

The Assembly met at 2 p.m.

Prayers

## ROUTINE PROCEEDINGS

### ORAL QUESTIONS

#### Faulty Equipment Sold by SED Systems

**Ms. Smart:** — Mr. Speaker, my question is to the Deputy Premier, and it concerns media reports that SED Systems of Saskatoon has sold defective equipment to the St. John ship building firm which is building new frigates for the Canadian Armed Forces. Mr. Deputy Premier, have you investigated these allegations and can you report to this Assembly on them?

**Hon. Mr. Berntson:** — Mr. Speaker, I haven't investigated the situation relative to SED Systems and the frigate program. I am told, Mr. Speaker, that in phase 1 of the frigate program there were some initial difficulties with the SED technology but that they have since been rectified and, in fact, SED Systems is being looked upon now as a probable supplier for phase 2.

**Ms. Smart:** — Mr. Deputy Premier, that's not what a recent article in the *Star-Phoenix* has said. I want to ask you if you can confirm that the Government of Saskatchewan still holds 25 per cent of the common shares in SED Systems as well as the mortgage on the company's \$11 million building in Saskatoon. And if not, could you tell us what the government's position with SED is, and when you divested yourself of ownership?

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

**Hon. Mr. Berntson:** — First she asks me to look into the situation as it relates to government ownership, and then she says: and would you tell me when you divested yourself of ownership-- I mean the government. So perhaps she knows something that I don't, Mr. Speaker. So with that in mind, Mr. Speaker, and out of a desire to deal with this question with absolute precision, Mr. Speaker, I'll take notice of the question.

**Ms. Smart:** — New question, Mr. Speaker. Mr. Deputy Premier, you know that the government still owns 25 per cent of the common shares of SED Systems. And if the government owns 25 per cent of the voting shares of SED Systems, it's not a private company. And my question to you is this: isn't your government interested in how this company, which is selling substandard equipment to the Canadian Navy, is going to be able to recoup Saskatchewan taxpayers' investments?

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

**Hon. Mr. Berntson:** — Now it's getting a little more confusing, Mr. Speaker. Just a moment ago she said, tell me when you divested yourself . . .

**The Speaker:** — Order, order. The Deputy Premier.

**Hon. Mr. Berntson:** — . . . tell me when you divested yourself of the government holdings, she said. Now she

says, you know very well you own 25 per cent, and so I'm a little confused with where she's coming from there.

And then she says, Mr. Speaker . . . I don't know if she said with 25 per cent you're a public or a private company, I don't know what she said there. But she said, how are we going to recoup the investment of the taxpayers of Saskatchewan.

Well I said at the very outset, Mr. Speaker, my understanding is that there were some difficulties with phase 1 of the frigate program and the technology that was sold by SED Systems. I also understand, Mr. Speaker, that those difficulties have since been resolved and that phase 2 of the frigate program is looking upon SED as a probable supplier for that technology for phase 2.

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

**Ms. Smart:** — Mr. Speaker, this is a new question. Mr. Deputy Premier, if you know that much about the condition with the shipbuilders in St. John's, you should know the condition of the government's investment in that firm, in SED Systems, and you should look that up, Mr. Deputy Premier.

Now, Mr. Premier, Fleet Aerospace, the firm you sold SED Systems to and helped to bankroll through tough times, is now in serious trouble. It is being investigated by police authorities in the United States for selling faulty equipment. There are allegations that the company ordered one of its officials to arrange the assassination of a union leader, and there are allegations that employees were pressured to approve equipment which did not meet quality control standards.

Mr. Deputy Premier, your colleagues on the government side are laughing at these allegations. I ask you to stand up and answer this question. Your government has managed to find a high-tech partner involved in questionable business practices, to say the least, and I want to know what kind of investigation did your government conduct into Fleet Aerospace before giving them such a sweetheart deal for SED Systems?

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

**Hon. Mr. Berntson:** — Mr. Speaker, two things. Number one, I don't know how members opposite can stand in their place and time after time and day after day be critical of this government, be critical of this government for moving to protect the jobs of hundreds of people in the high-tech sector in Saskatoon. And we've done that with SED Systems, Mr. Speaker,; we've done that with Develcon; we've done that with other high-tech companies in Saskatoon, Mr. Speaker. And is there any credit given at all to government by members opposite for moving to protect those jobs? And the other thing that I find very distressing, Mr. Speaker, is that that member would stand in her place and allege that someone from Fleet would arrange an assassination on a union leader, I find absolutely preposterous, Mr. Speaker. And if that member has anything that would suggest that, I would hope that she would immediately turn it over to the RCMP.

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

### Loans to SPC Employees re WESTBRIDGE

**Mr. Brockelbank:** — Mr. Speaker, my question is to the minister responsible for SaskTel. It involves, Mr. Minister, how your government goes about pumping up WESTBRIDGE Computer Corporation. I want to know, Mr. Minister, will you confirm that your government has given a two-year, \$3,000 interest-free loan to employees of Saskatchewan Power Corporation to purchase personal computers. Further, Mr. Minister, will you confirm that the only computer company allowed to promote itself to SPC (Saskatchewan Power Corporation) employees on site is WESTBRIDGE Corporation?

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

**Hon. Mr. Lane:** — Mr. Speaker, the question as to the relationship between SPC and WESTBRIDGE, I think, would be more appropriately asked to the minister responsible for SPC. Certainly it is in the interests of the employees of WESTBRIDGE and the people of this province to encourage WESTBRIDGE to go, and that's been very much a stated policy of the government.

**Mr. Brockelbank:** — I'll direct a new question to the minister. Mr. Minister, you're in charge of SaskTel and I understand the Government of Saskatchewan owns a considerable portion of WESTBRIDGE Corporation. I wonder if in that capacity you can answer the questions.

Can you explain, Mr. Minister, how WESTBRIDGE, if it is a shining beacon of private industry as you claim it is, could have a deal like this with a Crown corporation, a deal not open to other computer firms in the private market-place. Could you explain that, Mr. Minister?

**Hon. Mr. Lane:** — Well I've already indicated to the hon. member that what SaskPower Corporation wishes to do on behalf of its employees is obviously an appropriate question to be asked for SaskPower. With regard to arrangements that it may have with WESTBRIDGE, no, I am not in the position, frankly, nor do I intend to be, to answer to the opposition.

You can go to the shareholders' meetings as the hon. member from Regina North West has gone to the Saskoil meetings, much to his own embarrassment from all that I hear on the questions, and much to the embarrassment of the New Democratic Party. But having said that, it's a publicly traded company and you can go and ask the appropriate questions of management.

But let me tell you that WESTBRIDGE has contracts across Canada. My understanding is that WESTBRIDGE has arranged with some major Canadian companies to supply computers to their employees, which is a highly appropriate action on behalf of WESTBRIDGE.

But as to the specific deal that SaskPower wants to make on behalf of its employees, again I've answered that question.

**Mr. Brockelbank:** — Mr. Speaker, the minister may

attempt to divert attention away by talking about another Crown corporation, but I want to keep the minister on this subject for a little longer.

Mr. Minister, will you tell this House — new question — how much business WESTBRIDGE did with government departments, agencies and Crowns last year, and what that relates to as a percentage of the company's overall business. Can you tell us exactly what the government's position in WESTBRIDGE is?

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

**Hon. Mr. Lane:** — Well, Mr. Speaker, again WESTBRIDGE, like Saskoil and other companies, is a publicly traded company. And these specific questions can be asked at shareholders' meetings, can be asked at the board as to whatever contracts WESTBRIDGE may have.

Understand that it would not be in order for me to — because I don't have the information as to whatever contracts . . . I see WESTBRIDGE has just entered into a major purchase of a computer company in Montreal, and WESTBRIDGE — and I'm going by the press reports, and I don't stand behind their accuracy — that WESTBRIDGE is now one of the largest computer companies in Canada. It's now carrying on business nationally.

I don't think the hon. member expects me to have the details of all of that information, nor would it be appropriate to supply that type of information, and it's up to the company to supply it to its shareholders.

**Mr. Brockelbank:** — Mr. Speaker, another question to the minister in charge of SaskTel. Mr. Minister, WESTBRIDGE is substantially owned by the Government of Saskatchewan. You're a minister of the treasury benches in this government. This is talking about, not a relationship in Montreal, but an intimate relationship between WESTBRIDGE corporation and the Government of Saskatchewan. The Government of Saskatchewan owns a major interest in WESTBRIDGE.

I want to know, Mr. Minister, with this sweetheart arrangement you have — and it's apparent that the major advantage here is to the minor shareholders in the corporation who benefit from this kind of jiggery-poke that you've been pulling with the people of Saskatchewan — how can you possibly hold this corporation up as a shining example of so-called public participation when it is only benefiting a small number of shareholders, with the Government of Saskatchewan pumping in public money? Can you answer that, Mr. Minister?

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

**Hon. Mr. Lane:** — It's interesting . . . unfortunately the press seems to miss it. I would like the hon. member to table after questions where it says "jiggery-pokery", Mr. Speaker, because I suggest that those are words of the hon. member and not that of the press, as he tried to leave the impression. So I suggest to the hon. member that the hypocrisy of the New Democratic Party is obvious for all to see.

On the one hand they are critical of the government, Mr. Speaker, for investing in corporations. They are critical of the government for encouraging Buy Saskatchewan and for Saskatchewan Crown corporations to use Saskatchewan companies.

Mr. Speaker, they have and they are on record, and certainly the *Hansard* today will be very much sent over to the employees of WESTBRIDGE, because every contract that they get, Mr. Speaker, is to the advantage of the employees of WESTBRIDGE, 97 per cent of whom bought shares in WESTBRIDGE. Mr. Speaker, it's to their advantage. It's to the people of the province's advantage to have a major computer company in this province headquartered here in Regina, and the only people that don't see that are perhaps a couple of reporters and the members opposite.

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

**Mr. Brockelbank:** — Mr. Speaker, my concern here is with the taxpayers of Saskatchewan, the taxpayers of Saskatchewan.

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

**Mr. Brockelbank:** — What this minister and his government and the minister in charge of public participation parade before us all the time is taxpayer supported private enterprise; that's what they're pushing. That's what they're pushing, and they call it public participation.

The minister has not answered the questions. He's evaded the questions about what his participation is in this corporation. The minister has refused to answer that. And regardless of the phrasing, I wasn't quoting the media. The words I used were my own words, and the minister should answer the question: what is the government's participation in this corporation?

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

**Hon. Mr. Lane:** — SaskTel's participation is no different than as it was at the beginning and as its public record in the Crown Corporations Committee, Mr. Speaker. So there's nothing new.

But I want, Mr. Speaker, the public and the press to know — to know, Mr. Speaker, that when the NDP had SaskCOMP, Mr. Speaker, every government agency, Crown corporation and department had to use SaskCOMP, Mr. Speaker. It was funnelled, it was channelled; they, Mr. Speaker, had an absolute monopoly, Mr. Speaker — absolute monopoly, Mr. Speaker. The department subsidized SaskCOMP, Mr. Speaker, in a massive scale.

And now that WESTBRIDGE, Mr. Speaker, in competition with computer companies across this country happens to be, Mr. Speaker, very successful, I can see why the NDP would dislike that, Mr. Speaker. I can see why the NDP would be opposed, MR. Speaker, to a Buy Saskatchewan and the use of Saskatchewan. And I can see, Mr. Speaker, that the NDP don't like to talk very much about WESTBRIDGE except with the chance to criticize, which

is very rare, Mr. Speaker.

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

### Government Investment in GigaText

**Mr. Koskie:** — Thank you, Mr. Speaker. In the absence of the minister in charge of SEDCO, I'd like to direct a question to the Deputy Premier.

Recently in the *Star-Phoenix*, headlines were that "GigaText's directors disappointed with progress". I want to quote, Mr. Minister:

Larry Kyle, Saskatchewan Economic Development Corporation (SEDCO) chairman, said Friday, "The board thinks the company should have made more progress by now."

Well so do we and so do the people of Saskatchewan, Mr. Deputy Premier.

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

**Mr. Koskie:** — I realize that you want to delay the inevitable decision of admitting you made a bad investment. But in light of facts and the statement by the chairman of the board of SEDCO, I ask you, Mr. Minister, don't you think it's time that you closed out the deal, take your lumps, admit that you made a bad investment?

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

**Hon. Mr. Berntson:** — Mr. Speaker, it says, "GigaText's directors disappointed with progress."

And then it goes on to quote Larry Kyle, who in fact is not a GigaText . . . (inaudible interjection) . . . well I'm just telling you what the facts are and you're . . .

**The Speaker:** — Order, order. Now I just want to remind the members that the debate will take place between the hon. member who asked the question and the Deputy Premier, I'm sure, for the rest of the question period if he keeps asking questions from his seat. So let's just allow him to answer the original question.

**Hon. Mr. Berntson:** — I'm just acquainting the member with the facts, and throughout this whole situation he hasn't been particularly interested in the facts. But the fact of the matter is Larry Kyle is the chairman of the board of SEDCO, not the director of GigaText.

And I share some of the views of Larry Kyle. I would have been very happy if GigaText at the trials, Mr. Speaker, would translate without a hitch in 25 different languages. That wasn't to be the case, Mr. Speaker. As I told this House last week and as I told the media last week, Mr. Speaker, I was meeting with the experts who have given a rather optimistic report on the possibilities of this technology, and my understanding, Mr. Speaker, is that meetings will take place tomorrow or the next day. And I would be very happy to indicate to the House following those meetings what the course of action will be for GigaText, and I might also point out that Larry Kyle will be very welcome at those meetings, Mr. Speaker.

**Mr. Koskie:** — New question to the Deputy Premier. This article goes on quoting Mr. Kyle, chairman of the board of SEDCO, which I identified:

“We’re getting mixed reviews from these experts and we just have to hit them with the hard questions. . . .”

Well isn’t that an amazing statement — over one year and you haven’t hit them with the hard questions. I ask you, Mr. Minister, in light of the fact that it’s costing in excess of \$50,000 a month to continue this here fiasco, isn’t it more important to start considering the taxpayers’ money rather than trying to save face for the Deputy premier?

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

**Hon. Mr. Berntson:** — You see, Mr. Speaker, that member would like to just close his eyes to the possibilities and throw the baby out with the bath water. He would just walk away from the \$4 million investment that already exists, just walk away and . . .

**The Speaker:** — Order, order. Let’s allow the member to continue without constant interruption. It’s very difficult to answer a question if you’re going to be constantly interrupted.

**Hon. Mr. Berntson:** — He wants to throw the baby out with the bath water, Mr. Speaker. He had no idea of what opportunity may exist with the further development of this technology, and I am going to take the time to visit with the experts and seek their advice, Mr. Speaker.

I would compare that, Mr. Speaker, to the \$8 million that those members put into Nabu. And what did we get out of Nabu, Mr. Speaker? Not one job, not one. None. Zip. Eight million dollars, or equivalent of \$8 million, shipped to central Canada. And do you know, Mr. Speaker, when we wrote that thing off, do you know what it was worth? Nine thousand and nine hundred bucks. That’s the kind of investment those people make, Mr. Speaker.

At least with GigaText, Mr. Speaker, there are 30-odd jobs right here in Regina, Canada, highly skilled people working to develop a technology, Mr. Speaker, that will provide opportunity for Saskatchewan, provide opportunity that Nabu never would or could.

