm told that one of the activities they will be carrying out a citizenship court in Punnichy in November.

I ask all members to please welcome them to the Assembly, and I look forward to meeting with them later.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Suggestion of Share Offering in SGI

Mr. Trew: — Thank you, Mr. Speaker. My question was to be to the minister responsible for SGI, but in her continuing absence I direct my question to the Premier.

Can the Premier confirm that the SGI Board of Directors recommended to the cabinet that shares be offered in SGI before the end of this year, and can he confirm that the SGI board recommends the provincial government hold only one-third of those shares, with a full two-thirds being offered to other corporations and individual investors, including out-of-province investors?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, Mr. Speaker, I will make any announcements with respect to SGI when I'm ready to make them, and the opposition can speculate all they like, and if they want to condemn public participation in SGI, fair ball. I endorse public participation; they don't happen to. They didn't with respect to Power bonds, they didn't with respect to Saskoil, and they won't with respect to SGI, and they can holler and scream all they like about sell-off, and they will find out that it will be very, very popular when it comes to pass.

And, Mr. Speaker, when we make an announcement, they will know all the details, and they can raise them today, and raise them tomorrow, as they did with Saskoil and as they did with Power bonds, Mr. Speaker. So no announcement has been made, Mr. Speaker, and if they way to say, well . . . they can rush out. I think it was the Leader of the Opposition, Mr. Speaker, who said if

only he could buy Saskoil shares it would be a really good deal, and at the same time he went around the constituency saying . . .

Mr. Speaker: — Order, please. Order, please. Order, please.

Some Hon. Members: Hear, hear!

Mr. Trew: — Supplementary, Mr. Speaker. Is the Premier not aware that the president of SGI, Mr. Wilde, is holding meetings with the SGI's head office staff this very day, today, to announce to them exactly what I've outlined here today, and that is that before December 31 shares will be offered in SGI and that two-thirds of those shares will be sold to other corporations and individual investors, including out-of-province investors. Is the Premier not aware of what your own corporation president is announcing to all SGI staff?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, Mr. Speaker, I think it's true that when you form a national company, as we did with respect to Saskoil, that indeed you have Canadians participating in it. I think that's true. And maybe it's a surprise to the NDP that Canada means that it's from coast to coast. But when you have a national company with its head office in Saskatchewan, indeed, Mr. Speaker, Canadians invest in it.

Now if you wanted a national company with its head office here, not just confined to Saskatchewan but to deal nationally and internationally, you would have to say, well for Heaven's sakes we are Canadian, let's trade.

Mr. Speaker, I think it's interesting, not only do the members opposite don't want to trade with United States, they don't even want to trade with Manitoba and Alberta; they don't even want to trade with other Canadians. They'd box us all in and say, well, we'll confine SGI to the Davidson market, or confine it to Moose Jaw. Well we think that we're quite capable of trading with people nation-wide and indeed world-wide, Mr. Speaker, and if we can do that and have the head office here in Saskatchewan, you just watch it happen.

Some Hon. Members: Hear, hear!

Mr. Trew: — Supplementary, Mr. Premier, SGI employees have been instructed today to spare absolutely no expense in overtime to clear up all the outstanding business transactions as soon as possible after September 30. In case you need a calendar, that's just tomorrow. Can the Premier confirm that this cut-off date is important because it involves the final approval of a prospectus by the Saskatchewan Securities Commission with respect to an SGI share offering. Can you confirm that?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Clearly the opposition has figured out that September 30 is tomorrow, and I'll give them full credit for that. I will only say, Mr. Speaker, that in the

province of Saskatchewan we are examining the possibilities for expanding national firms with their head offices right here, and that includes SGI, Mr. Speaker. It includes . . . (inaudible interjection) . . . And the opposition will say, well, you're going to sell shares to other Canadians. Imagine Saskatchewan people having other Canadians invest here in the province. I mean, if they want this to be their next political campaign . . . That's why the member from Regina North East didn't even seek the leadership, Mr. Speaker; he knows that this is right. And the new leader to be hasn't even denied it.

Mr. Speaker: — Order, please. Order.

Some Hon. Members: Hear, hear!

Mr. Trew: — New question, Mr. Speaker. Mr. Premier, your plan means that the control of SGI will very soon be in the hands of non-Saskatchewan corporations and investors.

Some Hon. Members: Hear, hear!

Mr. Trew: — That is exactly what happened with Saskoil — 75 per cent of those shares sold a year ago are already in the hands of non-Saskatchewan residents. And it'll likely mean lost jobs in Saskatchewan and expansion in other provinces like Alberta, again the exact pattern of Saskoil.

Mr. Premier, how can you say that lost ownership, lost jobs, and higher insurance rates are good for Saskatchewan people? And if you really believe that it is good for Saskatchewan people, why won't you agree to take your proposal to province-wide public hearings before you sell off this important utility?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, we find it interesting that the new Labour Prime Minister from Australia, Mr. Bob Hawke, has been re-elected on an entirely Conservative platform, where he is going to have public participation and privatization. We're finding out, Mr. Speaker, that in the country of Great Britain that there will soon be more shareholders than there are union members, Mr. Speaker. We see in the country of France more and more people are moving towards privatization, public participation. It's happening world-wide. It's happening in China; it's happening in the Soviet Union, Mr. Speaker, and here we have the opposition saying, I wonder if we should form a national firm with its head office here in Saskatchewan, really allow other Canadians to invest in Saskatchewan; wouldn't that ever weaken this province to have money coming in here to build a national firm. Mr. Speaker, they haven't figured it out yet, and the whole world is ahead of them.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — I know, and the rest of the province knows, that they're so far back in time that they'd say the only way we can survive is to nationalize a company and nationalize another one and take it over.

Mr. Speaker, there are many ways to grow. I'll put it this

way: nationalization is not one of them.

Some Hon. Members: Hear, hear!

Mr. Trew: — Supplementary, Mr. Speaker. Mr. Premier, we're not in Australia; we're not in New Zealand; we're not in the Soviet Union; we're in Saskatchewan, and I'd suggest you pay attention to what's going on here.

Some Hon. Members: Hear, hear!

Mr. Trew: — If you, Mr. Premier, and your government really believe that the sell-off and give-away of SGI is good for Saskatchewan, then hold these public hearings. Give the people of Saskatchewan the right to say what they think should happen to their corporation, the corporation that you and your government have no mandate to give away or sell or privatize or whatever other word you want. Call public hearings!

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — As a result of this question period and the NDP's revelations that we know that this is Saskatchewan and tomorrow is September 30, and we appreciate that. I will say that this province, as well as others across Canada and other jurisdictions world-wide, Mr. Speaker, are recognizing the power and the strength associated with building large national and international companies with their head offices here, not just confined to Regina, not just confined within the jurisdiction of Saskatchewan with 1 million people, but to have access world-wide to the opportunities, Mr. Speaker.

But they can't see that. They put their blinders on and say, no, we should just make sure that it's in Saskatchewan and no place else. Well they are so far behind, they are so far out, Mr. Speaker, that the rest of the world is saying, well wake up Saskatchewan, don't you want to trade? No, the NDP doesn't.

Some Hon. Members: Hear, hear!

Mr. Speaker: — Order. I would just like to mention before I sit down that it seems that we're entering into debate here, not questions and answers, and I would like to ask hon. members to get back to the intent of question period, which are good questions and good answers, and debate perhaps can come later.

Issuing of Special Gas Tax Receipts

Mr. Solomon: — Thank you, Mr. Speaker. My question is to the best known cheer-leader in the province, the Premier.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Mr. Premier, my question deals with the PC gas tax. The PC gas tax will take more than \$100 million out of the Saskatchewan economy this year at a time when the economy . . .

Mr. Speaker: — Order, please. Order, please. The hon. member is being interrupted, and I ask for the co-operation of members that he ask his question. Order.

Mr. Solomon: — My question is, again, Mr. Speaker, to the Premier, and it deals with the PC gas tax. This gas tax of yours, Premier, will take more than \$100 million out of the Saskatchewan economy at a time when the economy needs a shot in the arm, not another tax increase. Premier, this gas tax is not only taking millions of dollars out of the economy, it has created a red tape nightmare for the 650,000 licensed vehicle operators and hundreds of gas station operators in Saskatchewan.

Can the Premier confirm that complaints about the gas tax have become so strong and so numerous that you have promised to introduce special government receipts for the collection of this unfair tax?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, I find it really interesting that the opposition would criticize this administration or any others for having a deficit, and at the same time they will criticize either trimming expenditures, cuts, or tax increases.

Now, Mr. Speaker, you can't have it both ways . . . (inaudible interjection) . . . And the hon. member from Regina North East says patronage, and he adds it up. Well you're maybe 5 million or 10 million or 20 million, and he plays with those numbers, Mr. Speaker.

And we're talking about hundreds of millions, and indeed, billions of dollars in terms of lost revenue as a result of wheat prices and potash prices and oil prices. And at the same time they stand in here and say, but don't you raise a tax, and don't you cut any other expenditures, Mr. Speaker. It's pretty easy for the opposition to stand back here and say, don't build national firms; don't allow others to invest here.

They don't want anybody to invest. Right, Mr. Speaker? They want to nationalize the firms. They don't want to trim any expenditures.

Mr. Speaker: — Order, please. Order, please.

Some Hon. Members: Hear, hear!

Mr. Solomon: — Supplementary to the Premier, Mr. Speaker. People in this province are laughing at you and your incompetent handling of this gas tax.

Some Hon. Members: Hear, hear!

Mr. Solomon: — You and your government have constantly bragged about cutting bureaucratic red tape, but what you've done is you've transferred bureaucratic red tape . . .

Mr. Speaker: — Order. Order. Order, please. I think I must ask the hon. member to get to his question. It looks like he's into a little speech, so I'm going to cut it off before it gets out of hand.

Order, please. Order, please. Order, please.

Mr. Solomon: — Thank you, Mr. Speaker. The Premier

and his government have transferred the bureaucratic red tape and expanded it to 650,000 licensed vehicle operators in this province as well as to hundreds of gas station operators. Are you now going to tell this House and the people of this province that you are going to clean this up and repeal the gas tax?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, Mr. Speaker, we looked at cutting expenditures, for example, with the property improvement grant, and people had to apply for that. And the opposition were on our case something terrible because no longer would the property improvement grant apply, and in fact people would have to have application forms. And they said, well that's fine. Even senior citizens, according to the opposition, the could apply for the property improvement grant.

Well it shows how hypocritical they really are, Mr. Speaker. On one day they're for a project on one side and say, well the rebate's fine. Property improvement grant, you just apply. The next day when we're saying we'll be the only province in the country that will not have a gas tax for its consumers, they say, oh, but the application forms would be prohibitive. Mr. Speaker, they don't know whether they're coming or going, and it's typical. Half the time they don't know whether they want to increase government involvement, or the other half where they want to reduce government involvement. One day rebates are great . . .

Mr. Speaker: — Order. Order. Order.

Mr. Solomon: — Thank you, Mr. Speaker. A new question to the Premier. Does the Premier understand that this tax is unfair to Saskatchewan people and has been so poorly designed and administered that it's wide open to abuse. Service station operators are talking openly about the gas tax these days, and they're talking about people purchasing cigarettes by the litre. When the system is so open to abuse, you encourage people to take advantage of it.

Premier, why not do the reasonable thing and repeal this unfair, ridiculous tax and replace the revenue with adequate taxes on the oil companies and the chartered banks?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, not only do the opposition pick on business people, and they picked on former heads of the Crown Management Board and others, but now they're saying that businesses and people are dishonest. That's what they're saying. And they're saying that they're going to be buying cigarettes by the litre, and they're going to be doing all these things. I mean, that's the same old line. Only they are self-righteous. Only the NDP would never do anything like this. And they say, but the rest of the folks are all guilty; they're dishonest; they're going to get . . . and business particularly, Mr. Speaker, would be dishonest, and they'd let that happen.

Just look at them. I mean, they never did a thing for small

business in their life, Mr. Speaker. They're against business. I mean, I could read you the Regina Manifesto; they're going to nationalize everything in the country, including all the businesses. And they stand up here and say, well then, Mr. Speaker, they're dishonest on top of it.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, that's the bunch that's dishonest. They don't come clean with the public. They're on one side one day and one side the next. Well . . .

Mr. Speaker: — Order. Order. Order, please.

Increase in School Transportation Costs

Mr. Tchorzewski: — Thank you, Mr. Speaker. I have a new question to the Premier, and it deals with taxation as well. Mr. Premier, everybody is laughing at you, and you've given reason today why with your performance here.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — If you and your government hadn't squandered the taxpayers' money for the last five years, and if you'd applied any measure of management to your government, you wouldn't be in the predicament you're in today.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Now my question to you, sir, is about the gas tax. It's not only hurting Saskatchewan people and driving up the cost of living, but it's an example of your massive shift of taxation on to the property tax owners of this province, and a good example — in light of this, I want to ask you the question — and a good example is that the Saskatchewan School Trustees Association have said that your gas tax is going to cost school boards \$1.5 million in additional costs for their operations.

