

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Toth: — Thank you, Mr. Speaker. Allow me to introduce to you, and through you to this Assembly, a group of 16 grade 11 and 12 students from the community of Windthorst, Windthorst high school. They're visiting in the Legislative Assembly today and in the city of Regina. They're accompanied by their teacher, Mr. Mark Pfeifer, chaperons Mr. Ken McKay and Mrs. Marlene Kapell.

Mr. Speaker, I look forward to meeting with them afterwards for pictures and drinks, and I'd like to welcome them and trust they will enjoy the question period this afternoon. And I invite all members to join with me in inviting them to the Assembly.

Hon. Members: Hear, hear!

Hon. Mr. Martin: — Mr. Speaker, it gives me great pleasure to introduce to you, and through you to other members of the House, three members from the Optimist Dolphins Swim Club, Mr. Speaker, seated in your gallery in the front row. And I would ask them to stand, please, as I introduce them: Pam Cowan, president of the Regina Optimist Dolphins Swim Club; Murray Drudge, the head coach; and Kevin Thorburn, the assistant head coach.

Mr. Speaker, these three individuals and the 150 young people that they work with are fine examples of how Regina shines in Canada. I was at a news conference this morning where it was announced that the Dolphins hold the number one top age group ranking for short course in Canada. And I know this is a particular interest and a great pleasure to Mr. Drudge who has come to Regina via Toronto because the second place team was Etobicoke, which of course is a suburb of Toronto, so I'm sure he takes great pleasure in that.

They are also the 1991 Saskatchewan provincial champions, the 1991 Manitoba provincial champions, the 1990 Alberta provincial champions. This year they hold five Canadian records, 95 provincial records, and have 16 national qualifiers among their many achievements.

Swim Magazine has called the Optimist Dolphins Swim Club the hottest up-and-coming swim team in Canada. The Dolphins work hard and they are a dedicated group of youngsters, supported by dedicated parents and coaches. I'd also like to congratulate the Optimist clubs in Regina for their support for so many years for the Optimist Dolphins Swim Club.

Regina is very proud — as indeed is Saskatchewan — of the coaches, of the president, as well as all the swimmers and everyone involved with the program. Mr. Speaker, please join me in congratulating the Dolphins on this wonderful achievement.

Hon. Members: Hear, hear!

Hon. Mr. Klein: — Thank you, Mr. Speaker. In your gallery, Mr. Speaker, today we have a number of former colleagues that I had the pleasure of being associated with for many, many years. Members of the Saskatchewan Real Estate Association are here visiting our legislature today for a series of meetings. I could introduce several of them by name but it's fair to say that Murray Dollard is the president this year of the Saskatchewan Real Estate Association.

We're looking forward to the meetings that we will be having with this group in the afternoon. I see that they're here to enjoy our question period this afternoon. I certainly hope that they enjoy that part of it, and welcome to the Assembly. And, Mr. Speaker, through you to the other members, let's give them a nice welcome here.

Hon. Members: Hear, hear!

Ms. Smart: — Thank you, Mr. Speaker. I too, as the opposition critic for housing, would like to welcome the members of the Saskatchewan Real Estate Association to the legislature this afternoon. Members of the opposition are looking forward to meeting with you to hear your concerns about the housing situation in Saskatchewan. We welcome you here today and join everyone in welcoming you here.

Hon. Members: Hear, hear!

Mr. Hagel: — Thank you very much, Mr. Speaker. Mr. Speaker, over the past several years it's become an annual tradition for William Grayson School in Moose Jaw to make a visit to the Legislative Assembly and we're honoured with a visit again from William Grayson School.

Seated in the east gallery today, Mr. Speaker, are 43 grade 4 and 5 students from William Grayson. They have been on a tour of this, their Legislative Building, already. And they are accompanied by teachers Pat Barbier, Di Hicks, Chris Turcott, and special aide, Pat Gilkes.

I look forward, Mr. Speaker, following question period today, to meet with the students and their instructors for pictures and refreshments and to discuss the proceedings of the day and to answer any questions that they may have coming from their visit to this, their Legislative Assembly.

Mr. Speaker, I'll ask all members of the Assembly to join with me in welcoming this contingent from William Grayson School to the Assembly.

Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Thank you very much, Mr. Speaker. Mr. Speaker, in addition to the large number of entrepreneurs representing the real estate association in your gallery, I would also like to introduce an individual today who is another entrepreneur. He is a gentleman from the town of Grenfell who I've known for a number of years. He's a small-business person, has been in the construction business for some time, is approaching

retirement, and has come to visit us here in the legislature today, I understand for the very first time. And I'd like the rest of the members in the Assembly to join with me in welcoming Mr. Henry Fuchs, a small-business man from Grenfell.

Hon. Members: Hear, hear!

Mr. Goulet: — Mr. Speaker, I would like to recognize two visitors to the legislature today. They are from the Metis Society of Saskatchewan. There is the elected provincial secretary, Gerald Morin, and also a researcher consultant, Clem Chartier. I would like to also, Mr. Speaker, address them a bit in our own language which is Cree.

(The hon. member spoke for a time in Cree.)

Hon. Members: Hear, hear!

ORAL QUESTIONS

Provincial GST

Mr. Romanow: — Thank you very much, Mr. Speaker. Mr. Speaker, my question today is to the Premier, and it deals with the economic impact of the proposed 7 per cent provincial PST (provincial sales tax) or the GST (goods and services tax) that his government opposite is proposing, which by next year will be 14 per cent, as we know — the biggest single tax hike in the history of the province of Saskatchewan.

Mr. Speaker, surely the government opposite has prepared an economic impact analysis paper about the impact of this massive new tax on jobs, consumer spending, small business, and the province's overall economic situation. My question therefore is as follows: Mr. Premier, will you table those economic studies today or later today so the public can see exactly what assumptions the government has made, or is making, about this economic impact of this very, very harsh tax?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, a week or two ago, one of the hon. members opposite read into the record the economic forecasts that were done up to and including the end of year 1990, as part of the documents that are used by cabinet and the Premier to plan for the upcoming budget.

Those documents showed that Saskatchewan in 1990, as the Conference Board has confirmed yesterday, had the highest growth rate of any province in the country.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — What those documents also showed, Mr. Speaker, was a negative growth in 1991 of something in the order, if memory serves me correctly, of about minus 1 per cent with no further increase — in fact a decrease as well, as I recall, into 1992.

That was the kind of data we were faced with, and I suppose it wasn't any surprise to us, Mr. Speaker, because

given the size of agriculture and that economic engine in this province I think all of the members on this side of the House had some sense as to where the economy was headed.

What we did with that information, Mr. Speaker, is the key thing. We responded.

The Speaker: — Order, order, order. Order. Order. We've been trying to keep questions and answers to a proper length and I think we have to be cognizant of that. And I'm going to be asking all members to try to co-operate with that. I realize that there is much that could be said when you're on your feet, but all members just try to co-operate with that.

Mr. Romanow: — Thank you, Mr. Speaker. Mr. Speaker, I have to repeat the question because the Minister of Finance has not even come close to answering it.

My question therefore, pursuant to your mandate and dictate is as follows: will the Minister of Finance — I really direct this to the Premier who unfortunately refuses to take these very important questions, but I'll take it to the Minister of Finance — will the Minister of Finance undertake to table to the legislature today, later today if necessary, the analysis of the economic impact of the provincial PST, the harmonized PST on the economy in the province of Saskatchewan wherever it might be in this province of Saskatchewan. Why not table those studies? Surely you have them.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well as I said, Mr. Speaker, and I would finish in terms of what our economic analysis shows for the future, is that we were looking at some fairly dismal numbers, Mr. Speaker. So what we did is we acted, Mr. Speaker.

We put in a six-point plan for a balanced budget, number one. Number two, Mr. Speaker, we harmonized and gave business the biggest competitive break they have seen probably in the history of this province, Mr. Speaker. As well, our Premier successfully negotiated a new generation of farm safety net programs as well as a third-line defence. And what does that mean for our numbers this year and next year, Mr. Speaker?

Well I can't say to you that somehow we're going to have the nation's fastest growth in 1991, because what we're predicating our numbers on is an average kind of a crop. We all know what the prices are. But what we can say is for the most part the growth this next year will probably be negative zero to negative 0.5.

But for 1992 under harmonization, with the long-term safety nets in place, we expect modest increase in growth; in fact, about 2.3 per cent, which is less than the Conference Board predicted at 2.9 per cent, Mr. Speaker.

The policies of this government to stabilize our economy, to stabilize rural Saskatchewan, and to control our debt and deficit will work, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question. I think I have to ask the Premier because the Minister of Finance absolutely refuses to come within a country mile of trying to answer the question. Within a country mile.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, my question to the Premier is this: in the light of what the Minister of Finance has just told us, are you confirming that this government has launched this single biggest massive tax increase in the history of the province of Saskatchewan without even having carried out an economic impact on how it impacts on the small-business people of this province of Saskatchewan? Is that what we are to assume?

Or if there is an economic impact study, why won't you table that study? Is it because the study will confirm what's happening, and that is economic destruction because of that 14 per cent GST?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I have just said what our forecasts are for '91 and '92. And I want to make the point, Mr. Speaker, that we believe in being open and forthright with the people of Saskatchewan.

When the opposition read from the forecast document two or three weeks ago, they failed, Mr. Speaker, to read on the executive summary page that very important disclaimer that said these forecasts do not have the GRIP (gross revenue insurance plan), NISA (net income stabilization account), third line of defence or the tax changes incorporated in them, Mr. Speaker. They were not being open with this legislature, Mr. Speaker. They were trying, I would argue, Mr. Speaker, to distort the facts.

The facts are, Mr. Speaker, that other than a couple of sectors that are hit during the transition period, our economy will grow. Our economy will grow in the agriculture sector, the mining sector, the transportation sector, and the utility sector. We have a plan, Mr. Speaker; they have no plan.

And I'll tell you what's going to impact on our economy today. It's that NDP budget in Ontario. That's what's going to hurt our economy, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question. And this time I am going to insist that the Premier get up and have the courage to answer the question. Stand up and defend your government.

Some Hon. Members: Hear, hear!

Mr. Romanow: — I'm going to insist that the Premier don't hide under his desk but speak up and defend this . . .

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, clearly there is no

economic analysis. Mr. Speaker, clearly there is no economic analysis. If there is an economic analysis, it's a bad economic analysis because they're not tabling it. The Minister of Finance says he's got a plan. He's got a plan all right. *The Estevan Mercury* says that, for example, in Estevan, the Premier's home riding, the Co-op's Home & Agro Centre is closing, 17 people losing their jobs because, quote: "Eight hundred cars a day going through the border at one customs port." That tells us something — in the Premier's riding.

I want to know from the Premier — and this is my question: does your economic study confirm that this is what's happening to Estevan and to all the businesses in the small towns in Saskatchewan, yes or no? Do you have a report? Table that report.

Some Hon. Members: Hear, hear!

The Speaker: — Order, order, order. Order, order. Order! Order, order.

Are you all ready?

Hon. Mr. Hepworth: — Mr. Speaker, as it relates to shopping across the border, obviously for an MLA (Member of the Legislative Assembly) from Weyburn, obviously that's an issue that's of great import to us.

I can tell the hon. member a couple of things. Number one is we are into discussions with the federal government to look at, under harmonization, whether there can be some tax collection arrangements negotiated there, Mr. Speaker. I think that will be helpful to business here. At the same time, having said that, I know there are a number of reasons why people choose to travel and spend money in different places.

One other point I would make, Mr. Speaker, is that under harmonization, because we understand and appreciate the important economic activity that the tourism sector can generate on a yearly basis — I think it's about 700 million in this province — we want to make it as easy as possible for tourists to continue to come to Saskatchewan and spend their dollars here. So we'll be into discussions with the tourist industry to look at offsets as I announced in the budget, Mr. Speaker, for tourists.

One other point, Mr. Speaker. As it relates to our economic forecast and our economic model, we predicated the budget on 10 per cent interest rates on the short end of the market, ten and three-quarters on the long end of the market.

Mr. Speaker, if there's one thing that will cause us to maybe have to revise those numbers, it's the absolutely incredible budget that came out of NDP (New Democratic Party) Ontario yesterday. Because with that very, very large borrowing program, interest rates will go up and that will affect us here in Saskatchewan, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Premier, one can only smile about the Premier's attempt . . . In 1986 he ran as Tommy

Douglas. In 1991 he's going to try to run as Allan Blakeney and his responsible government. But nobody is going to buy it. Nobody is going to buy it. Nobody is going to buy it.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Ten deficits in a row, ten deficits in a row.

Mr. Speaker, my question is this. Mr. Speaker, I have in front of me an *Estevan Mercury* headline that says, "Double tax bite takes its toll in Energy City." That's the Premier's riding. This is my question to the Premier. From this story it is said, it says this:

"Eight hundred cars a day going through the border at one customs port, I would think that's telling us something," said Tim Walliser, owner of J's Conveno Mart and Little J's Confectionery. "They are simply forcing more people like us out of business."

My question, Mr. Speaker, is this. Estevan people and in other communities are saying that this double tax is forcing them out of business. It's an economic body-blow to our people. I want the Premier to get up and to tell his constituent that he's got an economic study to the contrary. Do you have one or do you not? I say you've got an economic study and you're not tabling it because it confirms what this business man says. You're driving them against the wall and ruining the economy.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — In terms of creating economic wealth, making businesses more competitive, which the hon. members over there know, that under harmonization where businesses get back all of the sales tax that today they presently pay on all their inputs, that 200 . . .

The Speaker: — Order, order, order. Order, order. Order! Order, order, order.

Are the hon. members in this House going to come to order? Are you going to come to order? Are hon. members going to come to order so that question period can proceed?

Order, order, order. Order! Will hon. members come to order. Order, order. Order.

Well if hon. members don't want question period to proceed I suppose we can just wait it out. But something tells me it's question period time. The Minister of Finance I believe was about to answer the question.

Hon. Mr. Hepworth: — Mr. Speaker, as it relates to harmonization, that will amount to a \$260 million break for business that will make them more competitive. When businesses are more competitive, they create jobs. They help expand the economy by adding on, hiring new employees. In fact, Mr. Speaker, we suspect . . . our model anticipates, under full harmonization, 5,000 new jobs created, Mr. Speaker, in sectors I've previously identified.