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

**Mr. Koskie:** — A new question to the Deputy Premier. Just to enlighten the people of Saskatchewan, since you formed GigaText to translate statutes from English into French, I wonder if you could indicate how many statutes have in fact been translated to date, and could you indicate approximately the total cost of the investment by the taxpayers of Saskatchewan.

**Hon. Mr. Berntson:** — Well once again — and this has been set out in the House before, but I’m going to acquaint that member with the facts, Mr. Speaker. It was because, Mr. Speaker, of the requirement to translate legislation that we became aware of this GigaText technology. It was brought here not, Mr. Speaker, not to

translate laws in Saskatchewan. If this technology — why would you do that, Mr. Speaker? If this technology worked as we expect that it may, it could do all of that in one afternoon. And then what do you do with it, Mr. Speaker? No, there’s a commercial application to the technology if it works and, Mr. Speaker, to do the statutes of Saskatchewan would have simply been a bonus, and I think a good one.

Now he says, how many laws in Saskatchewan have been translated? I don’t know, Mr. Speaker, but again, just to acquaint that member with the facts, the Department of Justice have brought in translators to do just that, and they’re being done, unfortunately, not with the manual technology, or unfortunately not with this GigaText technology.

## Symposium on the Family

**Mr. Pringle:** — Thank you very much, Mr. Speaker. My question is to the Minister of Social Services — the minister responsible for causing poverty in Saskatchewan — would the minister confirm that the government has hired 10 telemarketers to try and interest people in attending the symposium on families later this week, and could you tell us how much that will cost the taxpayers of Saskatchewan?

**The Speaker:** — Order, order.

**Hon. Mr. Schmidt:** — Mr. Speaker, the question from the member opposite suggesting that I attempt to cause poverty has got to be another example of the mentality of the embers of the opposition.

As far as his question about telemarketer, I know nothing of that and I’ll have to check into it.

## INTRODUCTION OF BILLS

### Bill No. 90 — An Act to amend The Legal Aid Act

**Hon. Mr. Schmidt:** — Mr. Speaker, I move first reading of a Bill to amend The Legal Aid Act.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

## CONDOLENCES

**Mr. Shillington:** — Thank you, Mr. Speaker. I rise to inform the House of the untimely passing of a predecessor of yours actually, Mr. Frank Meakes, who died today. I know the House will . . . some of us in this House have served with him. The member from Qu’Appelle-Lumsden is one of your side who did. I know members will want to send their condolences in the formal way that we usually do on another date. For now, I announce that and announce that the funeral is tomorrow afternoon for those who will be able to attend it.

## ORDERS OF THE DAY

## GOVERNMENT ORDERS

## SECOND READINGS

**Bill No. 26 — An Act to amend The Planning and Development Act, 1983**

**Hon. Mr. Klein:** — Mr. Speaker, I'm pleased to move second reading of Bill No. 26, An Act to amend The Planning and Development Act, 1983. The Planning and Development Act assented to on December 12, 1983, was implemented in response to concerns expressed by local governments, the public, and the development industry. Individuals from these groups suggested that previous legislation encumbered the development process with too much rigidity and bureaucratic red tape leading to unnecessary delay and that control in decision making authority rested too heavily with senior government.

Mr. Speaker, this government responded to those concerns. The new Planning and Development Act streamlined the planning and development process. It provided greater flexibility and opportunity for development, and it transferred decision making powers to our local governments. By doing so, government provided greater local autonomy to municipal governments. Mr. Speaker, the Bill before the House today will further these objectives.

Many of the amendments proposed in this Bill are of a technical nature; they reflect our continuing commitment to be responsive to the needs of the people of Saskatchewan. In this respect, the changes proposed in this Bill are aimed at providing better, more efficient administration of planning issues, to assist municipalities and the general public in the implementation of this Act.

Many of these amendments have been suggested by municipalities themselves; for example, the Bill will allow local development appeal boards more latitude in scheduling their meetings. These boards are quite often composed of volunteer, unpaid members in smaller municipalities. They have on occasion been required to meet two and three times a month in order to accommodate a single appeal and fulfil the requirements of the Act.

This amendment will permit these boards to meet on a regular basis provided it is no less frequently than once a month. They will still be responsive to their role in providing a fair and timely hearing for all appellants, but the burden of frequent meetings will be reduced for those volunteer board members.

There are several other amendments included in this Bill which clarify the jurisdiction of appeals' boards. These changes are all at the request of municipalities.

Similar administrative streamlining is being provided in other areas of the Act, such as the subdivision approval process. For instance, while a right of way for a new road will continue to require a subdivision approval, subsequent widenings of that road will be exempted from a further subdivision review.

Also, the types of uses for which subdivisions will not require legal access by a street are being expanded — for instance, where a lane can provide access to a public

utility site.

Methods for dealing with public reserve requirements are also being enlarged, not to in any way reduce the requirements but to provide greater flexibility in meeting the requirements.

Let me stress at this time, Mr. Speaker, that when we talk about streamlining, eliminating red tape, increasing flexibility, and so on, we are not talking about lessened requirements. We are committed to protecting the integrity of the planning process. These amendments in no way affect that commitment.

Mr. Speaker, this Bill also contains amendments which recognize the maturity and responsibility municipalities exercise in managing the growth and development of their own communities. Community planning decisions are best made at the local level, and our municipal councils have demonstrated their capacity to make these decisions.

We do not feel that it is always necessary for the province to exercise a supervisory function over these decisions. We are therefore making provision to enable the requirement for ministerial approval of amendments to municipal zoning by-laws to be waived.

Such a waiver is currently available to a limited number of municipalities. The amendment proposed in this Bill will broaden the availability of this waiver. We will still assist municipalities, Mr. Speaker, but we will not police their every planning decision.

Secondly, Mr. Speaker, these amendments recognize the role of municipalities in the management of lands dictated to the public use under The Planning and Development Act. These lands are used for local parks, recreation facilities, and other public facilities.

The maintenance of these lands is the responsibility of municipalities; however, the ownership of these lands is in the name of the Crown. Municipalities wishing to develop the land for the purposes I've just mentioned are required to lease them from the province. It's our feeling, Mr. Speaker, that this is a redundant amount of paperwork. These lands are devoted to local public uses and are maintained locally; they should also be locally owned. We are therefore proposing amendments which would transfer the ownership of these lands to the municipalities in which they are located. These lands will still be governed by The Planning and Development Act and its regulations, but will be under full local control.

As I noted, Mr. Speaker, the majority of these amendments are of a technical nature aimed at more efficient planning administration. There is, however, one new element being introduced in this Bill, and this relates to the recreational cottage subdivisions in northern Saskatchewan.

I would like to stress, Mr. Speaker — and I wish the member from Quill Lakes would pay attention because I know that his colleague has a lot of interest in northern municipalities and he may have some questions later in committee — but I doubt that the member from Quill

Lakes would understand it, but his colleague does.

I'd like to stress, Mr. Speaker, that these new provisions are designed for application specifically to the 15 recreational cottage subdivisions in northern Saskatchewan. They are not applicable to the existing northern municipalities — towns, villages and hamlets — and are not intended for wide application throughout the north. They are being introduced to address the needs of the recreational cottage subdivisions only.

Under the former administration, cottagers were only allowed to lease these lots from the government. Private ownership was not permitted, Mr. Speaker. We have changed that. Cottage owners in northern Saskatchewan may now purchase the land on which their cottage sits.

We recognize, however, that the continued enjoyment of these areas as recreational facilities depends on their orderly development. In the past, land use and development was controlled through the provision of the lot leases. With the elimination of these leases we are making provision for these subdivisions to be designated as planning areas and for the enactment of land use plans and development controls.

These plans and development controls would be similar to municipal plans and zoning by-laws. They would specify the land uses permitted in the area, the placement of structures on lots and the like.

Our objective is to provide these cottage owners with the same opportunity as cottagers elsewhere in the province to enjoy their recreational property free from conflicting land uses or disruptive developments. Many rural municipalities in resort villages in southern Saskatchewan have adopted zoning by-laws for this purpose. However, these cottage areas are unorganized; that is, there is no municipal structure. They fall under the jurisdiction of the Minister of Urban Affairs, therefore a different process must be used to put developmental controls in place, that being by minister's order. This is what the Bill before us provides.

In making these provisions, Mr. Speaker, we have adhered to the basic principles that underlie a municipal by-law. These are public notification and consultation before implementation, and the right to appeal decisions made under these orders to an independent body. Before an order can be issued establishing a planning area, advanced notification must be given and at least four weeks allowed for consultation with persons who would be affected.

The Bill provides that this public notification may be by newspaper advertisement, as is the practice for municipal zoning by-laws, as well as by any other appropriate means. This latter provision recognizes that cottage owners come from a variety of home communities that may not be reached by any particular newspaper.

Mr. Speaker, we want to ensure that all persons affected know what is happening and have the opportunity to express their thoughts and concerns before any action is taken. Also, Mr. Speaker, as I mentioned before, this Bill includes a right of appeal against administrative decisions

made under a minister's order, a decision such as a refusal of a development permit. The individual affected may appeal such a decision to the planning appeals committee of the Saskatchewan Municipal Board, which will have the authority to overturn the decision. This is consistent with the appeal process under a municipal zoning by-law. Our intention is to safeguard the rights of individual property owners to enjoy their recreational facilities, not to dictate their activities.

Mr. Speaker, the amendments proposed in this Bill are all forward steps consistent with this government's policies and objectives. They are further evidence of our support for local autonomy and our confidence in municipal government. They are also further evidence of our commitment to eliminate unnecessary regulatory steps and streamline review processes.

Together with my colleague, the Minister of Rural Development, I would urge each and every member of this House to support this Bill, and I move second reading of Bill No. 26.

**Mr. Thompson:** — Thank you, Mr. Speaker. My colleague, the member for Cumberland, is not here today, and he's in charge of this Bill. And I have had some major concerns when it went into the Non-controversial Bills Committee.

Considering the fact that it's such a large planning area, the northern administration district, and the powers that the minister is going to have under this new legislation, I feel that what we have to protect here, Mr. Speaker, is public access to the recreation areas in northern Saskatchewan.

And when you now have a Bill before us that's going to give the minister the power to sell any individual in this province who owns a cottage, wherever it may be in northern Saskatchewan, at his will, I think that maybe we have to take a serious look at this.

And for those reasons and a number of others, Mr. Speaker, I beg leave to adjourn the debate.

Debate adjourned.

### **Bill No. 61 — An Act to amend The Financial Administration Act**

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. This Bill, Bill 61, introduces a number of technical and administrative amendments which serve to update the overall financial management controls of the government.

The Minister of Finance has the legislative responsibility for the management of the Consolidated Fund and of the public debt. Certain of the proposed amendments will enable the Minister of Finance to more effectively fulfil his responsibilities in the face of rapidly changing and more complex financial markets.

It has been the long-standing policy of successive governments of this province that the capital market activity be centralized and co-ordinated out of the Department of Finance. This policy has served all of us

well over many, many years. Certain of the amendments update and emphasize the role of Finance in the capital market, activities of all agencies of the government.

Mr. Speaker, there are a number of, I'm sure, technical questions by the hon. members. For example, with some of the changing securities that are available, for example, swaps, and items of that nature, securities of that nature which have not delineated or not specifically covered under present legislation, the technical amendments are designed to ensure that those type of instruments, Mr. Speaker, are covered by The Financial Administration Act.

It gives me great pleasure to move that An Act to amend The Financial Administration Act be now read a second time.

**Mr. Shillington:** — Thank you. I shall be equally brief. We have had an opportunity to look at this. I will have some questions of the minister in Committee of the Whole. I do, however, concur that these appear to be technical amendments, none of which are inurious to the province, so we'll be not voting against it.

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

(1445)

#### **Bill No. 62 — An Act to amend The Stock Savings Tax Credit Act**

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. The Stock Savings Tax Credit was introduced in June of 1986 to encourage Saskatchewan people to make equity investments in Saskatchewan public companies. Furthermore, the program was established to improve the availability of capital to Saskatchewan businesses for use in financing future expansions.

I'm pleased to say, Mr. Speaker, that the program has been a success on both accounts. To date there have been 22 certificates of eligibility issued to corporations. Seventeen of these share offerings were proceeded with, and they raised about \$103 million in gross proceeds. In addition, over 5,000 Saskatchewan people have participated in these share offerings and opened a stock savings plan.

When the program was introduced in 1986, we established a three-year sunset date of June 13, 1989. However, given the success of the program, this Bill will extend the stock savings tax credit for an additional two years to June 30, 1991.

To ensure that the stock savings plan continues to be successful in raising capital for provincial industries, there must be a positive, reliable market for their securities. And one of the requirements of the stock savings tax credit is that investors must maintain their investment balance in the stock savings plan for two years plus the year of investment.

However, certain stock savings plan investors have undertaken the practice of purchasing stock savings plan

shares at year end, holding them for as short a period as possible and then disposing of them. These investors then wait for the following year end to purchase other qualifying stock savings plan as replacements in order to retain their tax credit. This process is repeated until investors have technically held qualifying shares for the minimum holding period necessary to earn the tax credit.

The amendments will discourage this type of inappropriate investor behaviour. Under the proposed amendments, investors who sell their share during the required holding period and do not replace them with other eligible shares will be required to pay interest and a penalty in the repayment of their tax credit.

Secondly, Mr. Speaker, this Bill introduces a two-tiered tax credit system that is designed to help emerging and expanding companies compete for investment dollars with mature corporations. Stock savings plan investors are typically attracted to investments in mature corporations because they generally offer greater security and a broader secondary market. Other corporations competing with mature corporations for investor interest have experienced difficulties in raising capital under the stock savings plan.

This Bill, therefore, restricts the investment in mature corporations eligible for tax credits to \$3,000 annually per investor. This will mean that investors will be eligible for an annual tax credit above the \$900 in mature corporations, and mature corporations are then defined as those having more than \$50 million in assets.

This limit will provide an incentive for greater investment in emerging and expanding companies since larger investors must consider a wider range of stock savings plan investments to earn the maximum provincial income tax credit of \$3,000.

Tax credit limit for investments in mature corporations will continue to provide an incentive for investors to purchase the shares of mature Saskatchewan-based corporations, and this is important to attract interest from smaller first-time investors.

Mr. Speaker, I move second reading of An Act to amend the Stock Savings Tax Credit Act.

**Mr. Shillington:** — Thank you very much, Mr. Speaker. After a brief comment, I'm going to adjourn the debate on this. I do not take any objection to the amendments as they have been described by the minister, and I want to review the legislation to see if in fact that is what the amendments accomplish. I did not, quite frankly . . . was not able to make a great deal of sense out of this Bill prior to the minister's explanation.

Mr. Speaker, the goal of having Saskatchewan people invest in Saskatchewan companies is laudable and no one objects to that. The general practice, however, of accomplishing that by permitting tax credits is one that I think this country needs to look at very seriously. It results in a . . . what you gain in terms of encouraging investments in Saskatchewan you lose in the integrity of your tax system. And there are individuals who are able to utilize these schemes to the point . . . they're high-income

individuals who are able to utilize these schemes to the point . . . they're high-income individuals who are able to utilize these schemes to the point where they'd pay very much tax.

That in turn, Mr. Speaker, has resulted in a loss of faith in the tax system. The view is that people who work for a salary, who get a pay cheque, pay all of the tax, and those who derive income from businesses or investments pay very little. No tax system will survive unless everyone thinks it's fair, and these schemes have gone a good ways . . . these schemes, and others like them, have gone a good ways towards eroding the credibility of our tax system.

