

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

PRESENTING REPORTS BY STANDING, SELECT AND SPECIAL COMMITTEES

Standing Committee on Estimates

Deputy Clerk: — **Mr. Gardner**, from the Standing Committee on Estimates, presents the first report of the said committee, which is as follows:

Your committee met for organization and elected Mr. Gardner as chairman and Mr. Koskie as vice-chairman.

Your committee considered the estimates of the Legislative Assembly, Legislative Library, and Legislative Counsel and Law Clerk, and adopted the following resolutions:

1. Resolved that item 4, subvote 26 of vote 21, Payments to the Saskatchewan Property Management Corporation of \$116,600, be deleted.

2. Resolved that the committee recommends that the provision of funds under subvote 26 of vote 21 for the property management corporation be considered by the Board of Internal Economy before inclusion in the estimates in the future.

3. Main estimates to March 31, 1988:

Resolved that there be granted to Her Majesty for the twelve months ending March 31, 1988, the following sum:

For Legislation — \$3,870,000

4. Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1988, the sum of \$1,296,400 be granted out of the Consolidated Fund.

5. Resolved that this committee recommend that upon concurrence in the Committee's report, the sums as reported and approved shall be included in the Appropriation Bill for consideration by the Legislative Assembly.

Mr. Gardner: — Mr. Speaker, I move, seconded by member from Moose Jaw South:

That the first report of the Standing Committee on Estimates be now concurred in.

Motion agreed to.

INTRODUCTION OF GUESTS

Mr. Martens: — Thank you, Mr. Speaker. I would like to today, on behalf of my colleague, the member for Saltcoats, introduce a group of students from Churchbridge. And I want to have the Assembly welcome them in the usual manner, and I will be meeting with them later on after question period.

And I hope that their stay here will be informative and that they will have some questions of me later on, because I'm prepared to discuss a few things that happen here. And I hope you have a good time while you're here in Regina.

Hon. Members: Hear, hear!

ORAL QUESTIONS

United States Trade Subsidies

Mr. Upshall: — Thank you, Mr. Speaker. My question is to the Minister of Agriculture. Mr. Minister, just two weeks ago you blindly agreed to the Mulroney deal on trade, the secret deal on trade. Now the United States has shown its true colours by offering oilseeds, wheat, and milk at bargain basement, government-subsidized prices to our most important customers — the Soviet Union, China, and India.

We haven't even ratified a deal and already the Americans are breaking it. I think Canada has been stabbed in the back by the American government, and I want to know why you think Canadians should trust the Americans to do any different in the future.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Well, Mr. Speaker, I think . . . I believe it would be a good idea if the hon. member would do his homework if he's going to talk about export subsidies into various countries.

In our contact with the U.S.D.A., the United States Department of Agriculture, in the foreign ag service, we find that there are long-term commitments to China, and at the end of the sale in August there was a modest amount of money and a very small amount of grain to the U.S.S.R. In the last part of a long-term contract, there was subsidized 65,000 tonnes, at \$38.36 on a new kind of technology that loads fumigated wheat, which is a new method, and they were trying to convince the Soviet Union to buy some of that wheat.

And I'm advised by the Canadian Wheat Board this morning that India is not even in the market. So it's a bit of a tempest in a teapot, Mr. Speaker, when the opposition says that the United States is into heavy export subsidies and it's . . . India isn't in the market. There is some new technology that they're trying to convince the Soviets to use, and the Chinese have long-run commitments that they have to live up to.

Now I can say, Mr. Speaker, that the Canadian market share for world export wheat is up from 17 per cent to about 20 per cent, up over the last three years. The United States share is down. I can say that, with only 5 per cent of

the world production and us having about 20 per cent of the world market, that we've been doing well. And secondly, Mr. Speaker, that the federal government has been encouraged by me and others to maintain our market share and maintain the price for producers. And that's exactly what we should be doing bilaterally and multilaterally in our negotiations.

Some Hon. Members: Hear, hear!

Mr. Upshall: — Supplementary, Mr. Speaker . . . I'm going to make a new question, new question. Even Joe Clark says it's against the principles of the agreement. I have here the official document signed by Canada and the United States earlier this month. These are actual elements of the agreement which you have decided to support this deal. And I'd like to quote to you. It says:

Each party has agreed to take into account the export interests of the other party in the use of any export subsidy on agricultural goods exported to third countries, recognizing that such subsidies may have prejudicial effects on the export interests of the other party.

Mr. Minister, if that doesn't mean no new government-subsidized grain sales, just what does it mean?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, the NDP are so blinded by their hatred for Americans that they can't even foresee the future for Canadians of having long-run, bilateral or multilateral trading agreements with lower tariffs. I don't know why you should be so hateful — so hateful.

I will say to the hon. member that the biggest world trading problem today is in international subsidies associated with agriculture commodities. That's the multilateral problem all over the world — Europeans subsidize, Americans subsidize, we do, Japanese, others. It's unfair, and we want to deal with it on a multilateral basis.

To do that, Mr. Speaker, one of the ways you can is take it to the GATT (General Agreement on Tariffs and Trade), take it to multilateral trade negotiations, encourage others to reduce their subsidies. We've got the President of the United States, the President of France, the Prime Minister of Canada and others to agree to phase out of subsidies.

The second thing you do is to cut bilateral agreements with countries, one at a time, to say, we will agree together to reduce the subsidies and not subsidize into each other's markets, and agree to take that strength into a world forum to reduce the subsidies.

Now he is saying, Mr. Speaker — and I have to say, I disagree — don't talk to them; take your toys and go home; just play here, because they won't play internationally when we're cutting a bilateral deal. I say, you stick with the bilateral, and you stick with the multilateral, and you don't just hide and pretend it doesn't exist as a long-run problem.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Thank you, Mr. Speaker. Mr. Premier, it's time that you stick up for Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Koskie: — That's the issue. The Mulroney government, just like you, are showing absolutely no backbone with the clear violation of the trade agreement. And the Minister of Foreign Affairs, Joe Clark, indicated that there was a breach of the spirit of the free trade agreement.

And so I ask you: what good is a free trade agreement if United States can go forward and absorb our markets and we can't do a thing . . .

An Hon. Member: — With your approval.

Mr. Koskie: — With your approval.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, it's very clear, it's very clear, Mr. Speaker, that members of the opposition, the NDP, don't want a trade deal at any price, so they'll jump on any rumour that they can arrive at — any rumour at all. If there's a rumour that there is a subsidy, or if there's a rumour that there has to be this, or if there's a rumour that there has to be that, they're the first to jump on it. They don't check for details. They don't even find out that India isn't even the market for trade, but they are saying the United States has a big export subsidy to India. I'm saying, Mr. Speaker, that's not the case. And if they want to jump on the rumour, they can. If it was a perfect deal, they wouldn't buy it.

I remind the hon. member from Quill Lakes, remind the hon. member, yesterday the typical tactic yesterday was that Bob White fills the centre-fold of the Leader-Post and saying, vote for free trade, or against it. At the same time, Mr. Speaker, when asked if he should have a vote in his union to take it out of the international union, he says, no, don't vote because . . .

Mr. Speaker: — Order, order.

Mr. Koskie: — Mr. Speaker, clearly the Saskatchewan farming community knows that the Premier is now a spokesman for Ronald Reagan and not for them.

Some Hon. Members: Hear, hear!

Mr. Koskie: — I want to ask you, Mr. Premier: are you aware that the U.S. government has offered a government subsidy of more than \$200 million to the Russians if they buy American grain? And are you aware that this week's sale of wheat feed grains and dried milk to India not only was subsidized by the U.S. government but the Reagan administration arranged a 50-year, no-interest, \$300 million loan to India through the world bank to cinch the deal?

I ask you: if free trade deal won't prevent that kind of double-dealing by the Americans, what good is the deal,

and what is our Saskatchewan farmer to expect?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, the NDP even confuse . . . the NDP even confuse, if they would listen . . .

Mr. Speaker: — Order, please. Order.

Hon. Mr. Devine: — Just listen for a minute. You even confuse foreign aid programs with export subsidies. The P.L. (Public Law) 480 program has been around for a long time. And that allows us and others, Americans, Canadians, to help third-world countries. That's not an export subsidy.

These people are even against us and Canadian farmers for helping people in Ethiopia because it's an export subsidy. They're confused everything. They don't care if it's the truth. They don't care if it's rumour. They'll jump on the first tempest in a teapot just to say they're against trade.

Mr. Speaker, I want to say to these people opposite, they can hate Americans all they like, they can hate other Canadians all they like, they are blinded by their philosophy, and they are afraid to stand up for the real truth and the real potential for Saskatchewan farmers, and that is to export internationally, including the United States, without tariff and without duty.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Thank you, Mr. Speaker. Mr. Premier, I want to ask, are you aware that Joe Clark, Minister of External Affairs, stood in parliament and, on the very issue of the sales by the United States of grains to other countries and our markets, indicated that the Americans were breaching the spirit of the free trade agreement? Are you aware of it, and what will you do about it?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, that's my whole point. The NDP brings up a rumour, they bring up a rumour, and then they expect the minister to respond to a rumour.

Mr. Speaker: — Order. Order. Order, please. Order, please. The Premier is attempting to answer the question. He can't if he's loudly interrupted by members.

Hon. Mr. Devine: — Thank you, Mr. Speaker. I appreciate the fact that you would at least have the opposition sit in their places while we respond to their questions, even though they are rumours.

The point is, if you don't like the truth, then the whole world can listen to you babble about the fact that you can't come up with anything that's factual. The point is, you can raise rumour after rumour after rumour on the trade deal because you're against it philosophically. Not if it's a good deal or not for the country, but because you're against it.

When the opposition raises a rumour, any cabinet minister is going to say, I will go look at the rumour, if this

is the case and if this is the case, then we'll deal with it. In the case of India, it's not accurate. And for you to say that it is, is just categorically wrong. So if you want to build on rumours, I mean it's a tempest in a teapot. What you're into is a tempest in a "trade-pot" because you're against trade, period.

Some Hon. Members: Hear, hear!

Grain Transportation Subsidies

Mr. Goodale: — Thank you, Mr. Speaker. My question is also to the Premier with respect to the matter of free trade, and it has to do with that section in the first part of the agreement suggesting the elimination of certain parts of the Western Grain Transportation Act.

And the Premier, I'm sure, will know that that will have some significant bearing on a number of agricultural commodities in western Canada, most particularly rapeseed, and could have the affect of putting the western rapeseed industry at a competitive disadvantage, not vis-à-vis the United States, but vis-à-vis eastern Canada because the reduction of the subsidy is only on westward movement and not eastward movement.

Will the Premier give us his indication as to whether or not that, in his view, will require some kind of adjustment mechanism in the wake of this proposed treaty, and if so, what kind of an adjustment mechanism would he have in mind to offset that competitive disadvantage for western Canada?