Mr. Speaker, we have a plan to make our businesses more competitive, to make sure we see economic expansion. Yes, Mr. Speaker, it's not always popular, but I'll tell you you won't have . . . You contrast that with the commentary coming out of Ontario yesterday on the NDP plans, where one observer said Bob Rae's budget may create thousands of jobs, but they'll be in Buffalo, New York, and Detroit, Michigan, and the list goes on and on, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question for the Premier and I want to preface my remarks, Mr. Speaker, by saying that's quite some defence. The Minister of Finance gets up and he says, you know in Ontario all the people are going to go over to Buffalo in New York, and that justifies all the people leaving the Estevan constituency for the United States. Some defence. Some defence.

Now look, Mr. Speaker, I want to ask the Premier . . . Do you have the courage to answer this question? Mr. Premier, do you have the courage to answer this question? Your House Leader says he's going to bring in closure. He says it, and the debate is hardly beginning on this Bill, on the largest tax increase in our history. He threatens closure on this massive tax increase.

My question to you, Mr. Premier, is: in the light of the fact that this is a new government involved in openness and accountability and free debate and open debate, do you support that House Leader's attempt to shut up the debate and the discussion on this question of the tax? Do you support this approach of, in effect, arrogance and running roughshod over the interests of the province of Saskatchewan, yes or no?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, we announced in mid-February to the third week of February the fact that we would be harmonizing come January 1, '92. As part of that first step, Mr. Speaker, on April 1 the base broadening of the E&H (education and health) sales tax base, Mr. Speaker, to accommodate those things which had not been previously taxed on the goods side, Mr. Speaker, the legislation has been brought forward to enshrine those tax changes in legislation and make them retroactive, along with a number of other changes that are driven by the budget, Mr. Speaker.

As always, this legislature will have a full and ample opportunity to debate those Bills, Mr. Speaker.

Some Hon. Members: Hear, hear!

STC Paint Contract

Mr. Trew: — Thank you, Mr. Speaker. My question is to the minister responsible for Saskatchewan Transportation Company. Mr. Minister, yesterday we tried to find out from you how much STC (Saskatchewan Transportation Company) paid Sean Quinlan to say that green and yellow are prettier than red and silver. You remember

Sean Quinlan, don't you? He's the former press secretary to the Premier, the man who was in Dallas when Darrell Lowry and Donald Castle were arrested.

Mr. Minister, you've had a day to consult with your officials and refresh your memory. Will you confirm Sean Quinlan's colour contract was in the range of a half a million dollars?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — No, Mr. Speaker, I don't confirm . . . Yesterday the member was saying 350, 500, he's throwing numbers around. Yesterday the same member in the scrum with the members of the media yesterday was complaining about, I think he said — he complained about, as he did again today — the new green and yellow colours, the colours of the Saskatchewan flag on the Saskatchewan Transportation Company buses. Mr. Speaker, when asked by the media, he said: oh no, I don't object to the colours; oh the colours are fine, and whatever.

Mr. Speaker, I had said to the hon. member yesterday, I say to him again and to the House: the place for that discussion will be in Crown Corporations Committee. The hon. member will have his opportunity to raise it when the officials are there. We'll deal with the individual expenditures of the Saskatchewan Transportation Company at that time. That's as it has been for many years in this House, will continue to be.

Some Hon. Members: Hear, hear!

The Speaker: — Now before we go to the next series of questions, I'm just going to ask for the co-operation of hon. members. We haven't had a good question period at all, I might say. There have been constant interruptions, constant interruptions — a very poor display, quite frankly. And I would like to ask the hon. members to allow members to put questions and members to answer questions without undue interference.

Mr. Trew: — Thank you, Mr. Speaker. Mr. Minister, you have covered up in Crown Corporations. I want to put the question to you: how much was the colour contract to Sean Quinlan? Was it in the range of a half a million dollars?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, the hon. member says that we've covered up. There's been no cover-up, Mr. Speaker. The only thing that's been covered up is the ugly, drab, old colours that were on the bus company when they ran here. That's the only cover-up that there's been here.

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — They've got a new corporate image. It's been well received by the public of Saskatchewan. The individual expenditures will be gone through in Crown Corporations Committee, I presume by that member, or if he's incapable of doing it, someone else from his caucus will. I will answer the questions at

the appropriate time, as has been the case in this parliamentary body for many years and will continue to be.

Some Hon. Members: Hear, hear!

Mr. Trew: — Mr. Minister, this is the appropriate time. The people have the right to know.

Some Hon. Members: Hear, hear!

Mr. Trew: — Was the Sean Quinlan colour contract in the range of a half a million dollars? Tell us.

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, the hon. member has the answer to a repetitive question.

Mr. Trew: — New question to the same minister. Minister, your answers are a cover-up. I'll try a new question. Mr. Minister, who decided to hire . . .

The Speaker: — Order, order. Order. Order.

Mr. Trew: — Thank you. Minister, who decided to hire Sean Quinlan? Was it the board? Was it yourself? Was it Crown Investments Corporation? Or was there some interference from Executive Council on the hiring of Sean Quinlan for this contract?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, the management at STC will deal with contracts for whatever services are required by STC. Management at STC does that, the management at STC has for many years, and they will continue to.

So, Mr. Speaker, as it relates, as I said before, to the individual expenditures for whatever moneys STC has spent on, whatever they have spent it on, will be dealt with in Crown Corporations.

Some Hon. Members: Hear, hear!

Mr. Trew: — A new question to the same minister, Mr. Speaker. Minister, what are you covering up? In Crown Corporations you refuse to answer. You refuse to answer here.

Let me try a different question for you. Minister, would you confirm that one of the things that you would learn from the release of the Ernst & Young report is the details of the Sean Quinlan contract? Is that the reason, Minister, why you are bending over backwards to keep Ernst & Young from the people of Saskatchewan?

You've referred it for a legal decision regardless of how long that might take. Other than the Sean Quinlan contract, what else is in the Ernst & Young report that makes you so determined to bury that report for ever?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, the answers that relate

to the Ernst & Young report have been given in this House before. I've given those before. The hon. members over here yell the word cover-up. The only thing that's been covered up at STC, as I said before, is the ugly, drab, old buses that they were with the bright new green and yellow colours; been well received by the public of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Trew: — New question to the same minister, Mr. Speaker — to listen to the minister, there's nothing at all you're hiding — what is it you're covering up, Minister? Why do you refuse to answer questions? You've had four questions put today. You haven't come remotely close to answering one of them.

Will you tell us why you are so determined to hide Ernst & Young? Is it because of the Sean Quinlan contract? And what else is in Ernst & Young that has you and your colleagues so determined to bury that report?

Hon. Mr. McLeod: — Mr. Speaker, I've made it very clear to the public and to the group across here that are clapping their hands; I've made it very clear in the past. The Ernst & Young report . . . I have no intention, no inclination to keep the Ernst & Young report from the public. The fact is the Ernst & Young report will be made public. I hope it will be made public; I really do.

What the Ernst & Young report . . . the reason it is not public now is because of the court circumstances that are going on with the people that are there. That's been made very clear to the people across there before. They think it's a good political ploy to stand some guy from so far back in their caucus there to say, what's the cover-up and you suggest that, yelling some political rhetoric.

All I'm saying to you, Mr. Speaker, and to the public of Saskatchewan is the Ernst & Young report, as far as I'm concerned, should be public as soon as possible. I've said that from the time that I've commissioned it. The hon. member gets into his political rhetoric and thinks he's gaining some kind of political points. Mr. Speaker, he can yell that all he wants.

The responsible thing to do is what this company and this government is doing with this report. We will release it, if we can release it. And we'll release it in a responsible manner, not according to some political rhetoric from some guy that's so far removed from the public of Saskatchewan that he doesn't know what day it is.

Some Hon. Members: Hear, hear!

INTRODUCTION OF BILLS

Bill No. 73 — An Act to amend The Oil and Gas Conservation Act

Hon. Mr. Hodgins: — Mr. Speaker, I'd like to this afternoon move first reading of a Bill to amend The Oil and Gas Conservation Act.

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

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Motions for Interim Supply

Hon. Mr. Hepworth: — Mr. Chairman, I move that it be:

Resolved that a sum not exceeding \$834,933,100 be granted to Her Majesty on account of the 12 months ending March 31, 1992.

Mr. Shillington: — Mr. Minister, it is traditional on these procedures, that we get a copy of a statement of what it exactly is you're voting. What we have now is a motion, and I have heard the figures but have nothing in writing. I wondered, Mr. Minister, why you didn't observe the usual courtesy of giving us the statement of what was being voted in advance?

Mr. Chairman, I'm going to move we adjourn these proceedings for ten minutes to allow the minister time to organize himself. This is outrageous. We have no idea what we're doing.

Mr. Chairman: — Order. The member for Regina Centre has moved the Assembly adjourn.

Order. The motion is out of order because in committee the only thing you can do is move the committee rise and report progress.

Hon. Mr. Hepworth: — Mr. Speaker, this is your traditional interim supply Bill. It will provide interim supply of approximately two-twelfths, Mr. Speaker, and is in keeping with the tradition. It does reduce the amount for administration for departments and other than that it's your traditional two-twelfths, Mr. Chairman.

Mr. Shillington: — Mr. Minister, this is not . . .

Hon. Mr. Hepworth: — Mr. Chairman, I am advised that it hasn't been traditional to give an advance copy of the Bill. But we are prepared to do so and the Clerk has advised me that she will get those for us, Mr. Chairman.

Mr. Chairman: — Order. Order. Allow the member for Regina Centre to make his comments.

Mr. Shillington: — Mr. Minister, I assume the Clerk is going to be back in momentarily with the Bill. Because if there's any delay, we're going to move this committee rise and report progress and ask for leave to sit again.

Your comment, Mr. Minister, that it's not traditional is nonsense. It was always the tradition that we got a copy of the Bill ahead of time so we knew what we're dealing it. This is impossible to deal with, approximately \$93 million, and we've got to take their approximate word for it. We've always had the legislation ahead of time, Mr. Minister.

Mr. Chairman, I move this committee rise and report

progress and ask for leave to sit again.

Motion negatived.

Mr. Shillington: — Mr. Minister, have you seen this Bill beforehand? You would not appear to have.

Hon. Mr. Hepworth: — Yes, Mr. Chairman.

Mr. Shillington: — I tell you, Mr. Minister, that was an excellent disguise because you gave every appearance of never having seen the Bill, not knowing where it was. You give every appearance, Mr. Minister, of not knowing what you're doing.

Mr. Minister, I had occasion to complain last Friday when a switch was pulled by the Government House Leader on the Bills. I pointed out then, Mr. Minister, that if you run a House in such a fashion, it is not an efficient way to run a House. It takes a lot longer.

Mr. Minister, when you start these proceedings without giving us the legislation, I can only draw one of two conclusions. One of those conclusions is that you don't know what you're doing, nor do you know what the traditional procedure is. The other conclusion which one can safely draw, Mr. Minister, is that you're trying to horse us around. And if this is going to be a repeat of last Friday's events with you trying to horse us around, I'll tell you, Mr. Minister, this is no way to get the Queen's business done. It's going to take a lot longer if you continue to behave in such a fashion. Mr. Minister . . .

Mr. Chairman: — Order, order. I'd ask the member for . . . Order. I'd ask the member for Regina South and the member for Regina North East to please allow the member for Regina Centre to make his comments.

(1445)

Mr. Shillington: — Mr. Minister, this sort of a procedure simply is not going to work. We have no agenda; we have nothing in advance.

As I say, the most charitable assumption I can make is that you people are at sea, you're confused, you don't know what you're doing. The less charitable explanation is that you know what you're doing and that this is all intentional. And there's just two explanations available. This is not the way interim supply has been traditionally handled, Mr. Minister.

Mr. Minister, I want to put a question to you with respect to the February 20 budget and your budget by press release. Mr. Minister, I am informed the procedure you adopted is without precedent anywhere in Canada. It was never . . . never before, Mr. Minister, has a major tax increase been effected by a press release in advance of the sitting of a legislature.

It's patently clear what you were trying to do, Mr. Minister. You were announcing what you thought was the useful portion of the budget in advance of an election, and you never expected to be here. And so that the session was unexpected.

Mr. Minister, it's also apparent that you were unprepared for this legislature. The evidence continues to pile up. It's here today again. No one apparently has bothered to explain to you how interim supply is handled. You're not a neophyte, Mr. Minister; it is not your first session. You ought to know what the traditional courtesies are.

What has happened today, Mr. Minister, is just simply further evidence that you were not expecting a session, you weren't ready for it, you thought you were going to pull off a fast one, and indeed you would not have had to justify all this if you hadn't had the little problem with the courts.

Indeed, Mr. Minister, that's been the history . . . Again, Mr. Minister, that has been the history of your government — a little problem with the courts. You've had a little problem with the courts time and time and time again. And time and time and time again your government's legislative efforts, such as they are, have been derailed because you flouted the law. All I can say is that those who live in glass houses ought not to cast stones.

Mr. Minister, I want you to . . . The question I have is, Mr. Minister, are any of these votes more than two-twelfths? I gather you are voting two-twelfths of the supply. Are any of these votes greater than two-twelfths?

Hon. Mr. Hepworth: — Mr. Chairman, the hon. member made reference to the announcement in February relative to tax changes as well as other announcements for grants to our third parties particularly. And I've previously announced why we made those announcements in mid-February, to give business people time to gear up for the April 1 tax changes.

And secondly, our partners in education and hospitals, universities, nursing home boards, for some years have been asking for notice sooner rather than wait for the budget, to help them in their planning — their notice sooner of what their operating grants and grant increases would be, Mr. Speaker.

Other jurisdictions have made a practice of that for some time and we have joined them with this recent practice here this year. Ontario I think does it, Alberta, B.C., Manitoba, Mr. Chairman.

As well, I think it's worth noting that although it's not usual practice to announce tax changes other than at budget time, it is always usual practice even when they are announced at budget time that the legislation comes forward at some time down the road and in that legislative session the changes are made to the appropriate Bill.