I say that by way of a general comment. I think governments increasingly are getting out of these tax credit schemes and not broadening them, and I would encourage the minister to do the same.

**An Hon. Member:** — We're narrowing it.

**Mr. Shillington:** — He says he's narrowing it. That may be, and again I will beg leave to adjourn the debate so that I might review the Bill in the light of the minister's comments.

Debate adjourned.

#### **Bill No. 63 — An Act to amend The Revenue and Financial Services Act**

**Hon. Mr. Lane:** — This Bill makes two separate changes to The Revenue and Financial Services Act. The first change is to amend the Act to make the new Hospitals Tax Act a revenue Act. This will allow the new tax to be administered and enforced in the same manner as the province's other consumption taxes.

Part 3 of The Revenue and Financial Services Act is a consolidation of the administrative and enforcement provisions that apply to such taxes as the education and health tax, the liquor consumption tax, tobacco tax, and fuel tax.

These changes will allow us to adopt existing legislation and use an established system to ensure that the new hospitals tax will be administered efficiently and in a manner that is consistent with other provincial taxes.

A second change being made by this Bill is a revision to the appeal procedure established in part 3. When a taxpayer fails to file returns, pay tax owed, or if a liability is established as a result of an audit, the minister may make an estimate of the amount owed and serve the taxpayer with a notice advising him of the estimate.

Prior to 1985 when part 3 of The Revenue and Financial Services Act was enacted, a taxpayer served with such a notice was obligated to pay the amount stated in the notice whether or not he proceeded to appeal the minister's estimate. In an effort to make the appeal process more fair, this requirement was removed.

It was recognized at that time that this change might expose the appeal process to abuse as a delay tactic.

Nevertheless, it was felt then that the benefits of a more accessible appeal procedure would outweigh the possibility of abuse.

Unfortunately this vulnerability in appeal procedure has been severely exploited in a series of appeals involving the liquor consumption tax. As well, a recent Court of Queen's Bench decision has effectively prevented the province from taking any steps to protect revenue while an appeal is pending. Unless the Act is amended to allow us to protect revenue during the hearing of an appeal, substantial amounts of revenue are in jeopardy of being lost.

The amendment we are proposing to the appeal procedure simply allows the minister to require a taxpayer to pay or post security for the amount of tax in dispute. The taxpayer ultimately wins his appeal. Any resulting overpayment must be refunded to the taxpayer, along with interest. The requirement to pay or post security for tax during an appeal is a discretionary power that will be only be exercised if it is felt that the delay in hearing the taxpayers' appeal could jeopardize his ability to pay if he eventually loses the appeal.

To ensure that this discretion is exercised reasonably and fairly, a taxpayer who is required to pay tax or post security during his appeal may ask the Board of Revenue commissioners to review this requirement. The board will have the authority to confirm, suspend, or cancel the requirement to pay or post security for tax. These amendments will not restrict the legitimate appeals from being pursued but will prevent abuse of the appeal procedure. And Saskatchewan will continue to have one of the fairest appeal procedures in Canada.

Mr. Speaker, I move second reading of this Bill, An Act to amend the Revenue and Financial Services Act.

**Mr. Shillington:** — Thank you very much. I'm not going to say a whole lot about this. I don't think that there will be, and I doubt that there will be any long filibuster of this Bill. We're not going to let it pass, in part because our critic for this area, the member from Prince Albert, is absent, and I will therefore adjourn it, and he can make his comments when he returns.

Debate adjourned.

#### **Bill No. 68 — An Act to amend The Income Tax Act**

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. This Bill introduces both policy measures announced in the budget and a number of technical amendments that have been requested by the Government of Canada as part of our responsibilities under the Canada-Saskatchewan Tax Collection Agreement.

During the past year, Canadians have seen the implementation of stage one of the federal tax reform which dealt with personal and corporate income tax reform. Now the federal government has announced its intention to introduce a federal-only goods and services tax commencing in 1991.

Saskatchewan has expressed its disappointment to the



federal government's decision to forget ahead with its plans to implement sales tax reform without giving the provinces an adequate opportunity to consider the possibility of a truly national sales tax involving both levels of government. For our part we would have preferred a continuance of the federal-provincial discussions that were progressing in the review of the sales tax reform, so that an informed decision regarding the national sales tax proposal could have been made by all governments.

A sales tax system which involves both levels of government could have gone a long way towards simplifying the current tax structure facing both consumers and the business community. It may also have permitted the removal of many of the distortions which currently act as impediments to stronger economic performance.

However, Saskatchewan and the other provinces were not prepared to commit to a national sales tax proposal without full knowledge of its operation or its economic consequences for provincial residents. During the coming months we will monitor the development of the federal goods and services tax with a view to examining its economic consequences and to determine the administrative implications that business will face in dealing with the new tax.

Saskatchewan will continue to push ahead with its own tax reform initiative. Over the course of the past year we have conducted very useful discussions with both the people of this province and the federal government for our reform proposals. These discussions have focused on our interest in expanding flexibility in provincial taxation so that the tax system can better meet the challenges facing our province.

Our interest in the meaningful reform of the provincial tax systems will continue. It is our hope that the provinces will receive federal approval to undertake reform of the provincial income tax system so that the principles of fairness, stability and simplicity can be enhanced.

While progress on reform continues, I am pleased to present as a part of this Bill some important initiatives that will assist Saskatchewan people now. First I am pleased to introduce an amendment that will permit the extension of the Saskatchewan tax reduction to include dependent children who are 18 years of age during the taxation year. This will make the Saskatchewan tax reduction consistent with the federal definitions for the dependant tax credit. This enhancement in our reduction will provide an additional \$200 tax reduction for between 1,500 and 2,000 Saskatchewan families.

I am pleased to announce the final elements of the corporate tax reform initiatives that we presented in last year's budget. Members will recall the introduction of a number of initiatives affecting businesses that resulted in corporate tax systems raising an additional \$40 million and an additional 30 million in 1989-90. These measures included a corporation capital surcharge on large resource companies and the expansion of the corporate income tax base in the extension of the corporate capitol tax to include federal Crown corporations.

In undertaking corporate reform, our government is also concerned about the encouragement of economic activity and the protection of corporate tax revenues in the future.

As I pointed out in last years discussion paper, entitled "A Dialogue on Saskatchewan Income Tax Reform", our high corporate tax rates have caused many Saskatchewan companies operating in other jurisdictions to artificially reduce their Saskatchewan corporate tax liabilities by assigning taxable activity to lower rate provinces. This is possible because of the provinces' reliance on a national formula for allocating corporate income that permits considerable latitude for these companies in determining where they pay their income tax.

(1500)

As a result our government chose to introduce a strategy of lower overall tax rates in concert with base broadening initiatives implemented last year. This total package involves the lowering of the general corporate tax rate from 17 to 15 per cent of taxable income to be more competitive with other provinces such as Alberta, where the general corporate rate of 15 per cent has encouraged many corporations to operate in both provinces to move tax liabilities out of Saskatchewan and into Alberta.

For small businesses we chose not to lower their corporate tax rate from the current 10 per cent tax rate, as the resulting tax savings would apply to only taxable small business corporations and leave unaffected all other small businesses, including proprietorships. Instead we chose to lower the local business tax by \$10 million, which provides benefits for all Saskatchewan small business. For an average size business paying their annual business taxes of \$1,500 per year, this will mean a tax saving of \$375.

This Bill also repeals the manufacturing processing tax reduction for small businesses. This initiative was introduced in 1984, and since then has provided over \$20 million in tax relief to small businesses engaged in manufacturing and processing activity in Saskatchewan.

Over the five-year period, program costs have risen to over \$5.5 million annually, although the initiative was designed to deal with manufacturing and processing as its name suggests. Program benefits had become concentrated in non-manufacturing activities which had been able to qualify for the reduction under a very broad federal definition of manufacturing and processing.

This federal definition had to be used, Mr. Speaker, due to the province's reliance on federal administration of the reduction under this Canada-Saskatchewan Tax Collection Agreement. In order to deal with this concern, the program is, as was announced in the previous budget, being repealed.

The final policy change I would like to introduce is a series of minor amendments concerning the corporate tax reduction for new small businesses. This program encourages both the development and expansion of Saskatchewan business by providing a two-year

corporate income tax holiday for new small-business corporations. In operating this program, the province has implemented administrative practices both to expand its application to businesses which are expanding to new locations and to minimize abuse under the program. The amendments contained in this Bill incorporate these administrative considerations into the legislation so that the broadest possible application of these provisions is possible.

And finally, this Bill introduces a number of technical amendments at the request of the Government of Canada under the terms of the Canada-Saskatchewan Tax Collection Agreement. These amendments will allow our Act to become consistent with the federal income tax so that taxpayer compliance is made as simple as possible. And I would be pleased, obviously, to answer members' questions concerning the technical amendments when discussing the Bill at the Committee of the Whole.

It gives me pleasure to introduce An Act to amend The Income Tax Act, and it will be now read a second time.

**Mr. Shillington:** — Thank you. I am astonished to learn that it gave the minister great pleasure to move this Bill. I would think any Bill which has anything to do with the federal sales tax would not have given the minister great pleasure.

Mr. Speaker, the minister made one other comment which interested me. He said he would be delighted to answer technical questions with respect to The Income Tax Act. I just wish he were delighted to answer questions with respect to the national sales tax, because he has obfuscated every time I or someone else here has tried to ask him any questions.

To put it mildly, Mr. Speaker, we have concerns about the national sales tax. It raises the cost of living for consumers, and it is a tax which is not progressive in nature; that is, it is not in any sense based on the ability to pay. Indeed those of a lower income pay a higher percentage of their income in sales tax than those of a high income. High income people tend to put the money into investments and things which do not directly attract sales tax. Low income people spend all of their money on goods and services, and it's they who pay the largest percentage of this tax.

We are opposed to a national sales tax in principle. We think it is the wrong way to be raising money. I have said this before, and I will say it again, that when we move from an income tax which is progressive in nature, to a consumption tax which is regressive in nature, we obviously are moving to a less progressive tax system. That means that our tax system is less and less based on the ability to pay, and that is very unfortunate. It's very unfortunate.

As I say, I'm astonished that it gave the minister great pleasure to move this Bill. I would think this would have been an extremely painful endeavour on his part.

**An Hon. Member:** — That is what's painful.

**Mr. Shillington:** — Mr. Speaker, the member from

Meadow Lake says, this is what's painful. I assume he's referring to the national sales tax.

Mr. Speaker, if the tax is not progressive and if it's regressive and if it raises the cost of living for consumers, it's an absolute nightmare for businesses — an absolute nightmare.

I know we are not allowed to use exhibits, but I thought the matter was neatly summed upon the front page of *The Financial Post* a couple of months ago, which had a caricature, a cartoon of a retailer with four cash registers sitting on his counter. One was for those situations which attract provincial sales tax but not federal sales tax; the second cash register was for those which attracted federal sales tax but not provincial sales tax; the third cash register was for those which attracted both; and the fourth cash register was for those which attracted neither. And most retail businesses are going to find all four groupings in the mix. It is a real nightmare.

**An Hon. Member:** — But it gives the Minister of Finance pleasure.

**Mr. Shillington:** — Yes, astonishing as it is, it seems to give the Minister of Finance pleasure to visit such complexities on the business community.

Mr. Minister, the collection of the sales tax . . . (inaudible interjection) . . . Well if the member from Saltcoats thinks that his businesses don't care about this, you ought to try visiting some of the people on Main Street in Esterhazy and some of the communities . . . (inaudible interjection) . . . yes, you visit them by flying over top of them, the member says.

Mr. Speaker, it is very complex for businesses. It is going to be expensive. The collection of the provincial sales tax is, in itself, something of a burden. When you add a federal sales tax which isn't always coterminous with the provincial sales tax, when they don't always attach to the same items, you really have multiplied by a geometric progression the amount of work most businesses have. It is going to be difficult, Mr. Speaker, for many businesses to handle this without computerized programs. For those on computerized programs, it isn't going to be as difficult. It'll be expensive.

**An Hon. Member:** — What the heck are you talking about?

**Mr. Shillington:** — I'm talking about The Income Tax Act. The member from Regina South was obviously not listening to the minister when he introduced the Bill. This Income Tax Act enables Saskatchewan and Saskatchewan businesses to participate in the national sales tax.

**An Hon. Member:** — No, it doesn't.

**Mr. Shillington:** — Yes, it does, indeed it does, indeed it does. You are culminating the national sales tax with the introduction of this Bill.

It may be that members opposite might want to make the comments from their feet. I don't think that will happen:

(a) because I don't think they care enough; and (b) I don't think they understand enough about this Bill to ever make the comments from their feet.

Mr. Speaker, the sales tax will undoubtedly receive additional comments by myself and others. The member from Qu'Appelle-Lumsden stated the other day in the Assembly that I had stated that I was in favour of a national sales tax. I think that's the impression he intended to leave. What I said was — and I will say it again for the member from Qu'Appelle-Lumsden, who seems to be so easily confused about the matter — what I said was that the national sales tax is bad for the reasons I just finished saying it is: it is not progressive, it increases the cost of living for consumers, and is a real nightmare for businesses.

But I did say to the member that if a national sales tax is inevitable and we cannot prevent it, then it would lessen the work-load on the businesses if we only had one sales tax. And if the provinces could dovetail their sales tax with the federal sales tax, that would lessen the complexity for the business community. That's all I said.

I at no time stated that I was in favour of a national sales tax; on many occasions I've said the opposite. I did say that two sales tax are several times as bad as one sales tax, and if we must have a national sales tax, then the provinces should be moving towards in integration of the sales tax. That's something quite different than saying I'm in favour of a sales tax.

The minister made a number of other comments. Mr. Speaker, we will be addressing those as well. I know that other members will want to make comments about this particular Bill, and I suspect that it will receive a good deal of comment before it finally passes.

For those reasons, and because I wish to compare the minister's remarks to the Bill to see if there's any similarity in the two, I beg leave to adjourn the debate, Mr. Speaker.

Debate adjourned.

**Bill No. 72 — An Act to raise Revenue for Hospitals by the Imposition and Collection of Taxes with respect to Participation in and the Operation of Lottery Schemes**

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. I won't get into the revisionist history of what the hon. member who just took his seat in fact said about a national sales tax, but *Hansard* I think was accurate that day, and I just . . .

**An Hon. Member:** — But you took it out of context.

**Hon. Mr. Lane:** — No, no, no. As a matter of fact, I didn't take it out of context.

**The Speaker:** — Order, order. I believe the . . . with all due respect, the minister is on the wrong Bill.

**Hon. Mr. Lane:** — I just hope that the hon. member would not be critical of *Hansard*, Mr. Speaker, because we both hold it in such high regard. And I just hope that he looks at page 1906 and realizes it's not taken out of context.

The Bill establishes the hospitals tax, and the tax was announced by the government in the budget address and reached its final form through extensive consultation process between our government and the people of this province.

Many people feel that revenue generated through gaming activity should go into our health care system. The hospital tax took effect on July 1 for all lottery, bingo, and break-open games held in this province. And as of September 1, the tax will apply to casinos and raffles. All revenue generated through the measures in this bill will be used in support of Saskatchewan's hospitals.