Hon. Mr. Devine: — Well, Mr. Speaker, the modification to any transportation subsidy in the agreement is targeted towards commodities that we would send into the United States and particularly rapeseed and canola oil and canola meal that go into the United States.

I can say at the outset, without agreement those kinds of subsidies would be subject to countervail and subject to U.S. law because they say it's a direct subsidy and yet you're putting it into the United States market and it's subject to an action — either a countervail action or anti-dumping action or something of the same, with or without a bilateral trade agreement.

When you have a bilateral trade agreement, and it is — let's assume that it was perfect, and you had the same laws on both sides, you can't cheat on it. You have to play by the same rules. Now you can cheat, but there's a penalty. If you want to subsidize an industry and then expect to export into the other man's market, he's going to say, no, that's not fair, and you agreed not to do that.

And that's the point with respect to subsidizing transportation goods, any other goods, through transportation subsidies into the United States market. They're subject to countervail today. If we want to have complete and assured access to the U.S. market, we don't subsidize transportation into that U.S. market.

Now in terms of going across the country, we have a Crow rate and a transportation system, as the United States has the Mississippi system, which allows them to get their goods out of the country into the rest of the

world. We can apply our transportation rates out of Canada, east or west, using the Crow rate.

Some Hon. Members: Hear, hear!

Mr. Goodale: — Thank you, Mr. Speaker. Mr. Premier, a number of Saskatchewan farm organizations are very concerned about the point that I have just raised. I take it from your answer that you are not sympathetic to the point.

Are you indeed saying that those farm organizations that believe an adjustment mechanism to compensate for this east versus west anomaly or discrimination, that no such adjustment mechanism will be forthcoming upon the recommendation of your government?

Hon. Mr. Devine: — The hon. member, if he has a proposal on east-west transportation and the problems with the Crow rate as it applies to east-west transportation, I'd like to see it in some detail.

The only concern that I have heard — and I would certainly like to hear this concern — the only concern that I have heard is that there would not be the competitive capacity to export into the United States if you didn't have the Crow rate between here and Minot, or here and Seattle.

And my argument is, and the argument that I get from consumers in the United States and people that produce and compete with us, is the Crow rate is a subsidy regardless of whether there's a bilateral agreement or not, in the eyes of countervail. So you can't . . . If you're going to export into another man's country, you've got to play by the same rules or be subject to the countervail.

If there's something else that's east and west with respect to the transportation and/or subsidies, I would like to hear it from the member, and I would be glad to go over it with him or anybody he cares to bring to my attention.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Mr. Speaker, I have a question to the Premier. Mr. Premier, let me quote to you the rumour that you talk about with regard to the statement by Mr. Joe Clark, who at least is saying something on behalf of the farmers of Canada. Mr. Clark said this action by the United States, while it does not breach the treaty, is not consistent with the spirit of the agreement. That's the rumour you talk about.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — I say, Mr. Premier, that under the export enhancement program in the two-year period beginning 1985, the Americans spent \$1.5 billion, and starting next month the United States has approved the expenditure of \$2.5 billion in the next year — more than tripling that amount. When will you, Mr. Premier, start standing up for the Saskatchewan farmers and stop defending the United States of America which is taking away their markets?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — First of all, Mr. Speaker, let me say that the Canadian Wheat Board and the Canadian government has increased the Canadian farmer's and the Saskatchewan market's share of the world market at the same time the United States has been doing this.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — He's saying that . . . And he says over there, well not for long. He doesn't have any confidence in himself or Saskatchewan farmers or Canadians. He doesn't. All right. That's his problem. Again . . .

An Hon. Member: — Or the wheat board.

Hon. Mr. Devine: — Or the wheat board, as a matter of fact, Mr. Speaker. And they don't want to listen. As soon as I get on my feet they bark from their place. I would ask the new leader, can you keep them quiet so we can have a reasonable debate, and particularly the members that might like to learn something about agriculture.

Secondly, Mr. Speaker, with respect to those export subsidies, you have to be able to document where they've made inroads and where they're actually making a difference — where they're not, Mr. Speaker, because our market share is up. The hon. member stands and said, oh, well this has caused this problem and this has caused this. All he's doing, all he's doing is standing in his place and saying, I'm against trade with other countries; I'm against trade with United States. We can't trust Americans. We can't trust Europeans. Yesterday the member from Quill Lake says you can't trust the Chinese.

Mr. Speaker: — Order, please.

Some Hon. Members: Hear, hear!

Statements by Canadian Wheat Board Official

Hon. Mr. Blakeney: — Mr. Speaker, I direct a question to the Premier. The Premier rather clearly doesn't accept the words of Joe Clark. He prefers those of the . . . President Reagan's administration. Will he perhaps accept the words of some other people? Now I want to quote the words of John Morriss, a senior official of the Canadian Wheat Board, and who reads as follows, who quotes as follows:

The (meaning the United States) are blanketing the world with their subsidies, and no consideration is being given to our interests. We feel they are practically targeting our markets. They may be preaching friendship in the free trade deal, but they are getting worse.

Now do you agree with Mr. Morriss? Do you agree that the United States is preaching free trade and stealing our markets, or do you believe they're lily-white, as you now suggest, and that the United States government is acting in an honourable way in marketing their grain?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, Mr. Speaker, Mr.

Speaker, finally . . . Mr. Speaker, Mr. Speaker, in all respect to the Leader of the Opposition, finally they've figured out what's going on in world agriculture: subsidies, international subsidies. I mean, finally! What have we been saying in this legislature for the last five years and across the country? International subsidies and protectionism are wrecking the world — and these people, no, that wouldn't do anything close to it. And we're saying, Mr. Speaker . . .

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

Hon. Mr. Devine: — We are saying, and have been, we should deal with it multilaterally and bilaterally. All I'm saying to the hon. member today is, I would not wreck a bilateral trade agreement that reduces tariffs and subsidies in the face of multilateral problems. We deal with third-party countries; the United States deals with third-party countries. This is a bilateral agreement, not a multilateral agreement, and we take this bilateral agreement as consistent with GATT, and we take it to other countries and say, this is the way you should perform. These are the things to do. You are saying, scrap the whole thing because United States is still subsidizing to third parties.

Well we're saying, I don't like that; I never have. I don't like their subsidies; I don't like their farm Bill. I've said it time and time again, but I'm not foolish enough to say, take up your toys and go home and don't deal with them. You deal with them head-on, and you have the courage to go to the people, and you tell them, this is how you deal with it. Now they may not like that, Mr. Speaker, but that's the truth, and that's what the people should know.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. The problem with you, Mr. Premier, is you don't want to deal with anyone head-on. When it comes to the Americans, you want to deal with them head-down.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — I ask you, Mr. Premier, can you defend an agreement wherein the United States promises not to export grain in a manner which is prejudicial to Canada — and that's the intent of the agreement — after they continue to do just that, and after they continue to budget \$2.5 billion for their export enhancement program making clear to everybody, everybody who is not hoodwinked by Reaganomics, that they intend to continue to do that and to savage our farmers while you stand by and clap for the Stars and Stripes.

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, the NDP do not like Americans. The NDP do not trust dealing with their neighbours. The NDP says that they don't want to deal with subsidies and protectionism, but they don't want to go to a bilateral agreement, and they don't want to go to a multilateral agreement.

Mr. Speaker, let me just say this: the Prime Minister of Canada, with a great deal of effort on his part and for premiers across the country, has finally got the President

of the United States to agree to take agriculture subsidies to zero in 10 years. Now that's never happened before.

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

Hon. Mr. Devine: — Mr. Speaker, and the opposition laughs when you make progress. They stand there and laugh in their place and say, when the president does this or when a prime minister agrees to this, they laugh. When the President of France says we should reduce it, do you laugh? No, you want to try and fix it. That's what you try to do.

We're saying, bilaterally and multilaterally you get countries to agree to reduce their tariffs and their protectionism. And you say, surprise, surprise, United States has export subsidies. Well we know that. We're trying to get them to change it. You've just figured it out. You've just figured it out, and it's about time you figured it out, Mr. Speaker.

Some Hon. Members: Hear, hear!

Cuts in Grants to Cosmo Day Care Centres

Mr. Prebble: — Mr. Speaker, my question is to the Minister of Education, and it deals with one of his department's recent cuts, a cut which symbolizes just how uncaring and short-sighted this government has become.

Mr. Minister, you recently cut a \$1,300 a month grant to the Cosmo Day Care Centre for special needs children in Saskatoon and to a similar day care centre in Lloydminster. These day cares provide special help for children with speech impairments, learning disabilities, and behavioural problems. and the loss of your grant has meant a cut in staff who can work with disabled children and a cut in staff salaries at this unique day care centre.

My question to you, sir, is this: can you tell taxpayers why your department, which spends \$65 million a month, and over a million dollars a year on one single agency, Dome Advertising, for advertising alone, why your department couldn't find \$1,300 a month to provide special help for learning-disabled children in day care? Can you explain to us, Mr. Minister, how it comes to be that your priorities are so misplaced and discriminating against the disabled preschoolers of this province?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I'm not aware of the details that the member has raised, and I would take notice of the question.

Mr. Speaker: — Order, please. I would ask the hon. members to please be silent.

ORDERS OF THE DAY

GOVERNMENT ORDERS

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 41 — **An Act to amend The Provincial Auditor Act** be now read a second time.

Mr. Rolfes: — Thank you, Mr. Speaker. Mr. Speaker, I want to spend a few minutes on The Provincial Auditor Act, no. 41, today, and indicate to the Minister of Finance that in the last three or four weeks in Public Accounts some very revealing things have come to the fore which concerns us considerably, Mr. Speaker, as to what has happened in regards to the presenting of this Bill.

This morning again it was revealed to the Public Accounts Committee by the Department of Finance that never at all have they considered the cost effectiveness of private auditors. They weren't asked, neither did they consider it. And yet, Mr. Speaker, they put forward a Bill wherein the Minister of Finance clearly indicates to this House that it's not within the purview of the Provincial Auditor, but that this Bill will make better use of private auditors, their expertise, and therefore would be more cost-effective.

Mr. Speaker, it's rather ironic that the Department of Finance, who prepared this Bill, have never even considered — they didn't analyse it, they didn't consider it, and therefore they are not aware of any grounds whatsoever that this Bill will be cost-effective and the hiring of private auditors will be cost-effective.

Mr. Speaker, a few years ago in this House a Bill was presented by the government opposite wherein the member from Kindersley spoke very clearly and eloquently, let me say, because I went back into the records and read what he had to say at that particular time.

An Hon. Member: — It was a good speech.

Mr. Rolfes: — Yes, I will admit to the Deputy Premier, he made a pretty good speech on what he considered the role of the auditor to be. And he indicated, Mr. Speaker, in his speech at that time that the final responsibility of the auditing of the government books must rest with the Provincial Auditor and that the Provincial Auditor must be given the authority and the leeway to do his particular job.