The E&H Tax Amendment Act, for example, would be a classic example, tobacco tax, those kinds of things. And it's made retroactive to the effective date. And that will be the case again this time, Mr. Chairman.

As I said, that's not necessarily the usual practice to make announcements outside the legislature when it's sitting, but certainly has been a practice that has been followed in the past.

I mean the most notable example about tax changes, I suppose — I would argue, quite frankly, an abuse of the legislature at the time and the way it was done, which was quite different than what we did here in February — was the 1976 change when, eight days after the House shut down that year for Christmas, Mr. Chairman, the Finance minister at the time said, whoops, I forgot to mention, oh by the way there's a big increase coming in your income tax, Mr. Chairman. So as I say, it's not maybe usual practice, but certainly there is precedent for that. I think probably one can draw another example as relative to tobacco tax changes and those kinds of things too, Mr. Chairman.

The final point I would make is: I'm advised by the Clerk of the legislature that it isn't usual practice to provide advance copies of the appropriation interim spending Bill. We have done that this time to accede to the hon. member's request for the details in spending, or as I said earlier it provides for the two-twelfths, sufficient funding for May and June. Aside from this tradition, the Bill reduces the amount of administration for ourselves and departments.

I should point out also that over and above the two-twelfths, or the roughly two-twelfths, Mr. Chairman, extra moneys are provided in seasonal areas such as fire fighting and tree planting and areas where differences exist between the fiscal and calendar year. Example, school funding will have six-twelfths of their '91-92 funds with this interim supply.

I think there's also some other . . . I guess another point I could make is we haven't subtracted two-twelfths, at least for the most part I don't believe we have, two-twelfths in those areas which could have done with less or areas which received more than the one-twelfth in the special warrant.

So that's essentially what the interim supply is all about. But so there's no confusion, I have given the hon. member, as he wished, an advance copy, Mr. Chairman.

Mr. Shillington: — Mr. Minister, did you consider calling the legislature in February?

Hon. Mr. Hepworth: — Yes, obviously, Mr. Chairman, the legislature, I suppose, can be called at any time, for that matter. Historically, budgets have been brought down before the end of the fiscal year. That was the kind of time frame I was working on. Since last fall, we started putting this year's budget together. We had a number of pre-budget meetings again.

Obviously the government's decision was to . . . and partly predicated on the fact that many of those that depend particularly on . . . like our schools and hospitals for their budget numbers, at least the operating grants they were aware of in time. And that gave us some leeway. And hence the budget was introduced I suppose maybe a month later than is historically the case in this province, although once again, maybe not late by many other standards.

Ontario just brought their budget down — what is this? either this week, which I guess was the very end of April

-- later than ourselves. Quebec is bringing their budget down today; B.C. is yet to come with their budget. Other than that, all provinces in the last week or two or three have brought their budgets down. So I think we're still very much in that classic kind of time frame for delivering budgets, Mr. Chairman, and bringing back the House.

Mr. Shillington: — Mr. Minister, just for the record — and I don't want to pursue this endlessly — just for the record, it has been traditional that the Finance critic get these figures in advance. That's what I'm complaining about. It is of course not traditional to table this Bill until first reading is given. But it is traditional that the opposition Finance critic be given these figures in advance, and that's what I'm complaining about.

As I say, the most charitable assumption I could make is you don't know what you're doing. A less charitable assumption is that this was all intentional, because it makes the procedure much more difficult, and I tell you much, much more involved.

Mr. Minister, I want to make the point that your pre-budget consultations were a charade. Mr. Minister, nobody, nobody told you to harmonize the tax at 7 per cent. Nobody told you to increase the take on sales tax by \$181 million a year.

Mr. Minister, won't you agree that you've spent a lot of money on the pre-budget consultation and ignored the advice you got?

Hon. Mr. Hepworth: — On the contrary, Mr. Deputy Chairman. What I heard clearly, not only from the 14 or 15 public pre-budget meetings that I had in conjunction with my officials . . . which I might make mention of the fact, Mr. Deputy Chairman, this year, we probably had two to three to four times the number of people out that we had last year. So obviously the people do want to be involved in making some of the decisions that we face in the very many complex areas and challenges that we do face — many, many good suggestions. And I guess I would just thank again all of those who took part.

In addition to that there was probably, I don't know, maybe something in the order of 100 meetings that were held either by myself or by my officials, privately, with third parties; with departments, with other stakeholders in the budget process.

So a very exhaustive consultative effort went into this budget, Mr. Chairman. I think that makes sense given the magnitude of the challenge we face. The hon. member obviously is of the view that what's in this budget doesn't reflect what we heard.

I would argue, Mr. Chairman, that what we heard and what we heard in spades, what Consensus Saskatchewan picked up and said is our first and foremost priority is the debt and deficit, that we must get our heads around that.

I heard the same thing. We must deal with the debt and the deficit. Consensus Saskatchewan made that point very markedly, as a first priority they said. And so, Mr. Chairman, we are dealing with it in this budget as part of our six-point financial plan, Mr. Chairman.

Now there's no question if you ask people, do you want to pay more taxes — by itself that question in isolation — I mean who would say yes? Not very many people, Mr. Deputy Chairman.

But if you put it in the context of how we're going to deal with the challenge, preserve those things that we consider very, very important in Saskatchewan — our health system, our education system — and yet deal with the deficit, that led them, the people, and ourselves to the plan we put forth in the budget, where we have cut spending in the lower priority areas, done some streamlining, tightened our own belts, provided, yes, modest increases for health and education, and as well harmonized to make it simpler for the consumer to raise \$125 million so the deficit wouldn't rise up, and most importantly to make our businesses more competitive so we can have some wealth creation, Mr. Deputy Chairman.

And that's what we heard, and that's what we've done for the people with this budget, Mr. Chairman. It's a budget for the future. We'll not saddle our children with a legacy of debt and deficit. We're not into the free-spending ways of the opposition, Mr. Chairman, and their party.

(1500)

Mr. Shillington: — Mr. Minister, in the nine years that you've been in office you've made some absurd comments. But for this government to suggest that they're not into free-spending ways — I think was your phrase — is about as absurd as I've heard.

Mr. Minister, in the years you've been in office inflation has gone up by 40 . . . you can deny these statistics if you don't agree with them. The years you've been in office, inflation has gone up by 48 per cent but your revenue has gone up by 61 per cent. The problem is that your spending has gone up by 85 per cent. And therein lies the problem. You've exercised no control over expenditures.

Mr. Minister, I'd like you to . . . Mr. Minister, a solution to your budgetary problems would begin by admitting that you've got to tackle waste and mismanagement, and that is what the public ask of you. They want the deficit dealt with but they want the deficit dealt with by dealing with waste and mismanagement first. And that's what you haven't done. If there is a single issue which cuts across this province from Nipawin to Cadillac, from Meadow Lake to Oxbow, it is criticism of your waste and mismanagement.

Mr. Minister, you've done nothing to solve that problem beyond a few cosmetics. You have frozen MLAs' salaries. That's an important bit of cosmetics which we support but it's only cosmetics. It makes no significant contribution to dealing with the waste and mismanagement.

Mr. Minister, won't you admit that what the public wanted you to do was to control the deficit by running a more efficient government, not control the deficit by raising taxes through the roof.

Hon. Mr. Hepworth: — Well, Mr. Deputy Chairman, the

hon. member once again gives us the NDP double-speak. On the one hand, Mr. Chairman, he talks about our spending being out of control, I think were the words he used. And every year that I've been in this legislature, every year when our spending in health and education was going up at the rate of two and three times the rate of inflation — and if that's his definition of out of control, then I accept it — two and three times the rate of inflation, health and education spending were going up because they are priorities of this administration.

Health and education spending, they were getting the big and significant increases from this administration. New university buildings, a new technical institute college at SIAST (Saskatchewan Institute of Applied Science and Technology) in Prince Albert, new buildings at the U of R (University of Regina), a 50 per cent increase in enrolment in our universities in the last 10 years — that's the legacy of the spending of this administration for the last 10 years, Mr. Chairman.

And every year that I've been in this legislature that member and that member and that member and that member all said, spend more. There's cut-backs. We've heard it. We heard in this House every year they said, you're not spending enough. Cut-backs, cut-backs, cut-backs. That's what we heard from those people.

And I'll tell you what, Mr. Deputy Chairman, given a chance, given a chance to control the levers of power, we saw the NDP ways confirmed again this week in Ontario. Given the levers of power, everybody saw what the NDP do, Mr. Chairman, when they are in power. Spend, spend, spend.

When every administration across the country is trying to maintain the spending priorities in health and education, and control the debt and deficit, get these interest rates down, Mr. Chairman, the NDP take the other approach, Mr. Chairman, and try to spend their way out of a recession, Mr. Chairman.

Double-talk, that's what we get from the NDP. Double-talk, Mr. Chairman. That's what we get. They say our spending is out of control, that we spent too much in health and education. But every year that I've been here, the mouthpieces of the NDP said, spend more, your cut-backs . . . and they would even go farther.

In fact one of the members of our caucus here detailed last year. In 30 days while we sat here and debated estimates, not only did they want to spend the four and a half billion dollars roughly that we asked this legislature to appropriate, they spent another billion dollars.

The deficit in the province last year, had the NDP been in, Mr. Chairman, would have been 1.3 to \$1.4 billion, Mr. Chairman. That's their approach to fiscal responsibility, Mr. Chairman. I mean, if you can carry a placard and a picket and knock on the NDP's door, they will send the cheque, Mr. Chairman. That is their approach. That is their approach and we saw it in spades this week, Mr. Deputy Chairman.

And then, how do they try and deflect the criticism? How

do they try and deflect the issues when not just members on this side of the legislature come at them and ask them what's their plan, but when the media come to them and ask them what's their plan? Well they trot out this now famous old saw of waste and mismanagement. And I'll be the first to agree, Mr. Deputy Chairman, that we do have to tighten our belts, make sure our managers are providing us with the most prudent spending possible, Mr. Chairman. And yes, that's a constant, ongoing challenge and one that our administrators accept, Mr. Deputy Chairman, and, I would argue, have done a good job.

In the last four or five years we've kept the government payroll level. In ten years, I think, or maybe nine years we've reduced the size of the civil service by nearly 20 per cent. And at the same time we've made sure those important, essential areas of health and education, agriculture are protected, Mr. Chairman. An enviable record: 20 per cent decrease the size of the civil service, kept the payroll static, Mr. Chairman. We're tightening our belts as you well know, Mr. Deputy Chairman, no salary increases there.

And I know, I know the president of the SFL (Saskatchewan Federation of Labour) and the hon. member, when we announced these belt-tightening measures, streamlining government, department amalgamations, I know that the union hall alliance — the president of the SFL and the NDP opposition Finance critic — they described this as nickels and dimes, as mere cosmetics.

Well I'll tell you, Mr. Deputy Chairman. I'll tell you I consider every dollar that we saved by tightening our belts and controlling government spending an important taxpayers' dollar. And I'll tell you, you will never find this administration, these members, describing like the opposition Finance critic did or the SFL president that this is some cosmetic or nickels and dimes exercise because, Mr. Chairman, \$50 million, which was the sum total of one announcement, is not nickels and dimes in this taxpayer's book or in any other taxpayer's books.

But that's the kind of approach and rhetoric you get from the opposition, Mr. Chairman. No plan, these old saws, no details, Mr. Chairman. Work and funding — in reality we're making the tough decisions. We're making sure that we preserve those things that are important to Saskatchewan — our health, our education — that we stabilize our rural economy. Yes difficult decisions, Mr. Chairman, but we've turned the corner, and we've turned it in a fair and reasonable way, Mr. Chairman.

Mr. Lautermilch: — Thank you very much, Mr. Chairman. First of all I want to bring the Finance minister back to a little reality, and I want to remind him where he is.

He's sitting in the same legislature in the same city of Regina where his government has been running away with expenditures, where they have delivered now 10 consecutive massive deficit budgets. Mr. Minister, let's get real. Understand where you are and understand that the people of this province know exactly what your record is, and you're fooling no one.

I want to talk with you, Mr. Minister, with respect to this interim supply Bill and the fact that, in this budget, you've introduced the most massive tax grab that has ever been perpetrated on the people of this province. And I want to ask you some specific questions with respect to the provincial goods and services tax that you've now compounded on to the backs of the business community in Saskatchewan. And I'd like to know, Mr. Minister, what kind of analysis that you have done.

I look in the document that you put out with respect to the impact on the economy of this goods and services tax. You've singled out the clothing and the restaurant industries as being two industries that will have some severe negative impacts on, but you've neglected, sir, to mention the fact that the tourism industry is also going to suffer, and in fact the whole of the retail sector is going to suffer under this tax.

I'd like to know specifically, Mr. Minister, if you've done a breakdown in terms of the different areas of our province, the effects of the southern part of the province with cross-border shopping. And if you've done this analysis, which surely you must have now that you've introduced this massive tax grab, I would like to know, sir, if you'd be willing to share with us the forecasts as to what these communities can expect if they're unfortunate enough to have this Bill passed in the legislature and have you introduce this unfair tax.

Hon. Mr. Hepworth: — Mr. Chairman, relative to our forecasts, practice has not been to release them. Having said that, the hon. members have already read into the record some parts of the economic forecast that was prepared for cabinet by the economic and fiscal policy branch of Saskatchewan Finance that was done up to the end of last year, forecasting into the years '91 and '92.

Some people would argue that this cabal across the way — some people would argue; I'm not saying I do, Mr. Deputy Chairman — but some argue that they tried to mislead the legislature, and hence the public of Saskatchewan. Because what they did when they read the numbers from the forecast into this legislature, they refused to read — deliberately I would argue, Mr. Chairman — one important line. And I read into the record the real growth from the executive summary: per cent change for 1990, 4.4; 1991, minus 0.5; 1992, negative 0.3.

Now anybody who was wanting to really provide the legislators with an open and honest accounting, Mr. Deputy Chairman, of what this forecast really said and what the upcoming year and years maybe held for us would have, unless they had some ulterior motives, would have read the line at the bottom of that same executive summary page, Mr. Chairman.