Now I ask you: in view of the fact that the SSTA (Saskatchewan School Trustees Association) has had to correct your Minister of Finance in his assertion that that gasoline tax cost is covered over by increase in transportation costs, will you explain to this House why your Minister of Finance was not correct in that argument and misled the House?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, I think you'll realize that the hon. member raised the whole question of the deficit and management. Let me just point out that if the NDP had not nationalized the potash industry in this province, there'd be no deficit today. And that's the fact, and he knows very well.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, if they hadn't have borrowed the money from Americans and borrowed the money from others then to buy back what was already

here, if they hadn't have done that — even if they had taken that amount of money and built something new, there wouldn't be a deficit here today in the province, and he knows that.

Secondly, Mr. Speaker, they went on and they bought pulp companies, and they bought packing plants and a whole range of other things that cost us over \$91,000 a day. And that contributed to the deficit, Mr. Speaker. But thank goodness, we're getting it fixed up — finally. With respect to . . .

Some Hon. Members: Hear, hear!

Mr. Speaker: — Order. Order, please. Order. Order, please. Order, please. Order. I would ask the Premier to wrap up his remarks in a few statements.

Hon. Mr. Devine: — Thank you.

Mr. Speaker: — Order. Order, please. Order. Order. Order. Just a few moments, if the Premier wouldn't mind wrapping up his comments.

Hon. Mr. Devine: — Thank you, Mr. Speaker. I mean, he mentions management; I can mention management. To be fair, that's fair. All right? We're in a debating mode here. Right? The school tax, Mr. Speaker, the school tax. The minister has . . .

Mr. Speaker: — Order, please. I think . . . Order, order. The member from Battlefords, I would like to ask his co-operation.

I think that members on both sides, and certainly we've seen long answers here, and certainly we've seen the odd long question — we just saw one there — but I don't think there is any point in members accusing one side of long questions and the other one of long answers. That doesn't serve anything to this House. I think members know how they're supposed to conduct themselves, and I ask for their co-operation.

Mr. Tchorzewski: — Mr. Speaker, let me ask a short question so that the Premier does not get confused. Mr. Premier, in view of the massive tax increases that you have imposed on Saskatchewan people in the flat tax increase and the 40 per cent increase in the sales tax and the increase in every conceivable fee in charge of the government charges, how do you justify an addition \$1.5 million increase in the property taxes that Saskatchewan people have to pay in order to sustain their educational system?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, as the hon. member pointed out, in view of all their mismanagement, in view of the fact that they nationalized the potash industry, in view of the fact that they didn't get it all together when they were in power, Mr. Speaker, we have to deal with the situation as we find it today. As we find it today with respect to rural transportation, we have modified the formula so an increased grant will go out for those people in municipalities that deal with school buses. And in fact, the minister has commented on it already in several

times, that in fact it is balanced, Mr. Speaker, and there is no additional cost to the school bus divisions, and the hon. member knows that.

Some Hon. Members: Hear, hear!

Compensation by Alberta to Investors in Principal Trust

Mr. Goodale: — Thank you, Mr. Speaker. My question is to the Premier with respect to the Principal Trust matter. And, Mr. Premier, I would like to quote one sentence out of a letter that I received today from your Minister of Consumer and Commercial Affairs describing this whole affair dealing with Principal Trust. The sentence is this:

I am sure you noticed in the media that Premier Don Getty of Alberta said that if his government is proven negligent in this matter and is ordered by the court to pay, that he will not resist that in any way.

And that letter was dated September 25.

Mr. Premier, that language used by your minister is very broad, and I wonder if you could indicate whether that offer to pay on the part of the Government of Alberta now includes people outside the province of Alberta who have been victimized in this affair? Or is the Government of Alberta still taking their narrow approach, that they would pay Alberta residents only?

Hon. Mr. Lane: — Thank you, Mr. Speaker. In response to the hon. member, the advice that I have is that the province of Alberta is maintaining its position vis-à-vis the statement as to negligence.

We have made the request to the province of Alberta that in our view the same consideration should apply to the people of Saskatchewan as applied to the people of Alberta during the Pioneer Trust case, and we've made that request to the province of Alberta. We've not had a response as to any commitment by the province of Alberta.

Mr. Goodale: — Mr. Speaker, supplementary. If the Government of Saskatchewan is right in saying that they were entitled to rely upon the Government of Alberta in making a decision in Saskatchewan about licensing these companies in Saskatchewan; if the government is right in that assertion, and if Alberta is found to be negligent in the terms that Premier Getty has referred to, will the Saskatchewan government enlist the support of the Government of Canada and every other province in this country to demand that the Government of Alberta do the right thing, and that is compensate all victims of the Principal Trust affair and not just those who happen to be resident in the province of Alberta.

Hon. Mr. Lane: — Mr. Speaker, I won't discuss the rules as to hypothetical questions, but one of the reasons, of course, that we have legal counsel for the inquiry in Alberta is so that we can determine Saskatchewan's position after the inquiry is over.

Opening of New Trade Office in New York City

Mr. Lautermilch: — My question is to the Minister of Economic Development and Trade, Mr. Speaker, and it deals with his government's spending priorities. Last evening, during your department's estimates, it was revealed that your government plans to open a new trade office in New York city. Can the minister tell taxpayers when the New York city trade office will open, and what is the approved budget for this trade office?

Some Hon. Members: Hear, hear!

Hon. Mr. Andrew: — Mr. Speaker, the question posed by the member from P.A.-Duck Lake was asked last night by the member from Regina North East. At that time I indicated to him that we thought very soon that we would be taking the decision as to when the office would be open, and that it was through a process of start-up that we would have a difficult time determining exact budget, but we would bring that back to him as soon as possible.

The thing I would like to say though to the member from Prince Albert-Duck Lake is that you complain about no process . . .

Mr. Speaker: — Order. Order.

ROYAL ASSENT TO BILLS

At 2:31 p.m. His Honour the Lieutenant Governor entered the Chamber, took his seat upon the throne, and gave Royal Assent to the following Bills:

Bill No 21 — An Act to amend The Mineral Taxation Act, 1983

Bill No. 45 — An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year ending on March 31, 1988

His Honour retired from the Chamber at 2:33 p.m.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 41 — An Act to amend The Provincial Auditor Act

Hon. Mr. Lane: — Thank you, Mr. Speaker. I rise today to move second reading of An Act to amend The Provincial Auditor Act. The audit function is central to the process of financial accountability and is an inherent part of the parliamentary system of government.

This Bill, Mr. Speaker, strengthens the audit process and maintains accountability of all Crown agencies by providing for the audit of Crown corporations and certain Crown agencies by private sector auditors while preserving the role of the Provincial Auditor as the overall auditor of public moneys.

But in 1983 we passed Saskatchewan's first Provincial Auditor Act, which more clearly defined the Provincial Auditor's audit scope and mandate, and strengthened his independence. This Bill, Mr. Speaker, preserves those

principles and is an enhancement of the Act we passed four years ago.

Over the last few years the audit function has become more complex as technology and industry have become more sophisticated. Private sector auditors have been able to keep up with the rapid changes because of their diversification and specialization. Using private sector auditors more extensively to audit Crown corporations provides the opportunities to benefit from their expertise in various industries, and ultimately will improve the effectiveness and quality of audits in the Crown corporation sector. It will also allow the Provincial Auditor to make more effective use of his time and resources.

At the same time, the overriding objective of full accountability of the Crown corporation sector must be maintained. This Bill accomplishes that objective by now charging the private sector auditors with the same examination and reporting mandate as the Provincial Auditor. This ensures that all Crown agencies will be subject to the same level of auditing and reporting, regardless of whether the audits are conducted by private sector auditors or the Provincial Auditor.

Prior to this Bill, the Provincial Auditor was required to review in detail the audit plans and audit work conducted by private sector auditors. This was a very time-consuming and cumbersome process. With the passing of this Bill the Provincial Auditor now will be able to remove himself from the details of the audits conducted by private sector auditors, and instead will have the opportunity to concentrate more intensely on his audit examination and reporting matters.

Nevertheless, the Provincial Auditor must continue to retain overall responsibility for the audit of public moneys, for he is the auditor hired by the Legislative Assembly. Mr. Speaker, this Bill accomplishes that objective by requiring the private sector auditors to submit their reports to the Provincial Auditor and allowing the Provincial Auditor to rely on the reports of private sector auditors if he is satisfied that they have properly discharged their responsibilities. If he is not satisfied, this Bill allows the Provincial Auditor to perform additional audit work and report accordingly to the Legislative Assembly. The Provincial Auditor continues to have free access to all information relating to public money.

This Bill will enhance, Mr. Speaker, the overall audit process. As before, the Provincial Auditor will continue to table before the Legislative Assembly his annual long-form report, which will now also include the reports of the private sector auditors; thus, full accountability will be maintained of all accounts of public money, including the Crown corporation sector.

Mr. Speaker, I believe, as well, that the Bill responds completely to the questions raised by the Leader of the Opposition during a debate on an appropriations Bill earlier this session.

Mr. Speaker, I move second reading of An Act to amend The Provincial Auditor Act.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Thank you, Mr. Speaker. I rise to say a few words on this Bill which is a very important Bill, not because of the good that it's going to do, Mr. Speaker, but its importance is because of the damage that this Bill will do to accountability in this province.

I say at the outset, without any reservation, that I and my colleagues on this side of the House strongly are concerned about what this Bill proposes to do, and we'll oppose it at every stage of the way.

What the Minister of Finance is asking this House to approve is unheard of anywhere in Canada, and I'm not sure about the British parliamentary system and throughout the world. The ministers says — and he deals here in half-truths — in his few remarks on a Bill that is as major as this one, he says that the Bill will preserve the role of the Provincial Auditor as the overall auditor. That is not true, and I will point out in my remarks later on today how that is not correct, Mr. Speaker.

The minister also says that this Bill will preserve the principles of independence. It is clear by the actions of this government over the past several months, and with what is intended by this legislation, that the independence of the Provincial Auditor, with respect to the auditing of the books of the Crown corporations, is going to be in some question with this legislation.

The minister also said in his remarks that the same examination and requirements will be asked of the private sector auditors as has been required under the Provincial Auditor. And I ask the minister in his concluding remarks, if he's going to make any, who will set those requirements when, as far as I am able to understand in this legislation, the Provincial Auditor no longer will? And I want to point that out in the remarks I make today as well when I get into more of the principle of the Bill.

I say to this House, Mr. Speaker, and to the citizens of Saskatchewan, that the central issue here in this proposed legislation and the debate is the lack of accountability. That is the central issue. The question that has to be asked is: who reports to whom?

The minister proposes a situation where the boards of the Crown corporations, appointed by that minister or by that Premier or some members of the Executive Council, that board is going to appoint the auditor of their Crown corporation, so in essence the auditor will be an employee, although by contract, of the board. The auditor, in turn, that is appointed, is going to report to the board.

The question that is not addressed here, and the minister really did not explain it, is who reports to this legislature? Who reports to this legislature and, therefore, to the people of Saskatchewan when it comes to an explanation of how their money in their Crown corporation is being managed, and it is being spent? I submit to you, sir, that in this amendment no one will effectively report to the legislature, and that is reason for grave concern.

This Bill is an attack on this legislature itself, this legislature which represents the public. It's an attack on this Assembly. It's an attack on the right of the people to know how their money is being spent, and it's an attack on the requirement of government to be accountable for its actions. On all those three counts it's an attack.

Mr. Speaker, the minister has tried to turn it around into an issue of whether to use private sector auditors or whether to use the Provincial Auditor. That's not the issue here. The issue is one of accountability and how will this legislature be able to determine whether there is something wrong in the operation of the various Crown corporations in the expenditure of their money.

I want to say to you what the other real issue here is, besides accountability and besides the attack that is taking place on it. The other issue here is the attempt by the government, as it gets deeper into the mire of its mismanagement and its corruption, to institute by law the kind of restrictions, so that it will not have to be able to disclose many of those things that have occurred in this government since 1982.

The Minister of Finance who proposes this legislation is the very same minister who solemnly declared in his first budget in 1986 what the budget would be, and then a year later went before the Saskatchewan public after an election has passed, and said, whoops, I'm sorry, but I miscalculated the deficit by \$800 million.

(1445)

I say to you, Mr. Speaker, there is no conceivable way, in the size of the budget that the province like Saskatchewan has, that any Minister of Finance could legitimately make that kind of an error — not possible! It could only happen if it was a deliberate deception of the public whose funds that minister is responsible for.

Those are the kinds of things that the minister couldn't hide and that the government couldn't hide. They had to come forward with another budget this year, and they had to disclose all of this information. The legislation we see before us today is an attempt, at least on the part of the Crown corporation side, for the government to make it possible not to disclose those kind of mismanagement things that will happen and have been happening in the Crown corporations. That's why we are strongly opposed to this Bill and, I submit to you, so is the public of Saskatchewan.

And I say to you, sir, that nobody will be more concerned about this than the business community because they know what it's like to run a business adequately, and how you have to account for the coming in of revenues and the expenditure of those revenues in order to make your business function. There is not a business in Saskatchewan that could operate with the kind of mismanagement that this government has and survive longer than a year. There isn't a business in Saskatchewan that has shareholders that if the board of directors of that business did not report to their shareholders in the way this government has refused to report to the people of Saskatchewan, those board of directors wouldn't survive

an annual meeting.