Since that time, Mr. Speaker, what have we seen? Well even before that, Mr. Speaker, what did we see? In 1982 the total staff of the Provincial Auditor was 72 individuals. This year he will be down to 49 individuals. What the government opposite has done, although in words they've pronounced that they want the Provincial Auditor to be able to function adequately and do his job, what they do if they don't like what he says, they simply cut his staff. Then the Minister of Finance gets into this House as he presents Bill 41 and he says, well, but the final authority will still rest with the Provincial Auditor.

If he doesn't like what the private auditors have done or if he feels that they haven't done their job, then he can go into that particular department and he can examine. But what do they do? They cut his staff. They go and cut his

staff to make absolutely certain that he will not have the ability to examine those private auditors' report in any detail. They say on the one hand that they want the Provincial Auditor to have the final say, but on the other hand they make absolutely certain that he doesn't have sufficient staff to carry out his duties.

Mr. Speaker, I think it is very clear, it is absolutely clear what has happened in public accounts and what we have heard in public accounts, what the Provincial Auditor has said, and what has come about in the last three or four years ... this government is intending to make sure that the Provincial Auditor does not get sufficient staff to carry out his responsibilities.

I remind the members opposite and particularly the Minister of Finance, that the Provincial Auditor is an employee of this Assembly. He is an employee of this Assembly. He has been given a certain mandate and that mandate is that he is to examine all the books of the Provincial Auditor. It is his duty to make sure that the provincial government is held accountable for all of its expenditures. And it's incumbent therefore upon the provincial government to make sure that there is sufficient staff in the Provincial Auditor's department so that he can do his particular job.

What they have done, Mr. Speaker, first of all, what the Minister of Finance has done is illegal. What he has done so far is illegal, because the law of the land states that the Provincial Auditor shall be responsible for examining the books of the government, except those that have been exempted, and there are a few in the Crown corporations that have been exempt.

What the Minister of Finance has done this year — and he's making the Act retroactive to January 1 in order to cover his illegalities — he has said, well we're going to put into effect private auditors. We're going to let them do the work in certain Crown corporations without having the authority to do so in law.

So the Minister of Finance is simply saying, I don't care what the law is, I'm going to do what I want to do, and I don't care what the Provincial Auditor says. I don't care what the laws are, we're going to do it. And they have done it. They have hired private auditors. The private auditors are doing the work, although it's illegal at the present time to do it. And the Minister of Finance has simply said, oh, well I'll correct that. I'll simply pass an Act which I'll make retroactive, and therefore everything will be legal.

Mr. Speaker, there's a very dangerous precedent being set in this. First of all, what the Minister of Finance and the government opposite are saying is simply this, well we don't care really what the laws are because we will change the laws retroactive. We'll do what we want to do, and then retroactively we will change them. That's a dangerous precedent for any democratic government to set.

Secondly, Mr. Speaker, the Provincial Auditor, as I have indicated, is an employee of this Legislative Assembly. And what the provincial government has done by ignoring the mandate that has been given to the

Provincial Auditor, they have insulted every member in this particular House. Because the Provincial Auditor gets his authority from us, he doesn't get his authority from the executive branch of government.

Therefore Bill 41 that is before us authorizes the government to go ahead with private auditors. And let me say, Mr. Speaker, that we are not opposed to private auditors. They were here before '82 when we were the government, but it was done strictly according to law.

Now, Mr. Speaker, as I've indicated, the Minister of Finance, in his speech in second reading indicated that the role of the Provincial Auditor would not be diminished. I wonder how the logic of that fits in what he has been doing. If the role of the Provincial Auditor is not going to be diminished, and if he still is going to be the overall supervisor of the books of the government, how then does the Minister of Finance explain to this Assembly two things. First of all, that he has substantially reduced the staff in the Provincial Auditor's department so that he cannot function properly and cannot carry out his job; and secondly, how does he explain that the Provincial Auditor has absolutely no say whatsoever in the changes that are being recommended to the House today.

Now I say to the Minister of Finance that that simply doesn't wash. What he is attempting to do, I believe, is retroactively correcting an illegality. And as a former attorney general, I would have . . . or minister of justice, I would have hoped that he would have more appreciation for the law than he presently seems to indicate. And that concerns me considerably, Mr. Speaker.

As I've indicated, before the Minister of Finance came back into the House, I want to make it very clear to him that we are not opposed to the hiring of the private auditors. But, Mr. Minister, do it within the law — do it within the law. You have no right, according to the law of the land, to presently employ private auditors as you've admitted that you've done. That is an illegality, and I think you should apologize to the people of Saskatchewan and to this House for that.

Mr. Speaker, the other thing that concerns me is this. When the Crown Management Board was questioned in public accounts as to why they didn't provide the Provincial Auditor with the information that he had requested, their answer simply was this. That the vice-chairman of the board or the board of . . . pardon me, the board of directors of Crown Management Board had instructed them not to provide that information to the Provincial Auditor. And it's interesting to note that the Premier of this province sits on that board.

The Premier of this province sits on the board and, I would assume, because the board . . . the Crown management was instructed by the board of directors, that the provincial Premier agreed with them in not abiding by the law of this land, in telling the Crown Management Board not to provide that information to the Provincial Auditor.

And therefore I say again, not only did the Minister of Finance break the law, but the Premier of this province

has ignored the law that presently exists.

(1445)

And, Mr. Speaker, that again is a dangerous precedent that we simply cannot accept on this side of the House. As I've indicated, Mr. Speaker, the Provincial Auditor must have considerable leeway. He must have adequate staff in order to be that watch-dog of the government. There is too much, Mr. Speaker, too much in today's governments of hiding the facts from the people.

The government said, it's fine when you're in opposition; you want everything disclosed, and, you know, you can make eloquent speeches about what laws should be passed. And I remember the Minister of Finance, the present Minister of Finance, when he was sitting on this side of the House, and I remember the member from Kindersley when he was sitting on this side of the House, and all those speeches could be quoted back to them as to what they think the role of the Provincial Auditor should be.

And I commend them, Mr. Speaker, for the Act that they brought in in 1983. I comment them for it. But then at least the Minister of Finance should abide by that Act. And I would expect that the member from Kindersley, who's now a member of the Executive Council, would have urged the Minister of Finance, and the Justice minister, that he would have urged the Minister of Finance . . .

An Hon. Member: — He did.

Mr. Rolfes: — Well, I hear the Deputy Premier saying he did. So what I'm led to believe now, Mr. Speaker, is that the Minister of Finance ignored the advice that he got from the Minister of Justice, that he didn't listen to the Minister of Justice and went ahead anyway and broke the law — and broke the law.

Mr. Speaker, what I'm saying to the members opposite is that I think the society out there is demanding, is demanding that there be full disclosure and accountability to the people of this province. And we've seen too much, we've seen too much of what's happening with Pioneer Trust, for example, where we don't have full disclosure. Principal Trust, again we can't seem to get full disclosure. There are so many things, Mr. Speaker, that are hidden from the public that we don't seem to get answers to, that it's imperative that there be a watch-dog on the government and that watch-dog is the Provincial Auditor.

But you cannot expect the Provincial Auditor to do his job if he doesn't get substantial . . . doesn't get sufficient staff, and if the government will not co-operate with him in providing him the information that is required.

The Minister of Finance said in his second reading address, well if the Provincial Auditor isn't satisfied in the reports that are made available by the private auditors then he can examine the reports. But, Mr. Speaker, that isn't going to help the Provincial Auditor.

As I indicated before, twofold, twofold reasons. One, if he

doesn't have the staff he can't do it. Secondly, if he can't look behind that work that is being done, if he can't look at the actual work that the private auditor should have done, and if he can't examine those, how is he going to inform the public whether or not the statements that are being made available by the private auditors are all inclusive as they have been in the past, the work that was done by the Provincial Auditor.

And I say to the member opposite that I think he would be well in reconsidering the Bill that is before us, not so much in regards to the hiring of private auditors but in regards to the role that you have established for the Provincial Auditor, the diminished role.

The private auditors, Mr. Minister, are going to dance to the tune of the people that pay them. And you can very, very, very, very easily . . . very, very easily . . . (inaudible interjection) . . . Yes, it's exactly, because you can limit the requirements — you can limit the requirement of those auditors.

An Hon. Member: — Obviously you haven't read the Bill.

Mr. Rolfes: — Yes I have read the Bill.

An Hon. Member: — Well then you don't understand it.

Mr. Rolfes: — Yes, I do. I'll tell you, I'll tell the Minister of Finance, what I don't understand is how he . . . (inaudible interjection) . . . Well I'll say to the Minister of Finance, if you understood the laws of this land then you wouldn't act illegally I would hope. If you know what the laws of the land are why would you act illegally? And if you have been advised by the Minister of Justice, as the Deputy Premier indicated here, if you were advised by the Minister of Justice why then didn't you accept his advice? Why then . . .

An Hon. Member: — We did, Herman.

Mr. Rolfes: — Yes. Oh, did the Minister of Justice indicate to you that you could act illegally? Oh . . . (inaudible interjection) . . .

Mr. Speaker: — Order, please. Order. Order, please. Order, please. Order, please. Question and answer period is over. The debate continues.

Mr. Rolfes: — Mr. Speaker, what I'm getting from the Minister of Finance is that he would . . . it seems to me, if I can interpret what he says correctly, he was advised by the Minister of Justice to ignore the law and do something illegally. That is a frightening situation because the law of the land says — the law of the land says that the Provincial Auditor shall examine the books of the government except for those departments or Crown corporations that are exempt.

You indicated in this House and outside the House, Mr. Minister, that you have hired private auditors and they are at work at the present time doing auditing in Crown corporations. You indicated that. Now I say to you, if that is true then you have broken the law and you are not permitted at this particular time . . . and that is the only

reason that I can see why you have made this Bill retroactive to January so that you can correct what you are presently doing that is illegal.

Mr. Speaker, I'm sure that the Minister of Finance, when he does his summation of the Bill in second reading, will clarify some of those things so we don't have to go through those in detail in third reading. The . . . obviously the Provincial Auditor didn't agree with him; obviously the Provincial Auditor does not agree with the government, and also, Mr. Speaker, from what we can gather, the Finance department had absolutely no say in analysing the cost effectiveness of private auditors, and yet they presented a Bill that the Minister of Finance says will be cost effective. I don't know where he gets his information from if he doesn't get it from his officials.

I'm saying to the Minister of Finance that this Bill will do irreparable harm to the role of the Provincial Auditor. It diminishes substantially his particular role. I don't think that he can function as an effective watch-dog to make sure that there's full disclosure by the government and that they are held accountable for their actions and for the expenditures that they make in any fiscal year.

Therefore, Mr. Speaker, I oppose this particular Bill and will have further questions on details on various clauses in third reading. Thank you very kindly, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Lane: — Thank you, Mr. Speaker. I'd like to clarify so that the hon. member who just took his seat has a better understanding of what is before the legislature, because obviously his decision to date to oppose this Bill is based on a misinformation or a misinterpretation of the legislation.