And what did it say? Note in big, bold, black type so it wouldn't be missed. It's not as though it's something, a footnote, you could somehow miss. It was put in big, black, bold type, Mr. Deputy Chairman. And it said, "Note: This forecast does not include the farm safety net programs nor recent fiscal measures." Note. That's what it said, Mr. Deputy Chairman.

It does not include . . . the numbers are not factored in in other words. After the impact of GRIP, NISA, the third line of defence, the cash advance, Mr. Deputy Chairman, the fiscal changes, the improved business competitiveness and economic expansion that comes with harmonization, that's what that note said. Those are not factored in.

But did the opposition, did they say that? Did they tell the public and this legislature that when they raised this, Mr. Deputy Chairman? No they did not. Why? Because you couldn't see it? Well it's in bold print, Mr. Chairman, on the executive summary page so nobody would miss it. In fact it went with the covering memo.

Now what conclusion can you lead to? That these people aren't interested in open government, Mr. Deputy Chairman, they are interested in distorting the facts for their own political interests, Mr. Chairman. That's what they're interested in. And I'll tell you there should've been an apology from the hon. members across there for this kind of performance. If you were a party of principle, you would have apologized, Mr. Deputy Chairman. That's what I say because they tried to very much . . . I know I have to pick my words here, Mr. Deputy Chairman. But what conclusion can you draw when they leave out the very key line?

And that's what this budget is all about. That's what this budget is all about — stabilizing and revitalizing rural Saskatchewan, making our businesses more competitive and creating a bigger economic pie, Mr. Deputy Chairman. That's what it's all about. Well will our policies work? is the question. And the answer is yes. Yes, Mr. Chairman.

(1515)

Now I'm not so naive as to suggest that government intervention by itself is the be-all and the end-all. Certainly that is not the case. I know the effect of rains. I know the effect of resource prices. And we've just tried to factor in level and sort of average and stable production numbers there, Mr. Deputy Chairman. And so I know forecasts are exactly that — forecasts.

But when you revise the numbers based on these programs, what do you come up with? Well what you come up with is an improved forecast, Mr. Chairman. And as I've said in this legislature before and I repeat again, I think we saw it corroborated today, or yesterday, by the Conference Board of Canada. What they say is yes, 1991, as we come off our record year of 1990, will continue to be a flat to slightly negative year; but in 1992 we forecast a 2.2 per cent increase in real growth. I think the Conference Board was something in the area of 2.9, if memory serves me correctly.

And that's from a previously, as the hon. members have read into this legislature, forecast of flat growth for '92, minus 0.3. So the Conference Board says yes, we expect growth in '92. Our own forecasts after we factor in the changes also give us an increase in real growth, Mr. Chairman.

So I challenge the hon. member, I challenge him. Next time he wants to read so-called leaked documents that we distribute to every department and . . . secret documents, I mean give me a break, what document that cabinet deals with isn't the case?

Well you've got the forecast. You've already read from it. You just failed to be open and straightforward with the people, and read the entire page. Maybe we've got to put more funding in literacy after all, Mr. Chairman.

Mr. Lautermilch: — Well, Mr. Chairman, I have some more questions to the minister, now that he's got a chance to sit in his seat and calm down from his ranting and raving.

Mr. Chairman, I asked if he had any studies in some very specific areas, which clearly the minister either refuses to share with us or doesn't have. And I'm going to repeat the ones that I asked specifically with respect to tourism, what the impact of this tax will be; in the area of retail sales, and specifically I asked about the clothing industry and the restaurant industry. But the minister chose to go on a rant and a rampage.

And I want to say to you as well, Mr. Minister, when you're coming back with a response to those specific areas, maybe you would want to table an impact study with respect to cross-border shopping that's been happening and that is going to increase with increased taxation in this province. When members of your own caucus are going down to Minot — the member from Regina South has to go down to Minot because apparently he finds shopping down there cheaper and when he finds golfing down in Minot cheaper — and when the Premier's own wife goes down on shopping excursions surely, sir, you should have done some kind of a study as to what the impact of this increased taxation would be.

You supported the federal goods and service tax and that wasn't enough for you. Now you introduce another tax grab. And I want to know if you're willing to table studies in those specific areas, if you did any, or do you just fly by the seat of your pants like you've done for the last 10 years?

Hon. Mr. Hepworth: — No, Mr. Chairman. In fact when we announced the harmonization, we tabled at that time this document entitled *Reform of Saskatchewan's Provincial Sales Tax*. Now that was two months ago, roughly, Mr. Chairman, and the hon. member wants to know what the impact was, for example, on some sectors, Mr. Chairman.

Well as it turns out, it's in there, Mr. Chairman. And what does it say? And what does it say, Mr. Chairman? In the primary sectors of mining and agriculture, a 2.8 per cent increase in real gross domestic product, Mr. Chairman, because of harmonization. And what does it say about construction: 1.7 per cent increase; and the transportation utilities sector, 2.8; and the service sector, 1.7; overall, 1.6.

And yes, it acknowledges, as have I many times, that the food and beverage — that very important part of the

tourism sector — through those transitional years does not experience rapid growth, something in the order of 0.2 per cent, Mr. Deputy Chairman. But if the hon. member didn't read it, I will send him over this copy, Mr. Chairman, if I could get a page, please.

Mr. Lautermilch: — Thank you, Mr. Chairman. Mr. Minister, I wasn't asking you for a graph that you may have pencilled in one of your weak moments sitting at your desk. I'm asking you for an in-depth analysis as to what the effects are going to be with the loss of disposable income in this province, with this increased tax. I'm asking you for a forecast of the number of bankruptcies in the hotels industry. I'm asking you for a forecast of the numbers of restaurants that are going to be closed. I'm asking you for a forecast of the numbers of retail clothiers that are going to be closed. Those are the things we're asking you for. And I say to you, Mr. Minister, if you haven't done those studies, you've got no business imposing this tax.

Mr. Chairman: — Why is the member on his feet?

Mr. Toth: — Mr. Chairman, I beg leave to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Toth: — Mr. Chairman, allow me to introduce to you and to the members of this Assembly some 16 students, grade 6 students in the west gallery from Redvers. They have joined us this afternoon. They actually had planned to be here for question period. However, the film at the IMAX Theatre I guess gave them a few problems but they certainly enjoyed the show. They are joined here today by their teacher Diane Dubé and I welcome them to Regina. I trust they'll have a good trip as they travel home and enjoy the sites as they see them today.

I ask the members to join me in welcoming the students and teacher from Redvers.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Motions for Interim Supply (continued)

Hon. Mr. Hepworth: — The personal disposable income, Mr. Chairman, is anticipated to rise in '91 by 2.2 per cent and in 1992 by 3.8 per cent, Mr. Deputy Chairman.

Mr. Anguish: — Mr. Chairman, I noticed the minister during question period saying what a great boon this is going to be for Saskatchewan business. And I take it that you're saying it's going to be a great boon for Saskatchewan business because of the input tax credit that they're going to receive.

Now, Mr. Minister, can you tell us just briefly how the input tax credit works for the Saskatchewan businesses that are supposed to prosper under the new tax.

Hon. Mr. Hepworth: — Mr. Chairman, a question that

we have had from many, many business people as well. The model is essentially the same as under the GST, or at least it will be, because this does not come into effect until January 1, '92.

And to help answer that question from this hon. member as well many, many people in Saskatchewan, we have put out a book that talks about sales tax harmonization for business: "Why harmonize: the two-stage harmonization" his specific question; how the tax works. This was put out shortly after the February 20 statement, Mr. Chairman. And once again I'll be happy to send this copy over to the hon. member.

Not only does it talk about how it works, but also provides them with some examples. I think that's important, because my sense is that most of the hon. members in the opposition really don't understand how this does increase the competitiveness of the Saskatchewan business places by . . . And the essential feature is it eliminates the sales tax that they pay today on all their inputs.

That's an important point, Mr. Chairman, because most people, I think, don't realize that it isn't consumers like the hon. member and I who pay the majority of sales tax in this province. I mean we all think we pay quite a bit, but the reality is about 60 per cent of all the sales tax that's paid in this province is paid by business.

And when they have to pay that sales tax, then they have to reflect the tax on the things when they sell it to us, whether they sell the goods and services to us. Whether you buy a computer or a truck or whatever the issue is, Mr. Chairman, the price ultimately has to reflect the tax that was in there in the various stages as it led to production of that good, Mr. Chairman.

So once again I'll be happy to send over this relatively detailed, albeit summary version of how the tax works, Mr. Chairman.

Mr. Anguish: — Mr. Minister, your argument is faulty when it comes to the restaurant industry in Saskatchewan. And to begin, with I don't know how increasing the price of meals is making the restaurant industry in Saskatchewan more competitive — when you increase the cost of meals within three months by 14 per cent and it's all tax.

Mr. Minister, what do you project that the restaurant industry will get back in terms of their input tax credits on a provincial basis?

Hon. Mr. Hepworth: — I think the easiest way to provide the hon. member with an example of the kinds of impact this will have on restaurants I think — which was the question you asked, was restaurants — if he turns to, I think it's the third or fourth page — page 13 of the book I handed over to him, Mr. Chairman, it gives you a typical example of what this means for a restaurateur.

And what it talks about is an industrial oven that today if they went out and bought it cost \$10,000, they'd pay \$700 in sales tax, they will get that back under full harmonization. Chairs and tables and plates and utensils

and napkins that they have to buy on a daily basis as part of their ongoing costs of operation, once again they get the 7 per cent back. An example used here: \$10,000 in costs there, once again \$700; utilities, \$3,000, saving of \$210; office supplies and office computer, and the list goes on and on, Mr. Chairman.

Now having said all of that, as I have said many times in this legislature and as the graph shows, the chart shows, the analysis shows, the food and beverage sector, there's no question it does have potentially at least a consumer impact. They are faced with having to collect two taxes. They are having to collect two taxes within the period of three or four months, Mr. Chairman.

Now this is a new phenomenon for Saskatchewan restaurateurs, no question. But in every other province except Alberta which has no sales tax, and B.C. which recently took the tax off restaurant meals, every other province with those two exceptions, does have a tax on restaurant meals, Mr. Chairman.

The difference here of course is that we have a tax . . . now they're collecting two taxes within the space of three or four months of one another and so there may well be some consumer impact. You also get the substitution phenomena. I think we have yet to see that.

But I'm not trying to suggest that it is a bed of roses for our restaurateurs, Mr. Chairman, and I have never tried to suggest that that's the case. And in fact our analysis shows that of all the areas that experience growth, that growth in that sector — the food and beverage sector — is the lowest at 0.2 per cent under full harmonization.

I would never try and suggest otherwise. I'm not saying it isn't difficult and challenging in this first year. But I want to give you that to provide some context, Mr. Deputy Chairman, with which the hon. members can ask their questions.

Mr. Anguish: — Let's talk about context. The minister's obviously just made it painfully aware to the restaurant and hospitality people across Saskatchewan, you do not understand the industry and the devastation this tax has on it.

Some Hon. Members: Hear, hear!

(1530)

Mr. Anguish: — Mr. Minister, I say that you do not understand the industry because the examples you give in this book that you just handed over to me are all capital costs into the restaurant industry.

Most restaurants that are operating in Saskatchewan, once they're up and going, the capital costs are almost, almost meaningless to them. The biggest input cost, the biggest input cost, Mr. Minister, into a going restaurant is the cost of food. There is no tax on food. They didn't pay a tax on food before that they bought as an input cost, they don't pay tax on the food now that they put in as an input cost; therefore, they cannot claim back a tax credit on that food.

Mr. Minister, where they do have to collect the tax from their customers is as soon as they pass that meal across the counter to the customer, the customer has to pay 14 per cent more than they had to pay three months ago. There are many restaurants in Saskatchewan today, Mr. Minister, where they used to have money in their operating accounts. Now they have another account. There's no money left in the operating account, there's usually an overdraft in the operating account, and the only account they have money in is their tax account they have to send in to you.

It's obvious you don't understand the restaurant industry, Mr. Minister. The examples you give here are not valid examples. There wouldn't be a restaurant owner or a restaurant manager in Saskatchewan that would take any consolation from reading what you have as examples of tax savings in this book, because they have to buy their food which they didn't pay tax on, they don't pay tax on, and likely will never have to pay tax on, Mr. Minister.

But they have to collect the tax from the consumer, which has a couple of effects. One is that they have this growing fund that they have to remit to you — extra work, extra bookkeeping, and less revenue for the restaurant business because their consumers, their customers have less money to pay. They're cutting back. When people used to come in and order a full course meal, they now settle for soup and sandwich at lunch time. Because of you, the soup and sandwich government is what you'll become known as over this particular tax, Mr. Minister.

It's a cruel and unusual punishment on that industry which, I think, it has the biggest impact on. And when you talk about positive growth being the smallest, you'll find very soon in Saskatchewan when your statistics are collected, there will be negative growth in the restaurant industry because you're driving them out of business, Mr. Minister.

And it also has a heavy effect on the people in the book business, the people in the clothing business.

But, Mr. Minister, you have devastated the industry and I've seen nothing that you've told me this afternoon that shows that you understand the restaurant industry or the devastating impact that your support of the federal goods and services tax had on restaurants. And you certainly don't understand that impact because you've come along three months after that and then by press release asked restaurant people to impose yet another 7 per cent tax on their customers — 14 per cent tax on the customers to restaurants in a period of three months, Mr. Minister. That is cruel; it is unusual. And I think you will find that many restaurant businesses in Saskatchewan will not remit that tax to the government until that tax becomes law.

If you have information, if you've got studies that have been done to show what I say is contrary, Mr. Minister, table them now in this legislature so we can show the people of Saskatchewan the impact of this tax.

Hon. Mr. Hepworth: — Well, Mr. Deputy Chairman, I can only repeat that we recognize, as the hon. member has pointed out, that they are faced with collecting within three to four months of each other, two taxes that they

haven't previously had to collect; that the consumer is going to see . . . face those two 7 per cent taxes.

Other provinces, as I said earlier, have had those taxes in. Some have had exemptions under \$2 or \$3 for those kinds of lower-priced meals, Mr. Chairman. But virtually every other province has had a tax on food for some long time.