But yet this government goes along its merry way, even to the point where it unashamedly and blatantly will propose a Bill that will even restrict the providing of information more than already exists this administration.

Now what does the Bill do, Mr. Speaker? Well in the legislation that presently exists, the Provincial Auditor is empowered to examine the accounts of the province in as great a detail as he deems necessary. In fact, I'll even quote you a clause out of there, a section of a clause in which it says:

... or cause to be examined, in any manner that he considers necessary to enable him to report as required in the Act . . .

Do you know what this Bill does? It proposes to do away with that clause in the legislation. In effect, what this Bill will do is it will restrict the power of the auditor to exercise discretion when examining the government's accounts.

Now the existing legislation has something else which is of interest, and it should be there, and the government opposite should know it because in 1983 they put this legislation in this House. The existing legislation gave the Provincial Auditor the right to instruct another auditor to do the following: the right to include any procedures that the Provincial Auditor deems necessary to allow the Provincial Auditor to fulfil his responsibility under the Act.

Now as a result of this new section which the minister . . . or this new Bill which the minister proposes, the Provincial Auditor loses the right; he loses the right to instruct an appointed auditor to provide information to the Provincial Auditor up and above what is strictly necessary. And the minister stands up in this House and tries to argue that nothing changes.

Mr. Speaker, the existing legislation also indicates that the Provincial Auditor may, upon receipt of a private auditor's report, report that to the House. And he then may, in fact, request further information. It's not a question of just getting the annual reports handed to him as is proposed in this new legislation. He may go back under the existing legislation and request further information.

What the minister is asking the House to approve here is a total emasculation of the ability of the Provincial Auditor to look into the affairs of the government beyond what the government is willing to allow him to see. It will now be up to the government to decide what information the government provides to the Provincial Auditor.

Now that's already happening. Since January, under the instruction of the board of directors of the Crown management corporation, the officers of the Crown Management Board have been restricted from providing information which the Provincial Auditor has requested. The Premier has said to the president of the Crown

Management Board: you shall not provide this information. All that this government is doing, knowing that they are, in fact, breaking the law, is trying to write into the law the ability to do that what they exactly are doing now.

I'm afraid, Mr. Speaker, that what I see here, that there will be no means for the Provincial Auditor any longer to verify the information that is provided to him. And I say that because appointed auditors will not need to supply the Provincial Auditor with the documents that they use to produce their audited reports. He will have to take that at their word, and so the Provincial Auditor has no way of verifying the validity of the appointed auditors' reports.

Now, Mr. Speaker, let me just go back to how this has all evolved, and that should be of some concern to all members of this House, as I'm sure that it will be to the public. On January 7 of this year, the Minister of Finance made a public announcement. The Public Accounts Committee was not involved; this legislature was not involved; the Provincial Auditor was not involved. But the Minister of Finance announced that there was a change in government policy which would allow the board of directors of the Crown corporations to accept proposals from accounting firms which might be interested in doing audit work, and I read this out of the report of the Provincial Auditor.

The minister also indicated at that time that his officials would meet with the Provincial Auditor at his convenience. He tried for many, many weeks to try to get such a meeting, and it was not provided for. And when it finally came about there was a meeting with the acting deputy minister of Finance on April 3, in which all that the acting deputy minister of Finance would say would be that what the minister had said was going to happen — no request for the Provincial Auditor to provide any kind of input into these amendments, and he did not get to see them until that Bill was tabled in this House. That has never happened before.

In 1983 when The Provincial Auditor's Act was introduced in this legislature, the Provincial Auditor, together with the Department of Finance officials, wrote the Act. It was introduced into this House. It was referred to the committee of public accounts where it was studied clause by clause.

I will bring to your attention some commitments made by the former minister of Finance about the need for independence and the need for accountability and the need to get information. Somehow that's all gone by the wayside.

Now this attack, Mr. Speaker, on the ability of the Provincial Auditor to do his work does not start with this proposed legislation. It starts, Mr. Speaker, with the way the staff has been treated in the Provincial Auditor's office. The auditor has said — and I think that this is worthy of note:

If public servants who are to be audited are in the process of determining legislation which will govern how they are to be audited, and I am not involved as I have been in the past, who is looking

after the interests of the Legislative Assembly, which is the body that requires the audit?

And I think that's a very telling comment. It is clear why the auditor was not involved, because somehow the interests of the public and this Assembly are of no concern to this government.

Now they've made it even more difficult for the Provincial Auditor to do his job because of the way they have changed the staff. In 1982 the Provincial Auditor had 72 members on staff; in 1984 there were 69; in 1986 there were 63; and in this budget that we're deliberating on in this session, there are now only 49. Clearly, when you take away the staff that is necessary to get a job down, Mr. Speaker, then you and in this case this government is interfering with the ability of the Provincial Auditor to do that job and is restricting his ability to do it the way it needs to be done.

Now, Mr. Speaker, I was amazed the other day when in a question in this House on this issue of withholding information on the appointment of private auditors in the government proposals, the minister said the following. He said: "Let me indicate what the Provincial Auditor asked for." Because the Provincial Auditor wrote a series of letters to the Crown Management Board asking for information which he had always asked in the past, and it had always been provided. The minister said that:

He has asked for the proposals submitted by the private sector auditor companies to be able to do the audits of the Crown corporations.

And then the minister stopped at that point. Once again, he only told one-third of the truth. And I find that very troublesome.

I want to raise with you, Mr. Speaker, what in fact the Provincial Auditor had requested. He states — and I quote from the Hansard of the Public Accounts Committee the following — he states:

I requested from Crown Management Board copies of their communication to private sector auditors . . .

And then he said:

. . . I want to know the content of those communications to private sector auditors to make sure that the private sector auditor has been told that he will be doing the same thing (as I am doing).

The minister forgot to mention that in answer to the question in this House and in his response to questioning by the press. And why shouldn't the Provincial Auditor know whether the private auditors are doing what he has been doing, since by law it is he who is required to audit the books of those Crown corporations today. A perfectly legitimate question which the Crown Management Board and this government refuse to respond to.

He went on to say that:

In addition, I want then copies of the submission that were put in place by the private sector auditors . . . (the) Crown Management Board relative to, if you bid on the Saskatchewan Power Corporation audit, what level of dollar bid did you enter so that I can determine whether or not it is going to be cost effective, as was the declared intention on January 16, 1987.

Now I ask you, Mr. Speaker, what is wrong with the Provincial Auditor asking whether the new method is going to be cost effective. That is his job.

The minister forgot to mention that in his response to this legislature and his response to the press because he did not want the public to know what the real facts were. So since January of this year this government has refused to provide information so that the Provincial Auditor can do his job.

Today we have the minister rise for about four minutes and say he's going to put into the law what he has been doing, contrary to the law, since January 1, and everyone who is concerned about the public affairs of this province and the future of this province should be concerned.

Now I ask the minister, and I'm concluding my remarks before I adjourn now, what has changed since 1983? Why this total about face, when in 1983 there were amendments . . . actually a new Bill introduced in this House called The Provincial Auditor's Act. What we have today is a reversal of what was said then.

I have here what the former minister of Education said about the independence of the auditor, and he said:

He must not only be independent, but he must also be seen to be independent as he carries out his role.

Well, Mr. Speaker — Mr. Deputy Speaker now — somehow this Bill follows the same pattern as has happened to many other operations that this government has dealt with. And the pattern is this: if an agency of government, or if an agency out of government so much as questions some policy or some administrative fact of this government, it is then in jeopardy.

The government established the Public Utilities (Rate) Review Commission. The Public Utilities (Rate) Review Commission dared to say to the government: this is the way you're going to do it; we have this mandate; we have made a decision. And the government today has a Bill in the House to do away with the Public Utilities (Rate) Review Commission.

The Ombudsman dared to criticize some of the things that were happening in the government. The government now chose not even to go through the correct procedure of consultations before appointing a different Ombudsman. And in this case I'm not reflecting on the individual who is there, I'm saying that the process used is another example of how this government refuses to provide information that should be there. And when somebody criticizes them for it, they don't get mad — or if they do they don't show it — but they get even.

(1500)

Non-government agencies, all agencies all over this province have had massive cuts in their funding, and in some cases totally cut off because they dared to be critical of the government on some of its policies. Workers throughout Saskatchewan have dared to be critical, and the government threatened them.

What is different, I ask you, between the kind of thing we see here in Saskatchewan today and the kinds of things we see happening in Chile or El Salvador or Afghanistan? Not much different, Mr. Speaker. These defenders of private initiative and individualism are the very same people who are not prepared to give individuals the right to ask questions and take part in the democratic process in Saskatchewan.

This Bill is wrong. It's an attack on this legislature; it's an attack on accountability; it's an attack on the right of people to know what the government is doing with their money.

The Provincial Auditor will provide in this House, I hope soon, a report on this legislation and what his view is of it. I think, Mr. Speaker, that before this debate goes any further, it is important that we have the benefit of the advice of the Provincial Auditor.

And so at this time, after having said the things that I have said, I want to move that we adjourn this debate until we have the benefit of that report and further study this legislation so that we can deal with it in a more adequate way. And I move adjournment of this debate.

Debate adjourned.

Bill No. 42 — An Act respecting the Consequential Amendments to Certain Acts resulting from the Enactment of The Provincial Auditor Amendment Act, 1987

Hon. Mr. Lane: — Thank you, Mr. Deputy Speaker. I rise to move second reading of an Act respecting the Consequential Amendments to Certain Acts resulting from the Enactment of The Provincial Auditor Amendment Act.

On January 14, 1987, I announced publicly that the government would be introducing a new policy concerning the auditing of certain Crown corporations. I indicated that the corporations would be given the option of choosing private sector auditors to provide them with auditing and accounting services if that option proves to be cost-effective.

I also stated that this change in policy will not affect the Crown corporations' obligations to report their audit results to the Legislative Assembly. Since my announcement, 18 Crown corporations conducted a selection process for a new auditor and have made their recommendations to the Crown Management Board. The board has reviewed and approved these recommendations, and the board is now prepared to recommend the appointment of these auditors.

However, certain Crown corporations involved in this selection process are obligated by legislation to have only the Provincial Auditor as their auditor. As a result, in order to allow these corporations to appoint a new auditor, it is necessary to amend each of their respective Acts. Accordingly, this new Act will change each existing Act to allow for the appointment by cabinet of a private sector auditor.

Mr. Deputy Speaker, was auditor asked to participate in these? Yes he was, on several occasions, and he refused to do so, Mr. Speaker. That was the Provincial Auditor's choice, not the choice of the government. I find it unfortunate, Mr. Speaker, that the Provincial Auditor is now taking a different approach.

Mr. Deputy Speaker, the Provincial Auditor says that he has a right to this information to determine if there's value-for-money spent auditing. And, Mr. Speaker, the Provincial Auditor knows full well, because it's been a long-standing practice and policy of this government, plus our predecessor government when the hon. member was minister of Finance, that the value-for-service auditing was not a function of the Provincial Auditor.

And the hon. member knows full well, the hon. opposition finance critic knows full well that the request — and I believe it was stated in the Saskatoon *Star-Phoenix* by the Provincial Auditor that he has the right to this information to determine if there is value-for-money spent — that was not a mandate of the Provincial Auditor. The Provincial Auditor, in fairness, certainly has requested it, I believe nearly every year for the last 10, but that policy is no different under this administration than under the previous NDP government. So, Mr. Speaker, some of the allegations made, of course, are simply not true.

We hear, Mr. Speaker, when we talk about changing to the private sector auditors, a comparison to Nicaragua and Afghanistan, and I think a rather sad reflection, Mr. Speaker, on those making those allegations.

One can remember, Mr. Speaker, when we talk about the Provincial Auditor, that it was the NDP government that took away the Provincial Auditor from reporting to the Assembly and made him a reporter to the government of the day, Mr. Speaker. So I don't think it fair for anyone to stand up and make that type of . . . and I believe rather unfortunate. We all know the stress the hon. member's been under lately, but to make that kind of unfair analogy, I think, is of the hyperbole that the member from Regina Victoria was so scornful of the other day, and not realistic when we deal with this debate.

So again, was the Provincial Auditor asked for input? Yes, he was. He refused.

Secondly, we should keep in mind, Mr. Speaker, I'll just advise the Assembly what the auditors of Saskatchewan said. When given a copy of the Bill they said, well really, what's new? And as a consequence, Mr. Speaker, the second reading of the Bill to amend The Provincial Auditor's Act and The Consequential Amendment Act

really, Mr. Speaker, empowers the imposition of the changes of the Provincial Auditor to allow private sector auditors.

Mr. Speaker, to suggest that private sector auditors in Saskatchewan are going to defraud, mislead, deceive the people of this province and this Assembly is frankly, I believe, an unwarranted attack on the auditing profession in this province, Mr. Speaker. And I would hope that hon. members would refrain from that type of attack. I'm sure that the audit profession of Saskatchewan is going to be somewhat resentful of that attack, Mr. Speaker, and I hope that they take it in the spirit of debate as rather a true reflection of the views of the members of the New Democratic Party to the provincial auditors of Saskatchewan . . . private sector auditors of Saskatchewan.