Let's keep in mind what the legislation does. It still allows the Provincial Auditor to be able to go in and do audits on Crown corporations if he is of the view that it's not done properly. The only requirement is that he now must rely on qualified private sector auditors, which I don't think anyone finds offensive. and secondly, that if he does not view that their work is being properly done, he still has the option to go back in.

It's very interesting that when the Provincial Auditor, who had opportunity to review it, subsequently came back and said, well if that's the interpretation, I have no difficulty. And I hope the hon. member understands that.

Secondly, Mr. Speaker, to say that private sector auditors can now be manipulated — as the hon. member has just said — I frankly think there's a slur on the profession of the chartered accountants of this province. And I know that they will be quite shocked, Mr. Speaker, to have that slur on their professional integrity brought to the floor of this Assembly. I believe that it would be proper, Mr. Speaker, for myself to let the Saskatchewan Association of Chartered Accountants, or the profession, know of the view of members opposite as to their professionalism.

Thirdly, with regard to the use of auditors prior to the passage of the legislation, I indicated publicly that one firm was in error, got in to do it. They lasted about two

days before it was brought to their attention, and they moved back, and that was subsequently it. And, Mr. Speaker, to balloon that up into some great avoidance or breach of the laws of the province of Saskatchewan, I think is drawing a very, very long bow.

Mr. Speaker, let me put on record — because I'm sure that the public and the new members opposite will be quite interested in knowing the position of the soon-to-be-crowned leader of the opposition. And I'm going to quote from Hansard on April 2, 1981, and it deals with An Act to amend The Saskatchewan Oil and Gas Corporation Act. And this is the member from Riversdale, and his justification for using a private sector auditor.

We need to access to audit functions . . .

And I hope that the press is aware of this, because we're going to see from time to time highly contradictory positions between the new leader and what members are saying in the House.

We need to have access to audit functions and C.A. (chartered accountant) functions on an ongoing basis. I think it's safe to say that if you combine the two and were able to have professional outside counsel available to advise you on a regular basis, the economics would pretty well justify what's being done here.

That's in defence of using a private sector auditor for Saskoil.

Mr. Speaker, he goes on that that policy of using outside auditors is firmly established for the New Democratic Party. And he says that in some cases the:

. . .proliferation of Crown corporations (this was under the NDP administration) may require a different kind of (I'm sure there's a degree of humour in the words) a nuance, involving, if you will, a degree of financial accountability, perhaps not directly through the provincial auditor, but through mechanisms such as the Crown corporations committee.

Mr. Speaker, he goes on, and this is from Hansard, and he says on the use of private sector auditors that:

. . .it's not a black and white situation when it comes to how best to control public funds. The fact is that in the Saskatchewan legislative scene, we have a mechanism which is more or less unique to the legislative parliamentary situation, and that is the Crown corporations committee.

And he goes on and on and on, and I could go for several pages. And he rails against, at the time, against a massive Provincial Auditor's bureaucracy. And even at that, and I'm quote the new leader of the opposition:

. . .and even at that you would never be able to just run through the family of Crown corporations plus the big-spending departments and tell me how intelligently he (the Provincial Auditor) can do the

audit, and more importantly, how intelligently we, as members, could handle the job. It can't be done.

It can't be done, says the member from Riversdale — it can't be done.

So that the hon. member and their opposition to this Bill is rather hollow, Mr. Speaker, that they can say from their seats that they're not against private auditors, even though they stand up and question their professionalism and attack their professionalism. And they'd vote against this Bill that the Provincial Auditor himself has said with that interpretation he doesn't have a problem.

Mr. Speaker, he goes on about the need for private sector auditors with Crown corporations; they're competing against private enterprise corporations, and he goes on that:

. . .it is absolute madness to argue that one should come to the Provincial Auditor of the Saskoil and get all the financial detail and somehow not put that corporation at risk in the competitive world.

(1500)

Mr. Speaker, I quote those only to indicate to the members opposite that please be honest in your position. I mean, you attack the private auditors. You've attacked the legislation, you're opposing the legislation which allows private sector auditors, and at the same time the Leader of the Opposition, or the new leader of the opposition says, it has to be done.

Mr. Speaker, I think we will see a very close analogy when he says he's prepared to look at privatization, and time after time we see the absolutists over there against privatization say that they'll fight it to the death. And we'll be watching with a great deal of interest, Mr. Speaker.

We've indicated, Mr. Speaker, that the Bill is fair. The Bill is retroactive for one fundamental reason, Mr. Speaker — it is necessary for the new auditors to be able to do the books for the whole year, Mr. Speaker. It's very simple, it's very straightforward. And to attack the retroactivity, frankly, is foolishness. It has to be done so that they can do the audit for the full fiscal year of the corporation. It sounds to me, Mr. Speaker, as a rather logical and rational position to take.

Mr. Speaker, the argument has been a rather spurious one from the opposition's point of view, I think one that will be shocking the professionalism of the chartered accountants of this province, Mr. Speaker, and I will be most interested to pass on to the chartered accountants and their profession the views of hon. members opposite. Mr. Speaker, I move second reading of the Bill.

Motion agreed to on the following recorded division.

(1509)

Yeas — 28

Muller

Pickering

Duncan	McLeod
Andrew	Berntson
Lane	Taylor
Smith	Swan
Hodgins	Hepworth
Hardy	Klein
Meiklejohn	Martin
Toth	Sauder
Petersen	Swenson
Martens	Baker
Gleim	Neudorf
Gardner	Kopelchuk
Saxinger	Britton

Nays — 18

Blakeney	Prebble
Brockelbank	Koskie
Tchorzewski	Thompson
Rolfes	Upshall
Simard	Solomon
Kowalsky	Anguish
Goulet	Hagel
Calvert	Lautermilch
Van Mulligen	Koenker

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 42 — An Act respecting the Consequential Amendments to Certain Acts resulting from the Enactment of The Provincial Auditor Amendment Act, 1987 be now read a second time.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 43 — An Act to repeal The Public Utilities Review Commission Act be now read a second time.

Ms. Simard: — Mr. Speaker, I have spoken at some length on this Bill already, so this afternoon I would like to just wrap up my comments on the Bill. This Bill is a Bill that repeals the legislation that established the Public Utilities Review Commission in the province of Saskatchewan.

This Bill, Mr. Speaker, is a Bill of betrayal inasmuch as the establishment of a public utilities review commission in the province of Saskatchewan was a major election promise of the PC government in 1982. They promised it and established it with a great deal of fanfare, with lengthy debates in the legislature; and we have the minister, the member from Qu'Appelle-Lumsden, the present Minister of Finance, making statements along these lines with respect to the Public Utilities Review Commission.

I suggest to all hon. members that it's a tremendous start ("it" being the Public Utilities

Review Commission) to a long, fruitful relationship between the people of Saskatchewan and the new Progressive Conservative Government of Saskatchewan.

Well today, Mr. Speaker, I wonder what's happened to that long, fruitful relationship between the PC government and the people of Saskatchewan. And what's happened to that relationship is witnessed and evidenced in this Bill that repeals the Public Utilities Review Commission. That's how this long, fruitful relationship was seen by the PC government, or is seen by the PC government in 1987, Mr. Speaker. So we have here another promise made by the PC party and reneged upon by the PC government — another broken promise by the PC government.

We looked at, we reviewed the history of PURC in our earlier comments, that showed that on a number of occasions the government had overruled decisions of PURC, notwithstanding the fact that the Premier had said that PURC would have the final decision. When the crunch came, when it became politically inexpedient for the government to overrule PURC, they chose to go back on their word, to go back on their word that PURC would have the final decision, and overruled PURC.

(1515)

And, Mr. Speaker, we may not have agreed with some of the decisions that PURC made. We may not, the opposition may not, have agreed with some of PURC's decisions, but that is beside the point. The point is, this was a PC election promise, and it's another PC election promise broken.

Mr. Speaker, it's also an example of the PC government being very willing and finding it very easy to overrule and axe or cut back on public watch-dog agencies that are designed to monitor government and make government make more open. And we have seen one example after another in this legislature, and when the legislature wasn't open prior to June 17, when we had that long waiting period while the government dribbled out cut-back after cut-back, affecting hundreds and thousands of lives in the province of Saskatchewan.

While the government was doing that and cutting back and axeing on watch-dog agencies, the public were watching very closely. And this is an example of one of those watch-dog agencies. This agency was designed to provide for public input, public input into the setting of utility rates. And now what do we see? We see this agency not marching to the government's tune. We see this agency making decisions that the government doesn't agree with, and so the government comes forward and abolishes, brings forth an Act to abolish PURC. And that's the way this government, Mr. Speaker, treats public watch-dog agencies that are there to protect the public.

And we have suggested alternatives to the government because we believe that the people of the province of Saskatchewan have spoken out and have said they would like open government with respect to setting utility rates. They have said that they would like public input into setting utility rates, and we believe that that's the opinion

in Saskatchewan at this date. And, therefore, we've asked the government to come forward with alternatives, with alternatives to the Public Utilities Review Commission, inasmuch as the commission itself may not have been the perfect way in which to achieve the result of input by the ordinary person and input by the public.

But the government has failed to come forward with any alternatives. It's made a promise, a promise for open government, a promise for a Public Utilities Review Commission, and what is it doing in 1987? It's axeing the commission; it's closing its government doors; it's closing its cabinet doors, and there will no longer be a commission that is open to the public, with respect to the setting of utility rates.

They've made this promise, and they haven't come forward in this legislature, in this Assembly, with an alternative, Mr. Speaker. There's been no alternative Bill setting up an alternative method to achieve those results, to achieve the results of openness of government. Nothing has come forward, Mr. Speaker, nothing whatsoever. It is perfectly clear that this government chooses not to be accountable for its decisions, Mr. Speaker. It is against open government, and it reneges on its promises. It is also perfectly clear that it has no qualms about axeing agencies that don't follow their political line.

And obviously the PC government found itself in a bind because it had created this commission with a great deal of fanfare, and this commission became a thorn in its side. It didn't like the decisions it made, and it had to overrule it.

This was the government, Mr. Speaker, that campaigned on "open for business." Open for big business is probably a more accurate interpretation. And this commission was giving large industrial users, for example, big business, a break. But the PCs knew that the votes were on the farms, and the PCs knew that the votes were in the homes, and therefore this commission became a thorn in its side, and it became politically inexpedient for the government to follow some of the decisions of the Public Utilities Review Commission. And that's why they overruled it. That's why they overruled it — totally machiavellian and expedient on their part, Mr. Speaker. That's why they did it, because it was politically inexpedient, notwithstanding they had said the commission would have the final word; notwithstanding the fact they said that — they chose to overrule decisions of the Public Utilities Review Commission.