I have always said — I've repeated today — that we recognize that's a particular challenge for that industry. I think with the substitution phenomena you get in this economy, some probably are doing very well, thank you. Others, even with the economy the way it was, were doing less than they would have wished, Mr. Chairman.

And what I have put to them, knowing full well it's difficult, if we had not acted, if we had not got the \$1.3 billion farm payment triggered into this economy over this next year, 15 months, I said to them as restaurateurs, what would the landscape of Saskatchewan look? How many more restaurants would close down? How many more jobs would be lost if we didn't take this action, Mr. Chairman?

And that's what's at stake here. We put the \$1.3 billion into this economy to help everyone including the restaurateurs. The harmonization, yes. The analysis which I sent across shows a modest increase of .2 per cent under harmonization, but it is an increase, Mr. Chairman. I recognize it's more modest.

Why doesn't the hon. member — and they haven't done this throughout the entire debate — ask us about the impact on agriculture and mining, the oil industry around his area, Mr. Chairman, the forestry industry around Prince Albert? I challenge the hon. member to ask us about the forestry industry around Prince Albert, the oil industry around North Battleford, about the impact on Ipsco and the upgrader here in Regina. I ask him to ask us about the impact on those areas.

And it's just as detailed in those books and bulletins that I sent over to the them, Mr. Chairman. And they're afraid to hear the good news about 5,000 jobs under harmonization, about \$325 million of growth in the economy.

And I'll tell you why, Mr. Chairman, I'll tell you why: because what we're seeing is classic NDP politics, classic politics. You see the NDP, when it comes to business and its policies as it relates to business . . . the NDP leader called together at a \$125-a-plate dinner business people from all across Regina and Saskatchewan, I guess. A thousand people turned out.

And he announced to the world that we are the new improved brand of socialists. We recognize that we can't just concentrate on wealth distribution; we can't just concentrate on wealth distribution. Us socialists have become very good at wealth distribution, but he told the business audience, he told the business . . . Am I hitting a nerve, Mr. Chairman?

He said, Mr. Chairman, that we've been very good at wealth distribution but we've got to change our ways and focus more on how we create wealth. And that made

sense when you're talking to the business community, the wealth creators, the small-business people all across this province. He said we've got to turn our attention to putting in place wealth creation policies.

What he was really talking about . . . and some commentators made the observation that, you know, he's talking about the kinds of things our Premier has been talking about: diversification, how we diversify, those kinds of things, Mr. Chairman.

He was then faced . . . he said we're the new improved socialists. We are changed. He tried to convince those thousand business people that a leopard doesn't have spots.

And then they had their first chance, when we announced harmonization, Mr. Chairman, they had their first chance to back up business and show that they really were different, that they could put politics aside, Mr. Chairman, and make, yes, not necessarily a popular decision, but a right decision when it comes to the economy and the business economy of this province, Mr. Chairman, and harmonize.

Now we can debate whether we should drop the rate from seven to five — a legitimate debate — but on the question simply of harmonizing there is no debate. And the Finance critic himself knows it. He knows it. He has said it in this legislature and he knows it in his heart because he does have a small smidgen of business sense. He knows that harmonization is fundamentally the right thing to do, Mr. Chairman, because it makes businesses competitive by reducing their operating costs, and it also makes it simpler for the business community.

Now they had just an excellent chance for once to put politics aside and say, yes, we agree, harmonization should go forward. We don't agree with the rate — I would accept that — but harmonization should go forward because it's good for business, it will create jobs, it will expand our economy. The new improved socialists, who just a month or two ago had said we are different, we know we have to help create wealth, had this golden opportunity to set politics aside, be people of principle, be a party of principle. But did they, Mr. Chairman? No.

They went back to their old ways, checked which way the wind was blowing, what are the polls saying about harmonization and taxes, Mr. Chairman. They checked which way the wind was blowing and they abandoned principles, they abandoned the business community, and said no to harmonization. At least I think that what they've said is no harmonization, Mr. Chairman. Some days it's hard to tell; hard to tell because when we weren't in the heat of an election two years ago roughly in this legislature, the Finance critic, who today is asking questions, said, if there is going to be one tax, Mr. Chairman, if there is going to be a GST, let there be one tax.

Now I say if I am quoting him improperly, I say let the Finance critic stand up and deny he said that. He said, Mr. Chairman, on page 1907 of *Hansard*, June 14, 1989:

... if we must have a federal sales tax, then we should have one sales tax in this country and not two. That's the point I was making, Mr. Minister.

Now maybe he had a slip of the tongue and made a mistake. Maybe he had a mistake. Maybe he made a ... in the heat of debate, maybe he made a mistake. But if you check further, 2 minutes — not even — 30 seconds later he said again:

But if we must have two taxes, if we must have a federal sales tax, then we should have one sales tax in the country, not two. And that's the point I was making.

That's what he said, Mr. Chairman. That's what he said. We should harmonize. And he said it because he knows in his heart of hearts that once the GST is a reality, it is more competitive for a business, and it is simpler for the business person and the consumer to harmonize the two taxes. He knows in his heart of hearts if it was a party of principle like it was under Tommy Douglas, Mr. Chairman, they would have harmonized, Mr. Chairman.

But not these guys. The leopard has not changed its spots. So they've checked which way the wind was blowing and abandoned it.

Now the hon. member actually was still sticking to this line. The hon. member actually didn't let this go, Mr. Chairman. He said this in June. And to his credit, as recently as last fall when the expert committee that studied harmonization ... made up of people from the farm community, the chamber of commerce, the IBEW (International Brotherhood of Electrical Workers) and consumers association, chartered accountants — you name it, Mr. Chairman, a broad-based committee. I can read the names into the record here if you wish later on.

When they reported, and they said you should harmonize, they made many recommendations about how we handle discounts and coupons and rebates, side by side versus tax on tax. But they said you should harmonize if we're going to have a federal sales tax because it would be simpler and it would be more competitive for us. They made that recommendation. An expert committee said to this government, an expert committee said ... and one of their recommendations is we should harmonize. The fuller the harmonization the better. That's what they said, Mr. Chairman.

Now to his credit, at the time, the New Democrats put out a press release. Now did they say, don't accept the committee's recommendations? Don't harmonize? No.

The press release put out by the New Democrats at the time, Mr. Chairman, and I can quote from it, October 3, 1990:

The government's own committee on this matter said the fairest and most sensible way to proceed would be to harmonize the two sales tax by broadening the base and lowering the rate (which I accept). But the government is not prepared to make even that commitment to Saskatchewan people.

So here he was, in their press release, saying get on with it. Get on with the committee's recommendation to harmonize and yes, reduce the rate.

Now I openly admit we did not reduce the rate. We can debate that. But in the fall of last year he was saying, the opposition leader was saying — I think it was the opposition leader's press release, in fact — saying we should get on with the committee recommendations. Yes, yes, Mr. Chairman, it was the opposition leader who was saying that.

So he was backing up ... at this time, October 1990, the opposition leader was still backing up his Finance critic. And I'll give the guy credit. He fought for this. He kept fighting ... I mean, to some of these guys in the back-bench the word "business" is a four-letter word, and not a very kind one.

But the Finance critic said, I'm hanging in there because I know in my heart of hearts — some of these other socialists here can't understand this, but I know it — this is the right thing to do. I'm telling you — can't you just see the conversation in the back room — I'm telling you, Roy, he's saying, I'm telling you, Roy, it's the right thing to do. We've got to hang in there. We can show the business community that we really mean business for a change.

Well that was going pretty good. First of all, we'd had a clear position: harmonize. And they were able to keep on the harmonization agenda and remain politically intact over there without having a caucus split, by saying, harmonize but drop the rate. You see. So everything was still going pretty good in October.

(1545)

Well after that it started getting a little tougher. The polls were showing something different and it was heating up and, oh boy, we're getting close to an election. And then they'd check in the wind to see how it was blowing, eh. So then it got a little tougher, eh. When they started to go to the opposition leader and the Finance critic, sometimes on the same day, they'd get different answers, Mr. Chairman. You know, the opposition leader said, well I didn't say that. No, I didn't answer that. Well what is your position? Well I'm avoiding or I'm evading it or I really don't have one. You see, it was getting a little more difficult.

And finally I think it was one of the people in the media picked this up and there was a story come out that was ... talked about that the fact that the NDP brass aren't harmonized on their position as it relates to the sales tax harmonization, Mr. Chairman. And they were starting to fall apart, literally, as it relates to their position on harmonization.

But then he was pressed a little harder and said, but if these guys go ahead with it, particularly this Bill, the E&H sales tax Bill, and they're determined to do it — maybe for all the right reasons, I would argue, Mr. Chairman — what will you do? This is the question they put to them. What will you do? Will you repeal it? Well I'm not saying. Well will you repeal it or won't you repeal it? Well I'm not

saying I will. Well are you saying you won't? Well I'm not saying that either.

You see why the flip-flop and the hesitancy and the contradictions, Mr. Chairman, is they know in their heart of hearts that this is the proper move for the business community of this province. That's what they know, Mr. Chairman.

But they said, well if you repeal it and you don't like this tax and you don't want the deficit to go up some more, they put it to the opposition leader . . . They put it to the opposition leader, if you don't like this tax, okay, you don't like this tax and you don't want the deficit to go up by \$125 million, well what will you do for revenues?

Well we'll look at other areas. We'll look at other areas of revenues, he said, Mr. Chairman. That's exactly what he said: we'll look at other areas of revenues. Well what does that mean? Well what that means . . . I'll spell out the details for this legislature because what are the other forms of revenue, Mr. Chairman?

Well what he's saying is we could put up the provincial income tax. We could put up the provincial income tax. Or we could put up the fuel tax some more. Or — this is an NDP favourite, Mr. Chairman — we'll slap on a payroll tax. That's probably what they've got in mind. They clearly said, we'd look to other sources of revenue, Mr. Chairman.

The point is, Mr. Chairman, the point is . . . And I suspect if they wanted another study about harmonization and the GST or at least the impact of GST on business, there's one in the library that was done by the Conference Board of Canada, at the Legislative Library here that was done by the Conference Board of Canada for Finance ministers all across this country.

The bottom line, Mr. Chairman: the NDP have a golden opportunity for once to stand up for business and the several hundred thousand people who work for business in this province and get behind them. Stand behind a change, the likes of which we haven't seen, making our businesses competitive, the likes of which we maybe have not seen in the history of this province. For once they could abandon their old socialist dogma and stand behind business, expanding business, adding more jobs, stimulating the economy with this very powerful \$260 million saving to business.

They had a choice. Abandon their old socialist dogma, come forward, and be this so-called modern socialist. They had a choice, and they reneged on the business. They forsaked the business community, and they said we got to go against it.

That is a sad comment. I thought, Mr. Chairman, we were all here for the good of the entire public. And in the macroeconomic analysis, as difficult as making tax changes are — and I recognize that — as difficult as it is for some sectors, this is a move, Mr. Chairman, that will create jobs, that will expand this economy. It's a fundamental change. It will position us, I would argue, ahead of some other provinces.

You talked about cross-border competitiveness. They talked about cross-border competitiveness. Ask the oil companies in and around North Battleford. I challenge the hon. member, the man who tells the chamber of commerce in North Battleford, I'll be a cabinet minister after the next election. Talk about ego, okay. Talk about ego.

I challenge him. Go and ask the chamber of commerce people what they think of harmonization. Are they not happy that for the first time, when somebody in the oil business goes looking for a new rig or a new truck or half tons, which they buy lots of, and three-quarter tons and four-wheel drives, won't they now have an opportunity after January '92, finally they're on a level playing field.

They would go to Alberta — no sales tax. Buy it in North Battleford — 7 per cent sales tax. Guess where they bought it? Now those North Battleford merchants and the business people in the oil business who will buy trucks from those merchants are on an even keel because the business person will get the sales tax back. It has the effect of no sales tax on his input costs. Lloydminster. All up and down that Alberta-Saskatchewan border, for the first time in their history, they're on a level playing field.

Now what about the Manitoba-Saskatchewan border? I'll tell you what. I think if you were to go and talk to a few of the people — including politicians, I would argue, Mr. Chairman — in Manitoba, they're a little bit worried about this progressive tax reform in Saskatchewan because guess what? Come January 1, '92, businesses in Saskatchewan will get their sales tax back, but a business across the road in Manitoba will still pay sales tax. Now I'll bet you we'll have some business people from Manitoba starting to shop in Saskatchewan to a larger degree. That may well happen. And the Alberta . . . the Saskatchewan-U.S. border, once again we're put in a more competitive position.

So you can analyse this every which way you want, Mr. Chairman. Yes, difficult changes. Yes, major tax reform. But, Mr. Chairman, if the test is, does it make our businesses more competitive; does it help stabilize and revitalize our economy; does it create jobs, Mr. Chairman; does it mean potentially savings being able to pass on to consumers; does it mean better jobs for people that are out there; does it mean more jobs for people out there, if those are the tests — and is it fair; I could get into that, about what we've done for the lower income and the modest income person — if the test is those questions, the answer in every instance, Mr. Chairman, is yes, yes, yes. These people, with no economic plan, went back to their old ways. The bottom line is, Mr. Chairman, a leopard does not change its spots.

Some Hon. Members: Hear, hear!

Mr. Anguish: — Well the restaurants in my constituency, Mr. Minister, will certainly be interested when I send out this copy of *Hansard* to them in which I asked you a very simple question about tabling the economic impact analysis of this tax. And I think they'd be interested in your answer, that it bears little or no relevance to it.

And I'll talk about this book in a moment, but I'd like to

know, Mr. Minister, for those businesses that are not remitting the new tax until it becomes law, what type of penalties and legal action are you considering taking against those businesses?

Hon. Mr. Hepworth: — Mr. Chairman, the process relative to these sales tax changes, the April 1 changes, which are just the base-broadening — the more massive changes come at January 1, '92 — are the same as they've been in any other year when we've added to the sales tax base. They're the same as when you change the tobacco tax effective midnight some night, usually budget night, and that is that the legislation, as it has always been, will be made retroactive. The legislation provides for penalties and those kinds of things. Those are in the legislation. So the process is the same as it's always been, Mr. Chairman.

Mr. Anguish: — Well there's no assurance that you'll ever pass this Bill, Mr. Minister. You've played a very cruel hoax on people in the province of Saskatchewan, especially businesses.