I move second reading, Mr. Speaker.

Mr. Calvert: — Mr. Deputy Speaker, may I have leave to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Calvert: — Mr. Deputy Speaker, it's my real pleasure to introduce to you, and through you to the members of this House, two very special guests who are seated in your gallery. One, a visitor from Vancouver, British Columbia, is the person of my aunt, Mrs. Dorothy Calvert, who I can assure members present is not from the Fraser Institute. And another very special guest from my own constituency, and a very special constituent, my mother, Mrs. Beulah Calvert. I would ask members present to help me welcome these guests.

Hon. Members: Hear, hear!

SECOND READINGS

Bill No. 42 (continued)

Mr. Tchorzewski: — Mr. Speaker, before I adjourn the debate on this because they are consequential amendments to the previous Bill that we spoke of, I want to make a couple of comments on the minister's comments, because once again he has not fully informed the House about what is happening here.

I bring to your attention, Mr. Speaker, when the minister talks about the consultation which was offered to the Provincial Auditor, he fails to say to this House on what issue. He talks about the amendments on which there was no consultation and no offer made, realistically, and applies that same argument to the refusal of the Crown Management Board to provide information to the auditor which the auditor had requested. Now let me just tell you, and I quote from the Provincial Auditor's report. He says that:

On April 3, 1987, I met with the Acting Deputy Minister of Finance (this is the auditor writing). He confirmed that all Crown corporation boards were engaged in the selection of private sector audit

firms . . .

And let me repeat that. This is the acting deputy of Finance who:

. . . confirmed that all Crown corporation boards were engaged in the selection of private sector audit firms and the process of selecting auditors was nearing a conclusion. (This is in April) He also indicated (that) the government was considering amendments to The Provincial Auditor Act that would change my supervisory role with respect to the audits of Crown corporations audited by private sector auditors.

And in fact, that is the legislation we have here today in which the supervisory role of the Provincial Auditor is now being restricted. And that is one of the major components of the issue that's before us in this legislation. The auditor wrote on April 13, 1987 to the acting deputy minister of Finance, and again I quote:

. . . advised that any legislative enactments should not in any way make Crown corporations less accountable to the Members of the Legislative Assembly.

At no time was any consultation on these amendments provided to the Provincial Auditor in spite of what the Minister of Finance says. How can the government deal with legislation, and an officer of this Legislative Assembly, without allowing the officer which this Legislative Assembly appoints, without allowing that officer to have some input into that legislation.

(1515)

But the Minister of Finance says, that's okay. What's even just as equally disconcerting and should be of concern to us all is the comment that the Crown corporations were engaged in selecting private sector auditors in April of 1987. And I say that that's disconcerting because of the time, and even today, there are those Crown corporations that under the law cannot use private sector auditors; they must have the Provincial Auditor do their audit.

But this Minister of Finance is already appointing them, and said to the press the other day that he has appointed them. If that's the case, just as he was breaking the law with trying to write a budget with special warrants prior to June 17, he has been breaking the law by appointing these auditors without the authority to do so.

I can't believe that any government, I don't care which political stripe, could possibly be so arrogant as to say to the people of Saskatchewan, we're going to pass laws and you'd better obey them or we're going to take you to court, and then turn around and itself ignore those laws. But that's what we've seen here — that's what we have seen here. That kind of arrogance, Mr. Speaker, I don't think anyone has ever seen before.

Now, Minister, once again — and I will only have a few more remarks to make here — says one more example of what the Provincial Auditor asked for. But again he didn't say that the Provincial Auditor asked to see those board

minutes which he had to have in order to be able to do his audits. This government, for the first time in history, refused to provide those board minutes. They have always been provided to the Provincial Auditor so he could do his audit effectively.

All of this, Mr. Speaker, leads the Provincial Auditor to say this — and it's on the record and it's true, because I have checked it, and it's confirmed — but it led the Provincial Auditor to say, on September 22:

We are encountering some problems these days in that for the first time in the history of the audit office I am unable to get information that I asked for.

This has never been done; this has never occurred before. It's unprecedented and it's clearly another attempt by this government to hide its management, to hide its corruption, to hide its deceit from the people of Saskatchewan. It has been doing it by breaking the law until now, and now it's attempting to provide a law which will make it legal to do what it's been doing illegally, and that is legally hide information which the public needs to know.

That is all I want to say at this time on the consequential amendments because I've already spoken at some length on the first Bill. But we will also have more to say on this. I know my colleague, the member for Saskatoon South, and many others, will want to address this question, and we will want to address it particularly after we see the Report of the Provincial Auditor on these two pieces of legislation.

So I beg leave at this time to adjourn debate.

Debate adjourned.

Bill No. 43 — An Act to repeal The Public Utilities Review Commission Act

Hon. Mr. Lane: — Thank you, Mr. Speaker. I'm sure that the debate on this one will be quite interesting for its content, Mr. Speaker, as I had indicated some time back in May that the government would be repealing the Public Utilities Review Commission.

As I indicated, the costs, Mr. Speaker, there was little doubt that the hearings before the Public Utilities Review Commission were becoming extremely complex and technical and, as a matter of fact, the Consumers' Association of Canada, Saskatchewan branch, had expressed deep concern to the province of Saskatchewan at the increasing complexities of the review process. As well, Mr. Speaker, they had been expressing deep concern over the increasing costs of the review process and their inability to participate to the fullest extent because of the increasing complexities.

Mr. Speaker, we will be reverting to the previous practice of rates being determined and reviewed . . . I should say determined by the board, reviewed by cabinet, Mr. Speaker, that's been the long-standing practice in this province prior to the Public Utilities Review Commission.

I know, Mr. Speaker, that hon. members opposite have on numerous occasions advocated the repeal of this legislation, have advocated on numerous occasions that the Public Utilities Review Commission be dropped, be scrapped, and that has been a long-standing position of the New Democratic Party opposition. So I expect, Mr. Speaker, once we get through the rhetoric, that hon. members opposite will be supporting unanimously this legislation.

Ms. Simard: — Thank you, Mr. Speaker. Thank you. The legislation that has been introduced is a Bill to abolish the Public Utilities Review Commission. That is in effect what the Bill does, and it ties up some loose ends. And there are three major points that I want to make with respect to this Bill.

First of all, the establishment of a public utilities review commission was a PC election promise in 1982. It was promised on numerous occasions to the public of Saskatchewan. It was their promise, Mr. Speaker, to have public input and public participation in setting the utility rates in this province. And what this Bill does, Mr. Speaker, is to renege on that promise.

The second point I want to make, Mr. Speaker, is this is another example, another example of the PC government being unwilling to suffer watch-dogs of government agencies. It's another example of the PC government cutting off or abolishing an agency, or cutting back on an agency, that speaks out in a manner that the government doesn't like. It's one more example in a long list of examples, Mr. Speaker.

The third point I want to make is that the PC Party and the PC government promised with a great deal of fanfare, Mr. Speaker, public participation in setting utility rates in this province. And now they want to abolish the Public Utilities Review Commission without coming forward with any alternatives for the public of this province. They are proposing not one single alternative to ensure that there is public participation in the setting of utility rates, in order to continue and hold good on their promise in 1982.

And it's our opinion, and we have suggested on other occasions, possible alternatives to the press and in press releases, which I know the government would have access to, and yet they have not come forward with a package deal in this Legislative Assembly putting forward alternatives for public participation in order to meet their promise of 1982, which was one of their major election promises, Mr. Speaker — major election promises. Instead, they choose simply to renege on it and not suggest any alternatives.

The Public Utilities Review Commission, Mr. Speaker, is a watch-dog of the Crown corporations. It was a major corner-stone of the PC election campaign in 1982. And this is an example of another promise broken, without being replaced by anything. And there is no question in my mind that this issue alone substantially affects the credibility of the PC government, substantially affects their credibility, Mr. Speaker, not to mention all the other promises that this government has broken.

How can anyone believe what they say? Where are the alternatives, if they really had the intention to have open government and people participate in the setting of utility rates?

I just want to bring to the attention of the House some of the promises that were made by this government in 1982 with respect to the Public Utilities Review Commission. And I have here an ad or an election pamphlet of the Premier's, Mr. Speaker, and a Premier's commitment — it says commitment on it — and inside it says, freeze public utility and insurance rates. And it goes on to say:

Saskatchewan families have faced tremendous increases in the past few years in telephone, power, natural gas, and insurance rates. A new PC government will institute an immediate freeze and establish a public utilities review commission to monitor rates and protect consumers from unjustified increases.

Instead, what do we see, Mr. Speaker? A token freeze that lasted for, I think, a year at the most. It may have been less than that. And then increases in some utility rates that were as much as two or three times the rate of inflation. Is that keeping good, holding good on a promise, Mr. Speaker? I think not. I think not. If there's anything to be said about rhetoric, it's coming from that side of the House, Mr. Speaker. It comes from that side of the House.

And what else do we see with respect to this promise? We now see the abolition of the PURC, of the Public Utilities Review Commission. And I look at "Pocket Politics" which is a photocopy that I have here from "A Quick Reference on PC Policy for Candidates." So it's the PC Party policy manual. And it says, the question is:

Utilities rates and SGI rates are always increasing. Is it true a PC government will establish a Public Utilities Review Commission to protect the consumers?

The answer for our PC candidates is:

Yes, a PC government will establish a Public Utilities Review Commission to monitor (to monitor) and control rates in the government-owned utilities.

An Hon. Member: — But they didn't say how long they'd have it for.

Ms. Simard: — Exactly. They don't say how long this commission . . . They might establish it for how long, Mr. Speaker, but it's not going to be there any longer as a result of this legislation.

And we look at . . . I have another ad here from the member from Biggar. And he says:

The current government doesn't want anyone looking over its shoulder. (They don't believe in limiting Sask Power's huge profits.) I stand for a party that will make our public utilities responsible, and to do that we will immediately freeze utility rates.

Referring no doubt to the temporary, inadequate freeze that this government engaged in. And the member from Melville:

Consumers will be protected by a Public Utilities Review Commission.

And a former member, Mr. Speaker, Mr. Lloyd Hampton:

Consumers will be protected by a Public Utilities Review Commission.

And the member from Kelsey-Tisdale. These are all election ads, Mr. Speaker, all election ads.

Yes, there's a better way for Saskatchewan. Creation of a Public Utility Review Commission.

A better way, he's telling the people of the province of Saskatchewan. And the member from Kindersley, Mr. Speaker:

A new PC government will institute an immediate freeze and establish a Public Utilities Review Commission.

And so on. And a former member, Paul Schoenhals, same thing.

Consumers will be protected by a Public Utilities Review Commission.

And we go on to many more ads, Mr. Speaker, that just go on and on and on, and say exactly the same thing. Here's one, the member from Redberry:

We are going to establish a Public Utilities Review Commission to monitor and control the government-owned utilities.

Former member of Prince Albert, Paul Meagher:

Consumers will be protected by a Public Utilities Review Commission.

Commitment by the Last Mountain-Touchwood candidate, Mr. Speaker:

Saskatchewan families have faced tremendous increases in the past years in telephone, power, natural gas, and insurance rates. A new PC government will institute an immediate freeze and establish a Public Utilities Review Commission to monitor rates and protect consumers from unjustified increases.

Another one from the Kinistino PC association:

Government as the servant, not the master.

And yet what we see here today is government being the master, Mr. Speaker, because this government has a tremendous ability to cut back on organizations and associations that make decisions and come out publicly and say things that they don't like. And that's what I'm

suggesting they are doing to the Public Utilities Review Commission. They will couch this in terms of it's a cost saving. That's the smoke-screen; that's their smoke-screen argument, Mr. Speaker, but in fact what their complaint is, is that the Public Utilities Review Commission was making decisions that they didn't agree with.

And then we look at the member from Maple Creek saying the same thing, creation of a Public Utilities Review Commission; the member from Melfort, same thing — establish a Public Utilities Review Commission. And there are more here as well, Mr. Speaker, more here as well.

The member from Yorkton, I believe, said something similar to that to do with easing the burden on utility bills. The member from Regina South makes the same statement, Mr. Speaker. And the list goes on, and the list goes on.

The point of the matter, Mr. Speaker, is this government made the establishment of a Public Utilities Review Commission a major election promise, and today in its arrogance it comes forward and it wishes to abolish the commission without putting forward any alternative to hold good on their 1982 promise — no alternative whatsoever.

So that we see a lot of rhetoric from the government, a lot of rhetoric as to openness of government and public participation. And we hear that today. We still hear that today, Mr. Speaker, but the people of this province can't believe the government; they can't believe the government because this is an example, this is an example of their commitment to openness of government. This is an example of their true commitment to public participation.

Never let it be said again that they are implementers and that they believe in public participation. That's not their reason for doing things. That's their expedient answer, Mr. Speaker, but it's not their reason for doing things.