As I said earlier, we may not have agreed with those decisions, but it was their promise to have a commission, it was their promise to let the commission have the final word, and it was their promise that the setting of utility rates would be open to the public. And it is clear from what has happened since then that the public does want this input. They do want an openness with respect to the setting of utility rates.

But no alternative has come forward; no alternative at all, Mr. Speaker, none whatsoever. They failed to come forward with any suggestions whatsoever. And for that reason alone it is impossible for us to support a Bill that

abolishes a commission that is designed for open government when this government comes forth with no alternative to meet that end result.

There's absolutely no question, Mr. Speaker, that this Bill abolishing PURC is a Bill of betrayal. It betrays their 1982 election promise. It's another election promise by this government that is broken, another election promise reneged upon. It betrays their election promise of 1982. They betrayed their promise to let the commission have the final say by overruling decisions of the commission.

They are prepared to axe watch-dog agencies that don't march to their tune. They are prepared to axe them when it becomes politically expedient for them to do so because they don't like the decisions the agency has made, notwithstanding, Mr. Speaker, that they've repeatedly said in this Legislative Assembly that this agency would have the final decision and this agency would be the answer to all the ails of the people of the province of Saskatchewan.

And in spite of the fact they know, as we do, that the people want public input into setting utility rates, they have not come forward with an alternative. And for those reasons, Mr. Speaker, for all those reasons, we cannot support this Bill, and we will be voting against it.

Some Hon. Members: Hear, hear!

(1532)

Motion agreed to on the following recorded division.

Yeas — 28

Muller	Duncan
McLeod	Andrew
Berntson	Lane
Taylor	Smith
Swan	Hodgins
Hepworth	Hardy
Klein	Meiklejohn
Pickering	Martin
Toth	Sauder
Petersen	Swenson
Martens	Baker
Gleim	Neudorf
Gardner	Kopelchuk
Saxinger	Britton

Nays — 16

Blakeney	Prebble
Brockelbank	Koskie
Tchorzewski	Thompson
Rolfes	Simard
Solomon	Kowalsky
Anguish	Goulet
Calvert	Lautermilch
Van Mulligen	Koenker

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that Bill No. 44 — **An Act respecting the Consequential Amendments to Certain Acts resulting from the enactment of The Public Utilities Review Commission Repeal Act** be now read a second time.

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

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

Mr. Lautermilch: — Thank you very much, Mr. Speaker. I'm pleased to speak to this Bill today. I'm a little dismayed and in wonderment at the lack of involvement by members on the other side of the House. But I can understand it, the reason for their silence, and I think it has nothing to do with the length of the term that they might be home telling their constituents about. And I would assume that would be their line. And I say that, Mr. Speaker, because I think they're looking for an excuse not to speak to a Bill that is going to put yet another unfair tax upon Saskatchewan people, a Bill that's going to indicate again that the Premier and his colleagues have betrayed the people of Saskatchewan.

I believe, Mr. Speaker, it would be a very difficult situation to be on the government side and to return to a riding and try to defend to your constituents, to defend a Bill that totally betrays promises that were made in 1982.

And, Mr. Speaker, every one of these members that were there in 1982 were out campaigning behind the man now the Premier, campaigning with pamphlets like the one I hold in my hand with the Premier's face, and now the Premier. Headline saying, "Eliminate the 5 per cent sales tax" — a promise, Mr. Speaker, that was betrayed.

And the member from Meadow Lake says, give that back. I'm sure he wishes he had the thousands of them that were spread across this province, because where nobody could be looking at them now, because it indicates again that the Premier of this province can't be trusted.

The Premier of this province betrayed every taxpayer. The Premier of this province betrayed every citizen of this province when he put this commitment before the people in 1982 to eliminate the education and health tax by 1986. And I say to you, Mr. Speaker, it hasn't happened. It shows what this Premier is made of. The people of this province have been betrayed.

I said again that the back-benchers have betrayed the people of their constituencies by not speaking against this Bill and by not indicating to the people in this province that they're willing to not follow blindly leadership of a Premier that is betraying people of this province, but standing up and defending the rights of the people of their constituency.

Mr. Speaker, through the course of my remarks I want to make it clear to the people of this province that the members on this side of the House are not supportive of the kind of betrayal and the kind of government that their Premier has delivered — the members of that side of the House.

And I want to speak about some of the reasons that the Premier has betrayed the people by increasing and producing this Bill and putting it before the people of the province. Why has the Premier gone back on his word to eliminate the E&H tax? Why has this happened?

Mr. Speaker, it's because this province has been run by an uncaring, incompetent, and callous government. They've squandered resource revenues that were available to the people of this province, that would have allowed us to maintain the delivery of health care services that we had come to expect in this province. And how did they do that? They threw away hundreds of millions of dollars of oil revenue that could have been used to keep the level of taxation in this province lower than what it is and that would have eliminated the need to go to the people and increase the E&H tax from 5 to 7 per cent.

And I'd like to make a comparison, Mr. Speaker. Even in right wing British Columbia led by Bill Vander Zalm under the Social Credit government, they've reduced the E&H tax from 7 to 6 per cent because they understand that it's an unfair tax and that it burdens lower income people unfairly.

But what about this Premier, and what about this government — what's his commitment to those people? I'll tell you what his commitment is. He brings in a budget that doesn't eliminate that tax, as he had promised. It increases from 5 to 7 per cent that tax that the people of this province realize is so unfair.

They've lost money through the potash resource that we have in this province; oil revenues been gone; the Manalta Coal, the give-away of an asset of the people of this province that's now costing the power corporation of Saskatchewan thousands and thousands of dollars more.

And how much more is to come if this trend continues? Will we be looking at 10 per cent E&H tax in this province? The past record of this government indicates that there may be no ceiling in terms of the taxation that we can expect from the Premier and his band. Why, Mr. Speaker, in a province that has so much to offer its people and has so much that can be delivered to those people, do we find ourselves in a situation where we see cut-backs in services and massive tax increases?

One of the reasons I suggest to you, and I say to the people of Saskatchewan, one of the reasons is because this government has been incompetent. We in Saskatchewan were fortunate enough to have 11 balanced budgets in a row delivered to the people of this province through this legislature, and I say, Mr. Speaker, because we had competent leadership.

But what's the record since 1982? A deficit forecast of \$219 million, actually 227 million; '83-84, 316 million forecast, actual 331 million; '84-85, 267 million forecast,

actual 379 million; '85-86, 291 million, actual 584 million.

And then we come to the big whoops, prior to the election — 1986-87 forecast, \$389 million. The Finance minister and the Premier and the cabinet and the back-benchers were telling the people of this province that they had almost gotten things under control in relative terms, relative to their abilities. But what do you get? When they deliver the trust, when they deliver the actual deficit figure — 200 per cent out — \$1.235 billion, a billion two.

Those are some of the reasons, Mr. Speaker, that I would suggest we're looking at an increase in the E&H tax. I say it's unfair. It's a betrayal of the people of this province, and I say, shame on this government.

The level of corruption in this province I believe is unparalleled to anything that Saskatchewan people have ever experienced. Patronage — we've got George Hill; Paul Schoenhals, former cabinet minister; Sid Dutchak . . .

An Hon. Member: — How much?

Mr. Lautermilch: — How much? Sid Dutchak, 7,000 a month. George Hill — who knows? Who knows? Because this government won't disclose his salary. We figure around 200,000. Paul Schoenhals, 100,000 a year, taxpayers' money.

And maybe we should speak about the potash corporation, because the losses that that corporation has incurred is one of the reasons we're seeing an increase in this tax. A former cabinet minister, defeated by the people of Saskatchewan — or by the people of Saskatoon — hired at \$100,000 a year to manage a corporation with which he has absolutely no qualifications that I can see. Taxpayers' dollars, hiring an unqualified former cabinet minister. And then they've got to go to the United States to find someone qualified to run the corporation, but after it's amassed hundreds of millions of dollars of debt. I say shame on the government, and I say if they had run this province properly we wouldn't have had a situation where we have to have increases like this that are hurting lower-and middle-income people as severely as they are.

Tim Embury, former cabinet minister, but on government payroll; Gordon Dirks, another defeated cabinet minister, on government payroll. And that's why the E&H tax has been increased.

(1545)

Mr. Speaker, a guarantee from this government means little. It meant little in 1981 when they were campaigning to form government. It meant little in 1982 when they were campaigning. It meant little since then and it meant nothing in 1986. We can go through a list of the promises that they've made and that they've broken, E&H tax being one of them. I say the people of this province have experienced a very unfair government and I say they've been betrayed.

And now they go to the business people of this province

to raise another 2 per cent of E&H tax — the business people of this province being made the taxman of an incompetent and uncaring and unfair government. I can see reasons why these members might want to sit in this legislature as opposed to going to their ridings to try and defend this legislation because I would suggest to you it's hard to defend the undefendable. And I think that's the kind of a job that they have when they go back to try and explain why their families have to pay another 2 per cent on a refrigerator they might purchase, or another 2 per cent on a car that they might purchase, or another 2 per cent on a stove they might purchase.

I say, shame on this government. You don't deserve the respect of the people of this province, and I'm of the opinion that what little you have left is rapidly dissipating. And, Mr. Speaker, what do we have happen with this increase in this tax? It means that people are losing their purchasing power. Saskatchewan family people, both urban and rural, are able to buy less and less of the products and the goods that they need. We've seen an increase in the personal income tax through the flat tax. There's a new 7 cent a litre tax on their fuel. And all of these things, Mr. Speaker, are compounding the problems that people in rural and urban Saskatchewan are facing. This is one in a list of many.

The drug prescription plan, increases in urban taxes and rural taxes at a local level because of revenue-sharing cuts, increases in business taxes, increases in corporation fees — all of these things, Mr. Speaker, are compounding the problems that are facing families in this province, and it's all because we've got an incompetent government, because it needn't have happened.

And if anybody in this province believes it had to happen, have a look at the record of this province since 1971. Have a look at the revenue that we were able to generate through taxation of resource companies, and have a look at what sound fiscal management of this province meant to the people. It meant low taxation. It meant high employment levels. And it meant very few people on social assistance, or requiring that kind of service. It meant that we were able to deliver a dental plan for our children, and it meant that we were able to deliver a drug prescription plan, and it meant we had short waiting lists at our hospitals.

But all of that has changed. Why has it changed? Why do we need a new increase in the E&H tax? I say to you, because the Premier of this province, the man who sits in that chair, is irresponsible, he's incompetent, and he doesn't deserve to govern.

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — All of the members on that side can hide. They can sit on their hands and they can pretend that this new tax grab isn't happening. And they're doing it. I haven't seen one of them up to speak. I've seen them chirp and natter away from their seats, red in the face when they're told about the kind of government their Premier delivers. I've seen that. And I've seen the front-benchers stand up and misrepresent what members of this side say, and *Hansard* clearly shows that. And I say, Mr. Speaker, the reason that's all happening is because

they're following blindly the leadership of a man who's betrayed the people.