Have you consulted with the Department of Justice to determine that you can punish someone retroactively for something that they did not break a law because a law did not exist at the time? What does the Department of Justice, Mr. Minister, say about passing retroactive penalty on people?

Hon. Mr. Hepworth: — Mr. Chairman, the commentary that Justice would have is the same as they would have had last year or the year before or the year before or the year before or the year before when tax changes were made in this legislature and the Bill wasn't passed until a month or two or three or four months into the legislative calendar, Mr. Chairman. Nothing has changed there.

The other point I want to make, Mr. Chairman, is this. If the hon. member is so hung up about when the tax changes were made and the legislation and all the rest of it, I ask him this question: why, when on January 1 when we made one other very major tax change in this province, why didn't he raise that question and the authority and the legitimacy to make that change?

And what I'm talking about, Mr. Chairman, is the decision to go contrary to the law today, which says the provincial sales tax shall be the last tax on; in other words, if it's a GST, we go on top of it. Instead we decided, with the committee's recommendations, to go side by side. Now that takes legislation. That's effective January 1.

Why aren't you asking me why did we "break the law," so to speak, making that change outside the legislature? Why isn't he asking me, what is the penalty, if you like, for giving consumers a break?

Maybe we should be going out there in all the businesses, because the law isn't changed yet, that are charging tax on the side as opposed to on top, then . . . I mean if that's the argument he wants to advance, where was he in January, Mr. Chairman? Where was he in January? If this is such an important issue, where was he in January?

I'll tell you why he never raised it, because it's once again

straight politics. He's no more interested in responsible government than I am in flying to the moon, because there's no good politics in arguing, don't make a tax change that benefits the consumer. And that's what that decision did to go side by side.

I challenge the hon. member to explain to this legislature either it's nothing more than politics or he isn't a person . . . that isn't a party of principle, Mr. Chairman, because the reality is why wasn't — explain to the House — why he wasn't raising the issue of side by side versus tax on tax in January. Why wasn't he? Let's hear the answer.

Mr. Anguish: — Very simply because there was no forum to raise it. You wouldn't call the legislature in. You imposed unfair taxes on people, but you won't call the legislature in for the forum to do that. That's the very simple answer to it. And the other place where I was in January when you're asking why that wasn't being raised, it was being raised in the constituency of The Battlefords. I raised that with many people who were inquiring into our constituency office about that.

Mr. Minister, I was in my constituency wondering, along with other Saskatchewan people: why doesn't this old, tired, bankrupt government call an election so the people in Saskatchewan can decide? And do you know what they'd decide? They'd say no way to your way, Mr. Minister. That's what they'd say.

Well I can see that there's very little point in pursuing this conversation with you. You won't give straight answers. You pass over a report that's virtually meaningless. We ask you for economic analysis. We ask you for studies. And what do you send out, Mr. Minister? What do you send out? You send out propaganda. You send out propaganda from your department. It's nothing more. We can even get to one point; we ask you for impact on business, Mr. Minister, impact on business. Business will love to hear this, I'm telling you that, Mr. Minister.

(1600)

Tax saving, impact on business, page 10. Tax saving from harmonization means lower prices. That hasn't materialized. Greater profits. Everybody knows that's not true. Higher wages for employees. That's not true. Employers are laying off employees because of the effect of your tax, Mr. Minister. Money for further expansion. There are no small businesses today in Saskatchewan expanding, Mr. Minister. If they are, they must be your friends who get money under the hand of the government to expand their business because certainly no business that's having to rely on today's economy in Saskatchewan can expand their business.

So as I say, this is not the studies we were asking for that shows some kind of economic analysis, Mr. Minister. This is propaganda paid for again by taxpayers' dollars out of your department.

And people, you should send this very widely when they ask you for economic analysis, Mr. Minister, because what I am doing now is just as ludicrous as what you're doing as a Minister of the Crown, when people ask you for a true analysis of the tax. You've done no analysis of the

tax. You've stayed around with the federal government so long, betraying Saskatchewan, you've finally come to the point of betraying Saskatchewan people and business. And all the people in Saskatchewan really want at this point in time is to say no way to your way, and call an election so that the people in Saskatchewan can turf you out of office.

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Chairman, he's right. What he was doing is ludicrous as he himself said.

As it comes to harmonization, let's go back and let's say that I, because I am not an economist, I'm not some kind of . . . I'm not an accountant, I'm not a fiscal and monetary expert. I accept that. That was part of the reason, Mr. Chairman — because we wanted to have input from society as a whole and the business community into what the GST meant and how Saskatchewan should respond, that's why we set up the expert GST advisory committee.

Now who was on this committee? If he doesn't want to accept my analysis, our government's analysis, the department's analysis, then perhaps, Mr. Chairman, perhaps he will accept the views of people like this that sat on the committee that gave me this report.

When it came out, they said, right on, get on with it. A representative from the Canadian Federation of Independent Business, a representative from the society of management accountants, the Consumers' Association of Canada, a representative from Ipsco, the institute of chartered accountants, Producers Pipeline Inc., Regina Chamber of Commerce, a private citizen from Regina, Saskatchewan Chamber of Commerce, Saskatchewan Home Builders' Association, Saskatchewan Wheat Pool, Sask. Sport Inc., western Canadian wheat growers, another private citizen from Weyburn, IBEW representative, International Brotherhood of Electrical Workers, and as well, the deputy of Finance, Mr. John Wright, who served as chairman.

Now if you don't want to accept our analysis of what should happen — my analysis, our government's analysis — then would the hon. member tell this legislature and the public of Saskatchewan why it is that this expert committee in their analysis which said among other things, harmonize, tell us why they are wrong and he is right. That's what I say, Mr. Chairman.

Mr. Romanow: — Thank you very much, Mr. Chairman. Mr. Chairman, I'd like to ask a question which I think is short and with a little political preamble, which I think would necessitate a very short straightforward answer.

Mr. Minister, does the Department of Finance have an economic impact paper, forecast, or analysis as to how the provincial GST will impact on our economic engine?

Now I want to say as a preface also, before I take my place, Mr. Chairman, that I am not here referring to any of the publications by way of pamphlets or hand-outs which my colleague the Finance critic on this side has received. I'm talking about an economic analysis. Does the minister have such an economic analysis — and surely he

must have — and if he does, will he please table it?

Hon. Mr. Hepworth: — Mr. Chairman, the hon. member, Leader of the Opposition, wasn't in here earlier so I'll send him across what was released at the time of the news conference in February that clearly shows our government's analysis of growth due to harmonizations, change in real gross domestic product.

And I'll just review the numbers for all members of the committee, Mr. Chairman. Primary sector, 2.8 per cent increase; food, beverage . . . By primary, that means agriculture, mining, forestry, those kinds of areas, Mr. Chairman. Food and beverage and tobacco — as I said earlier, a sector that in this transitional period does not show rapid growth, if you like — 0.2; manufacturing, 0.6 per cent increase; construction, 1.7; transportation and utilities, 2.8 per cent increase; service, 1.7; in total, on balance with all of the ups and downs factored in, Mr. Chairman, 1.6 per cent growth in real GDP (gross domestic product).

And I'll send another copy that I have here over to the hon. member. And it's on page — for his reference — page 11, Mr. Chairman.

Mr. Romanow: — Thank you, Mr. Chairman. I thank the Minister of Finance for giving me a copy of the paper.

Mr. Chairman, I think, if my colleague hasn't done this already, I feel obligated to do so for the record. What the minister has forwarded to us, and therefore to the public of Saskatchewan, is a document which is comprised of 20 pages in its main, describing the following headings: introduction, background, how Saskatchewan's new sales tax will work, fairer taxation, economic impact of harmonization — page 10, this is what he's referring me to, page 10, page 11 — impact on rural Saskatchewan, transition period, financial impact for the government, administrative policies, other tax changes, outstanding questions to be answered, which is at page 20.

And attached to that, Mr. Chairman, is another appendix which is a memorandum of agreement between the Minister of Finance of Canada and the Minister of Finance of Saskatchewan, which . . . (inaudible interjection) . . . That's right. The memorandum of understanding is right here attached, in effect a 28-page document.

Now I'd like the minister to tell me if he will please, where in this economic impact document which he has forwarded to me there is an analysis of how, when the harmonized provincial GST comes into place, where there is an analysis about our competitiveness in Saskatchewan and Saskatchewan business, vis-a-vis the province of Alberta, say.

Hon. Mr. Hepworth: — Mr. Chairman, relative to our comparison, and once again the hon. member not having been in the legislature when the issue was raised before, in terms of interprovincial competitiveness, here's how it stacks up.

For the first time, for the first time, we will, Saskatchewan businesses will be on a level playing field with the business people in Alberta. Business people in Alberta are

not faced with paying a sales tax on any of their inputs, because there is no sales tax in Alberta. Now people, after January 1, '92, businesses here will not pay sales tax on their inputs. They will get the sales tax back with the credit. Hence they are for the first time on the same level playing field as their Alberta counterparts. Important point.

As it relates to the Manitoba-Saskatchewan border, come January '92 business people here, because unlike Manitoba businesses who now and then will pay sales tax on their inputs, Saskatchewan businesses will not pay tax. So we will in fact be at an advantage to Manitoba businesses.

As it relates to the U.S. border states, we will be at an increased . . . at least in a better position than we are today as it relates to the U.S. business person, Mr. Chairman.

And that's an important point for us because the big gains particularly are in the primary sectors, the manufacturing and processing sectors. And of course as everybody here knows, several tens and hundreds of thousands of jobs in this province have . . . those jobs are found in those very important primary and secondary sectors, Mr. Chairman.

Mr. Romanow: — Mr. Chairman, with the greatest of respect to the Minister of Finance, what he has given me here, verbally, orally, is an argument for what he proposes to do. But he does not provide for me what I am seeking to get from this minister — a study by the departmental officials upon which he might construct such an argument.

I don't want to hear an *ad hominem* argument; I want to see the analysis upon which you have mounted your political decision and the political case which you mount with respect to the provincial GST, the harmonization of the provincial GST.

That is to say, what I want to know, apart from a thin document which is essentially out there to try to explain the political aspects of this thing and why you're doing it, I want to see the economic analysis of the impact of this tax on, say, Saskatchewan's competitiveness — there's a paragraph on competitiveness in here, only two paragraphs — a detailed analysis.

Surely, Mr. Minister, you're not telling us that you have not prepared such an analysis. Surely your officials who know and are responsible know what the . . . must have studied and they must have produced studies as to what the competitiveness of Saskatchewan is.

Here you've got Alberta at 7 per cent, Saskatchewan at 14 per cent. Industries are being bled off. Businesses are being bled off to Alberta, some to the United States, as we pointed out in question period today.

Has there been no homework done on this thing? Is this the sum total, not even two pages of generalized statements in support of an argument, without any analysis? Surely, Mr. Minister, this government is — and I do not have a high regard for its competence — but surely there is at least a bare, bare minimum of competence to be able to have a supporting economic analysis of the

impact to the industries of this province. And I mean the businesses when I talk about industries — businesses, industries, the whole economic community.

So I guess I come back to you again. Is this all there is? Because if that's all there is, then fine, I guess that's all there is. We can make some conclusions on it. Is there more? If there is more, will you please table it. That's the point that I'm getting at.

Hon. Mr. Hepworth: — Mr. Chairman, the analysis has been done. The results are presented in the book for the hon. member. They show growth in several sectors at 2.8 per cent, some at 1.7. Yes, some in the food and beverage as low as 0.2 per cent.

The analysis is there for the member to see. And obviously those numbers were arrived at through work done by our officials. It's there for everyone to see. We are telling people why this is the right move for our business community, to make them more competitive by this amount, Mr. Chairman — 5,000 new jobs under complete harmonization.

But once again I say to the hon. member, he doesn't have to accept our analysis. Tell me, have him tell this legislature, Mr. Chairman, have him tell us, if he doesn't accept those numbers and that analysis, then tell him why the advice and recommendations we received from Dale Botting, Robert Waddell, Irene Seiferling, Mario Dalla-Vincenza, Bob Guest, Ray Richards, Don Hudson from the chamber of commerce, Brian Kinder, Jim Yuel from the chamber of commerce, Ken McKinlay from the home builders, Wanda Turgeon from the Wheat Pool, Gary Beckie, Harvey McEwen, Al Tosczak, Ted Reifferscheid; tell me those people are wrong. Tell me that you are right in your analysis and that they are wrong.

Because in this report that they presented to our government last fall, their first and foremost recommendation . . . and I quote from the executive summary. This is the report of the advisory committee on the GST. In this report the committee recommends the following:

Harmonization. The committee recommends first and foremost (their words, Mr. Chairman, not mine; I'm reading directly) the committee recommends first and foremost that the Government of Saskatchewan endeavour to participate in a joint federal-provincial sales tax as soon as possible with the objective of full integration by 1992 or earlier.

Now what kind of hypocrisy is this member trying to sell in this legislature? Because when that report came out he issued a news release. He issued a news release and said . . . encouraged us, admonished us for not moving on the committee's recommendations. He said get on with your own committee's recommendations and reduce the rate.

(1615)

I've already said in this House we can have a legitimate debate about why we left the rate at seven versus five, which the committee perhaps did not recommend, Mr.

Chairman. We could have that legitimate debate.

But I want that hon. member to tell me why those expert committee members are wrong in their analysis. Tell me why in October he put out a news release saying get on with harmonization, Mr. Chairman. Your own committee recommends it and recognizes the right thing to do. Get on with it.

And today he has the hypocrisy to raise in here that somehow they are wrong. I tell you, I repeat what I said in the budget debate wind-up, Mr. Chairman. I thought that was a party of principle. That's what I thought. I thought this opposition leader went to the business community and said, we have changed. We recognize that we have to focus more on wealth creation, that we merely can't be a party of wealth distributors.

Here is an opportunity to be that modern socialist that he wants to be — I think; I don't know — to get behind business; to get behind the people whose jobs and livelihoods depend on small and big business in this province; to create 5,000 new jobs under full harmonization in the sector we've outlined.