And in this year alone, almost \$10 million has been budgeted for the expansion of hospital facilities in Saskatoon and Regina, and the establishment of integrated facilities in the towns of Kyle and Leoville. The remaining revenue has been dedicated to the hospital efficiency initiatives of equipment replacement, high-tech equipment acquisition fund, medical and surgical supply, reductions in Saskatoon's waiting list, and a new hospital incentive fund.

This Bill details the following features of the tax: first, all lottery tickets sold in this province are now subject to the hospitals tax at a rate of 10 per cent as of July 1. Lottery tickets are priced on a tax exclusive basis.

Mr. Speaker, our government has continuously recognized the unique market-place which exists in our border communities. As an extension of this recognition, the hospitals tax does not apply to lottery ticket sales in the communities of Lloydminster, Creighton, and Flin Flon.

In terms of bingos, effective July 1, the previous licence fee was replaced by the tax. All bingo cards are now subject to the hospitals tax at a rate of 10 per cent levied on the total value of gross receipts.

Our consultation have revealed that the flow . . . the bingo game is an important consideration, and in recognition of this, all bingo cards are priced on a tax inclusive basis. For example, a \$1 bingo card now costs 91 cents plus 9 cents hospitals tax.

In addition, Mr. Speaker, as of July 1, bingo prizes offered are regulated to a level which cannot exceed 60 per cent of gross receipts. This is a decrease from the previous level of 65 per cent, and this ensures that the impact of the hospitals tax does fall on the consumer of the bingo games.

Bingos which are issued municipal licences, operating only once weekly, and offering prizes valued at less than \$1,000 per session continue their exemption.

For break-open games, the 10 per cent hospital tax applies to the total value of the prizes, replacing the former licence fee. As of July 1 break-open tickets have been priced on a tax inclusive basis.

(1515)

In terms of casinos and raffles, the groups are involved in the midst of their high season, and in order to accommodate this and to avoid adding any administrative difficulties for these groups, these operations will not be subject to the tax until September 1. As of September 1, 1989, the hospitals tax will apply to all raffles conducted in the province. The 10 per cent hospitals tax will then apply to the total value of the prizes, replacing the existing licence fee, and raffle tickets will be priced on a tax-inclusive basis.

Our government recognizes the role played by the smaller community service groups, and in acknowledgement of this role all raffle tickets with total prize value less than \$2,000 will be exempt from tax. This is an increase from the previous exemption of \$1,000.

In terms of casinos, it was concluded during our consultation process that the original process addressing the application of the hospitals tax to the value of each chip was not practical. Such a system would result in unacceptable consequences affecting the structure and flow of the various games.

Therefore, to provide equitable treatment of all gaming activities, as of September 1 an admission tax and increase in the current casino licence fee will be implemented. Mr. Speaker, all entrants to a casino will then be required to pay a hospitals tax of \$5, and the casino licence fee will be increased to 10 per cent of net revenues. To minimize the administrative difficulties, all hospitals tax revenue, with the exemption of lotteries, is remitted in the same manner as the former licence fees.

This Bill signifies, Mr. Speaker, this government's commitment and dedication to meet the growing demand for quality health care by the people of this province. And, Mr. Speaker, it is this government's policy that more of the money spent on gaming and gambling should be dedicated to health care. Mr. Speaker, it gives me pleasure to move this Bill, an Act respecting the hospitals tax, and that it be now read a second time.

**Mr. Calvert:** — Thank you, Mr. Speaker. This afternoon in the House we've dealt with a number of pieces of legislation. The debate on each has been relatively short. In terms of this piece of legislation, Mr. Speaker, the debate will be somewhat longer.

I have a number of remarks that I wish to bring to the debate, as do other of my colleagues in the House today. And I am sure that other members of our caucus will also want to address comments to this piece of legislation which might be alternately called the lotteries tax or the charities tax in our province.

Mr. Speaker, this is the legislation that establishes the 10 per cent tax on the lotteries, the bingos, the break-opens, and the casinos and raffles in our province. And the minister just now in his remarks defends this tax, defends this tax of Saskatchewan people by saying it reflects his government's commitment to health care in this province, Mr. Speaker. When any member of this government talks about their commitment to health care, that announcement, Mr. Speaker, is greeted with a great deal of scepticism among the people of Saskatchewan.

Mr. Speaker, we on this side of the House are in absolute and fundamental agreement that health care in this province requires priority of funding, and indeed more funding than has been offered to it by this government. Mr. Speaker, we have seen in the course of this government's term in office thousands of people on waiting lists in this province. We've seen hospitals going without equipment and having to go out and do fund raising on their own to provide equipment — using gaming, Mr. Speaker. We have seen in this province nurses having to strike. We have seen hospitals and health care institutions lacking staff and facilities. Mr. Speaker, we on this side of the House are in fundamental and full agreement that health care in this province deserves and requires greater funding.

Now, Mr. Speaker, the government opposite then has some choices to make in providing that kind of funding to health care in Saskatchewan. They can do it by making health care funding a priority, and in doing that they can change some of their current spending priorities.

This tax, Mr. Speaker, according to the minister's estimates, will, on an annual basis, raise somewhere in the neighbourhood \$20 million — somewhere in the neighbourhood of 20. He can't be exactly precise in his calculations, and understandably so. He's saying it will raise somewhere in the neighbourhood of \$20 million.

Well, Mr. Deputy Speaker, within a half an hour, I could find — within the budget that currently exists, without one tax increase I could currently easily find \$20 million just by changing some spending priorities of the members opposite.

Mr. Deputy Speaker, we can do without a birthday party in this province — \$9 million as quick as that. Mr. Deputy Speaker, we can do without some of the self-serving government advertising that we're seeing in this province. We can do without some of the luxury office space. Mr. Deputy Speaker, I could find you \$20 million in a half an hour. That would be one way to provide \$20 million to health care.

This government chooses a different way. This government chooses instead, instead of changing its priorities, the government chooses instead to tax, and in this case to tax ordinary people and to tax charities. That's their solution. If you need some more money, and obviously health care does, their solution is, well, just increase taxes. Stick the hand just a little bit deeper into the pocket-books of Saskatchewan people, and that's supposed to solve the problem.

They don't want to change their priorities in spending. What they want to do is increase taxes. And so we have a Bill before us that does just that. Unique in the country. They've found a new source of revenue. They have the dollar signs in their eyes, and now they're taxing, again, ordinary people. And in a new and novel way, Mr. Deputy Speaker, the government opposite is now taxing charities in Saskatchewan, because that's what this piece of legislation does — it taxes charities and it taxes ordinary people.

Mr. Deputy Speaker, from this side of the House we say absolutely yes to health care and to funding for health care and to funding for hospitals, but we say absolutely no to another PC taxation of ordinary people and charities.

And, Mr. Speaker, we have — just by the way, Mr. Deputy Speaker — we have, just by the way, only the Minister of Finance's assurance, only his promise that all of this money is going to end up in support of health care. We have only his assurance, and I'm not sure, Mr. Deputy Speaker, how much his assurance means.

Mr. Deputy Speaker, I want to talk about several aspects of this tax. I want to spend more time this afternoon talking about how this tax is being implemented because it has been in existence now, Mr. Deputy Speaker, I think nine days, 10 days in total. So we can already see how the tax is being implemented. And then I want to spend some time talking about the effect of this tax and what it's going to mean.

When it comes to the implementation of this tax, Mr. Deputy Speaker, what we have here is an absolute hodgepodge, an absolute administrative nightmare. And what this tax does, this administrative nightmare, this hodgepodge of provisions, what this does, it foists on the small-business community in Saskatchewan, and it foists on the charitable organizations in Saskatchewan and the non-profit organizations and the service clubs, it foists this administrative nightmare and headache and hodgepodge onto them.

Mr. Deputy Speaker, it is simply beyond me why, when this tax was announced in the budget in April of this year, months and months ago, it is simply beyond me, Deputy Speaker, why only hours before the implementation of the tax, those who were to be responsible for its collection were not aware of how to do it. Only hours before the tax was put in place, the lottery operators of this province — the kiosks, the small corner stores, the confectioneries — had no idea on how this tax was to be implemented and administered in their business operation. Months after the tax was announced, and it's hours before its implementation and the kiosk operators and the corner stores and the confectioneries had no idea how the tax was to be implemented. That is just beyond me, Mr. Deputy Speaker.

But what about the charities who are licensed to conduct the bingos in our province? Did they have information in advance of July 1? No, Mr. Deputy Speaker, the bingo halls, the charities of this province were not given the information on how to collect this tax until days after it was to be implemented, Mr. Speaker — days after. This government put the letters in the mail, in the mail at the end of June on a holiday weekend. Those letters weren't delivered until well into the first of the week, Mr. Deputy Speaker, this tax was announced months and months ago. Now this is the way the government opposite treats the charities in the province, the non-profit groups, the service clubs, and the small-business people.

And, Mr. Deputy Speaker, the collection now, the collection of this tax — who's got the job to do it? Who's responsible to do it? Well again, the small-business people, the charities, the non-profits, the service clubs.

They now become tax collection agents for the government opposite. They are now being asked to collect the tax, to do all the administration.

Do you know what this means, Mr. Deputy Speaker, for a small-business person who has a lottery outlet in the corner confectionery? Do you know what it means to have to make change for all of the lottery customers? Do you know what it means to have that much more red tape and bookwork at the end of the month? Mr. Speaker, is there any compensation from this government when they have these small-business people collecting taxes for them? No, not at all; no compensation.

Is there any compensation to the charities who are collecting the tax for you, who are doing all of the bookwork, who must do all of this work for them just because the minister says they must? Mr. Speaker, what they're doing is not only putting a tax, a further tax on the backs of ordinary people in Saskatchewan and on the charities and non-profits and service clubs, in addition they're asking those very same people to do all the work to collect it.

Mr. Speaker, instead of readjusting some priorities over there, instead of just readjusting some priorities in their own spending which could easily have generated this same amount of money, and much more, this government rather chooses to again tax ordinary people and then foist the administrative nightmare and hodgepodge of the tax on them.

Mr. Deputy Speaker, they are very quick, this government, very quick to spend on themselves, and just as quick then to tax ordinary people to pay for it. Mr. Speaker, I find that totally unacceptable.

Mr. Deputy Speaker, I want to talk a little about the effect of this tax and what its effect is going to be, and we're beginning now already to see the evidence. In terms . . . and we'll just go through the list as the minister did in pointing out some of those things he failed to point out.

Mr. Deputy Speaker, in terms of the lottery, it will indeed be a direct tax on the consumer of the lottery ticket. It is a tax on the person who is paying to buy the dollar lottery ticket. So the dollar lottery ticket now is \$1.10. The early indications are that this 10 cent tax on the lottery ticket is going to mean a dramatic decrease in lottery ticket sales in the province. Early indications are the tax is going to mean a dramatic decrease in lottery ticket sales.

Mr. Deputy Speaker, I have troubled myself to speak to some of the kiosk operators and some of the small-business people who are selling the tickets. We all, I think, over the course of the weekend have read some of the media reports of the effect of the tax on the lottery sales, and almost everyone is unanimous in agreement that ticket sales are going to fall, and fall dramatically. And the predictions are they're going to fall somewhere between 25 and maybe 30 per cent.

Mr. Deputy Speaker, I think the only thing that kept ticket sales up at a reasonable level last week was a large jackpot; it was some \$6.9 million in the 6/49. Predictions from the kiosk operators and the people involved in the

direct sales of the lottery tickets are that lottery ticket sales are going to decline, and decline dramatically, because of this new tax. And that's understandable, Mr. Speaker, Mr. Deputy Speaker. That's understandable.

For some the extra dime will just be more than they want to put out for a lottery ticket. It will obviously have an effect on those who group and pool together to invest in lottery tickets. And I know from conversations that I've had that a number of those who used to group for a lottery ticket no longer do that because the complication of the tax.

Kiosk operators are saying that those who will win a ticket or two, prior to the tax, would often simply just turn them in for new tickets, and that's not happening because to do that you would need to add the tax. Whatever the reasons, Mr. Deputy Speaker, it is being reported, and widely reported, that lottery ticket sales are going to decline, and decline dramatically, because of this tax.

(1530)

Now what does that mean, Mr. Deputy Speaker? What does that mean? Well it means that revenues which are now available from the lottery to be spent in Saskatchewan . . . And I remind you, Mr. Deputy Speaker, that lottery revenues in this province are 100 per cent spent on sport and cultural and recreational opportunities, that all of the lottery proceeds are returned to the community, to the community from which they're raised.

If lottery ticket sales decline, and decline dramatically, we are going to see a corresponding decline in the amount of revenue available to the volunteer, the cultural, the sporting, and the recreation organizations in Saskatchewan. And, Mr. Deputy Speaker, as the volume of tickets fall, well so indeed will the tax that the minister expects to raise.

We need to count some of those consequences, Mr. Deputy Speaker. And I ask the minister, and I'll want to ask him when we get to committee: was any consideration done, was any study done, of the likely effects of this tax on lottery ticket sales and lottery ticket revenues?

Just this very day, Mr. Deputy Speaker, and I'm sure you had it delivered to you as well, we each, as MLAs, received from Saskatchewan Lotteries a calendar of events for the month of July — events across our province being sponsored by the lottery dollar. It is a six or seven page document. It talks about events being sponsored in Regina, in Weyburn, in Prince Albert, Melfort, Lloydminster, Moose Jaw, Battleford, Oxbow, Yorkton, Glaslyn, Gull Lake, Wawota — indicative of the work that the lottery dollar is doing in our province. If this government's tax on the lottery cuts the sales substantially, then so much of what is being accomplished through the lottery must be lost; it must be lost, Mr. Deputy Speaker.

In talking to some of those who have experienced the tax firsthand, and those who purchase lottery tickets — and indeed, Mr. Deputy Speaker, I had two or three of those

phone me on this particular issue — they ask, why is it they are not provided a receipt for the tax that they're paying to this government? Why is it they are not being receipted for the tax that they are submitting to the Government of Saskatchewan? And again in committee, Mr. Deputy Speaker, I'll want to pursue that with the minister, to pursue why a receipt is not offered to those who are paying the tax in the province of Saskatchewan.

Mr. Deputy Speaker, we have chosen, this government has chosen to tax all of those who purchase a lottery ticket in the province. It may well mean a dramatic decline in lottery ticket sales. I ask, Mr. Deputy Speaker, why did the government not consider, if it wanted to tax, why did it not consider a taxation on the winners? Why not tax the winners of the lottery?

**An Hon. Member:** — Because they'd go and get their tickets cashed in Alberta.

**Mr. Calvert:** — The Minister of Finance says that somehow they'll escape the province and they'll flee. I ask him then, is that true of anyone who makes a windfall profit on the stock market? Do they just pick up and leave the province before it can be taxed? Mr. Deputy Speaker, that's an issue I'll want to pursue with the minister when we get to committee.

He wants to tax every purchaser of every lottery ticket in the province. It seems to me, Mr. Deputy Speaker, that if I've won \$6.9 million, it might not be unfair to ask for a portion of that in tax. Mr. Deputy Speaker, that's an issue that I'll want to pursue with the minister in committee.

Obviously this government didn't want to readjust its own priority of spending to deal with the crisis in health care. Obviously they have seen here a dollar sign in terms another avenue of taxing ordinary people. That's the route they've chosen. In terms of the lottery, it may mean a dramatic decline in the funds available from the lottery for the work that the lottery does in our province.