I said before that the purchasing power of the people of Saskatchewan are disappearing, and that's true. And I want to say, Mr. Speaker, and to the people of this province, that we understand what's happening to middle-and lower-income people. We know what they're facing and we know what these taxes are doing. And we also know that when we have the opportunity to govern once again, this province in a fair manner, those things are going to be changed.

But what, because of these taxes, is our province going to look like. The middle-income people are rapidly disappearing, Mr. Speaker. And we've got a new class of people in this province — the working poor. How long can this continue before the Premier of this province understands the hurt and the pain that he's inflicting upon Saskatchewan people? How long before he'll go to small town Saskatchewan and find out really what's happening?

Because you can't govern from New York, or you can't govern from Ottawa, or you can't govern from this seat in here. You've got to be home with your people and you've got to walk down Main Street and you've got to be on their doorsteps and touching them and talking to them and trying to understand the feelings and the hurt that they're facing.

And I say, Mr. Speaker, if the Premier of this province was doing that, if he was canvassing in my riding in Prince Albert-Duck Lake, you would have seen a different throne speech this spring. You would have seen a different budget delivered this summer, finally. And I say you'd see a different face on this government.

But he couldn't, Mr. Speaker, because he had betrayed them. And nobody likes to be disliked, everybody likes to be liked. And I know that's one of the reasons that he was campaigning on eliminating the E&H tax in 1982. He wanted to be loved and embraced by the people of this province. And he was. They gave him the biggest majority that any premier of this province has ever seen, and he accepted that. He accepted their faith, and then he turned around and he stabbed them in the back.

And that's why the problems in Saskatchewan are compounding, Mr. Speaker, because this Premier can no longer go to small town Saskatchewan or to the west flat in Prince Albert in my riding, because I know what kind of reception he'd get there. He'd get a rejection, and I would suggest to you, Mr. Speaker, he'd get a flat rejection at 80 per cent of the homes because they know that he's betrayed them, they know he's been unfair with them. And I say to you that this Bill just indicates another example of that betrayal and that unfairness.

And I say, Mr. Speaker, that the middle-income people of this province have been the backbone of our tax base. But you take away the money, you take money out of their pockets, and you create a snowball. You make them poor, they can't pay taxes, and the rich never did. And that's the kind of government we've got in this province.

No understanding of the make-up of the province, no understanding of how you finance a government in this province — that's what we've had in this province. And, Mr. Speaker, I say to you, it's going to get worse. It's going to get worse if the Premier of Saskatchewan doesn't get out there and try and find out what kind of mistakes and what kind of errors he's making.

I said before, you don't govern from that seat. Sure, you pass legislation from there. But you've got to have a feeling for the hurt that you're inflicting on people, and you've got to have an understanding of what they need so that they can survive in the province.

The E&H tax is a regressive tax — another betrayal and another reason why he's losing trust in the people of the province. And in order to govern, Mr. Speaker, you've got to have the trust and the faith of the people. And I said before that the Premier had that faith and that trust in 1982, and maybe he did deserve it, and maybe he went in with good intentions. Maybe he thought he could make Saskatchewan the Utopia that he thought that it could be, or might have thought it could be. But he never made one move to move to that end — not one did he make. He started on a list of betrayal and broken promises, and I say that that list is growing daily under his administration, and it'll continue to grow.

Mr. Speaker, lower-and middle-income people need money that they're taking away, that this government is taking away, in order to feed and clothe their families. And they're killing little town by taking the money away from it, because those people don't travel to Saudi Arabia as some of the members opposite might. They stay at home, and they spend in their local grocery stores, and they stop in at their local tavern for a beer on their way home from work, but not when they've got no money in their pocket.

And this tax is doing just the opposite from what it should be. In order to have a buoyant economy in this province, you've got to have money in the hands of middle-and lower-income people. You've got to have small business thriving so that it can create employment, and I think even the members on that side wouldn't argue that small business is the best way to generate employment opportunities in any economy.

And they're doing just the opposite. When the people of a community have no money to spend, the small businesses go down. And all you have to do is look at the number of bankruptcies that we've seen in this province since 1982, both rural and urban, and it shows that this government's on the wrong direction, they're on the wrong path, they're on a downhill slide.

And I say to you, Mr. Speaker, that there are members in this Legislative Assembly that understand that things can be different, and that they don't have to be that way. I want to say, Mr. Speaker, that there are members in this legislature who understand that a lot of Saskatchewan citizens are hurting at the hands of this government. And I also want to say, Mr. Deputy Speaker, that members on this side of the House are committed to changing the kinds of things that are creating those problems.

I said before that the E&H tax is a regressive and an unfair tax, and I don't think that anybody in this province would deny that it is. We all understand that governments need revenue in order to function. We understand that.

But for goodness sakes, I ask the members on that side to ask their Premier to have a look at where he may generate revenue, rather than going to middle-income people. I ask him to go to the oil companies and ask if perhaps they wouldn't be willing to share more of the hundreds of millions of dollars of profits that they're making in this province with our resources.

I ask them to go to their Premier and ask him if he might not have a closer look at the kinds of sell-offs that he's making in terms of his plan to privatize the Crown corporations, and to try and get a reasonable price for them, and not a give-away like the Weyerhaeuser situation in Prince Albert.

I ask them to go to the Premier and say, Mr. Premier, if you're going to sell things that belong to the people of this province, for goodness sakes, get a fair value for them. And I ask them to say to the Premier that, Mr. Premier, if you would do these things, if you would take a broader look at this province and a broader look at where your revenue might come from, that I won't have to go back to my riding and try and tell my people why, on a \$10,000 car, they've got to pay another \$200.

And I ask the back-benchers on that side to go to their Premier and say, Mr. Premier, another deal like the Peter Pocklington deal in North Battleford is undefendable. Look at where we've lost. We lost that community where we tried to pull that scam. And we lost Prince Albert where we made a bad deal with the selling of the PAPCO (Prince Albert Pulp Company) assets.

And I ask the back-benchers to go to the Premier and say, Mr. Premier, we can't defend what you're doing to the drug prescription plan. My constituents are upset. They feel you've betrayed them.

And I ask the back-benchers to go to their Premier and say, Mr. Premier, we can't defend an increase to the education and health tax because what you're doing is you're gutting this province. You're tearing apart working men and women, and lower-income people.

And I ask the back-benchers to be honest with themselves, sit down with their families at home and ask their families what they're hearing from their friends and neighbours as to the unfairness of what this government has been doing.

Mr. Deputy Speaker, I can't support this kind of legislation, and I can't support it for a number of reasons, one of which is that even though the financial difficulties that the Premier of this province has put this province in; even in spite of the fact that we're sitting on \$3 and a half billion worth of deficit that we have to pay \$350 million a year in interest alone for, money that could go toward health care and education; even though we desperately need these dollars, Mr. Speaker, I can't go home and say to my constituents that I've done the right thing if I supported this legislation. And I won't do it.

(1600)

Some Hon. Members: Hear, hear!

Mr. Lautermilch: — I say to you, Mr. Deputy Speaker, that the Premier of this province has blatantly, openly, and callously betrayed a million Saskatchewan citizens. And I want to say to you as well, Mr. Deputy Speaker, that the political party that he represents is going to pay for it whenever the next election comes, because I believe, like hundreds of thousands of people, like the 100,000 people who signed the health care petition, that he doesn't deserve to sit in that chair.

And that's why I . . .

An Hon. Member: — A hundred thousand now; yesterday it was 60.

Mr. Lautermilch: — The member can't add. We've tabled 30-some thousand and 60,000 yesterday and if that doesn't come to 100,000 — that's why you guys have got problems with your budgets, because you can't add even 37 and 60 and come up with close to 100. Well listen, I'll tell you, 3 per cent is a lot closer than the Finance's minister's 200 per cent. But anyway, Mr. Deputy Speaker, I want to get back to the topic.

I said before that I can't go home and defend this Bill. And I'll tell you what, I'm not going to. I'm going to tell you what I'm going to do with the members on this side of the House. I'm going to go back to my riding, and I'm going to tell those guys that you and your government have betrayed them. You've denied them what rightfully is theirs, and what rightfully is theirs is an even and an honest and a fair level of taxation. They don't need the Premier's hand in their pocket and the Finance minister's hand in their pocket every time you deliver a budget, and it wouldn't happen if you'd get the revenue from the places that you know you can get them. If you would do just that one thing — and it's there, you don't need to be an economist to figure it out; all you do is go back to the record of the '70s under the NDP administration, and you'll find out that you can generate revenue from other than out of people's pockets, the way you've been doing.

I want to close, Mr. Deputy Speaker, by telling the members on that side of the House that I couldn't support this legislation, and I won't. And I'm asking them to stop the blind following of the Premier of this province down the road to hell. I'm asking them to have a closer look at what's going on over there. And I'm asking them to say, Mr. Premier, enough is enough, and we're voting with the opposition because this is an unfair and a regressive tax.

Some Hon. Members: Hear, hear!

Mr. Thompson: — Thank you very much, Mr. Deputy Speaker. I rise today to speak in opposition to Bill 19 and in support of the amendment put forward by my colleague from Saskatoon Sutherland.

What we are faced with here today is a Bill which is a tax increase Bill of 40 per cent on the sales tax. And I want to first of all touch on some of the reasons why we would . . .

why this government would want to present a 40 per cent increase in the sales tax. When we take a look at how they campaigned in 1982 and how they campaigned in 1986 — and I will get to some of the campaign promises that were made, Mr. Deputy Speaker, to eliminate the sales tax.

Now, Mr. Deputy Speaker, some of the reasons that we are facing tremendous increases in taxes, not just the E&H tax, but you can take a look at the gasoline tax and many other taxes, and the road tax where it eliminated highway construction in this province, and the services that has been cut since 1982, and you just have to take a look at some of the reasons and the panic.

First of all we had the Minister of Finance indicating that there would be a set amount of money in the budget, and then when he brings it down he finds out that he was \$800 million short. Mr. Deputy Speaker, that is one of the main reasons why this sales tax has been increased by 40 per cent.

You take a look at the provincial debt, Mr. Deputy Speaker, which a short five years ago there was no debt. We had just come out of 11 straight years of balanced budgets and had \$139 million in the bank, and now we take five short years later, into the sixth year of a Conservative government, and we now have a debt of \$3.4 billion. And that, Mr. Deputy Speaker, is one of the main reasons why the citizens of this province are faced with the tax increases like we see here today, and the one that we are debating, the E&H tax.

It has come to a point now where the Conservative Government of Saskatchewan has borrowed more money on this province than the province assets are really worth. They were left in 1982 with a long-term debt of a little over \$3 billion, Mr. Deputy Speaker. They have now turned that around to a long-term debt of close to \$11 billion. When you take that and the operating debt of \$3.3 billion, then you can just see the serious problem that the citizens of Saskatchewan are facing, and that's why the tremendous increases that we're getting.