We find here that as soon as the heat is on with respect to the Public Utilities Review Commission, as soon as a body such as PURC makes decisions the government doesn't like, that all this rhetoric about openness of government, about public participation, starts to vanish, and suddenly open government for the people doesn't mean anything any more. And suddenly this long, fruitful relationship — and I'm quoting right now when I'm using these words from a statement made by the Minister of Finance of July 18, 1982, page 886 in *Hansard*, to this effect:

I suggest to all hon. members that it's a tremendous start to a long, fruitful relationship between the people of Saskatchewan and the new Progressive Conservative Government of Saskatchewan.

That's what the Minister of Finance said with respect to the establishment of a public utilities review commission. That's what he said. But suddenly, Mr. Speaker, this long, fruitful relationship between the people of Saskatchewan

and the PC Party, or the PC government, isn't important any more. Suddenly it isn't important any more, Mr. Speaker.

(1530)

So let's just look at the history of PURC; let's look at what's happened on PURC over the last little while. PURC was established in July of 1982 — it may not have been July, but it was around that period in 1982. And we find that as early as February 23, 1983, we see mutterings from the Premier that the final decision about rate increases rests with cabinet and not with PURC.

Something like six or seven months later we see mutterings that the Premier is reconsidering his decision that the final decision of rate increases rest with PURC. He is having second thoughts about his Public Utilities Review Commission, Mr. Speaker, in spite of the fact that that's not what he said on June 23, 1982, and on February 22, 1983. And On June 23, 1982, the Premier says:

In addition, Mr. Speaker, we'll be introducing a public (utilities) review commission so the consumers in the province of Saskatchewan will have access to government. They've been asking for it for years. They want to feel that they can control government (and) not be controlled by government.

And then what do we see? Six or seven months later we see the Premier reconsidering — reconsidering that, Mr. Speaker. February 22, 1983, the Premier said . . . I'm sorry, that's not February 22; it's December 6, 1983, in *Hansard* at page 506. The Premier says:

With respect to the rates, the Public Utilities Review Commission makes the final decision.

The Public Utilities Review Commission makes the final decision. That's page 506, December 6, 1983, in *Hansard*, Mr. Speaker.

But then on February 23, on February 23 we see a little difference approach from the Premier — a little different approach, Mr. Speaker. Now he's making mutterings that maybe that's not the way it's going to be. And in a *Leader-Post* article the Premier is quoted as saying, he said:

The final decision about rate increases rests with cabinet.

So there we have the Premier in December, on December 6 saying one thing, and on February 23 saying another; in June, when the commission was being established, saying one thing, and in the following February saying another.

Now is this a question of the Premier not understanding what he was doing when he set up the Public Utilities Review Commission, Mr. Speaker? Or is this a question of the Premier reneging on his promise, having second thoughts about what he did, and betraying the people of the province of Saskatchewan. Either way, Mr. Speaker, either way it causes me a lot of concern.

On March 24, 1983, Mr. Speaker, the PC government acted unilaterally on the SGI deductible. And the former member of Regina South at that time, Mr. Rousseau said, and he's quoted as saying this in an article from the Saskatoon *Star-Phoenix* dated March 24, 1983, that he told . . . I'll just quote from this article.

Rousseau refused Shillington's request and said the deductible will jump to 500 on July 1 as planned. He told the legislature he still believes a change in the deductible is a decision for SGI management alone.

And that surrounded a controversy as to whether or not PURC would have the ability to involve itself in determining whether or not deductibles could be raised or whether or not that was a matter to be left up to SGI management alone or cabinet.

And Mr. Rousseau took a very firm stand, obviously from the newspaper articles, that the decision laid with SGI management alone. And I ask you, Mr. Speaker, where is the openness of government? Where is the public participation in setting rates on utilities when we have a minister that takes this position on this matter — some less than a year after we heard all this rhetoric in the legislature about open government and government for the people and things like:

For too long rate increases were made (in) secret, (and) imposed upon the people of Saskatchewan in a manner that they had no opportunity to review.

The minister . . . the present Minister of Finance said that, Mr. Speaker, on July 5, 1982, page 499 . . .

An Hon. Member: — On behalf of the Premier.

Ms. Simard: — And he . . . on behalf of the Premier and the members of the PC caucus, he talks about PURC:

As well, it is another example . . . of open government for the people of this province, Mr. Speaker — another commitment (made) by the Progressive Conservative Party of Saskatchewan, and Grant Devine, (and that's a quote, Mr. Speaker) and another commitment kept, Mr. Speaker.

The present Minister of Finance states that July 18, 1982, another commitment kept, Mr. Speaker; those are his words — another commitment kept. Here's another commitment broken, Mr. Speaker, another commitment broken.

And in spite of the fact that we've heard all . . . and I could quote here for half an hour from all the speeches that were made in this House — self-congratulatory speeches on this government's open for participation, open government rhetoric by this government; I can quote endlessly on that. But what we see is less than a year later as much as from June or July to February; what we see is we see this government backtracking and reneging on that promise. We see this government taking a totally

different stand.

But they were somewhat confused about the whole thing, Mr. Speaker, because for another two or three years they continued to pay lip-service to open government. They continued to pay lip-service to the need for a Public Utilities Review Commission, but kept on overruling the commission in spite of that, Mr. Speaker, which is rather strange.

In effect the argument, which is rather interesting, the argument with respect to SGI deductibles — and I just want to make a comment on that — the argument the government was putting forward on that is that PURC had no business looking at the SGI deductibles. And yet we heard them say over and over again that there should be public control of utility rates. And what they were attempting to do by putting forward that position was to circumvent accountability to the people of Saskatchewan, and circumvent the Public Utilities Review Commission by upping deductibles. And I think that that is just an example of how this government speaks through both sides of its mouth, Mr. Speaker.

In July of 1984 cabinet overrules PURC, Mr. Speaker. PURC was attempting to move the province from a philosophical position endorsing cross-subsidization whereby large industrial users subsidize power bills of farmers and residential customers. And I don't mean to suggest for one single moment that I agree with PURC's decision to move away from cross-subsidization; that's not what I'm saying. That's another argument, Mr. Speaker, but I am saying that in PURC attempting to move away from cross-subsidization it became very politically unpopular for the PC government to be supporting PURC's decision. It was not political for the PCs, and that's why they overruled PURC on that matter.

Obviously the PC government found itself in a bind. Obviously it found itself in a bind, Mr. Speaker. It had created a commission on the ground of openness of government, and that commission had become a thorn in its side because that commission was making policy that this government did not like. And so if it didn't like it, it overruled its decisions in spite of the fact that that was illegal according to two Court of Appeal decisions, in spite of the fact that the Court of Appeal was saying they didn't have that authority, or subsequently said that after the overruling took place, and in spite of the fact they spoke here in the legislature about PURC having the ultimate decision, they still overruled the decisions of PURC. And that's an example, Mr. Speaker, of how this government's credibility is lacking, how this government has no credibility. That's an example of how this government talks from both sides of its mouth.

Here we have an open for business party, an open for big business party, if I may liken. The commission is making decisions that tend to say that industrial users are paying too much for utility rates; they're paying their unfair share. It's time to shift some of the burden over to residential owners, and farmers, and home owners and so on — we have a commission saying that. It's time to shift the burden because home owners aren't shouldering their fair share, and so the increases to oil companies and industrial users were less than the increases to residential

home owners, and so on.

So we have a government that's open for big business, and we have a commission making decisions along this line, but the problem is, is the PC government realized, Mr. Speaker, that the votes were with the farmers, not with the oil companies or the industrial users, that the majority of votes were out there amongst the people. And so it became very politically unpopular for them to support PURC's decision — very politically unpopular. And so they did the politically expedient thing. In spite of all rhetoric in this House about open for government and PURC makes the last decision, they did the politically expedient thing, Mr. Speaker. They overruled PURC, and now they're abolishing it. And that's their real reason for doing it, Mr. Speaker, not costs, as they attempt to say, not costs, as they would have people know, have people believe in this province.

Another example of the PC government's interference with PURC is the SGI reserve fund. PURC held that the fund should not exceed 38.5 million, but cabinet reverses PURC and tells PURC to leave the reserve fund alone. And one again, we see an example of the PC government going against PURC, paying lip-service to openness, but making the final decision behind closed cabinet doors — making the final decision behind closed cabinet doors notwithstanding, Mr. Speaker, that they pay lip-service to openness and talk about open government and public participation. They say one thing, Mr. Speaker, but they do another.

The PURC goes to the Court of Appeal, Mr. Speaker, on the cabinet reversal of the SGI reserve fund decision by PURC, and therein lies the dilemma for the PCs, Mr. Speaker; therein lies the dilemma. They campaigned on a promise of an independent review body, but when the crunch came, when the crunch came, when PURC made decisions which weren't politically good, they changed their tune.

But this is very typical of this government, I might say, Mr. Speaker — very typical. We've seen it in many cases, this kind of attitude, where they say one thing and mean another. They say that they are going to eliminate the gas tax, and they put the gas tax back on. They say they're going to reduce income tax by 10 per cent. This has never happened so far, Mr. Speaker.

And we see one promise after another like the promise to establish the Public Utilities Review Commission which is reneged upon, which is not followed through on, and this is very typical of this government, Mr. Speaker.

It's typical, too, in that this government has shown a propensity to neutralize watch-dog agencies. It's shown a potential to attempt to silence commissions and agencies and bodies that speak out against this government and say things that this government doesn't want these commissions or agencies to say. And that is typical of this government.

And we see it with respect to the Regina Transition House that spoke out against cut-backs in this province and are now facing a 14.5 per cent cut-back to their funding. We see it with respect to Saskatchewan human rights

association cut-backs. They spoke out against the government and they were cut back. We see it with respect to the Ombudsman. The former Ombudsman spoke out against the government, moved to the John Howard Society, and the John Howard Society is cut back substantially. And that's the conduct, that's the behaviour, and that's the manner and method in which this government operates, Mr. Speaker, and it's totally unacceptable to the people of the province of Saskatchewan — totally unacceptable.

We even have a situation with respect to PURC where Mr. Doug Cuddington, who I understand was a member of the board, left and resigned from PURC simply because he came to the conclusion that the government didn't really want an independent body, they didn't really want an independent body setting utility rates. And in that regard, I'm looking at a January 24, 1987 *Leader-Post* article where Mr. Cuddington is quoted as saying:

The government doesn't seem to want an independent assessment of the factors that go into rate-making.

(1545)

And that's his statement in January of this year, Mr. Speaker, and that's the problem that we have with the government and their attitude and the way that they've handled themselves with respect to the Public Utilities Review Commission.

And with respect to the Court of Appeal decision, I just want to go back once again to the Court of Appeal decision ruling on PURC. And Wednesday, October 29, 1986 the Court of Appeal is quoted as saying:

The SGI order in council offends the spirit and expressed intent of the Act. It cannot stand.

There was no question in the minds of the court, Mr. Speaker, and I suggest to you, absolutely no question in the minds of the public, that what this government intended initially was for PURC to have the final decision in setting utility rates. There's no question that that's what this government intended, but it backtracked on that, Mr. Speaker, it backtracked. But the court recognized that that was the original intent of that legislation.

Regardless of whether or not that was a good decision, and I don't wish to debate that at this time, regardless of whether or not PURC should have had the final decision or the government should have had the final decision, the fact of the matter is, is that was their intention, Mr. Speaker. That was their intention and they reneged on it.

And then we have, for example, the Premier saying in 1986 — now it says 5/9/86; I'm assuming that that's September 5, 1986 — we have the Premier being quoted as saying, Mr. Speaker ... And this is rather interesting in light of the fact that this government has come forward with legislation to abolish PURC; this is very interesting. The Premier says:

But PURC is going to be around for a lot longer. We're all better for it. I'd do it again, and I

wouldn't hesitate for a moment.

That's what the Premier said, Mr. Speaker. It's going to be around for a long time.

But something like a year later we see a Bill brought before this House that abolishes PURC. And I suggest to you that that's going to leave a very serious question in the minds of the public, a very serious question as to the credibility of the Premier, Mr. Speaker.

Another example of PC interference with a PURC decision, Mr. Speaker, was on cost of rural private line service. The Court of Appeal held that the government was wrong to interfere with PURC, and that PURC had the right and the obligation to approve rates.

But as one editor put it quite succinctly, Mr. Speaker, and I can't take credit for these words because they're quoted from the Bible and printed in this editorial October 3, 1986. He says ... and this is an article on PURC. The title is, "Pulling PURC's teeth could nip government". And the editorial says, "If thy right hand offend thee, cut it off," is the Bible's blunt suggestion to those who have difficulty living with their failings.

And he's taking that statement, Mr. Speaker, and he's suggesting that that's what the government's doing with respect to PURC. "If thy right hand offend thee, cut it off." If you have difficulty living with your failings, get rid of them. And that's what this government's doing with respect to PURC, Mr. Speaker, that's what they're doing.