Here is a chance to stand up for something, not just to check which way the polls are blowing; to stand up for getting rid of duplication in the system; to stand up for creating new jobs in those important industries all across this province; to give business the biggest fundamental competitive tool advantage that they've had in maybe all of the years of this province, Mr. Chairman.

And he forsaked those business people. He told a thousand of them two, three months ago, we have changed. The reality is, Mr. Chairman, nothing has changed.

When the chance came, his Finance critic tried to move the agenda along. We're in favour of harmonization. If there's going to be a GST, let's have one tax. In October when we were a little bit further from an election, when we were further from an election last fall, not quite in the heat of an election yet, Mr. Chairman, he said get on with it. Your committee recommended harmonization.

Today on the eve of an election when he checks the polls and maybe it's not as popular — or perhaps it's our fault; maybe not as well understood as it should be — when he had a chance to stand behind business, when he had a chance to do something concrete in the wealth creation area, what has he done, Mr. Chairman? The exact opposite.

I mean, these people over there have had more positions on this harmonization than a contortionist at the fair, as I said the night before, Mr. Chairman.

It's a sad comment on where politics has gone in this province, Mr. Chairman. It's a sad comment. He could put the larger public interest . . . He could put the interest of the entire wealth creation community in this province, the business community, he could put them first. He could put them first. The workers are very much part of small business. They're in fact the most valuable resource of small business.

He could put the workers, he could put everybody involved in every sector today first, Mr. Chairman, instead of his politics and his party's politics and his interest in merely getting re-elected. That's his choice, Mr. Chairman. And what did he choose? He chose to put his own interest and his own party's interest ahead of the larger public interest.

I say that's shameful, Mr. Chairman. I say that is shameful. I say that is absolutely shameful. Mr. Chairman, I say the people will see through this double-talk, this hypocrisy, this party of contradictions. They will see they are the same old gang — the same old gang, Mr. Chairman. And they will get the message loud and clear come election day. They want nothing to do with their ilk.

We saw it in Ontario. We saw in Ontario how they believe in business. Push up the interest rates again. It's going to affect us here, Mr. Chairman, what's happening down there because of that kind of ideology and dogma, that kind of socialism of the past, Mr. Chairman. It's a tragedy for all of us, Mr. Chairman. That's what I say.

Mr. Romanow: — Mr. Chairman, I hope the Minister of Finance feels a little bit better, but I would caution him not to get so riled up because could be injurious to his health. I think his rather — how shall I describe it? — flight into oratorical fancy is a little bit unbecoming of the minister. But more importantly, I'd just say to the minister: calm down, just calm down.

What I want to ask the minister is . . . one more time. And I ask the minister to tell us what it is, where is the economic analysis that says, quote: the long term gains in employment for Saskatchewan are estimated to be over 5,000 jobs; end quote. Table the economic analysis which arrived at that figure.

Hon. Mr. Hepworth: — Under full harmonization in a fully mature system, we estimate, based on our analysis, that the 5,000 jobs will result from harmonization because businesses will be that much more competitive. It is as a result of the numbers as they're listed there, some several sectors showing growth in between 2 and 3 per cent. Overall it becomes, because of the real growth in GDP, overall at 1.6 per cent, Mr. Chairman, which is the very last bar in that chart, Mr. Chairman.

Mr. Romanow: — But you see again, Mr. Chairman, what the minister is doing here — and it's very frustrating with this government — is he goes ahead . . .

An Hon. Member: — Stay calm.

Mr. Romanow: — Don't worry. I say that to the minister, to the member from Regina South. I'm calm. This analysis here . . . (inaudible interjection) . . . Oh you said it. Okay, that's fine.

What the member says is, I will not answer your question; namely, is there an economic study that I'm going to table. I'm simply telling you that, based on the advice, it'll be 5,000 jobs and you must take my advice for it.

This document, Mr. Chairman, has a graph attached to it.

And the graph estimates that there'll be change in real gross domestic product due to harmonization in the service sector of 1.7. Now when I talk to men and women in the service sector, they tell me that's not the case. Their practical receipts are down. There's a tremendous damage being inflicted to them in this regard.

Now that's what I have on a practical experience. I do not have the capacity that the minister does with at least four senior officials of the Department of Finance advising him.

Let's just take the service sector figure. Where is the economic analysis prepared by your department people which justifies the estimate that there will be growth of 1.7 per cent due to harmonization in the service sector? Table that, please. Let's see it.

Don't give me the speech, because you'll forgive me if . . . me, like the vast majority of the people of the province of Saskatchewan, quite don't trust or believe you and your government on the speeches . . . (inaudible interjection) . . . Oh, we sure do. We absolutely know about trust. We know about a government that has had 10 straight deficits, has had the largest per capita debt of any province in Canada.

That minister right there . . . nine years, 10 deficits, two estimates of balancing the budget. They came in with a balanced budget and they have virtually bankrupted the province of Saskatchewan. And this minister is talking about trust and plans.

So the minister will understand a little bit about why I and some of us are a little bit wary, a little bit sceptical about his statements. So let's get off that, Mr. Chairman. I don't want to get on to the political debate unless we want to get into it. Fair enough. I'm trying to be very, as my friend from Regina South says, calm; or the member from Rosthern says, very calm and very reasonable.

I'm asking the minister, look, give us the study which allowed this graph to be painted here — this graph of 1.7 per cent — give us the study. Don't give us your speech. Give us your study. If the study supports your speech, then I think you've got a little more going for you. I want to see the study.

Mr. Minister, do you have a study, or am I to conclude that you do not have one? And if you do, table it. That's my question, pure and simple. Let's try to leave the politics out of it for the moment, and let's try to get on to the studies. Do you have any studies, or is this a simple flying by the seat of your pants proposition which has been the record for the last nine years? That's why the seats of the pants opposite are so threadbare.

Hon. Mr. Hepworth: — Well, Mr. Chairman, the analysis has been done. The numbers are before you, Mr. Chairman. And as it relates to the hon. member's observation about the debt of Saskatchewan on a per capita basis, once again a very . . . I would like him to . . . Well I'll put it this way, Mr. Speaker. Maybe so we all understand what the debt situation of the province is, the net debt situation on a per capita basis in the province, as I did in all the pre-budget meetings, maybe it's worthwhile

because the hon. member raised it, going through the numbers.

Now we don't have all the numbers for '92 in because Quebec's budget is just being delivered tomorrow, and B.C.'s is yet to be in. But I can give you the '91 numbers because we have all of them on a budget basis for across the country. And when you look at them on a per capita basis, guess what you discover, Mr. Chairman, and members of the committee?

Now the hon. member said we have the highest per capita debt in the country. That's what he said. That's what he said. But what's the reality, Mr. Chairman? Now I'm not happy that we have debt and deficit. We've put in place our plan, a six-point plan. But, Mr. Chairman, I do want the people to have the facts. And what are the facts?

Well guess what, Mr. Chairman? Manitoba has a higher per capita net debt than we do — Ontario, Quebec, New Brunswick, Nova Scotia, and Newfoundland. Now I openly admit B.C. is lower. Alberta's is a net equity position if you like. And P.E.I. is also lower, Mr. Chairman. But those are the facts, Mr. Chairman, in so far as our debt position on a per capita basis, just for the hon. member's information.

And I just repeat again that the analysis has been done, and the numbers as presented, Mr. Chairman. And if he doesn't accept our analysis that's in the book right there, if he doesn't accept it, then have him tell us why it is that this expert committee that they are on, why it is that his Finance critic and he himself said in October, yes, harmonization does make sense; go for it; get on with it.

Could he explain to the members of this committee and to the public why the flip-flop. Could we have an explanation as to why the flip-flop, why the contradiction, Mr. Chairman? Could we have that explanation for the legislature, Mr. Chairman?

Mr. Romanow: — I hardly think that the Minister of Finance of this government should be talking about flip-flops. This Minister of Finance and government . . .

An Hon. Member: — I know it hurts.

Mr. Romanow: — Oh no, it doesn't at all. This Minister of Finance and government promised — what was it, Minister of Finance? — to reduce the sales tax. What happened? Flip-flop, it went up to 7 per cent. They promised to reduce the income tax by 10 per cent. What happened? Flip-flop, flat tax. No reduction, but it's going up.

This Minister of Finance, this government, promised us a lottery tax. What did they do? Flip-flopped, no lottery tax. They put on a used-car tax. What did this minister do? They flip-flopped.

His predecessor said there was only — I am shocked even to say — that there was only going to be a debt in 1986 of \$350 million approximately. After the election of course we found out \$1.3 billion. That isn't a flip-flop, I guess; that's just a slight little miscalculation.

I mean this government is absolutely incredible. Nobody believes it. That's why they are stuck in the fifth year, no by-elections. They're afraid to call by-elections — why the Premier is cowering underneath his desk every question period. This is why . . . I mean absolutely cowering. It's not because of the questions necessarily, but they know that nobody believes them.

Now look, again, Mr. Chairman, in the interests of moving this committee along — and I'm going to try to resist, notwithstanding the great provocation of my friend, the Minister of Finance, to get into these kinds of political arguments — I'm going to ask the Minister of Finance very specific questions from here on in. He can eat up the time if he wants on political responses; that's his choice entirely.

(1630)

I'm going to ask him though, and I'm going to ask him specifically, to tell me whether or not there has been the preparation of an analysis by the Department of Finance officials on the impact on housing, new housing in the province of Saskatchewan, to the extent in which the housing industry may or may not be affected by this particular proposal of yours. Because the minister knows that when the federal GST was announced, the housing people said that the Canadian dream of affordable housing will disappear if it's introduced and applied to the housing industry.

Now will you just please enlighten me about that position, what is the position. But that is not the question. The question is, where is the study? Do you have a study, and why will you not table it?

Hon. Mr. Hepworth: — Mr. Chairman, as it relates to housing — and quite frankly I could talk about a number of other sectors — tourism, charities, non-profits, municipal, university, school, hospital, for example, we recognize that there may well have to be some offsets as a result of harmonization and the tax at 7 per cent.

To date, here's what has been done. Obviously it's been included as part of our broad analysis. But one of the other reasons for leaving the nine or ten-month window for full harmonization, by staging it and bringing in full harmonization on January 1, '92, is so we can confer with some of those sectors to get the benefit of their analysis, see if it jibes with ours as part of looking at whether we will or won't have to put in place offsets.

We have the advantage, Mr. Chairman, as the hon. member may recall, on the expert committee, the GST advisory expert committee, one of the members who sat on that committee was Ken McKinlay from the Saskatchewan Home Builders' Association. So fortunately we've had good impact in terms of the effect of harmonization right from the beginning, Mr. Chairman, and I suspect, as we move toward January 1, '92, we'll continue to get that kind of good solid advice from that association and others, Mr. Chairman.

Mr. Romanow: — Well, Mr. Chairman, this is a second specific request for a specific study on the impact — the analysis. The minister refuses to table it. He gives me an

answer but he does not produce the analysis.

I'm going to ask another question. Mr. Minister, will you please answer whether or not there has been a detailed economic analysis study done by your department officials as to what this is going to mean for car sales in the province of Saskatchewan and what the automobile industry and dealers are saying about it? But more importantly, what is the economic impact to the automobile retail trade industry in the province of Saskatchewan? What's your study show there?

Hon. Mr. Hepworth: — Mr. Chairman, members of the committee, as it relates to the car sector — used and new-car sectors — obviously they too will benefit from the provision of an input tax credit. I can say that my officials and myself, quite frankly, have met a number of times with the industry representatives on the issue of harmonization and have had the advantage of their input, and of course we continue to look forward to their input. Once again, albeit he was there as a private citizen, we did have a car dealer on the export committee so we would have some understanding, or the committee would have some understanding of the impact.

They have raised some issues that we're turning our heads to as it relates to harmonization. But quite frankly, one of the issues they identified was simply a perception problem that they have, because I think people think that in fact the changes are negative when really they are not. And we've talked about that as well.

But that sector is one too that we'll be quite happy to see the input tax credit put in place because it does as well make them more competitive, Mr. Chairman.

Mr. Romanow: — Mr. Chairman, again I just have a few more questions to ask on specific sectors. But I think from my point of view, what I'm coming to the conclusion — I had the suspicion in question period today; unfortunately it's being confirmed by the minister in this more detailed consideration in the House — that there are no studies around. And if there are studies around, they are hurtful to the government and they're afraid to release them as a consequence.

And just to see if that direction in which I'm heading is accurate, would the minister indicate to us whether or not he's done, his officials have done a study, an economic impact analysis study on the impact of this new tax on, say, non-profit organizations, charities, public sector functions.

Hon. Mr. Hepworth: — Well as I said just a moment ago, perhaps the hon. member did not hear, there are a number of sectors where we have done, as part of our analysis, a broad-based analysis of sectors like that as it relates to the impact. And they, along with those other sectors identified, will be consulted more fully as we move towards full harmonization on January 1, '92.

Just to review the sectors for the hon. member and perhaps save some time here in committee, the sectors that we have currently identified, that we'll be meeting with and consulting more fully with are municipalities, universities, schools, hospitals, tourism, housing,

non-profits, and charities. I think that covers all of them.

And I'm just repeating quite frankly what I said in the budget speech on April 22, Mr. Chairman.

Mr. Romanow: — Well, Mr. Chairman, if I can ask the minister, how is it that the government can make a policy decision to proceed with this new tax and not have before it a completed study precisely on those various areas that you've identified. How is it that you can announce a tax and tell them, now that the tax is in, we will sit down and we will figure out how it impacts on you afterwards?

I mean is that a way to run a railroad, putting it bluntly? Surely you would think that the Department of Finance would have an impact as to what this tax means on all of these groups and then it would be part of the debate in cabinet as to whether you're going to harmonize or not harmonize, and you'd have an impact about whether or not this is helping the economy or hurting the economy.

What you're telling me just now is that what you're going to do is that it's going to apply, eventually, now, or January 1, and that we will be meeting on an ongoing basis to see how it impacts on you. Now surely that's putting the cart before the horse, isn't it? Or putting the caboose in front of the engine or whatever it is.

I mean, is it a credible position to take, that the Department of Finance and the government and you as Minister of Finance get up and announce this tax and then today, almost a full month after it has at least been effected — in some questionable ways, I would say, with respect to legalities, but leave that aside for the moment — none the less, a month later you're telling me in the House that we're going to continue to consult as to figuring out what the impact is.