The sales tax is particularly hard on different regions of the province, Mr. Deputy Speaker. You buy \$1,000 worth of goods in Meadow Lake or Weyburn or Regina, it's a lot different than buying \$1,000 worth of goods in Ile-a-la-Crosse or Fond-du-Lac or Black Lake, Stony Rapids or places like that.

First of all, the citizens up there pay from 40 to 60 to 70 per cent higher for their goods. And as you can see by just using common logic, that 40 per cent increase in the sales tax is going to be added onto the extra cost that they pay.

And I know that Mr. Deputy Speaker . . . he's quite aware of what the cost of living is in the community of La Loche. As a farmer and a relative of an individual who is operating a store up in that community, you realize that it costs more to get merchandise up into La Loche, so that sales tax is a heavy burden, and it's far heavier a burden on that region of Saskatchewan than it is in the region in the southern part of Saskatchewan.

And I say, Mr. Deputy Speaker, that it doesn't matter what

you buy in northern Saskatchewan or any of the far northern regions, this sales tax presents an extra burden and a hardship on those individuals who are living in that region. They are now paying more for their goods and services, and also they have that added extra that they have to pay on the 40 per cent increase. And you could take any scenario you want, take \$1,000 of goods and services that you purchase in Meadow Lake, and you take \$1,000 of goods and services you purchase in Stony Rapids, and you're going to see that that 40 per cent increase probably would turn out to be closer to 100 per cent increase to the individuals who were purchasing it. So it is definitely a real hardship on them.

And I say to you with all honesty, Mr. Deputy Speaker, and I say to the other members, that you have to take a serious look at the promises that you as individuals made, and you too, Mr. Deputy Speaker, have made in 1982 to totally eliminate the sales tax in your first four-year term. And I think that you have to take a serious look at what you're doing.

And when you take a look at northern Saskatchewan and the tremendously high unemployment rate that we have up there, and the disposable income or the purchasing power that those folks that live north of Meadow Lake have, then you see just how severe that this here increase in tax is, because the farther north you go, the more severe that it's going to get.

And that's not really what was promised. As I indicated before, Mr. Deputy Speaker, that's not what the Conservative members opposite promised. In 1982 they said that they would, in their first full term of office, that they would totally eliminate the sales tax — totally eliminate it.

And I want to say here . . . And I have some campaign material for the member from Melfort, and he indicates in 1982, when he was out campaigning, that they would phase out the sales tax in the first four years. Now the member from Melfort, he made that statement.

And I have never heard anybody in Melfort saying that in 1986, when he was out campaigning, that he was going from door to door indicating that he was not going to honour that commitment. He continued to say that he was going to honour that commitment. And not once did he indicate, when he was campaigning, that when the election was called, and if they were re-elected, that he would not only renege on that promise but he would add 40 more per cent to that.

And I'm sure, and I know, and I say to the member from Melfort, I know that he never went around campaigning, saying that he was going to increase the sales tax by another 40 per cent. I know he didn't do that.

And we have another one here, and this is an interesting one, Mr. Deputy Speaker. It's the member from Yorkton, and he goes on with a full page ad and he says, and he's asking the citizens of Yorkton to vote for him in 1982, and here are some of his promises:

Eliminate the 5 per cent sales tax on all clothing and utility bills. This measure will be the first

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

And that's what the member from Yorkton was campaigning on. And I am sure, Mr. Speaker, that the member from Yorkton, when he was out campaigning in 1986, did not tell his constituents that he was going to move to increase the sales . . . not to eliminate them, but to increase them by 40 per cent. And that is what went on, and I think that that's deceiving the public. I don't believe that had you have told the truth as to what you were going to do, Mr. Speaker, that a lot of those members would be back farming or carrying out the businesses that they were doing. They most certainly wouldn't be sitting on the government side of the House. I can assure you that.

I want to just give a couple more, and then I will move on to something else, Mr. Speaker. Here is another interesting one, and this is the member from . . . Progressive Conservative member, and he is from Saltcoats. And he also says that he will eliminate the 5 per cent on clothing utilities, also that they would reduce the sales tax in their first year of office. And I'm sure that the member from Saltcoats, when he was out campaigning, didn't indicate that he was going to increase that. And I'm sure at the same time he wasn't going around campaigning and telling them that he was going to add this extra 7 cents on the gasoline tax. You know, this is something that they didn't campaign on. And I think that that's not fair.

And I have another member from Morse, and he also . . . he talks about rolling back the gas tax 20 per cent and phasing out of the sales tax. And that wasn't carried out. And I say to the private members who occupy the back-benches of the Conservative party, I think that you have to take a serious look at your political careers when one takes a look at the patterns that are going on throughout Canada. And I'm sure, Mr. Speaker, they will continue that pattern. One just has to look at the polls.

(1615)

And it's all taking place because of the types of promises that were made, and the types of promises that were broken. And the sales tax is a good example. So I say to the back-benchers in the Conservative Party, who occupy the back-benches, you've got to go back to your constituencies and you . . . if you want to continue on in a political career, then I say to you that you have to take a serious look at what you're doing, and take a serious look at what your government is doing, because you just cannot continue to say one thing and do another.

Mr. Speaker, it's not just the sales tax, it's a continual line of broken promises, and a continual line of broken promises that has destroyed complete families in this province. And I say to the Attorney General, I'm not kidding when I say that when you fire 423 dental nurses and dental therapists, you literally destroyed those individuals. You took the . . . they've spent many years going to school to get where they were, and they were providing a service that was second to none in this

province. And I say to you, Mr. Attorney General, when you did that, let me tell you, you destroyed many, many young men and women's families and their lives and their futures. And I say that you will pay for that.

You will pay for the fact that you said that you were going to eliminate the sales tax and then turn right around and put a 40 per cent increase on it. You're going to pay for that, and I say the time is coming very fast. So I say, it's time for the back-benchers to stand up and be counted and to make the front-benchers, the cabinet, accountable so that promises like this don't happen.

When they said they were going to eliminate . . . the complete elimination of the sales tax, they didn't say that they were going to take away the drug plan, the dental plan. They didn't say they were going to increase the gas tax. So here are promises that were made, and promises that were broken, Mr. Speaker.

And I say that once the citizens of Saskatchewan have an opportunity to go out and vote — and they'll have their first opportunity in the next six, seven months in a federal election, and you'll see what's going to happen there, and that's all because of promises that were made and promises that were broken. And you're going to see that that's going to take place. And I say, Mr. Speaker, that they will be totally rejected.

And you're going to see the same thing that's going to happen in Saskatchewan, because the citizens of Saskatchewan are not in a position to put up with the type of broken promises that have come forth from this government and from successive Conservative governments.

With that, Mr. Speaker, I want to indicate to you that I will be supporting the amendment that was put forward by my colleague from Saskatoon Sutherland, and I would just want to go over that amendment. And the member from Saskatoon Sutherland moved that:

Bill No. 19 not now be read a second time because: a) the 40 per cent increase in the 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 the provincial sales tax makes Saskatchewan people among the highest taxed in Canada; and c) the 40 per cent increase in the provincial sales tax is a regressive and unfair tax on Saskatchewan families.

With that, Mr. Speaker, I thank you, and I will be supporting the amendment.

(1625)

Amendment negated on the following recorded division.

Yeas — 17

Blakeney	Prebble
Brockelbank	Simard
Solomon	Kowalsky

Koskie	Romanow
Tchorzewski	Thompson
Rolfes	Upshall
Anguish	Calvert
Lautermilch	Van Mulligen
Koenker	

Nays — 29

Muller	Duncan
McLeod	Andrew
Berntson	Lane
Taylor	Smith
Swan	Hodgins
Hepworth	Hardy
Klein	Meiklejohn
Pickering	Martin
Toth	Sauder
Hopfner	Petersen
Swenson	Martens
Baker	Gleim
Neudorf	Gardner
Kopelchuk	Saxinger
Britton	

Motion agreed to on the following recorded division.

Yeas — 29

Muller	Duncan
McLeod	Andrew
Berntson	Lane
Taylor	Smith
Swan	Hodgins
Hepworth	Hardy
Klein	Meiklejohn
Pickering	Martin
Toth	Sauder
Hopfner	Petersen
Swenson	Martens
Baker	Gleim
Neudorf	Gardner
Kopelchuk	Saxinger
Britton	

Nays — 17

Blakeney	Prebble
Brockelbank	Koskie
Romanow	Tchorzewski
Thompson	Rolfes
Upshall	Simard
Solomon	Kowalsky
Anguish	Calvert
Lautermilch	Van Mulligen
Koenker	

The Bill read a second time and, by leave of the Assembly, referred to Committee of the Whole later this day.

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

amendment thereto moved by Mr. Goulet that Bill No. 27 — **An Act to amend The Income Tax Act** be now read a second time.

Mr. Prebble: — Thank you very much, Mr. Speaker. I'm pleased to take part in this debate on a very unfortunate and unfair proposed tax increase by the PC government.

We're not only debating the main motion, Mr. Speaker, but also the amendment, and at this point I'd like to read the amendment that was moved on September 29 by our side of the House:

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

Bill 27 not now be read a second time . . . (in order words, that the flat tax not be imposed upon the people of Saskatchewan for the following reasons) 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.

Mr. Speaker, the essence of our amendment to the proposed Bill is that the flat tax is an unfair tax. It's unfair first of all, Mr. Speaker, because it's not a progressive tax. It means that low-income families in the province of Saskatchewan have to pay the same income tax rate as high-income families, and we think, Mr. Speaker, that that is fundamentally unfair.

The Bill is also unfair, Mr. Speaker, because the flat tax is based on net income and, Mr. Speaker, in our judgement that is a very, very unfair measure. It's unfair to tax net income instead of taxable income, first of all, Mr. Speaker, because it means that higher-income families have available to them a number of mechanisms for reducing their tax burden and their flat tax payment that lower-income families cannot possibly have available to them.

I think, Mr. Speaker, simply of the well-known RRSPs (registered retirement savings plan), which anyone who's making probably more than \$30,000 a year can readily take advantage of, but which people making \$20,000 a year or less are very unlikely to be able to take advantage of. Those RRSP deductions will take place before the flat tax is calculated. They'll take place before net income is calculated, and therefore higher-income earners can accordingly reduce their flat tax by claiming RRSPs, and . . . (inaudible) . . . those making less than \$20,000 a year will be unable to take advantage of that tax deduction, and therefore will end up paying more than their share of flat tax.

Mr. Speaker, it's our view, on this side of the House, that this proposed tax increase by the PC government is a betrayal of an election promise — a promise made in 1982 to reduce personal income tax by 10 per cent. And I venture to say, Mr. Speaker, that every single member on

that side of the House who ran in the 1982 election made that promise in their election literature — the member from Meadow Lake has just indicated that in fact he did make that promise on behalf of the PC party in his constituency — and that promise, Mr. Speaker, is now clearly being broken.