And there's absolutely no question, no question in our minds that the Minister of Finance was very frustrated by the unsuccessful attempts to exert control over PURC's philosophy, Mr. Speaker. And now they are saying PURC may be costing too much. And I don't wish to get into the argument about whether we agree with PURC's philosophy because that's not what we're debating here. What we're debating is the government reneging on a promise. What we're debating is the government failing to come forward with alternatives to meet that promise, and to hold good on that promise. They have failed to come forward with alternatives, and I think that they should be looking at alternatives.

There's absolutely no question in our minds that the public wanted public participation, public input into setting utility rates. There's no question in my mind, after I look at the editorials and all the newspaper articles, and the history with respect to PURC, that the press was slanted towards that point of view as well. Absolutely no question in my mind. But this government has failed to come forth with alternatives, Mr. Speaker, totally failed.

We have suggested alternatives, for example, like taking representatives that are elected by the consumers' association or like consumer bodies and putting them on the boards of directors of Crown corporations so they can have direct input. And sure, I may hear from the Minister of Finance that they already have ordinary people on the boards of directors, but I'm talking about directors, I'm talking about representatives that are directly appointed or elected by consumer associations. Why wasn't that alternative explored by the government before they came

forward with this Bill?

We suggested perhaps advisory council or a type of advisory council — perhaps that's not a good name for the kind of body that I'm thinking of — that would travel throughout the province and would hold non-judicial hearings, hearings of a non-judicial nature, to attempt to inform people how utility rates are set and get some input from the public.

There has been suggestions also that have been put to me along these lines that what we need is a quasi-judicial body like PURC, but a great deal less formal than what PURC was, and that may have stricter guide-lines set out so that it cannot make political decisions such as abolishing cross-subsidization.

And another one that has come to my attention is the possibility of an elected body to review utility rates that the people of the province have an opportunity to elect. So there are a lot of ideas, and I'm sure there are a lot of good minds on both sides of this House that can put their mind to what sort of improvements we can make and how this promise for public participation, which I believe the people of the province want, can be held good on.

But we see absolutely no alternatives. Not a one from the PC government, Mr. Speaker, not a one. They're simply going to abolish PURC and walk away from their promise and leave the people of the province in the lurch. They're simply going to betray the people of the province and not come forward with any alternatives. We certainly have not had any brought to our attention. We have not been canvassed as to whether or not we would be in agreement with any alternatives. And all this, Mr. Speaker, all this in spite of the Premier's comments, as quoted by the *Star-Phoenix* on September 5, that "the board is going to be around a lot longer." All this, Mr. Speaker, in spite of the fact that government is still paying lip-service to consumer input into utility rates.

But we all know, we all know now, and I know the public of the province of Saskatchewan know very well that we cannot take the Premier nor this government at its word. Its credibility is lacking and they can't be trusted to keep their promise.

It's also fairly clear, Mr. Speaker, that the public endorse the idea of a public watch-dog. And it's our opinion that if the public thinks this is needed, then in keeping with the government's promise, it should bring forward a package that is an alternative and that should have been put on the table here today so that when PURC is abolished we look at the alternative for consumer input and consumer participation. And that would mean, Mr. Speaker, that this government was open and listening to the people. But it's not open and listening to the people because it hasn't come forward with that alternative; it hasn't come forward with that package.

They are doing absolutely nothing, just abolishing PURC. And once this Bill is passed, PURC is abolished, and there's absolutely no incentive, Mr. Speaker, for the government to have public participation on utility grounds, no incentive for them to hold good on their promise once this Bill is abolished.

There's no question the PC government and the Premier were playing politics when they created PURC, absolutely no question. And they played this game for several years, Mr. Speaker. They played this game for several years, when they had no real intention of letting PURC do its job, no real intention.

And now they're so arrogant, they're so arrogant, and they feel like they're so safe over there that they don't even hesitate to abolish PURC. And they don't even bring forward any alternatives. They simply, Mr. Speaker, they simply cannot tolerate anyone who doesn't march to their tune and there's no question that PURC did not march to their tune.

PURC and members of PURC were not PC hacks, Mr. Speaker, they were not. And they did not march to the PC tune so they got axed. And regardless of whether or not I personally agree with some of the decisions PURC made, the fact of the matter is that I object to the fact that they would get axed because the government doesn't like what they say.

And they will give you the excuse of cost, as I said a number of times earlier, Mr. Speaker, but that's not the real reason. The real reason is PURC did not march to its tune. And until the government comes forth with a viable and acceptable alternative proposal for consumer input we have to register our concern, Mr. Speaker, over this government's failure to fulfil its 1982 promise. It's time for this government to pull up its bootstraps and quit betraying the people and reneging on its promise — it's time, Mr. Speaker.

And it's time for this government to pull up its bootstraps and quit axing public agencies that don't march to its tune. Axing such agencies just proves that this government's rhetoric about open government is hollow, is false, is shallow and is untrue.

The people want openness, Mr. Speaker, and they want input. And we are urging this government to listen to the people. We're urging them to come forward with an alternative to the Public Utilities Review Commission; we are urging them to do that.

And, Mr. Speaker, there are many members on this side of the House who want to speak to this issue, who would like an opportunity to debate the issue with respect to PURC. And for that reason I would like to adjourn debate on this Bill.

Debate adjourned.

Bill No. 44 — An Act respecting the Consequential Amendments to Certain Acts resulting from the enactment of The Public Utilities Review Commission Repeal Act

Hon. Mr. Lane: — Mr. Speaker, we've dealt with the main Bill, and of course The Public Utilities Review Act had some consequential amendments, the particular pieces of legislation requiring their rates to be submitted to the Public Utilities Review Commission. The consequential amendment will reinforce and support the general Bill,

Mr. Speaker.

I note that as we get into the debate on the particular Bill, that like everything else, Mr. Speaker, there hasn't been anything new said in this House in about four months. I move second reading of the Bill, Mr. Speaker.

Ms. Simard: — Yes. With respect to that Bill, Mr. Speaker, if the Minister of Finance's allegation that there hasn't been anything new said in this House is correct — and I don't agree with that; but let's assume that's he's correct — it's because this government's behaviour time and time again, Mr. Speaker, is the same. It makes a promise; it breaks a promise. A public watch-dog agency speaks out in a manner that the government doesn't like; it axed the public watch-dog agency. It repeats this behaviour over and over and over again. It betrays the people of the province of Saskatchewan on its promises. It misleads the people of the province of Saskatchewan with respect to gas tax, income tax, and so on. And I can go into that argument; I won't do it right now, Mr. Speaker.

But if the Minister of Finance is hearing the same argument over and over again it's because his actions that be continually and repeatedly makes the same error . . . or his government I should say, makes the same error and time and time again in the manner that I have just mentioned.

I would like, Mr. Speaker, to adjourn the debate on this Bill as well.

Debate adjourned.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 12 — **An Act to amend The Management Accountants Act** be now read a second time.

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

(1600)

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. Van Mulligen: — Thank you, Mr. Deputy Speaker. This Bill before us is a Bill that will transfer tax burden away from more progressive sources of revenue, of tax revenue available to the government, towards a tax on consumer items.

We view that as a regressive shift in taxation policy. I would submit that most people, certainly the public of Saskatchewan will see it as a regressive shift in taxation policy. And we say that it's regressive, and the people say that it's regressive because the sales tax is not a progressive tax. And by a progressive tax, that is not to say that anyone particularly enjoys paying taxes, but a

progressive tax is a tax where the tax you pay are to a great extent related to your ability to pay those taxes. Whether you're poor or rich, the taxes you pay are related to your ability, to your income. And those are the taxes that you end up paying.

This tax is related to consumption. And whether you're poor or rich is largely irrelevant. What is relevant is that depending on what you consume and how much you consume, you end up paying the same taxes. In some cases people may in fact pay the same, they may consume the same, but the taxes they pay as a percentage of their incomes are in fact grossly different. And I just want to illustrate that, Mr. Speaker.

I think most members of the House are aware, but I would submit — and let's take tooth-brushes as an example. I believe tooth-brushes are taxable. It might be toilet paper. Toilet paper, I think, is also taxable. And whether you're a millionaire or whether you're a senior citizen living on a fixed income, the chances are that you will be paying the same and consuming the same in terms of tooth-brushes, or toilet paper for that matter. And whether you're a millionaire or a senior citizen chances are that you're not going to be paying a great deal more for that tooth-brush, because there's a limit. You may pay marginally more, but there's a limit, a limit on the amount of money that you will pay for the item.

But irrespective of the income, and whether you're the millionaire or the senior citizen on the fixed income, you will end up paying the same tax on that item. And whether it's tooth-brushes or any number of consumer items, there is a limit to what people can consume. There is a limit to what they can expend in terms of consumer items, but there is no limit on the fairness. There is no limit on the taxes that poorer people must pay.

And that's why we call it a regressive tax. It is not a progressive tax, and that is why members of this House on our side have spoken in great numbers in opposition to this Bill. And that is why I and others will speak in opposition to the Bill. And it's hard to understand, Mr. Deputy Speaker, it's hard to understand why the PC government, given the access that it does as a government, to many and varied bases of revenue, whether it's revenues from resources and, for example, oil companies, whether it's any type or any number of revenue sources that it has which are fairer, fairer than a sales tax, would choose at this time to increase the sales tax.

We simply don't understand why they would do that. And we don't understand it in the context of repeated campaign commitments by the members opposite as a group, as a party, as a policy, individually as members, all saying the same thing — all saying the same thing: if we are elected to form a government in Saskatchewan, we will do away with the sales tax; we will do away with the sales tax.

And now we assume and the people of Saskatchewan assume that they were saying these things in 1982 because they believed, as many believe, that the sales tax is a regressive tax, and that a government who had access to other resources or revenue would be working towards

doing away with that tax.

What we see now is the government increasing the tax, increasing the burden, increasing the regressive nature of taxes that people must pay in Saskatchewan, as opposed to opting for more progressive ways to raise tax revenues.

So it's hard to understand — and perhaps it's not so hard to understand, Mr. Deputy Speaker, when you consider a couple of things. One, when you consider that these people opposite will say just about anything to get elected; and secondly, it's not hard to understand when you examine their philosophy and their real true beliefs, and what it is that they really believe in.

And that philosophy — if I might put it simply, and it's a simple philosophy — that philosophy is that if a government can create the kind of environment and circumstances that allows the rich and the wealthy on our society to do well, if we give them breaks by shifting taxes away from the rich; if we can give them breaks by providing tax incentives; if we can give them breaks by providing head taxes — that is to say the same tax is to be paid whether you're poor or rich; and if we can provide those kinds of breaks for the rich and the wealthy and the well-to-do, then the rich and the wealthy will somehow be encouraged, by giving them these breaks they will be encouraged to create economic opportunities. These are the people that will then build factories, diversify the economy, provide many, many opportunities. And then it's submitted that these opportunities will then benefit the rest of the population, that the rest can then participate and enjoy and benefit from these breaks.

And that's the simply philosophy that the Progressive Conservative Party holds, and we see it practised time and time again, whether it's this Progressive Conservative Party here; whether it's their ideological soul mates in Washington, Ronald Reagan and his Republican Party; whether it's Maggie Thatcher in Britain. We see the same philosophy over and over again — give breaks to the rich; the rich will somehow create jobs, jobs that will then provide benefits for the rest of the population.

And that philosophy, Mr. Speaker, I think, was probably summed up best by a former member of this House, Tommy Douglas, and he called it, I believe, the . . . I believe he called it the "oats and sparrow theory" or philosophy. And it went simply that these people believe that if you give all the oats that you have to a horse, sooner or later some will get left behind for the sparrows.

And I think in a very straightforward way, in a very simple way it illustrates the Tory philosophy of taxation, and it illustrates the Tory approach to economic development, and it illustrates the Tory approach to running government, and it illustrates the Tory contempt for society.

This thinking of theirs goes back to their very roots in the 18th-19th centuries when it was felt that because only the wealthy had access to information, only the wealthy had access to knowledge, only the wealthy had access to capital, only the wealthy had access to education, then it followed that only the wealthy were the ones that realistically could create economic development

opportunities, employment opportunities, and therefore the purpose of government was to cater to the needs of the wealthy. The purpose of government was to assist the wealthy to do the things that they wanted to do, which would then be good for all of us.

Well, Mr. Speaker, times are different now, and no matter what your income might be, no matter what your income might be, people have far greater access to knowledge, have far greater access to information. And I just might say that there are probably hundreds, thousands of people in Saskatchewan who are watching this program, and some watch it religiously. And I would submit to you, Mr. Speaker, that there are people in Saskatchewan that are every bit as much aware of the governing of this province; the administration of this province; what needs to be done; what should be done; what's being done wrong, and what's being done right, as there are members in this House. The people out there know. And these are not necessarily wealthy people; these are people that know what's going on.

Times have changed since the 18th and 19th century, something that the Progressive Conservative Party and the government doesn't seem to understand. There's a feeling now that all of us can contribute towards building society, that all of us can contribute to creating opportunities. People will not accept 19th century taxing solutions or variations in today's times. They will not support what I would submit, in a very real sense, is a reverse Robin Hood — you know, the Robin Hood of Sherwood Forest, Mr. Speaker, the one who took from the rich to give to the poor. Well this party seems to believe that if you take from the poor, you give it to the rich, and that somehow this is good for all of us.