Mr. Deputy Speaker, I want to turn to the bingo provisions of the new lottery tax. Obviously, Mr. Deputy Speaker, all of those who are involved in conducting bingos — and to conduct a bingo in this province you must be a recognized charity, a charitable organization — all of those who have now experienced the tax realize that this is not a tax on the bingo consumer, it is rather a tax on the charity.

Mr. Speaker, I will indicate to you now and to the House the change that has come about because of this new lottery tax, and I quote directly from the memo that went out from Saskatchewan Gaming Commission explaining the terms and conditions of the new tax effective July 1, 1989. And I say again, Mr. Deputy Speaker, they didn't have this in hand before July 1, 1989. They didn't have it until about the fourth of the month, which is inexcusable, Mr. Deputy Speaker.

The new provisions are these. Whereas formerly the licence fee to conduct a bingo in this province was 2 per cent, now that licence fee is now at 9.1 per cent, Mr. Deputy Speaker . . . (inaudible interjection) . . . the Minister of Education will want to hear this because I'm

sure people in Weyburn will be phoning to inquire of it.

Mr. Deputy Speaker, the licence fee used to be 2 per cent, it is now set at 9.1 per cent which represents the lottery tax. The former provision provided that the prize board was 65 per cent; now, Mr. Deputy Speaker, the prize board is set at 60 per cent. What is the effect of that, Mr. Deputy Speaker? Well the people who are involved with bingo tell me that a lowering of the prize board may indeed cause a decline in the number of players. They report that to me, Mr. Deputy Speaker, that a lowering of the prize board may in fact hurt their charity and their opportunity to fund raise by a decline in the player. So they've lowered the prize board from 65 to 60; they've raised the licence fee from 2 to 9.1.

Now, Mr. Deputy Speaker, get this. Formerly under the former regulations prior to this change, the charity conducting the bingo was required to receive an absolute minimum of 20 per cent of the revenues — 20 per cent of the revenues. That has now been changed, Mr. Deputy Speaker, that the charity conducting the bingo receives only 16 per cent. They have sliced 4 per cent off the charities revenues to accomplish the provisions of this tax.

Now you tell me, Mr. Deputy Speaker, how that doesn't hurt the charities fund raising, and if you can, then I suggest, or if the Minister of Finance can, then he ought to explain it to the charities of this province who have just seen their potential at a bingo gone from 20 per cent minimum to 16 per cent minimum. In addition to that, a lowered prize board, and they fear, they fear that the number of players in bingos will go down.

Mr. Deputy Speaker, there's no other way to describe this but as a charity tax. Then on top of that, Mr. Deputy Speaker, they now plan as a government to get into electronic bingo themselves, as a government, to go into direct competition with the charitable organizations that are in the halls now trying to keep their operations going.

No readjustments, Mr. Deputy Speaker, of their own spending priorities, no readjustment there. We're still having a birthday party; we're still renting the unused office space; we're still having all the government ads, but we sure are good at putting on a new tax on ordinary people and, in the case of the bingo halls, on charities. And the irony, Mr. Deputy Speaker, the irony is, so many of the charitable organizations in Saskatchewan and the non-profit groups and the service clubs are in those bingo halls raising funds to meet the needs that the cut-backs of this government have created in the province.

I could use, for example, the Moose Jaw & District Food Bank. There, working in the community to meet a need created by the cut-backs of this government, created by the unemployment in our province, created by cut-backs to social services, they created a need for a food bank, and now that very food bank must go to the bingo hall to raise its funds to keep its doors open. And now this same government is taxing the food bank.

**An Hon. Member:** — Commitment to families, eh?

**Mr. Calvert:** — Now that, as my colleague says, is some

commitment to families, and it's a strange commitment to health care, in my view, Mr. Speaker.

In terms of the break-opens, Mr. Speaker, in terms of the break-opens or the Nevada tickets, in this case, and I can quote directly from the Bill, the tax is built right into the purchase price that the charity must pay for the box of break-open tickets. The tax is deducted in this case right at source, and the charity just pays it right up front — no change in the dollar ticket. Again, Mr. Speaker, it's the charity—it's the charity who pays the tax.

Mr. Speaker, then we come to the casinos. And just by word of an explanation to the House so that all members should understand, currently in Saskatchewan the casinos are operated only by the exhibition boards, only by the agricultural societies and the exhibition boards in Saskatchewan. And it's through the operations of the casinos, Mr. Deputy Speaker, that the exhibition boards in Saskatchewan are able to keep their books in the black.

I want to quote Rocky Rochelle, who's general manager of the Saskatoon Prairieland Exhibition, and this was in an article that appeared in the Saskatoon *Star-Phoenix* on February 24. He said, and I quote: "If we lost the casino revenue, we could put the padlock on the front gate," meaning the front gate of the exhibition.

Mr. Speaker, from my own understanding of the situation in my own community of Moose Jaw, it is the operation of the casino that keeps our exhibition board functioning and providing our community with all that the exhibition board provides. Mr. Speaker, the exhibition boards are gravely concerned about the implementation of this new tax and what it's going to mean to their future in the casino business.

I give this government credit for delaying the implementation of the casino tax throughout the summer season. But come September 1 it's coming into place, Mr. Speaker, and the provisions are as follows, and the minister described them: there will be a head tax on each player entering the casino, and then in addition there will be a 10 per cent tax on net revenues generated by the casino.

Now, Mr. Speaker, the casinos are saying, and saying quite clearly, that this threatens their very existence. I want to ask again in committee, Mr. Speaker, if the minister will assist the casinos in the administration of this tax? Will the minister provide an official to sit at the door and collect the head tax, or will it be up to the casinos to employ another person to sit at that door and collect the head tax?

I want to ask the minister why, when currently, as I understand it, the tax which is paid, the licensing which is paid, is paid on the hold, minus wages. If I read the legislation correctly, it's going to be on the net revenue or the hold itself before wages are deducted. That's a massive increase of taxation on the casinos, and I understand why they feel their existence may be threatened.

Mr. Speaker, further to this whole discussion — and we had some discussion earlier this afternoon about the

national sales tax — I want to discuss with the minister in committee, will the national sales tax apply to lottery schemes and gaming schemes and casinos in the province? And will that add yet another 10 per cent tax on the 10 which this government is now putting on? And if the tax becomes 20 per cent, then all of those fears which the lottery people have, the non-profit groups and organizations, the sporting organizations, the cultural organizations, all the fears that the casinos now have will only be doubled, if in fact the tax goes from 10 to 20 per cent.

Mr. Speaker, I know that other colleagues on this side of the House wish to bring some remarks to this debate, and I'll be anxious to pursue many of these questions further with the minister in committee.

Let me close, Mr. Minister, by saying this. The basic issue I believe here is that we have, yes, in this province, Mr. Speaker, a desperate need for funding to health care. That is agreed in all quarters of this province; it is agreed certainly in all quarters of this House.

Mr. Deputy Speaker, the question becomes, how do we accomplish the goal of providing more funding to our hospitals and to our health care institutions and to staffing those institutions? The government has chosen, the government opposite's chosen, rather than readjusting its own priorities of spending, rather than finding this money within the confines of the budget which now exists, which as I've pointed out would be easily done, they have chosen rather to increase the taxes on ordinary people.

Mr. Speaker, we on this side of the House support health care and we support funding of health care, but we cannot support another PC tax increase on ordinary people. Thank you, Mr. Speaker.

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

(1545)

**Mr. Thompson:** — Thank you, Mr. Speaker. I rise today to take part in this debate on Bill 72, a hospital lottery tax, and to indicate to you, Mr. Speaker, and to the members opposite just how tough a tax this is going to be on the citizens of Saskatchewan.

And first of all, I want to discuss what this tax is really for and why they have to implement this tax. We're dealing with a health tax or a hospital tax or hospital lottery tax. And over the weekend, and since it's been implemented on July 1, I have also gone around to a number of the outlets and the ticket outlets who were selling these lottery tickets, and let me tell you, this lottery tax is not different than the used car tax that the Tory government put on about three, four years ago, and had to take that back.

I see the backlash that was in the line-ups where individuals were going to buy. They say, well give me five 6/49 tickets, and they put their \$5 down which they have always done, and then they are asked for another 50 cents. And let me tell you, the individuals were upset — well, what am I being charged the extra 50 cents for, the extra 10 per cent? And the individuals who were selling the

tax have only one answer, and they're the ones who are taking the brunt of this criticism. But they say, well it's a health tax. They try to cover it up and say, well it's for health.

But they don't get by with that. Individuals are upset in this province. I think they're more upset over this tax than they were over the tax on the used cars that you put on and had to take back. I really believe that, and I say that in all honesty to the Minister of Finance.

But that's not all. Here we have a 10 per cent tax, or 10 cents on every dollar that you spend on lotteries in this province, Mr. Speaker, and you also pay 7 per cent E&H tax on every other item that you buy in the province. And that 7 per cent E&H tax is for education and health.

So one has to go back prior to 1982 when this government came into power and they indicated that they were going to cut taxes in our province. And one tax that they indicated that they were going to cut was going to be the hospital taxes. They said that in the first four years of their term that they were going to eliminate the 5 per cent E&H tax — that is the hospital tax.

And what have they done? They didn't eliminate the 5 per cent E&H tax, they've added another 2 cents so that every individual in Saskatchewan now has to pay 7 per cent E&H tax, hospital and education tax.

So how can you trust this Conservative government opposite? They talk about less taxes in this province. They talk about eliminating the health tax. Not only have they not eliminated it, but they've added on to that 7 per cent and have now put on a 10 per cent tax on lottery tickets and lotteries.

Now there's absolutely no end to this. And you can ask yourself, why are they in that position? Why do they have to continually tax more and more the citizens of this province to carry out a better health system? Well the answer is pretty clear, Mr. Speaker.

**An Hon. Member:** — And that is?

**Mr. Thompson:** — Yes, for the member from Weyburn, that is pretty clear. You've started right off by giving away their assets in this province, and that's why we're in this debt today. Our assets that were paying for the hospital costs in this province, for health costs in this province, we no longer have those assets here to pay those bills. And that's why.

And I say to the member from Weyburn, if we still had our assets that we had when you took over — and I can talk about the forestry industry, and I can talk about the coal-mines, and I can talk about the highways equipment — all those people that worked in those coal-mines and who worked on the highways and who worked in the forestries, they had good jobs. The unemployment rate was less than 4 per cent, and they were paying the E&H taxes, and we didn't have the terrible debt that we had right now in health, and we would not be looking at this 10 per cent extra that you're putting on health care in our province. That's why we're doing that.



If you just take a look at the revenue that we would get in this province, and let me give you an example of potash. Revenues from potash, we would get hundreds of millions of dollars every year to pay for hospital costs, to pay for hospitalization and dental programs. This is where those profits were going to. But once we lose those assets we no longer have that revenue generated to create a better health system. So what do we have to do? We have to do exactly the opposite to what this Conservative government has said. They said they were going to eliminate taxes; there was going to be less tax in this province.

**An Hon. Member:** — That's right.

**Mr. Thompson:** — Well you take a look — we didn't have a flat tax prior to the Conservatives. That's now at 2 per cent. E&H tax was going to be eliminated. It's not; it's increased. And now here we are putting on this other tax of 10 per cent lottery taxes. And I could go on . . . (inaudible interjection) . . . The member from Weyburn says, well what about the gas taxes? Yes that's another promise that was promised by the member from Weyburn and it was broken.

The member from Weyburn is the kind of an individual who is making these decisions over there that is bringing the Conservative government down to where they're less than 20 per cent in the polls today. And I say, Mr. Member from Weyburn, you are contributing to those figures . . . (inaudible interjection) . . . You're contributing . . . the member from . . .

**The Speaker:** — Order, order. Let's just allow the member from Athabasca to carry on with his original remarks and perhaps stick to that debate and not debate with somebody from the other side of the House who is perhaps throwing a few remarks out that he objects to.

**Mr. Thompson:** — Thank you very much, Mr. Speaker. And I'll try and stick to the Bill, which is the taxation Bill, and I'm sure that the member from Regina South agrees that this is a type of taxation that we don't need in this province. Surely, Mr. Speaker, we can operate our health care system in a manner other than taxing individuals with the heavy burden that we have put on them in Saskatchewan.

This tax is heavy when you consider all the taxes that the individuals in Saskatchewan are paying and then you consider the fact that our population is dwindling — its well below the million population right now. Less and less people are paying taxes, more and more individuals are on UIC (Unemployment Insurance Commission) or on low-paying jobs at minimum wage. And as long as you have this type of mentality and type of an economic base, then I say to you, Mr. Speaker, we are going to have to add more of the type of taxes that we see that we are debating here today.

This 10 per cent tax on lotteries, I say, is degrading. I say it's going to turn this province back farther than it's going right now, and I say to you, Mr. Speaker, that if that tax is not withdrawn, like the tax on the used cars, you're going to . . . You see the backlash coming right now. There isn't a member in this House that hasn't got individuals who are

coming to them and saying, this has gone too far on these taxes; it's gone too far; surely there's a better way of paying for our health system.

And there is. We have 5,000 years of potash underneath this province. The world needs potash. We make hundreds of millions of dollars every year on potash in this province. That's where we should be paying for our health programs. It should be generated out of the resources that we have in this province. Saskatchewan is a resource-based province. We have lots of resources, and we have to maintain those resources to generate the types of profit that we need to run our health care system.

We just cannot continue to add more tax upon tax upon tax to the citizens of this province because, Mr. Speaker, that's why they're leaving this province. That's why we're in debt to the tune of \$13 billion in this province. We had an accumulated debt in this province in 1982 of less than \$3 billion; now, Mr. Speaker, we have an accumulated debt of close to \$13 billion. That's why these taxes are going on. That's why they didn't eliminate the sales tax.

Mr. Speaker, I'm just trying to point out to this government opposite, this tax is no different than the sales tax on used cars. It was a bad move when they made it; they knew they did. And I say to the Minister of Finance, it's not too late to withdraw this legislation because you're hurting every individual in this province.

And you just have to go out to the ticket outlets and just stand there and watch the individuals who are buying these tickets and are starting to pay that 10 per cent; they're really disturbed. And I say to you, Mr. Speaker, there's a better way of paying for our health care system than adding taxes and burdening our citizens with this tax.

Let's take the resources that we have and utilize them. Let's not sell off all our assets and give it to foreign corporations and individuals out of this province. Let's keep those assets in Saskatchewan, working for Saskatchewan people, creating a better health care system, creating a better life for the citizens of this province. And I say withdraw this tax; it's a bad tax. I say withdraw the potash Bill because it's an asset we can't afford to sell.

This is what we have to do. Let's build Saskatchewan up again, and let's use our assets to build this province to the province that we all wish it could be. Thank you very much, Mr. Speaker.

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

**Ms. Smart:** — Thank you, Mr. Speaker. My colleagues have made some very good points about this piece of legislation, Mr. Speaker. I would like to add my concerns as the opposition critic for seniors' issues, because if there's one thing I've heard from seniors across the province . . . and the Minister of Health is laughing at me. He thinks I don't know what I'm talking about, but by George, you're going to hear what we're talking about. You're going to hear about it from the seniors, Mr. Minister.