Mr. Speaker, not only is that promise being broken, but the effect of this flat tax, which will now amount to one and a half per cent of net income — if the Bill that's before us today is adopted in the Assembly — means that the people of Saskatchewan are going to be asked to pay an additional 12 basic points on their personal income tax.

If you take the average taxpayer in this province, Mr. Speaker, and if that taxpayer is to ask themselves the question: how much more will I be paying in provincial income tax as a percentage of federal income tax after this Bill, as compared to before? The answer, Mr. Speaker, is about another four points of federal income tax will have to be paid, Mr. Speaker.

And in total, Mr. Speaker, if you take this 1.5 per cent flat tax, what it basically means is that in addition to Saskatchewan taxpayers having to pay 50 per cent of federal income tax in the form of provincial income tax, this government has now imposed an additional 12 points of federal income tax in the form of provincial income tax to be levied by this flat tax.

In other words, Mr. Speaker, the imposition of the flat tax by this government means that the average Saskatchewan taxpayer, in the form of provincial tax, will pay 62 per cent of federal tax in the form of provincial income tax instead of 50 per cent of federal income tax in the form of provincial income tax, as was the case a few years ago, Mr. Speaker.

So, Mr. Speaker, we, in effect, as a result of this flat tax, are seeing an increase of 12 points of federal income tax paid in the form of additional provincial income tax here in this province. In other words, regular Saskatchewan income tax is, in effect, for the average Saskatchewan taxpayer, 62 per cent of federal tax.

And, Mr. Speaker, that leaves Saskatchewan taxpayers with the highest income tax levels in western Canada. And we say, Mr. Speaker, that that is a direct betrayal of the promise that this government made five years ago.

Now, Mr. Speaker, I want to, in addition to the concerns that I've expressed so far, raise what for me is my most fundamental objection to the flat tax and to this Bill, Mr. Speaker. And that is, that not only is it a betrayal of the PC promise but the very way in which the flat tax is structured is fundamentally unfair. It's unfair not only to lower-income taxpayers as I mentioned earlier but, Mr. Speaker, it's unfair to those who are sick, to those who are old, to those who are generous in their charitable donations.

And I want to elaborate on why it is particularly unfair to those groups, Mr. Speaker. It seems to me that this Bill is symbolic of everything that the PC government is about because, Mr. Speaker, if you are fortunate enough to have money to invest in housing units such as MURBs

(multiple unit residential buildings) or if you're interested in investing in oil exploration, or in the motion picture business, you can take advantage of tax shelters which can be deducted, Mr. Speaker, before you pay the flat tax.

But if you're a senior citizen, or if you're a person with a large number of dependents, or if you're sick and have high medical bills, or if you are generous and make charitable donations, Mr. Speaker, you are not eligible to deduct any of the tax benefits that come with being in the circumstances I just mentioned. You have to pay the flat tax before any of the deductions that are associated with being in the categories I've just mentioned can be taken advantage of.

Mr. Speaker, I want to elaborate on this point because I think this is the fundamental issue about why the flat tax is such an unfair tax and ought not to be levied on the people of Saskatchewan. Mr. Speaker, first of all the flat tax doesn't apply to the basic personal income tax deduction which last year, Mr. Speaker, in 1986 was \$4,180.

What does that mean, Mr. Speaker? Mr. Speaker, that means that someone has to pay an additional \$61. In fact, every Saskatchewan resident who pays tax, and is over 18 years of age, is having to pay an extra \$61 in flat tax as a result of not being able to claim the personal income tax deduction before the flat tax is levied.

In addition to that, Mr. Speaker, every senior citizen in this province is eligible to claim a deduction of \$2,610 by virtue of being over age 65. Now, Mr. Speaker, as a result of the flat tax, every senior citizen in Saskatchewan who is paying income tax has to pay an additional \$39 — 1.5 per cent of \$2,610. And they can't claim the senior citizens' deduction before they pay the flat tax.

Now, Mr. Speaker, the result of that is very beneficial for many married couples. But, Mr. Speaker, a married man who would be eligible for this deduction of \$3,660 can't claim that deduction before paying the flat tax. That's going to cost the spouse, Mr. Speaker, an additional \$54 a year as a result of this one and a half per cent flat tax — in effect one and a half per cent of 3,660.

So just to review, Mr. Speaker, that means that the average senior citizen is going to pay an additional hundred dollars in flat tax, just by way of not being able to claim the basic personal income deduction and the age 65 deduction before having to pay the flat tax, Mr. Speaker. And the average married person with a spouse making less than \$520 is going to have to pay an additional \$115, Mr. Speaker, by way of not being able to claim the basic personal income deduction and the married exemption before paying the flat tax — an additional \$115 as a result of the imposition of the flat tax every year, Mr. Speaker, in this province.

Then in addition to that, Mr. Speaker, the flat tax and the way it's been structured by this government is such that it penalizes all those who have children. For every dependent child a taxpayer can claim a deduction of \$710, Mr. Speaker, except in the case of the flat tax, because the flat tax is levied before the dependent children's deduction is levied, Mr. Speaker. And that

means that for every child an extra \$10.50 has to be paid in flat tax.

I have two children, Mr. Speaker, and will pay an additional \$21 this year as a result of the flat tax, because I cannot deduct the exemption that comes from being able to claim my two sons, Mr. Speaker, before I pay the flat tax and nor can any other Saskatchewan taxpayer. And the average family, Mr. Speaker, will have to pay an additional \$21 in flat tax because of, again, the unfair structuring of the flat tax that doesn't allow them to claim their dependent children before they pay it. Those are just a few of the reasons, Mr. Speaker, why this flat tax is so unfair, but there are many others.

And I just want to point out a few more which I think are very unfair. Many people in this province appreciate the fact, Mr. Speaker, that if they have a little investment and they can claim some interest on that each year, that the first \$1,000 of interest they earn can be claimed as a tax deduction, but not before they pay the flat tax, Mr. Speaker. It can for any other kind of income tax payment. The \$1,000 deduction on interest earnings can be claimed, but not before the flat tax. If they earn \$1,000, that's going to cost them an additional \$15 a year in tax, Mr. Speaker, each and every year because of the policies of this government.

Then, Mr. Speaker, many seniors and others who earn pensions are in a position to qualify for the pension income deduction of up to \$1,000, but not before they pay the flat tax, Mr. Speaker. They can't deduct their pension income on the first \$1,000 of their pension income before paying the flat tax, and they're going to pay another \$15 as a result of that, Mr. Speaker.

Then, Mr. Speaker, perhaps the most unfairly hit by this flat tax are those who are sick. Mr. Speaker, consider the case of someone who has, shall we say, \$500 in medical expenses in the year 1986 or 1987, and that is not at all unusual for someone to have \$500 in medical expenses that they can claim. And, Mr. Speaker, they will have to pay an additional \$7.50 flat tax because they cannot claim their medical expenses and deduct those before they pay the flat tax, although they can claim that as a deduction for any other form of income tax in this province or federally.

(1645)

Mr. Speaker, then there's the case of those who make charitable contributions. And let's just say that one contributes another \$500 to various charities in this province and in Canada. You have to pay an additional \$7.50 in flat tax on that \$500 charitable donation, Mr. Speaker. So those who are generous — the more generous you are, the more you will be penalized by the PC flat tax. If you make charitable donations of \$1,000, you'll have to pay an additional \$15 in flat tax. Now this is just a ridiculous tax system that the PC government has imposed upon us, Mr. Speaker, and I think that some of the points I make are demonstrating just how unfair it is.

I want to give two more examples before I close, Mr. Speaker. Every student in this province, over the course of the last several decades, has enjoyed the privilege of

being able to deduct their tuition rates, and also has enjoyed the privilege of being able to claim an educational deduction of \$50 a month for every month that they attend a post-secondary educational institution, Mr. Speaker. So the average university student is able to deduct approximately \$400 a year as a result of being in university for an eight-month period and being able to claim \$50 a month for each of those eight months.

Now, Mr. Speaker, for every other kind of income tax that a student may be asked to pay on their summer earnings or other earnings that they receive during the year, they will be able to claim this educational deduction before they pay that income tax. But in the case of the flat tax, Mr. Speaker, they will have to pay the flat tax on the money they earn prior to deducting \$50 a month for each month that they were in school. And that's going to cost the average university student an additional \$6 in flat tax.

And finally, Mr. Speaker, there is the case of individuals who are supporting other members of their family who are disabled. There is a disability deduction for dependents, Mr. Speaker, under the income tax system, that allows the supporting member of the family to claim an income tax deduction of up to \$2,860 for dependents who are severely disabled, either physically or mentally, and are impaired in the year in which the tax is being levied, Mr. Speaker.

But in the case of the flat tax, are they able to make this deduction, claim this deduction of \$2,860 for physically disabled dependents before they pay the flat tax? Mr. Speaker, the answer is no, they are not. They are forced to pay the flat tax before they are allowed to claim this deduction.

Mr. Speaker, I say to the members opposite, shame! — shame that you levy a flat tax on those who are sick, on those who must pay high levels of medical expense, on those who are supporting members of their family who are disabled, who are mentally and physically impaired. You are levying this tax on those who are least able to afford this tax, while you let your friends in private business, who are wealthy, write off their MURBs (multiple unit residential building), write off their investments in oil companies, write off their accounting fees and their management agency fees, and while you allow those who are well-to-do write off up to \$10,000 in RRSPs before they pay the flat tax.

You have developed a tax structure in this province during this last five years that is clearly geared towards reducing the tax burden of those who are wealthy and increasing the tax burden of those who are middle income or low income. And we on this side of the House tell you that not only do we refuse to go along with your flat tax, but we will abolish the flat tax after the next election.

And, Mr. Speaker, today we are saying that we are supporting the amendment not to have this Bill read a second time. And if it does come to a second reading, we will be opposing it. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

(1657)

Upshall

Amendment negatived on the following recorded division.

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

Yeas — 17

The Assembly recessed until 7 p.m.

Blakeney	Prebble
Brockelbank	Koskie
Romanow	Tchorzewski
Thompson	Rolfes
Upshall	Simard
Solomon	Kowalsky
Anguish	Calvert
Lautermilch	Van Mulligen
Koenker	

Nays — 28

Muller	Duncan
McLeod	Andrew
Berntson	Lane
Taylor	Smith
Swan	Hodgins
Hepworth	Hardy
Klein	Meiklejohn
Martin	Toth
Sauder	Hopfner
Petersen	Swenson
Martens	Baker
Gleim	Neudorf
Gardner	Kopelchuk
Saxinger	Britton

Motion agreed to on the following recorded division.

Yeas — 28

Muller	Duncan
McLeod	Andrew
Berntson	Lane
Taylor	Smith
Swan	Hodgins
Hepworth	Hardy
Klein	Meiklejohn
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Nays — 17

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