Well I wish they would explain that just a little bit more. I wish that more of their members would get up and explain their reasoning behind this Bill. We do not believe that hoary old trickle-down theory that they subscribe to, that theory which says we give it to the rich and somehow this is good for the poor. We know different. The people of Saskatchewan will not support this increase in the education and health tax. This is, in fact, a double-edged blow that they've had to contend with from this budget. There's a bitter irony to discussing the E&H tax, because as the government proposes to take more from those with moderate incomes and take more from the poor, at the same time it's instituted a reduction in services which will see the poor and those of moderate incomes again paying comparatively more for the services that all of us are entitled to. So there is a real bitter irony to discussion on this Bill, Mr. Speaker. But again it illustrates this government's beliefs. It illustrates the lengths toward . . . that this government will go towards in support of their ideology, in support of their 18th, 19th century thinking as to how you govern a jurisdiction.

The PCs do not simply seem to believe in fairness. They do not seem to believe in simple principles, such as ability to pay, and that to the extent that it's possible to do that, tax revenues should be raised from people based on their ability to pay, not based on what you think you can extract. This is not the consumer market-place, Mr. Speaker. This is a government, and a government should do things in a fair way. Saskatchewan people believe very

strongly in fairness.

I mentioned yesterday that notwithstanding the difficult times that we're experiencing in this province, Saskatchewan people will support a government faced with difficult decisions in these difficult times provided, one, they believe the government to be honest and above board in explaining the current situation to them — and we don't think that the government has been doing that; and secondly, that in apportioning the burden that we must all share to get us out of the problems that we're in, that in apportioning that burden, that we do that fairly, and we do that across the board.

The E&H tax does not meet those tests. The E&H tax does not do that. The E&H tax is a regressive tax. It's a tax which proportionately will tax the poor more than the well-to-do. And it's for those very simple reasons and especially given the fact that government does have access to other revenues, and also I would say has access to better management, and has access to better wisdom so as to not allow the wasteful patronage that we've seen, because government has access to those things, that the people of Saskatchewan will not support this Bill, and we will not support this Bill. Thank you, Mr. Speaker.

(1615)

Mr. Koenker: — Thank you, Mr. Speaker. The question of taxation takes us in a sense to the very heart of any government and its policy. It takes us to the heart of how a government will deal with its people. It gives us a window on how government operates, but more than that, on what it values and what it disregards.

Taxation policy really is a question of the trust relationship between the people of the province and their elected representatives in terms of the taxation policy that the elected representative promulgate and perpetuate. It's something like perhaps giving an allowance to a child — the relationship between a parent and a child — the tax relationship between elected officials and the government and the populace. There's a definite trust relationship when a parent gives an allowance to a child to . . . on the part of the child to believe that the parent will in fact live up to that responsibility to see that the allowance is there on a Saturday morning and, correspondingly, that the child earns the allowance or spends it judiciously. And the same principles pertain to the way in which a government deals with money that is given by the people.

With the increase in the 5 per cent sales tax to 7 per cent then, we see that this PC government has given us a very concrete and clear measure as to how we can evaluate their action, how we can evaluate their trust relationship with the people of the province. The taxation policy doesn't just have to do with the getting of revenue — it certainly has to do with that, but it also has to do with the spending of revenue. And this is especially true with the sales tax.

So the E&H tax, by its very name, reflects the getting of revenue by virtue of a sales tax and presumably the spending of this revenue on education and health purposes. So I'd like briefly this afternoon, Mr. Speaker, to

examine the education and health tax to evaluate the actions of this government, especially in terms of fiscal responsibility and the trust relationship that has been established or disestablished by elected representation.

And so where are we to start in this evaluation? What has this government done when on June 17 the Minister of Finance increased the sales tax from 5 per cent to 7 per cent. First of all, we note that they have failed to keep faith, good faith with the people of Saskatchewan, and that the Premier has failed to keep his word and his election promises when it came to the sales tax and its elimination.

What had been promised back in 1982, before the election took place, that the PC government, an elected PC government, would eliminate the sales tax — not just reduce it, but eliminate it entirely. And now we come to their second term, and what do we find? We find an increase in the sales tax, of course; that the government has failed to keep its promise to the people of Saskatchewan; that the people have been betrayed in their trust relationship. And that's happened on the simplest of terms, the very failure to keep good faith, to keep an election promise.

But now in a more fundamental level than that, the second thing we note about this sales tax increase from 5 per cent to 7 per cent is that the PC sales tax increase is fundamentally unfair. Quite simply, the sales tax is a regressive form of taxation. It's an inherently regressive form of taxation. And you can take any two families in this province with two children, let's say, and with the same basic household needs, and the same basic household wants and desires and hopes and aspirations, but not with the same two incomes. One earning, say, \$25,000 a year, and the other earning, say, \$50,000 a year. You could take these two families and the identical circumstances except for income, and you will note that the one earning \$25,000 a year is going to pay proportionately more of disposable household income in sales tax than the household earning \$50,000 a year — proportionately more for the household on the smaller income. And that's because they will have to pay a 7 per cent sales tax on meeting basic family household needs. Whereas the family that's earning \$50,000 a year certainly will pay the sales tax on basic household family needs, but after that's been done, after the sales tax has been paid — lo and behold! they have the same income as the first family still left over for discretionary spending purposes, to spend on anything that they please.

And so the principle is that this sales tax is regressive. It takes proportionately more from those who have less. And this PC sales tax is anything but fair then; it's exactly the opposite. It places the burden of taxation unfairly on low and middle income groups, in typical PC fashion.

I can give another example. One the one hand we have, let's say, a senior citizen who goes to buy a tricycle for a grandson or granddaughter, a tricycle, let's say, that costs \$50, and on that expenditure of \$50 will pay a full dollar more by virtue of this sales tax increase, and feel it deeply. A senior citizen on a fixed income, I say, will feel that \$1 increase deeply, as a result of this 7 per cent sales tax. Instead of paying \$2.50 on a 5 per cent basis, that person,

that senior citizen, would not pay \$3.50 on that tricycle as a gift to a grandchild.

On the other hand, we can take a young, single lawyer, let's say, who buys, let's say, a new \$50 mirror for his sports car. That lawyer will pay the same \$3.50 in sales tax, but will scarcely feel it at all because that individual is not on a fixed income. And that's how the sales tax works, and that's why it's unfair. It takes disproportionately from those who can afford it least, and who will feel it the most in terms of their disposable discretionary spending power.

So in terms of fairness, when all is said and done, what Conservative tax reform means is a continuation of unfair tax policy, of regressive taxation. Little wonder then that we see the PC sales tax increase right here in Saskatchewan, and we see their federal cousins talking about — lo and behold! yet a sales tax possibly on food, a perpetuation of what is patently unfair here in Saskatchewan. And it's measures like these that do nothing to rectify or reform our tax system, a system that is viewed increasingly with cynicism and scepticism, that encourages people to find tax dodges because they view it as so unfair and unjust.

And that leads me, Mr. Speaker, to a third observation in my evaluation of this PC tax increase, and that is that this sales tax put on by this PC government not only fails to keep good faith, not only perpetuates an unfair regressive tax structure but it also is not up front with Saskatchewan people in terms of detailing its getting and spending.

How many Saskatchewan people, for example, realize that in paying just 2 cents on the dollar more in sales tax, that collectively they will hand over more than \$81 million more in sales tax to their government. That's a 21 per cent increase over last year, an increase from \$386 million to \$467 million. And that 2 per cent increase in sales tax, then, actually represents a bigger tax grab by this PC government than the increase in the sales tax . . . pardon me, the increase in the flat tax that was announced in the same budget. That tax grab, the flat tax grab, amounts to \$52 million more in revenue to the provincial government. The sales tax grab amounts to \$81 million more for the provincial government. All at the same time, and I emphasize this, when corporate capital tax is down \$4 million, and corporation income tax is down \$30.4 million.

No wonder we have tax revolt on our hands. No wonder we have yet to have one government member stand up and defend this tax policy. They simply can't. They're afraid to be up front and frank about their own policy, and that's why they can't defend it.

And this brings me finally to the question of fiscal responsibility, which as I mentioned at the beginning, is at the very centre of taxation policy — the questions of getting tax revenue and spending it in responsible fashion. For a fiscally responsible government not only looks after the front end of the taxation equation, the getting of taxes; keeps faith with its people; taxes fairly; and is up front about its tax policy; but a responsible government also looks after the back end of taxation policy, the spending of it.

And on this score we see all too clearly the miserable failure of this government and of this Premier to manage the Saskatchewan economy and the affairs of Saskatchewan people in a trustworthy fashion. This education and health tax bears eloquent testimony to the fact that, quite simply, there is no fiscal responsibility with this government. There is no fiscal responsibility.

And I ask the people of Saskatchewan a very simple question. Is this sales tax increase, the education and health tax increase going to result or issue in increased spending on health and educational services? Well it doesn't take a Ph.D. in economics to figure this one out. Anyone who's lived in this province for the last several months, especially those months prior to the budget when these tax increases were announced, will know full well that that simply isn't the case. People will know that the PCs are increasing the education and health tax at the very same time that they're cutting and slashing education and health spending.

Twenty-five years ago right wing political parties in this province failed to stop Saskatchewan from becoming the birthplace of medicare. And now we have another right wing government that is doing everything in its power to make Saskatchewan the graveyard of medicare. At the same time that it's increasing taxes, allegedly for education and health, this government is closing rural hospitals, is gutting the prescription drug plan, is privatizing children's dental plan, is limiting medical coverage for chiropractic care, and is inflating waiting lists in Saskatchewan hospitals. Eighty-one million dollars more in sales tax over last year, \$81 million more in this 2 per cent tax increase, and yet less spending on health care — greater waiting lists, greater costs for drugs for individual Saskatchewan families, which incidentally is an indirect form of taxation.

And in education we have essentially or tantamountly the same thing. They've frozen funding to the University of Saskatchewan and the University of Regina for the last two years. They've cancelled the student bursary programs and forced students into debt. They've cut one-third of the staff at Kelsey Institute in Saskatchewan. And all this enhances Saskatchewan education? Hardly.

They've cut funding for new school construction in the province from some \$60 million down to \$30 million and yet we have an education and health tax. All at the same time we have tax increases and cut-backs, and people say, well how can this be? How can it be that we pay more and we get less? We have an increase in the sales tax, we have an increase in the flat tax, we have an increase in the gas tax, and we get less.

Quite simply the answer is that the Premier and this government have mismanaged the Saskatchewan economy. They've squandered our resources during the good times and now when the bad times are here there's nothing left to do but bleed the people to death in forms of unfair taxation.

(1630)

They've given oil and forest resources away to big

companies like Weyerhaeuser. They've given \$10 million to Peter Pocklington. They made patronage appointments to George Hill and people like Paul Schoenhals. And that's why the rest of us get stuck with an education and health tax, which doesn't go to fund education and health. Instead it goes to pay for the PC deficit that has been run up from the day that they took office.

So, Mr. Speaker, we have a sales tax that fails Saskatchewan people. We have a government that has failed Saskatchewan people. It has failed to keep faith with Saskatchewan people. It's failed to be fair in its taxation policy. It has failed to be up front and frank about that tax policy, and it has failed to be fiscally responsible. And I therefore moved, seconded by the member for Prince Albert:

That all the words after the word "that" be deleted and the following substituted therefor:

Bill No. 19 not now be read a second time because:

(a) the 40 per cent increase in provincial sales tax is a betrayal of the Progressive Conservative promise to eliminate the provincial sales tax in their first term of office;

(b) the 40 per cent increase in provincial sales tax makes Saskatchewan people among the highest taxed people in Canada; and

(c) the 40 per cent increase in provincial sales tax is a regressive and unfair tax on Saskatchewan families.

Thank you very much, Mr. Speaker.

Mr. Kowalsky: — Mr. Speaker, we have moved a motion that the flat tax which is proposed by Bill 19 . . .

An Hon. Member: — E&H.

Mr. Kowalsky: — . . . the E&H tax proposed by Bill 19 not be approved by this Assembly.

There are a number of reasons that my colleagues have raised prior to this day, Mr. Speaker, and most of them relating to reasons for the government's move to raise the flat tax, which leads back to the incompetent way in which the government has been handled. And secondly, related to the betrayal of the people of Saskatchewan, the betrayal of the promise of 1982.

Now, Mr. Speaker, I have many more comments that I would like to make relating to this motion, but in view of the time being 4:30 and us wanting to proceed to the next item of business which was Bill 27, which is the item related to the flat tax, I would beg leave of this Assembly to adjourn debate on this Bill.

Debate adjourned.

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.

Ms. Atkinson: — Thank you very much, Mr. Speaker, for allowing me the opportunity to enter this debate. I am somewhat surprised, Mr. Speaker, however, that we're even debating this Act to amend The Income Tax Act. I say surprised because I remember vividly the Conservative promises in the 1982 election, an election in which I was a candidate for the New Democratic Party, an election in which the Conservatives promised to reduce person income tax by some 10 per cent.