**The Speaker:** — Order, order.

**Ms. Smart:** — This is an Act to raise Revenue for Hospitals by the Imposition and Collection of Taxes with respect to Participation in and the Operation of Lottery Schemes. And, Mr. Speaker, there are many, many senior citizens in this province who are really horrified at the thought that their hospitals are going to be paid for now out of gambling taxes — just horrified.

The basic premise of medicare is that it's available to all of us and that we pay for it out of our taxes, and the money that's generated from the revenue from the sale of potash and other resources in this province; that we all contribute to the cost of our hospitals and that we pay for them fairly and honestly across the board.

And the idea that the hospitals will now be getting revenue from gambling and from all the social problems that we know come from gambling and from promoting gambling, is horrifying to the older people in this province who've spent so much time in their lives to build up the health care system that we've enjoyed up until this point in time, and they don't want to see the hospitals funded on a lottery tax, on gambling.

And I'm telling you, government members opposite, that this is a sad mistake for the province to be moving into this kind of legislation to collect money from gambling . . .

**The Speaker:** — Order, order. Let's allow the member from Saskatoon Centre to continue without being overly interrupted.

**Ms. Smart:** — Thank you, Mr. Speaker. I appreciate your support in this because I know that what I have to say is important to the older people of this province. If it's not important to the government members opposite, it's certainly important to us on this side of the House.

We do know that the seniors are very concerned about what's happening to their health care system, and the idea that the hospitals will now be funded on a gambling tax is abhorrent . . . (inaudible interjection) . . . And the Minister of Health again is laughing at what I'm saying. Now there's . . . he doesn't even know what the word "abhorrent" means — abhorrent.

It's really quite shocking, Mr. Minister, and I would appreciate it if you could listen to what I have to say because I represent a number of people in this province who are concerned about what you're doing with the health care system.

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

(1600)

**Ms. Smart:** — He thinks that talking about older people is a joke. And a lot of older people know that there's a discrimination, that there is built-in discrimination against people who are older, that their concerns are not well represented and not well heeded.

And they are offended by that, Mr. Minister, and Mr. Speaker, and they would like to have their voices heard.

And they particularly want to have their voices heard when they are talking about the health care system. And they are particularly concerned about, as I said, raising money for hospitals on a lottery tax.

Many of the senior citizens have expressed their concern about the children that are hungry, and the government opposite says it's because their parents are spending their money at the bingos. And so we have hungry children, and we haven't done any research to find out how many hungry children we have. We haven't done in-depth research to find out how many children are hungry because of the bingos. We know that they're hungry because their parents are poor. We don't know how much of that is a result of the bingos.

We do know that the seniors are concerned about that; they're concerned about the implications of that for our social policies in the future; they're concerned about the amount of money that's blown on the lotteries that could be going for rent and for other essentials, and we don't know how much money is lost in gambling that could be going to providing essential needs for families. And we haven't done research yet to show the relationship between the use of food banks and gambling in the province. We haven't done that research.

The government opposite supports food banks and doesn't mind seeing people lined up to get food in that way rather than being able to pay for it themselves, and it doesn't seem to mind promoting gambling in the province and encouraging gambling and having gambling increase.

And now when they want to use the money for the hospitals, they're putting the funding of health care on a very different footing than it's been in the past, and I know that there are many seniors that are opposed to this.

Now there's people that will say that if people are going to gamble, the money that's spent on gambling should go to pay for health care. There are people that use that argument. But there are far more people who see the social costs of that kind of promotion of gambling and who believe that our hospitals should be supported on a much firmer and fairer funding base than what the lottery schemes provide.

The lottery schemes are a tax that only certain people pay; they aren't a tax that everyone pays. And sure, it's the people that choose to buy lottery tickets, and you can say, oh well, they choose to buy them. But it's no wonder that the people who are suffering so much in this province, Mr. Speaker, choose to buy lottery tickets from time to time; hope that they're going to win a big prize; hope that perhaps next year they're going to win a house, a home that they can have for their own selves instead of having to pay rent; hope that they might get a few hundred dollars to contribute to their household budget. It's a dream, gambling; it's a dream, buying a lottery ticket. It's a hope that perhaps you're going to achieve some instant wealth. But it's not a fair tax. It's not a good way to raise hospital . . .

**The Speaker:** — Order, order. I'm going to once more ask the hon. members to allow the member for Saskatoon

Centre to continue with her remarks without interrupting her. And I've asked them once or twice now, and I'm going to ask them once more and ask for their co-operation.

**Ms. Smart:** — Mr. Speaker, again I thank you for bringing the members opposite in line. They seem to think this is funny . . .

**The Speaker:** — Order, order. Perhaps we should just not belabour the point, and carry on with your remarks, or we'll start a new series of interruptions.

**Ms. Smart:** — It is the minister from Weyburn, the member from Weyburn, the Minister of Education, who seems to think this is a joke. And I just want to express, on behalf of the seniors that I know I represent in Saskatoon Centre and seniors across the province, not only our dismay at an Act that promotes obtaining revenue for hospitals from lottery schemes, but also at the idea that somehow this is a funny situation and a cause for joking and a cause for shouting out meaningless phrases to someone who's trying to put this position across.

I know that the seniors are concerned about this, and I wanted to register their concern here in the legislature as we're speaking to this Bill No. 72. There are many reasons to be concerned about the implication for charities, the problems for the people who are raising money in the kiosks and the other places across the province that sell lottery tickets, but there's also a whole argument to be made about the proposal to fund our hospitals based on lottery schemes.

Our hospitals deserve substantive support from this government, and they could have substantive support from the government opposite if it wasn't wasting the taxpayers' money constantly on all sorts of gigaschemes that just take money out of the province willy-nilly and leave no money for our health care services that are so essential and have been so important to the older people in this province for so long.

To think of funding the hospitals from lotteries, from the money that a few people pay when they buy a lottery ticket, and to leave the rest of the people free not to have to contribute to hospitals in the same way that they have in the past is to put the hospitals' funding in jeopardy, and to indicate that in the future we may well look at two levels of funding for hospitals, that there will not be enough money left if people are not prepared to fund the hospitals sensibly through the universal taxing system and intend to go to funding hospitals through something like lottery schemes.

I would like to see the members opposite, particularly the Minister of Health, defend this kind of legislation. And I challenge him to stand up and speak to it so that the seniors of this province, particularly, will understand what you have in mind when you say that you're going to fund and collect revenue for hospitals from lottery schemes.

Any way you look at it, that does not make sense to anyone who wants to see a solid and healthy and just health care system in this province. To base the funding of

health care on gambling is unacceptable to the people on this side of the House, to the New Democratic Party, it's unacceptable to seniors, and it's certainly something that I can't support, representing my constituents.

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

**Ms. Smart:** — I'm asking the government to seriously consider the wisdom of this kind of legislation because it doesn't make sense any way you look at it. While you say that you are trying to do good things for health care and you turn around and fund it on lottery schemes on the possibility that perhaps this week or next week certain people will pay a certain amount of money towards lottery tickets, is really gambling in another sense, and shows perhaps the kind of mentality that believes in gambling, because by funding the hospitals on this kind of a scheme, the government is gambling. The government is gambling on whether or not people are going to buy tickets, and hospitals will not have a solid base of support coming in because we won't know from one year to the next what kind of revenue will be collected from these lottery schemes.

And as my colleagues have pointed out, the money may well disintegrate and disappear as people refuse to pay this kind of a tax. They're already paying education and hospital taxes, health taxes in other ways, and this just adds to the burden. And it adds to the burden of the few people who buy lottery tickets, or perhaps there are many people in the province that buy lottery tickets, but it's not a fair and a just way to fund hospitals.

And it should be opposed by people who are thinking about ways to build up a strong medicare system in the province, and not to destroy it and put it on such a weak basis that it may well be vulnerable to privatization even more than it is now. That's one of the concerns, and strong concerns, of the seniors, Mr. Speaker, that moves by this government will fee towards the privatization of their health care system and the privatization of their hospitals.

We've already seen in Saskatoon, where our University Hospital tried to raise money from a lottery directly, that they didn't raise the money that they needed. They didn't raise the money that they were expecting to raise.

And so by this legislation we put it in statute that hospitals will be funded by lottery taxes, and if people don't buy the lottery tickets, of course the tax will not be paid. And so the revenue goes down.

Now there's a number of services already in Saskatchewan that are funded by lottery tickets and I certainly will concede that. There's all the cultural organizations, and the recreation and sports associations, museums, and many other facilities that are dear to my heart and are facilities that I would like to see funded more sensibly by a general and universal tax. But we're already into that scheme in terms of other services, and now this one opens up the issue of health care being funded by lottery schemes.

There are many points that we could be making, and we would be repeating each other. My colleague has pointed

out that this tax is going to raise some \$20 million and that there's lots of other ways we could come up with \$20 million.

One of the resolutions from the Saskatchewan Seniors' Association (Inc.) as I pointed out one day here in question period, was for the government to stop funding its birthday bash, its Future Corporation. There's \$9 million there that would go to health care, and the seniors certainly want to see that money put towards their health care in the hospitals. They want it to go to the health care facilities. They've said that in their resolutions, and they very much are concerned about the way in which this government opposite is mismanaging the taxpayers' money. And the funds are not going where they need to go which is into the health care system.

This tax, as we've already pointed out, is a tax on ordinary people and on charities, and we've already got a lot of charities supporting essential government services rather than having the government support them. The government has been cutting back on its services and making charities provide more and more of them, and now the government's going to turn around and tax those charities, to take that money to pay for the hospitals.

It's not a bright system, Mr. Speaker. It's not one that makes any sense to the seniors of Saskatchewan, nor does it make sense to my colleagues or to myself. And therefore I'm very much in opposition to this legislation.

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

**Mr. Upshall:** — Thank you, Mr. Speaker. Mr. Speaker, I rise today to say a few words about this Bill, An Act to raise Revenue for Hospitals by the Imposition and Collection of Taxes with respect to Participation in and the Operation of (Saskatchewan) Lottery Schemes.

Well I want to start out by saying that of course we all know that this will reduce funding to the local service clubs. And those service clubs are in the small towns around Saskatchewan to raise funds to promote the community, and in fact to promote interests in Saskatchewan and around Canada, whether it be through the Kinsmen club or the Rotary or whatever it may be. The local skating rink raises money through a lottery-type system and a lot of funds are gathered in those communities to sustain the social interests of that community, to make sure that they can operate their rink, to make sure that they can operate their local swimming pool and their local hall and whatever the facility may be.

And for this government to tax that initiative is, I think, just a backward step, and it's going to put a lot of pressure . . . it's going to take money out of the pockets of those local communities and give it to the government. And you have to ask yourself: well is that so bad if it's going to hospitals?

Well the next logical question is: why are the hospitals being put in this position? Hospitals now are running lotteries, and the reason they're running lotteries — there's only one reason, and that's because this government is not funding them properly. They're not funding staff, they're not funding equipment, and so therefore the hospitals are being forced into running a

lottery-type operation to raise funds. They're being forced into writing patients letters, asking for money to donate to the hospital.

And then talk about a hypocritical stand from a government who has a motion on the order paper to talk about the great things in health, when they're putting hospitals in a position that they have to raise money through a lottery system — a tax on the people who can probably least afford it — especially when they're writing letters to people who were in the hospital. So we're asking people who are sick, or taking advantage of them in that situation, to raise money because the government is not fulfilling its role as a provider of funds to health care in this province.

And then we have, of course, the ironic situation of taxing the hospital lottery. So they're going to tax the lottery that the hospital used to make money, to make money for the government to give to the hospitals. And that's a little bit round about, or as we say, round by Kelly's place getting there, but the fact remains the same, that these people are not properly funding hospitals. And they're desperately trying to get funds from any source they can in order to give the impression — and this is what this is, it's to give the impression that they got health care as a high priority. And how cynical, when we've seen health care in this province go from top-notch, good, functioning institutions down to the level they are now, whereby there's waiting lists, whereby people are being asked to fund the hospitals privately, whereby there's equipment that is needed in a lot of hospitals that is not available because the funding isn't there. And that to me is totally, totally unacceptable.

(1615)

Now this tax, it is stated by the government, will raise about \$30 million a year; \$30 million a year to go towards the funding of hospitals, because they're not funding them properly, because their priorities are all wrong, because they're spending money in many other areas that should not be spent on and should be going to the hospital and education systems in this province. And I'd just like to cite some of those examples. The most recent example is one of Cargill — \$290 million . . .

**An Hon. Member:** — You guys are against everything.

**Mr. Upshall:** — Well the member from Saltcoats says we're against everything. Well I'll tell you, we're certainly against a government who does not fund hospitals and has to tax people over and over again because of their misplaced priorities. And in a province where the people should be put first, but under this regime, it's select few Tories who are put first, and that's the problem.

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

**Mr. Upshall:** — If this government would have let Cargill — very efficient operation, sales last year of some 35 or \$38 billion — if they would have let them go ahead on their own, as this government states its ideology is the private sector can do it better, so if they would have let Cargill go ahead and put the fertilizer plant in Belle Plaine on its own, because as I say it has 35 or \$38 billion worth

of sales last year, then we would have had more money to fund hospitals.

But no, they are going to put in place \$290 million of Saskatchewan taxpayers' money, give that to a corporation, a huge, huge multinational corporation in order that they'll put the fertilizer plant in Belle Plaine. Well I think Cargill could have done it on its own.

I think that poor old Cargill with its 35 billion could have found about \$350 million or so to put a Cargill plant, if they thought it was going to be a good operation, in Belle Plaine, entirely on their own, as should have been applauded by this government because that's what they say — the private sector can do it best. But no, right at the peak of their privatization initiative where they're saying that they're going to privatize everything in this province, poor old Cargill comes along and they have to have \$290 million to start the fertilizer plant.

Well that \$290 million, Mr. Speaker, would be the equivalent of about 10 years of this tax on the lotteries. So we could forego the tax on lotteries for 10 years just if they said to Cargill, no, we believe that private enterprise can do it best; boys, you go ahead and do it on your own.

But no, do they do that? Absolutely not. They say, well poor old Cargill has to have \$290 million to start a fertilizer plant in Belle Plaine; therefore, we have to gather about \$30 million a year from taxing the — I'm on the Bill, Mr. Speaker — from taxing people through lotteries, taxing lotteries.

Ten years they could have foregone this tax simply by following their own ideology. But this is the mixed message that we're getting from this government. When it's convenient, well yes, then they're going to privatize. But when somebody can come along and talk them into a sweetheart deal like this, well no, then the public purse is going to fund 83 per cent of this project for 17 per cent equity. They could have foregone it. They could have done away with it.

Another example is GigaText. The reason they need to tax the lotteries, the people of Saskatchewan, to the tune of \$30 million a year extra, is the fact that they can't manage anything. We've just seen the most ridiculous scam in the history of this province whereby they gave away or threw out the window \$5 million or more — \$50,000 a month now to keep the operation going — simply to translate the statutes from English into French.

Well I'll tell you, Mr. Speaker, if this maze of wonderful minds over here would have been able to put two and two together, they would have realized that with the deal from the federal government where they were going to pay three-quarters of the cost, this translation could have been done manually in a much shorter length of time and saved about \$4 billion or more — four and a quarter billion dollars . . . million dollars.

But no, they have to go ahead and make a wonderful deal with a computer company and get taken to the cleaners to the tune of \$5 million. And that's why they have to be taxing in every corner that they can tax.