They also promised, Mr. Speaker, to eliminate the E&H tax or the sales tax, which at that time was 5 per cent, and yet we've just finished debating in second reading an Act to increase the sales tax to 7 per cent. I guess what we have here, Mr. Speaker, is more broken promises by the Tories — promises made, promises broken.

I also recall the Minister of Finance, the member from Qu'Appelle-Lumsden, earlier this year, when the people of this province first learned that government of the Premier, the member from Estevan, had underestimated the provincial deficit for the year 1986-87 by more than \$800,000. And in response to a question from the media, the Minister of Finance, the minister who is taking these Bills through the legislature, said to the media that that's politicians and that's the way they behave. Well you can mislead the public; you can underestimate a budget by some \$800 million; you justify it by saying, that's politicians, that's the way they behave.

Well I think the Minister of Finance can speak for himself, he can speak for the members opposite. He sure can't speak for me, the member from Saskatoon Nutana, and he certainly can't speak for this side of the House. He does not speak for New Democrats.

Mr. Speaker, what we have here and in the past, we've had a promise to remove the 5 per cent E&H tax. And what did they do? They increased it to 7 per cent — a broken Conservative promise. They promised to reduce personal income tax by 10 per cent. What did they do? We now have An Act to amend The Income Tax Act. They've increased the flat tax by another half per cent, the total now is one and a half per cent flat tax on net income. It's another broken promise, another Tory politician promise, and the situation goes on and on and on.

Mr. Speaker, they said last year that we would have a \$400 million deficit in this province. They said that for the year 1986-87 — that was one year alone. Before the election they said that, they said \$400 million. After the election, what happens? We have a \$1.2 billion deficit after the election. Another Tory politicians, the member from Qu'Appelle-Lumsden, the Finance minister.

Mr. Speaker, we are debating an Act to amend The Income Tax Act, an Act to raise the flat tax on Saskatchewan people. What this Bill will do, Mr. Speaker, is to take an additional \$100 million in additional taxes out of the pockets of Saskatchewan people — people who each and every one of us represent. I think the members opposite shouldn't forget that. You represent people and so do we. We represent

everybody in this province. We represent the taxpayers in this province.

And as you're taking \$100 million out of our pockets — and I do say our pockets — you have forced municipalities to raise taxes on property; you have forced people to take money out of their pockets to pay for prescription drugs because of your changes to the prescription drug plan; you have eliminated dental coverage for children over the age of 16 . . . or over the age of 13; you've raised sales tax to 7 per cent; and you have cut service after service after service.

You are the government of cuts. You are the government of tax increases and public service cuts. You increase taxes while you cut services. And what you Conservatives have done has increased taxes, asked people to pay more; you've cut services and told people they'll receive less. That's what you've done.

Now how is that fair? Well it reminds me of my time working for the Office of the Rentalsman. And there were times, Mr. Speaker, when tenants would complain of huge rent increases, while landlords withdrew services. When they moved in . . . and I'll give you an example, Mr. Speaker. When the tenant moved in the rent might be \$400 a month for a two-bedroom apartment. And they had a dishwasher, and they had a fridge and stove; they had air-conditioning; the place was freshly painted. And then over time the equipment started to fall apart. But the rent kept going up and up and up. And they'd be paying \$500 a month for an apartment that had worn out carpets, had no fridge and stove, a dishwasher that didn't work, a paint job that needed replacing. And that was the situation.

Well the rent is going up in Saskatchewan, hon. members, and the equipment is falling apart, Mr. Speaker. That's what's happening in Saskatchewan right now.

And I want to talk about what this flat tax will do to ordinary people, ordinary working people who do not have the advantages as some of the members opposite. Mr. Speaker, this flat tax is on net income. It does not come into effect after you've deducted your basic exemptions — your spousal deductions, your children's deductions, your deductions to your church or your charity, your deduction for your disability. It doesn't come into effect after all of those things have been taken into consideration. It comes into effect after you've been able to deduct allowable business investment losses, or investment in motion pictures, or investments in legal and accounting fees, so you can run your business or petroleum exploration ventures. Those things are deducted before the flat tax is applied.

Or what about carrying charges which include interest paid on money borrowed to earn investment income? How many citizens in this province, hon. members opposite, have the finances and the resources to invest in motion pictures or drill oil wells, or invest in buildings, or afford investment losses. Very few people, very few people. Most people, most taxpayers in this province are able to get any kind of tax advantage by deducting personal exemptions. Their children, their charity, their

church, those are the kinds of things they can deduct.

And, Mr. Speaker, the people that I represent, who are working people in this province, don't have the ability and the financial resources available I should say, to invest in these kinds of opportunities that the big business friends of the members opposite can invest in.

Mr. Speaker, this is an unfair Bill. It's a betrayal. They have gone against everything that they stood for in that 1982 election. They promised the people of this province to reduce personal income tax by 10 per cent. And have they done it? The answer is no. People are paying more and more money in income tax and receiving fewer and fewer services. That's what you people are about. That's what you people are about and we cannot support this Bill to increase the flat tax. It's not a fair tax. It takes money out of the pockets of ordinary working people; it does not take money out of the pockets of your big business friends.

And we will not be supporting this Bill, Mr. Speaker. Thank you very much.

Some Hon. Members: Hear, hear!

Mr. Goulet: — Mr. Speaker, I'll be moving an amendment right after my presentation and so before I do that I will proceed to make statements in regards to the motion.

First of all, Mr. Speaker, I might state that the PC Government of Saskatchewan is following a pattern that we are seeing on an international level, whether it's in Britain with the Thatcher government, or whether it's with the Reagan government in the United States. They seem to be following a pattern where they will tax the ordinary people and let big business go free in terms of less taxes for them.

(1645)

In regards to the income tax in general, I would like to update the public in regards to this general trend. One must remember that in 1962 the personal income tax was 32 per cent. In 1987 the personal income tax rate is 46 per cent. From 32 to 46 per cent — there has been a jump. These figures are taken from the Wilson budget figures.

There's also been a jump from . . . there's also been a decrease in the corporate tax level. In 1962 the amount of money we received from corporate taxation was 20 per cent; in 1987 the figure is 10.5 per cent. In other words, what we see here, Mr. Speaker, is an increase of 14 per cent of payment by ordinary people across Canada and Saskatchewan, and the large-scale corporations don't have to pay . . . they only have to pay half as much as what they used to in 1962. I would like to start out . . . So that's the general background, Mr. Speaker, in regards to that.

We see this PC government providing more give-aways and less taxes to big business, at the same time it's cut and slash for ordinary people and increases the taxation.

When we look at the flat tax, one has to look at the

promises made first of all by the PC government. And if we look at the platform in 1982, we look at this, and I quote: this, Mr. Speaker, says here, "Elect Grant Schmidt, the progressive alternative." And it goes on to say here, "PC policies for good government." And right underneath it, it says, "tax cuts." And the minister had this to write at that point in time; he said, "reduce provincial income tax by 10 per cent." Not only did the Minister of Human Resources say that at that point in time in history, Mr. Speaker, he also said, and I quote, "concern for people." It said, "Real families can count on a Progressive Conservative government to reduce taxes." It says here on this information, under it says, "Elect Grant Schmidt." It must be our minister.

Mr. Speaker: — Order, please. I'd like to ask the hon. member to refrain from using the member's name.

Mr. Goulet: — Mr. Speaker, I thought that I could quote from a . . . could I get you to . . .

An Hon. Member: — Are you challenging the Speaker?

Mr. Speaker: — The hon. member may have thought that, and perhaps that in fact has at times been used. However, actually, according to *Beauchesne's* the use of a member's name is not permitted, even in quotes.

Mr. Brockelbank: — On a point of order, Mr. Speaker.

Mr. Speaker: — What is your point of order?

Mr. Brockelbank: — Could you give me the citation that covers that, please.

Mr. Speaker: — Order, please. Order, please. *Beauchesne's* citation 319, reads:

It is the custom in the House that no Member should refer to another by name. Members should be referred to in the third person . . . (etc.)

Then we go on to citation 328:

A member may read extracts from documents, books or other printed publications as part of his speech provided in so doing he does not infringe on any point of order.

Debate continues.

Mr. Goulet: — It says here then, Mr. Speaker, it went on to say that the Minister of Human Resources at that point in time said:

Real families can count on a Progressive Conservative government to reduce taxes.

It also went on to state:

Funding for health and education will be increased.

Mr. Speaker, it is the same minister who this year we have seen make some of the most outrageous and cowardly cuts in the history of the Saskatchewan legislature.

I would state also too, Mr. Speaker, as I look at the idea of promises being broken, I looked at a former member of Education, the present Minister of Energy.

An Hon. Member: — The member from Swift Current.

Mr. Goulet: — And she reminds me that she's the member of Swift Current. At that point in time, she stated:

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

I will say now, this same minister of Education, who is out there to protect our education system, is the same minister who is now joining her colleagues to put across this unfair, "unflat" tax.

As I look to the history of what has been said, from promises we go from the statements by the PC MLAs to the present reality. We are seeing the betrayal where they say one thing and they do another. They bring on this unfair taxation to ordinary people. And I was reading this here editorial from the *Prairie Messenger* on April 24, 1985 and it says:

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

I also quote on the same editorial:

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

So here is again information even from the press who has picked up that this unfair, unflat tax . . . this flat tax is the one that hits out at ordinary people.

Also there is another statement by the *Star-Phoenix* on April 12, '85, and this is from a public accountant, Don Ackerman. It says here, and I quote:

Ackerman is particularly upset with the flat tax being levied on the calculation of taxable income section of the form. In that section a person may deduct RRSP contributions, RHOSP contributions, union dues, child care expenses, management fees, accounting fees, investment counselling fees, and safety deposit fees — all deductions are subtracted from the total income to arrive at net income, the target of the flat tax.

So here again is an example where the ordinary people are being treated unfairly. It is a betrayal, Mr. Speaker.

But what about the other point, the other point, Mr. Speaker, where what does it do in regards to the rich? And again, I will quote from the *Star-Phoenix* on April 16,

1985, and it says here:

“Loopholes (and I quote) 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,” Finance Minister Bob Andrew told the legislature today.

Along with Prime Minister Grant Devine . . .

Mr. Speaker: — Order. Order, please. I know the hon. member is not doing it on purpose; you kind of get into a habit, but he knows that hon. members’ names shouldn’t be . . . What’s your point of order?

Mr. Brockelbank: — I want to raise a point of order which was raised before and which is now being referred to now, Mr. Speaker. And I want to know how it is possible for a member, reading a direct quotation, to alter the quotation and still maintain that it’s a direct quotation. That is impossible, Mr. Speaker. And I would suggest that citations that you give us refer to other discretions a member may make with regard to naming members.

And I can understand the point of order when it’s easily identifiable who the person is, and to make personal reference to them is unparliamentary and not permitted by the rules. But there may be a case, Mr. Speaker, where a member is . . . it’s not clear whether the member that’s being referred to happens to be a member of this Assembly.

For example, election promises made in an election, or perhaps the person was a Liberal at one time and is now a Conservative, or something of that nature. But I suggest to you, Mr. Speaker, that you cannot make a direct quote by altering the quote; then it is not a direct quote.

Mr. Speaker: — I thank the hon. member for his concerns, however *Beauchesne* does not make any exceptions to circumstances.

Mr. Goulet: — I’ll apologize for the statement that I made, then made, Mr. Speaker.

I would like to then move on to the issue of what the *Financial Post* has to say on April 20, and what they say is:

We would like to see a simpler and fairer income tax system. And we would like to see a system that encourages people to maximize their income and then to be more productive, rather than to minimize their tax. But the new, so-called flat tax contained in the Saskatchewan budget strikes us as not the way to achieve these goals. Far from catching these high-income earners who pay little tax, the essential purpose of the minimum tax, it’s tougher, relatively, on those people with lower incomes.

So in general, Mr. Speaker, I would say this flat tax hits out at ordinary people, and it leaves the large multinational corporations basically out there not paying as much tax.

And with that, Mr. Speaker, we also know its effects, that our educational system suffers, and so on. So with that

statement, Mr. Speaker, I would like to move this amendment — this motion, I mean, which is seconded by the member from Saskatoon University, and the motion states:

That all the words after the word “That” be deleted, and the following substituted therefor: Bill 27 not now be read a second time because:

- (a) the 50 per cent increase in the provincial flat tax is a betrayal of the Progressive Conservative promise to reduce income taxes by 10 per cent;
- (b) the 50 per cent increase in the provincial flat tax makes Saskatchewan people among the highest taxed in Canada; and
- (c) the 50 per cent increase in the provincial flat tax unfairly increases the tax burden on low and middle income Saskatchewan families.

So with that I make that motion.

Mr. Prebble: — Mr. Speaker, I have a number of things I’d like to say on this motion, but I see it’s 5 o’clock. I’ll call it 5 o’clock and adjourn the debate if I could.

Debate adjourned.

COMMITTEE OF FINANCE

The committee recessed until 7 p.m.

Corrigendum

In the *Hansard* 85B of September 28, 1987 on page 2907 in the lower portion of the left hand column, the address of the New York trade office should read 630 — 5th Avenue.

[NOTE: The online version has been corrected.]