If they would have done away with their \$9 million birthday party or their Future Corporation . . . now this is a great scam in itself because instead of funding hospitals and projects directly through the government department, no, they have a separate entity called the Future Corporation which they're going to use part of this \$30 million a year to fund — \$9 million . . .

**The Speaker:** — Order. Second reading provides the opportunity for the hon. member to discuss the Bill. By and large he's been doing that, however now I believe he's getting off into areas which perhaps can be related, but I don't think that we should be discussing them individually because you will not be on the Bill if you're doing that . . . (inaudible interjection) . . . Well we can discuss the whole tax system according to that argument.

**Mr. Upshall:** — Thank you, Mr. Speaker. I will say that the government stated that it's about \$30 million revenue from taxing lotteries.

And the point I'm making is that they would not need that money if they wouldn't be spending money on these other ridiculous things. And I'm going to directly relate it to the Future Corporation and the birthday party that they're going to have, because that \$30 million revenue from the lotteries, the tax on the lotteries, there's no doubt that part of that will be going to that operation. And now if someone would like to challenge me on that, that's fine, but I think we could get down to the basis of it.

But instead of distributing funds in this province through education or health or whatever, they're using that \$9 million as an advertising campaign, a government promotion, simply for the self-preservation of government. If they would do away with little schemes like that, there would be no need for taxing the lotteries in this province.

Now \$30 million, you can compute that another way. That is about one month, a little less than one month of the interest that we pay on the deficit. This government needs the \$30 million to try to chip away at the incredible deficit they've compiled over the last number of years — \$384 million a year on interest alone.

That's why they have to go to the ordinary working people of Saskatchewan and say, we have to tax your lottery, tax the lotteries, take more money away from you. Because we've built up such a tremendous deficit, \$384 million a year interest, that we have to get money from every nook and cranny that we can find it in. the unfortunate part, every time they find a nook and cranny, it comes right on the backs of Saskatchewan taxpayers.

A new tax. They can describe it in any way they want, but it's a new tax, it's new money out of the community.

As a matter of fact, if you take a community like my own where about \$2,500 a month, roughly, comes into a town of about 450 people from lotteries, so that's another \$250 a month. Now it may not sound like a whole lot of money, but that's \$250 a month out of that community or about \$3,000 a year out of that community, simply because this government has built up such a tremendous deficit that they have to go looking in every possible place they can

to find new revenue.

They spend \$52,000 a month on polling, and I ask why. Fifty-two thousand dollars a month on polling is another reason they have to go to the people of Saskatchewan and say, we need more money boys, because we're polling to make sure that we know what you're thinking. They're going to take your own money from the lottery tax to do a poll so that they know, the government knows what the people are thinking, so they can try to fit their political agenda around that so they can try to buy or win another election. What kind of an operation is that?

Now the advertising, Mr. Speaker, is something that I just do not agree with them spending money on, especially their privatization initiative. Spending money on bringing Oliver Letwin over or John Crispo from the East up, to push privatization . . .

**The Speaker:** — I must once more draw to the member's attention that he's wandering off the topic. The Bill itself deals with a tax on lotteries, etc., and it isn't a wide-ranging discussion of government policies. I think you should deal with the Bill. And you can use some examples, and this is certainly permitted and always has been. However, detailed discussion on everything that's possible to discuss is not permitted because we are dealing with the Bill itself.

**Mr. Upshall:** — Well, Mr. Speaker, I just really don't know in that context what I'm supposed to say.

But I'll tell you this much — this Bill is relating directly to taking money out of the pockets of Saskatchewan taxpayers. And every point that I have made to date is to impress upon the people of this province that the reason they have to go and take money out of the pockets of Saskatchewan taxpayers is, first of all — I'll just recap — Cargill, 290 million bucks; GigaText, 5 million bucks; birthday party, 9 million bucks; \$52,000 a month on polling; advertising — \$24 million a year on advertising.

And that is the reason. And I appreciate your intervention and I know what you're saying, but in order for me to maintain my remarks on this topic, I am directly relating it to everything this government does because that is the reason they have to tax lotteries. Because they've mismanaged this province so badly, they've run it into the ground so far, that they're paying \$384 million a year on interest, all the while throwing money into the pockets of Guy Montpetit, throwing money into the pockets of Weyerhaeuser and the Pocklingtons of the world, and taxing the people.

I'd just like to make another observation. This is the other side of the flip-flop that this government is doing. On one hand, as I started out, they say that private enterprise can do it good so we have to privatize.

Of course we see the Cargill example that I've already cited, but now they have a Bill before us to privatize the potash corporation. The Potash Corporation of Saskatchewan, Mr. Speaker brought in \$106 million last year after taxes and royalties — \$106 million profit to this province of Saskatchewan. And now they want to get rid of it. That constitutes about three years or more, three and

a half years of what the revenue from this lottery tax would bring in every year, without adding new tax on to the people of this province.

That's profit from a corporation that's taking the minerals out of this province and selling them on behalf of the Saskatchewan taxpayers, making a profit of \$106 million last year on be half of the Saskatchewan taxpayers. But these guys want to sell that, give it away, get rid of that profit because oh well, we can tax the lotteries and make some money on the backs of Saskatchewan taxpayers.

And that goes for every one of the corporations that they're selling. Profit coming into the province, profit being created through resources of this province, that is going now to private enterprise, to a few wealthy individuals and shareholders who are for the most part probably not in Saskatchewan.

That is why this government has to tax the lotteries in this province. And, I just might add, this is just a small portion, but they are struggling; they are struggling to get revenue from wherever they can. And the unfortunate part of this whole things is it is basically on the backs of the poor people of this province.

The people who through . . . when things were good in this province between 1971 and 1982, there was not as much of the attitude that we have to take a gamble, we have to gamble in order to increase our earnings; we have to gamble to give ourselves a bit of hope that we can possibly get lucky and make some money so we can continue to operate.

But because of this government driving this province down financially, driving people out of this province, the people are in a mentality now where they're spending money on lotteries because they think, well maybe it's my turn; just maybe it's my turn. And a lot of those people are the people who can very well least afford. Because of this government's mismanagement, they've been either put on unemployment, put on welfare, or stuck in a low paying job, part-time employment, because this government has put the lid on expansion.

(1630)

They're saying privatization's going to be the wonderful tool to create employment. Well we've seen their privatization going ahead now for a number of months and years and we have a record number of people leaving the province. So people are in a mode where they're having to think, well maybe it's my turn, I might get lucky, simply because they're driven to that, because of the government's inadequacy of managing this province.

So, Mr. Speaker, I would just like to conclude by saying that this lottery tax, first of all, is only necessary because this government is not able to manage this province to the benefit of the people. Secondly, it is necessary because they are selling off all the profitable Crown corporations that were put in this province . . .

**An Hon. Member:** — Giving them away.

**Mr. Upshall:** — Giving them away, as my colleagues say

-- put in this province to earn revenue to keep the taxes of the people of Saskatchewan down.

And, Mr. Speaker, thirdly, the absolute blatant patronage, waste, and mismanagement, and the corruption of this government has driven this province of Saskatchewan to a new low where they have to tax people, the poor people of this province who, as they say, are being put into a mode now—what's the quote in health care? — Everyone Wins, trying to let people sing Everyone Wins; that's the big lingo. And people now with a bit of hope, being driven down because of the government's mismanagement, put a little bit of hope in the lottery system, so now they're taxing that.

Well I'll tell you, Mr. Speaker, I think that in due course the people will respond to this government. If they have the nerve to call an election, the people will let them know exactly what they think of schemes like their lottery tax, their schemes of taxing lotteries in a phoney role of trying to improve the health care system of this province. A phoney role because they know that the money going for this tax will not go to hospitals, it will be going to try to either line some Tory's pocket or to cover up some gone-by-the-wayside scheme or another GigaText scheme or another Cargill fiasco. So the people will speak when this government has the nerve to call an election.

So, Mr. Speaker, with those words I would move that we adjourn.

Debate adjourned.

#### **Bill No. 78 — An Act to amend The Saskatchewan Telecommunications Act**

**Hon. Mr. Lane:** — Thank you, Mr. Speaker. A significant proportion of SaskTel's business is already competitive in nature and more of it is likely to become competitive as the telecommunication industry continues to undergo significant changes over the next few years. Cellular service is an example of just such a competitive area. SaskTel will be fighting it out in the market-place for its share of the cellular market in Saskatchewan, and to this end it is going up against Cantel, an experienced cellular provider.

And as the government has announced the other day, with the cellular expansion plans for Lloydminster, North Battleford, and Estevan, SaskTel intends to be the leader in cellular communications, just as it has been the leader in so many areas such as rural individual line service and computerization of the network.

Now in order to compete effectively with the likes of Cantel, amendments are being proposed which will permit SaskTel to stop publishing the rates it charges for competitive services in its general tariff. The problem with the current legislative requirement to publish competitive rates in the general tariff is that the tariff is, of course, a public document to which many of SaskTel's competitors subscribe. Mr. Speaker, it's rather difficult to compete in a market if the competitor knows exactly what your prices are in any given day.

There's another important facet to this legislation. CP

Telecommunications and Rogers, the eastern-based cable television monopolist, have announced their intention to apply to the CRTC (Canadian Radio-television and Telecommunications commission) to compete in the long distance market in Canada. It is expected that the application will entail a request for regulated market sharing.

The government of this province is dead set against regulated market sharing in the long distance market. Long distance revenues are used to subsidize local telephone service, and currently provide the necessary revenues to permit SaskTel to undertake its aggressive modernization programs and the rural individual line service program. Long distance revenues are necessary to permit SaskTel to provide to all Saskatchewan people the best telecommunications system in the world.

Urban-quality telecommunication service to every farmer in Saskatchewan. It's not just a dream, Mr. Speaker, it's a reality within the very near future as SaskTel's \$264 million investment in rural individual line service will be completed in 1991. And this summer, Mr. Speaker, we will proudly announce the half-way mark has been passed on rural individual line service.

But as I have said, the long distance revenues are instrumental to Sasktel's modernization program. A study by the federal-provincial regulators has found that the regulated market sharing between CP Telecommunications and Telecom Canada would result in SaskTel losing \$34 million a year in revenue. Approximately 90 per cent of subscribers in Canada will pay more on their overall telecommunication bill if this so-called competition is permitted to go ahead.

This government believes in competition and the merits of fully competitive markets, but regulated market sharing in what many experts view as a natural monopoly is both nonsensical and of great concern to this government, and I suggest to all of the people of this province.

It is against this backdrop that the Bill will also amend the SaskTel Act to strengthen cabinet's role as SaskTel's regulator. Only cabinet will be able to be empowered to approve interconnection of competing telecommunication systems and thereby being able to control this issue for the benefit of all of Saskatchewan's people.

I urge the support and approval of these amendments by all members of the Assembly, and I move second reading of this Bill, An Act to amend The Saskatchewan Telecommunications Act.

**Mr. Brockelbank:** — Mr. Speaker, I might say at the onset that I'm always nervous when this minister, who's in charge of SaskTel, gets up and says in the same speech that he wants to protect Saskatchewan's right to cross-subsidize from long distance rates and yet he's in favour of free enterprise and he doesn't want it regulated market sharing.

And there's a mental flaw in the minister which he has carried with him for many years in this area. And as a consequence, as I say, I'm very nervous when he gets up

to talk about competition and then in the next breath he's talking about subsidization in rural Saskatchewan for telephone line service.

He talks about SaskTel's ready to compete in cellular telephone. Well they gave up the computer function within SaskTel; that's part of the WESTBRIDGE empire now. They've given up the phone book. And every time the minister rises, I wonder to myself again, what will the minister be giving away again out of SaskTel? So there's a dichotomy in the member's personality that I'm afraid from time to time will show itself in this legislative action that the minister takes.

The critic for this area of SaskTel wants to complete some further investigation. I understand the minister is going to table some further technical explanations for this Bill, and we'll have an opportunity later on to discuss it a bit further, and therefore, Mr. Speaker, I move adjournment of this debate.

Debate adjourned.

### **Bill No. 75 — An Act to amend The Saskatchewan Evidence Act**

**Hon. Mr. Andrew:** — Mr. Speaker, I'm going to move today second reading of an amendment to The Saskatchewan Evidence Act. These amendments will accomplish two major objectives. A new provision will allow quality assurance committees in both hospitals and mental health facilities to more aggressively pursue quality care and public protection. Another amendment will codify the rules with respect to when children can testify and how they will testify in the courts.

Medical care in our hospitals is becoming more and more sophisticated. It is becoming increasingly necessary to monitor patient care and more particularly to ensure a high quality standard of practice by physicians and other health care professionals.

Quality assurance programs provide hospitals with a mechanism for self-examination, a way to measure service against set standards. These programs form the basis for the professional improvement and continuing education of health care workers.

An obstacle prevents the effective implementation of quality assurance programs. Concerns exist that participants in the process, aware their statements can be required to be disclosed by the plaintiff in an action against the hospital or members of the staff, may be inhibited from being candid and co-operative.

Quality assurance programs are designed to enhance patient care through the ongoing objective assessment of all aspects of patient care and the correction of identified problems. The proposed amendments to The Saskatchewan Evidence Act will ensure the effectiveness of such programs.

Several other provinces in Canada, including our neighbouring provinces of both Alberta and Manitoba, have similar legislation. The new provision, Mr. Speaker, will prevent participants from testifying about the

proceedings of quality assurance committees or associated documents in legal proceedings; however, in a legal action, such as an action on behalf of a patient against a doctor or a hospital, the patients' lawyer would still have access to the same source information as the committee. The original medical records of the patient would still be available as would the facts of any incident that occurred with respect to the patient. Witnesses to the events could still be questioned. Only the proceedings and documents associated exclusively with the quality assurance process would be exempt.

The amendment would also ensure that as long as comments about a fellow professional have been made in good faith, the person making those statements need not fear a libel or slander action from a fellow professional. However, when comments have not been made in good faith, the protection afforded by this provision will not apply. In making this change, Mr. Speaker, we will encourage and expect quality assurance committees in hospitals to become more active and more effective.

Mr. Speaker, the amendment relating to capacity to testify all deals with circumstances in which children are giving evidence. A court room can be a very intimidating place for a young child. The proposed amendments draw a balance between facilitating the giving of evidence by a child and protecting the right of a person about whom they are testifying.

Common-law rules, with respect to when children can testify, are being codified here as they recently were in the Canada Evidence Act. This will mean that rules will be the same for both civil and criminal trials. Where a witness is over the age of 14 years, he will be presumed to be competent to testify. Where a witness is under the age of 14 years or where the competency of a witness is challenged, the judge will have to decide whether the witness can testify and whether he can give sworn or unsworn evidence.

(1645)

The requirements of corroboration for unsworn evidence is removed. Instead it will be subject to the same rules as sworn evidence of the child; that a judge should not decide a case on the basis of a child's evidence, except after weighing that evidence with great care. Children will be able to give evidence by closed-circuit television or behind a screen or other devices which allows them to testify without looking at the person about whom they are testifying. This procedure is allowed only when it is combined with protections for the parties to ensure that they will always be able to see the child and hear his testimony.

A child's videotaped evidence will be admissible if the child adopts the contents of the videotape while testifying. This will reduce the number of times a child will have to repeat his evidence with respect to what will often be a traumatic event in his life; however, the child will be present in the court room so that he can be cross-examined on his evidence.

The proposed amendments also give judges the power to make orders banning the publication of evidence which



could identify a child witness. Where the child or someone on his behalf requests the order, the judge must grant it.

Mr. Speaker, I'm satisfied that these amendments will help to improve the judicial process in Saskatchewan, and I am pleased to move second reading of An Act to amend The Saskatchewan Evidence Act.

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

**Mr. Koskie:** — Mr. Speaker, thank you. I want to make a few comments in respect to the amendments introduced to The Saskatchewan Evidence Act. And the obvious omission from the comments from the Minister of Justice is: on whose behalf is he making these amendments to the evidence Act? Certainly I would like to submit that he didn't contact the Trial Lawyers' Association and get their concurrence, because I want to indicate to you what they indicate is that there is going to be a much greater difficulty in any cases of negligence in relating to the health care system.

I'd like to indicate here, Mr. Speaker, that patients have great difficulty in legal actions where there has been negligence. And really what the minister has done here is take up a demand by the Saskatchewan Medical Association. They have been lobbying for this. In fact, if they had had the courage, they would have put it right into their Medical Profession Act, but they didn't want to do that directly.

And what they have done is lobby the minister and the Minister of Health and, as indicated in the article here, got an agreement from the medical association for accepting the fee package that was offered by the government. And part of the package was that they would exclude any evidence from the committee's internal hearings in respect to the hospital operation.

I want to indicate here what the Trial Lawyers' Association's president indicates. He says:

Changes to the province's evidence Act, introduced this week, are regressive and contrary to patients' rights and public interest.

That's the chairman of the Trial Lawyers' Association.

The amendments tabled Tuesday, but not printed and made public until Friday, will prevent the minutes of the hospital quality assurance committee meetings from being introduced in court. This has a dramatic implication.

He goes on to indicate the impact that it will have.

A personal negligence or malpractice can't find out what happened in the hospital's hearing of their own case.

That's the nuts and bolts of what's happening here. And the minister and his colleagues have made a deal with the medical association in order to prevent any internal hearing within the system to be reviewed and to be used in evidence in a subsequent negligence or malpractice

suit. And that's the nuts and bolts of it here.

The other provisions that are provided by the minister in respect to qualifications for minors giving evidence, we have no problem as I can see in respect to those. But certainly the nuts and bolts of it is that what they have done here is to throw aside a very valuable instrument of review in the case of negligence or malpractice.

And accordingly, there are others in the . . . my colleague in the Health critic area also wants to make further comments. I want to check this out further with practising lawyers as to the particular problems that they're going to have as a result of the amendments to the evidence Act, which restricts the right of this valuable information in the case of negligence or malpractice. And accordingly, I move to adjourn debate, Mr. Speaker.

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

Debate adjourned.

### **Bill No. 80 — An Act to amend The Department of Justice Act**

**Hon. Mr. Andrew:** — Mr. Speaker, this amendment to The Department of Justice Act creates a revolving fund called the Correctional Facilities Industries Revolving Fund. The fund will permit the creation and operation of a new correctional facilities industries in co-operation with the private sector.

Moneys collected from the operation of the correctional facilities industries will be used for the benefit of inmates and for the further development of inmate work programs, as well as the continued maintenance of correctional facilities. While training and education continues to be an essential element of rehabilitation, allowing inmates to do productive work of marketable value would be an important step in the development of skills necessary to inmate self-sufficiency after incarceration.

This government remains committed to the development of constructive work programs which will enhance an inmate's ability to return to the community as a productive member of society. The creation of the correctional facilities industries revolving fund will ensure that Saskatchewan correctional facilities remain at the forefront of the developing of modern work programs.

Mr. Speaker, where this was developed — I give you a case in point — is that the inmates are now in the process of manufacturing furniture. It was their request, brought forward through the correction officers, into the manufacturing of furniture. The proceeds from that will go into this revolving fund, and the moneys from the revolving fund will then be used for either education programs or other facility programs within the corrections centre.

Mr. Speaker, I think it is a good initiative taken certainly by the correction facilities, and I think is something that should be supported by all members of the House. And with that, I move second reading of this proposed amendment.

**Mr. Koskie:** — Mr. Speaker, thank you. I want to mostly analyse the comments of the Minister of Justice, because it appears that the base of it is really tied to the privatization of corrections. And I'm not one that is in favour of the total privatization, and certainly there's a step in it. He indicated himself that there will be some privatization in respect to — that's what you said in your own words. I want to look at those words and have an opportunity to study those, and accordingly, I will adjourn debate.

Debate adjourned.

**Bill No. 77 — An Act respecting the Licensing and Operation of Medical Laboratories**

**Hon. Mr. McLeod:** — Thank you very much. Mr. Speaker. Mr. Speaker I'm pleased today to explain the purpose of The Medical Laboratory Licensing Act. In this province there are presently 370 physician office laboratories, 134 hospital laboratories, the provincial laboratory, and the Red Cross. The government pays an estimated \$60 million annually for laboratory services provided through these facilities. With this Act in place, all laboratories will be licensed and will participate in a quality assurance program.

I wish to emphasize, Mr. Speaker, that the provisions of this new Act are designed to ensure that test results in all laboratories are accurate, are timely and meaningful. Under this Act all medical laboratories will participate in a proficiency testing program. This new Act will also direct remedial education if certain laboratories are found to be non-proficient. Licences may be amended or suspended when it is necessary to protect the public interest.

It is our opinion, Mr. Speaker, that by ensuring accurate laboratory results, the unnecessary duplication of testing can be reduced. This Act provides for a needs assessment to be conducted prior to licences being granted. When deciding on new laboratories, the licensing body will consider such things as the need for a facility in a specific geographic location, and the potential for existing facilities to undertake the tests.

I believe with the needs provision of this Act in place, Mr. Speaker, all residents of Saskatchewan will benefit from a more effective distribution of laboratory facilities and testing services.

This Act will create a medical laboratory licensing board that shall be appointed by the Lieutenant Governor in Council. It is our government's intention that the board represent key health care groups and health care consumers from across the province.

I'm pleased to say, Mr. Speaker, that the College of Physicians and Surgeons of Saskatchewan supports this legislation and is working co-operatively with the government to establish acceptable quality assurance programs. The College of Physicians and Surgeons will recommend to the medical laboratory licensing board on issues of quality assurance. The expertise of the members of the College of Physicians and Surgeons is welcomed

and will be of real benefit to this program.

This Act will enable rural hospital and physician office labs to have increased access to information and consultation. Large hospital and pathologist-supervised labs will also benefit by consistent standardization of laboratory practice.

There's been extensive consultation with interest groups throughout the province concerning this Act — interest groups, Mr. Speaker, such as the College of Physicians and Surgeons of Saskatchewan, as I've mentioned; the Saskatchewan Medical Association, the SMA; the Saskatchewan Society of Medical Laboratory Technologists; and the Saskatchewan health-Care Association. The consensus is clearly that mandatory quality assurance in laboratories is essential.

I believe, Mr. Speaker, that the licensing provisions provided in this Act are another step to ensuring quality, cost-effective health care for the people of our province. It is our intention to lay the groundwork for this new licensing system as soon as possible after passage by the legislature.

Mr. Speaker, I'm pleased to move second reading of Bill No. 77, an Act respecting the Licensing and Operation of Medical Laboratories.

**Mr. Shillington:** — Thank you very much, Mr. Speaker. Our critic is unavoidably absent from the House today; I'll therefore be adjourning the Bill and allowing her to make her comments when she returns.

Debate adjourned.

**Bill No. 83 — An Act to provide for the Postponement of the Tabling of Certain Documents**

**Hon. Mr. Hodgins:** — Thank you, Mr. Speaker. I'm pleased to day to rise and move second reading of The Tabling of Documents (Postponement) Act, 1989. For your information, Mr. Speaker, it was a practice in the previous government, and it has become a practice in this government to postpone the tabling of certain documents to be tabled in the fall session to a date in the following spring session.

The reason is obvious, it is normally very difficult to have all departmental annual reports prepared for the required filing date. With the House sitting in the summer this year — rather unusual — the filing date occurs in July for agencies whose fiscal year has ended March 31, 1989. It is obvious that a July date is very difficult to achieve for most of these agencies.

This Act postpones the tabling of documents where the documents were required to be prepared with respect to a period ending on or after March 31,'89 and before October 1,'89. Documents required to be prepared prior to March 31 are subject to the usual rules, and as far as I am aware, Mr. Speaker, virtually all documents have been submitted.

The Act then goes on to postpone the tabling of documents until the first sitting day in 1990, and that is

largely consistent with past practices, I might add, in both this administration and other political party administrations prior to this. I would, therefore, move second reading of An Act to provide for the Postponement of the Tabling of Certain Documents.

(1700)

**Mr. Pringle:** — Thank you very much, Mr. Speaker. I would like to make a few comments on this Bill, Mr. Speaker, An Act to provide for the Postponement of the Tabling of Certain Documents. By this government, Mr. Speaker, what we see is a continuation or increasingly a continuing of late filing of documents, Mr. Speaker. It reports many examples, but a few would be the CIC (Crown investments corporation of Saskatchewan) and the SGI (Saskatchewan Government Insurance) reports, Mr. Speaker. As far as I know, we still don't have the beef stabilization annual report, and have not seen that yet.

Last week, Mr. Speaker, we saw three years reports tabled in one day, going back the last three years. Obviously we're concerned about that in terms of public accountability. Last year we saw the report for Health tabled the night that the estimates began, which didn't give us a chance to look at those prior.

So obviously, Mr. Speaker, there may be extenuating circumstances where one or two reports may not be tabled on time for very valid reasons and from time to time. But what we've seen by this government is a pattern, Mr. Speaker, a pattern, increasingly, of tabling of documents late.

And it may just be the mismanagement by this government. Certainly, as the people of the province know, there are many examples of this. So it may be just mismanagement, Mr. Speaker. But it may be that . . .

**An Hon. Member:** — You never did come here in such a mean-spirited guise. Why are you so mean-spirited now?

**Mr. Pringle:** — Well that's a compliment in terms of the mismanagement. I have more things to say.

But it may be the mismanagement. But on the other hand, one wonders why there have been so many documents tabled late, particularly when you put that into the context of the many other things that have happened in this House.

Mr. Speaker, what this Bill does potentially, is it excuses — I'm going to speak for another 15 or 20 minutes, by the way — what this Bill does is it excuses the government, it potentially excuses this government from tabling important documents on time, Mr. Speaker. I think this is more than just tardiness; it's more than mismanagement.

What I'm concerned about, given the record of late tabling of documents, is the erosion of accountability that we've seen in this legislature, certainly in the year I've been here, this erosion of accountability in the legislature — an erosion of the legislative control from all members in the House if we can't see the documents, control from all members of the House to the Executive Council or to the Premier and his cabinet.

I'd like the front bench to know that some of the back-benchers are also concerned about this on their side. I'm well aware of that. It's also a major concern to the people of the province, Mr. Speaker. I know some of the members opposite are laughing about this, but it's a major, serious concern. Their lack of accountability is a concern to the people of the province by this Premier's government, Mr. Speaker.

Another example obviously of a lack of accountability that is not unrelated to the potential abuse of this Bill, is the long list of broken promises that we've seen by this government, Mr. Speaker — broken promises relating to privatization, related to increased taxes, as we heard earlier today, broken promises related to health care and education.

Another concern in terms of the erosion of accountability, Mr. Speaker, relates to the secret privatization deals that we've seen here — you know, the Sask Minerals, Saskatchewan Mining Development corporation, WESTBRIDGE, and other secrecy deals in privatization. This is lack of accountability and this is what potentially concerns me about this Bill, Mr. Speaker.

Another concern that I view as related to accountability, we have a number of Bills here that have been introduced on first reading but are not printed, and I won't list them, but there's seven or eight of them. They're introduced on first reading but not printed.

Now I'm the critic for two or three of those Bills and I would like to know what the changes are going to be on first reading. So they were introduced last week or the week before in first reading, but I still don't know what's in the Bills, Mr. Speaker. I view that as an erosion of accountability because I can't do my job as a member of the opposition. And so that's a concern I have.

I'm also concerned . . . (inaudible interjection) . . . Well I think I'll be here for a while, Mr. Member from Moosomin. I'm also concerned about . . . I mean this government says it's concerned about efficiency, efficiency in this legislature. Well if they were concerned truly about efficiency we would have the Bills that have been introduced on first reading.

If they were concerned about efficiency they wouldn't continue to change the agenda day by day on us so we don't know what's coming up, Mr. Speaker. We've had business change with virtually no notice. So that's another concern, Mr. Speaker, that I have.

I'm concerned about — again related to lack of accountability — about questions not being answered in this Assembly even though there's written direction to do so by the Assembly, Mr. Speaker. Obviously this erodes the accountability in the Legislative Assembly.

These examples that I've outlined, in my view must be taken in context in relation to this kind of a Bill, because they all lead to the erosion of accountability by the Government of Saskatchewan, which is a major concern to the people of the province.

I guess another classic example, Mr. Speaker, is the concern about the public accounts of the province in that not only have we seen a pattern of late filing of *Public Accounts*, we've seen sabotaging of the Public Accounts Committee, Mr. Speaker, which is a major concern.

But worse than that, in my view, we've seen a direct attack by the minister responsible for fairness and justice, the Minister of Justice, on the Provincial Auditor, who is concerned about this government's lack of accountability. And it's these kinds of things, the potential that exists in this Bill, that the Provincial Auditor is concerned about, Mr. Speaker, to the point where we've had two breaches of privilege against one of the cabinet ministers for attacking the individual and the Office of the Provincial Auditor.

Of course that wasn't the first time that that was done. This government has attacked the Provincial Ombudsman as well. In fact, they attack any group that disagrees with them. We see the Minister of Social Services attacking nationally recognized groups because they say there's poverty in Saskatchewan. So that's a concern, and again, related in a broad general way to accountability, Mr. Speaker.

In closing, Mr. Speaker, I would say that . . . and I think all members would agree that our parliamentary system of government is a good one. It has served the test of time well. In relative terms we've had free and responsive and responsible government in Saskatchewan and in the Canadian parliamentary system. It's been one of our major strengths. One of our major strengths has been that the system has worked in part because of the importance of respecting tradition in the House, and what we've seen in previous governments. And a number of successive governments, Mr. Speaker, have respected the democratic institutions in the province of Saskatchewan. They've respected the important principle of public accountability and that this Premier and his government should be building on that proud tradition, Mr. Speaker.

Unfortunately, democracy was not prepared for this Premier and some of his ministers — no, democracy was not prepared for these ministers. We've seen in many ways a blatant contempt for this legislature, Mr. Speaker, and of course for the people of Saskatchewan, and ultimately a blatant contempt for the principle of accountability, which I view as one of the most serious erosions that has occurred in the province since I've been in this House in over a year.

The Minister of Urban Affairs always has a lot to say from his seat, but never too much when he gets up. He chirps away at other speakers, but never stands up to defend his government, Mr. Speaker.

I would, in closing, Mr. Speaker, just say that the people of Saskatchewan are tired by this government violating their trust. This Bill has the potential to continue to do that, and I'm concerned about their pattern of continued late file of public documents.

I hope that they will take note of my comments and have respect for the people of Saskatchewan and get documents tabled by and large on time. Thank you very

much.

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

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

## COMMITTEE OF FINANCE

**Mr. Chairman:** — It being past 5 o'clock the committee is recessed until 7 p.m.

The Assembly recessed until 7 p.m.