Is that the way this is done? I mean is that the way a tax of this magnitude should be imposed? Surely that is not what you're telling me. Surely there has to be an economic analysis as to the impact on all of these people. Is there not? How about giving us the study that you had in advance before cabinet decided on February 20 to proceed with this tax. How about giving us the impact study on public sector charities, non-profit organizations, and housing. Or is there one?

Hon. Mr. Hepworth: — Well, Mr. Chairman, as I said, we have done our analysis. And now the NDP style, as it relates to those several sectors we talked about, would be to say, well we've got our numbers, we've done our analysis, we don't care what they've got to say, we know there's going to be impact here and here and here but we're going to blindly charge along. That's the NDP style.

That's not the approach of this government. That's not the recipe that has worked for this government in the past and won, that has worked successfully for us and we're going to continue with it, and that is to consult those sectors.

Yes, we have done our analysis. Why else would we say that we should engage in some discussions with them to see if in fact we have a thorough analysis, a complete analysis, if our numbers do match. I mean one could blindly charge off and say, we know the best. I mean

that's the NDP style. Government knows best.

Well that's not our style. That's why we left the nine-month lead time, is to do some of that, Mr. Chairman, and that's what we are going to do. We're going to consult with those sectors to get their analysis of the impact. Because the reality is it's not as though we're arguing about whether we should harmonize or not, it's a matter of making sure we do it as administratively correct as possible. That's what it's all about, Mr. Chairman.

And that's what we're going to do, is to consult with them rather than blindly charge along and say, well we've got all the answers, take it or leave it, what we decide. That wasn't the approach on the libraries. It won't be the approach on tourism. It won't be the approach on non-profits. It won't be the approach on charities. It won't be the approach on municipal, school, or hospital sectors . . . (inaudible interjection) . . . That's the way you guys want to handle it. That's not the way we do it and we stand by that approach, Mr. Chairman.

Mr. Romanow: — Well, Mr. Chairman, you know, I say to the Minister of Finance, of the very few remaining front-benchers that are there — most of whom have left the ship which is all but gone now — I think the Minister of Finance is one of the few who has something to offer to the public debate here. And I know that what he wants to do this afternoon is to be involved in the larger politics side of things.

But I am asking the Minister of Finance as best as I can in the only forum that I have, I'm asking you two things. I'm asking you to demonstrate irrevocably, by hard analysis, that this is a tax which does not give a body-blow to our economy.

I think that it gives a body-blow to our economy. I think it gives a hard body-blow to our economy because we are not competitive. It gives a hard blow to our economy because it attacks the retail and service sector. At a time when our economy needs to be given help and assistance, this tax gives them a kick in the stomach — gives them a kick in the stomach.

And this is my feeling. Of the limited contacts we have had — we've had many but we obviously cannot cover the province of Saskatchewan — that's what business people are telling us. They're telling us that we're confronted with the federal GST. Now we've got this double whammy of the provincial PST. Question period today about the Premier's own riding in Estevan, the flood of people, because of the taxation level, going to the United States — none of us wants to see that. That is what I'm hearing.

The minister might say, oh well, that's political. I'm hearing that. He's hearing that. His colleagues in the back benches are hearing that. What sense is there if it is true that there should be a tax which gives a body blow to the economic development of the province of Saskatchewan?

Now you say it is not giving a body blow. You're saying your studies will show in a two-page hand-out here that it's going to in fact boost the economy. And I want to be

persuaded to that point of view. And I'm asking you again — not specifically because I think we're getting nowhere on this, but as a general comment — to provide the back-up documents, the normal documentation that Finance officials prepared, that the Minister of Finance tables, which will ease the concerns of those in the auto industry or those in the restaurant industry or those in the book industry or those in the retail clothing industry with respect to children's clothing, all of these areas.

What studies can be produced by you, independent of your statements produced by the experts in your department, the very competent officials that you have in your department, which would ease the concern that they have and that they feel that namely that the economy is being further stifled, it's being further hurt? That's what this discussion's all about.

And what you do is you keep on giving us, with the greatest of respect, giving me rhetoric but no studies. You give me a two-page hand-out which has absolutely no documentation backing it up, no footnotes, no annotations, no detailed calculations.

I know the minister's talking to his officials, and I understand the need for that, but I wish the minister would be forthcoming here. And if you don't want to satisfy the New Democratic Party opposition, can you at least satisfy the restaurant people, by more than just your words, that you have done your homework and that there are these studies — not by words but by producing them?

(1645)

So leave me out of the picture and the NDP out of the picture. Why not produce the study of your officials or independent economic consultants and advisors? Let's just take the restaurant industry as an example, which shows that what you say is going to be true — that they're going to prosper as a result of this 14 per cent. I ask you, do that for them, not for me. Do it for them.

Hon. Mr. Hepworth: — Well I'll try and help the hon. member as much as I can. And one thing that had escaped my mind was the Conference Board of Canada study that was done for all ministers of Finance, relative to the . . . the Congress Board of Canada study that was done for all Finance ministers, commissioned by all Finance ministers from across the country, relative to the GST on our economy.

And obviously, because our sales tax rate is the same, timing is a little bit different. But for the most part, that analysis would mirror the impact — not exactly, obviously, but very close — the impact of the input tax credit, what it means under the E&H harmonization, Mr. Chairman. So, and why I raise that . . . because that's in the library in the legislature if you want it, so you can just dig that out yourself. Over and above that, as I said, we have done our analysis. We're going to work further with some groups and consult with them, and I think I would be repetitive to say any more other than what I've already said.

But I do want to take issue with a couple of points you raised because it's pretty strong language, and the

business community will hear this because it's pretty strong language. He says, to use his own words, Mr. Chairman, that this harmonization means a body-blow to business. That's what he said: a body-blow. Now that's pretty strong language, and he's saying that's what the business community tells him. Well he was pretty selective in his examples, wasn't he, Mr. Chairman?

Did he say I talked to Roger Phillips of Ipsco and here's what Roger Phillips has got to say? Did I talk to the people out at the upgrader, and here's what they've got to say — or the courier service, Mr. Chairman, or the oil and gas industry or the agriculture industry or the Wheat Pool . . . the Prairie Malt plant that the Wheat Pool runs, the mining sector, the energy sector, the forestry sector.

You see, the hon. member has raised the questions about, for example, the food and beverage sector which — we all are agreed — shows the smallest growth. Guess what? All of our analysis shows minimal growth in that sector in the initial years. That's what it shows. Is there any argument there? No, but the hon. member chooses to not tell the full story. He says it's a body-blow to the economy. I say to him, how is it that 5,000 new jobs, a real GDP gain of 1.6 per cent is a body-blow to the economy? He has forsaken business, Mr. Chairman, that's what this means. And he says, I am saying this. It's not a matter of what we are saying; it's what others are saying — chambers of commerce, the expert committee, the Canadian Federation of Independent Business, the manufacturers' association.

Apparently — and I don't recall it, I remember seeing it, I don't recall the exact words — but after we moved to harmonize, *The Financial Post* said that Quebec and Saskatchewan are the best and most competitive provinces in which to do business. Even the business-press community recognize that this has been yes, a bold move, yes, a difficult one, because making tax changes are. But as well, they recognize that it does make us more competitive.

Now if that is his analysis, that it's a body-blow, how is it, Mr. Chairman, that when the committee's report came out, the GST expert advisory committee report came out, he said, get on with it. Now he describes it as a body-blow. Did he say last October that this was a body-blow to business? No. He said, get on with harmonization, Mr. Minister of Finance. That's what he said.

Mr. Chairman, this is a man, this is a party of contradictions. This is a party, Mr. Chairman, who cannot get their heads around the whole issue of wealth creation. It's back to their old ways. It wasn't a body-blow back in October, Mr. Chairman. And today on the eve of an election, all of a sudden because the polls say it's maybe not real popular, it's a body-blow. So much for modernism. So much for the new face of socialism. It's the old gang back in the same old saddles, Mr. Chairman; nothing has changed. No plan there, Mr. Chairman.

Mr. Romanow: — Mr. Chairman, you know, actually I don't think the government has a plan. But if it has a plan, look at the results: 80,000 people out-migration; debt at \$13 billion, highest per capita debt in Canada; taxation

rate second highest. Well I want it to be on the record. I mean it's incredible.

But let me ask the minister this question. I'll give first of all a quotation here from the Saskatchewan Real Estate Association, presented to the members of Legislative Assembly, dated May 1, 1991. Mr. Minister, you will see on page 8, under the heading of harmonization of federal and provincial taxes, this is what the Saskatchewan Real Estate Association says:

The government must accept the evidence that housing costs have increased because of the GST on housing-related services and take this into account when considering policies. The real estate industry prior to January 1, 1991 did not have a tax applied to its services. Since that time, we fall under the GST rate of 7 per cent. The impact of another 7 per cent tax on our services on January 1, 1992 will have a severe negative impact.

Now those are not the words of Roy Romanow . . . pardon me, the member from Riversdale. Those are the words of the Saskatchewan Real Estate Association, and I'll read it to the minister one more time.

The impact of another 7 per cent tax on our services on January 1, 1992 will have a severe negative impact.

I say these people are saying in effect that that's a severe body-blow. That's what you're telling us. They're here today in the Chamber. That's what they're telling us, and they're telling you.

The member says it's public opinion polls. I'm saying that's what the real estate industry says. And this is the member who a few moments ago was lecturing me about, oh you know how it is the NDP way, we just simply pronounce and implement; they listen to the people.

Well here is the real estate association and the minister doesn't seem to be listening. He doesn't seem to be listening.

Mr. Chairman, how in the world is it that these people can get over and around and ignore the black and white of these words written on this paper:

The impact of another 7 per cent tax on our services on January 1, 1992 will have a severe negative impact.

How in the world can you rebut that, except by saying, well here's our economic analysis. Not my political speech, Mr. Minister. Please spare us that old hackneyed nine-year-old speech that you and your people over there have been giving.

The way to answer the real estate industry about a severe negative impact is to say here's our study. Why don't you do that? Why can you not do that? What do you say to the real estate association . . . (inaudible interjection) . . . Yes, well of course, you see, the minister . . . I mean, he just simply . . . to him it's a joke. And he's saying that . . . he

says that the opposition doesn't listen to business, doesn't listen to business. That's what the real estate community is saying, and he says to me I'm not going to produce any studies. I think he doesn't have any studies or if he has them they're going to be extremely negative, and that's his position.

How incredible. How incredible. Well we come to mind. We'll come to those sectors. Let's for the moment deal with them point by point. Let's just deal with them point by point. Please satisfy me and the real estate people of which there's a big industry involved there, how they're wrong in saying that the impact will have a severe negative impact. Let's just take that one. If you get around that, then we'll deal with it.

An Hon. Member: — Can I get a copy of that?

Mr. Romanow: — Sure, you've got one. They presented it to all the members . . . (inaudible interjection) . . . Well the member says he wasn't here today. Well, look, look, the minister has been told by the real estate people long before May 1 over and over and over again, don't do it. He ignores them. He knows the argument. Now he says I want a copy of the report to which they've submitted to every member. I mean, please, Mr. Minister, please, come on. Elevate the debate a little bit here. Just elevate it a little bit.

Look, the purpose of my questioning is this. The purpose of my questioning is, Mr. Chairman . . . it's a very simple issue. They say that harmonization will have a positive impact on our economy. That's his proposition. I am saying that people are telling me in many areas — this is but the latest example, on the real estate association — that it's going to have a negative impact on the economy.

Now we have two competing points of view. I'm simply asking what I think is a reasonable non-political question. Where are your studies to satisfy the concerns of the real estate industry? Why are you afraid to show them? Why don't you release them?

And while I'm on my feet, I would also invite the minister, since he referred to the Conference Board study prepared for all the ministers of Finance, presumably as the economic detailed analysis, which, by the way, I can hardly believe that your officials would not have prepared one for you internally . . . I do not know your officials on a personal basis, but I can tell you that if they are competent people, as I think they are, you will have had internal studies in this regard, which you have either ignored or there's something holding back here in your refusing to table.

None the less, you don't do that. You refer to a Conference Board document. The Conference Board document is supposedly the basis that I am to find the evidence about the economic impacts here which will satisfy the real estate association people.

If this argument is so compelling, as you allege it is, to the economy I'm talking about for the moment, the strength of the economy, would the minister offer an opinion why is it that the province of Manitoba, for example, but to choose one province, has heretofore not seen the wisdom

of the harmonization and has not announced its harmonization plans. And if the minister gets up and says, it's because we are so far ahead of Manitoba and everybody, which he's going to say that, then he really will . . .

An Hon. Member: — You took the words out of my mouth.

Mr. Romanow: — I kind of anticipated your answer, but I honestly don't believe that the minister believes it and surely nobody in his back bench believes it either, so that can't be the situation.

I guess, Mr. Chairman, I don't want to do this because I'd like to have the minister give a bit of response, but I think his response will take more time than the 5 o'clock adjournment we have. So perhaps I'll just take the balance of the time to make this proposition and when we reconvene tomorrow, to continue and to finish, hopefully, the interim supply, the minister will be in a better position to come back with a detailed response and the documentation.

I want to close off my portion of the questioning here before calling it 5 o'clock. My proposition is very simple. To the Minister of Finance, look: tomorrow please, give us an argument as to why those studies can't be tabled other than that I won't. Please give us some comments about what other provinces apparently see failing in the Conference Board study so that they're not harmonizing.

And if you will, on a sector by sector basis, let's see the pluses and the minuses, and then we can decide whether it's a good thing or a bad thing for the economy, something more than a 14-page hand-out of this nature. I think if you did this, believe me, you'd help the economy a lot because you'd ease a lot of the concerns. And you may not believe it, but we are reasonable people on this side who would be prepared to consider the arguments which are presented.

But I'll tell you, I'll tell the government opposite — I know you want to wrap it up, Mr. Chairman — I tell you to the government opposite, tell you to the back-benchers opposite, especially the member from Wilkie: listen to your constituents because on this one, what they're telling me, I know they're telling you too. So I hope you tell the Minister of Finance. And maybe on tomorrow when we reconvene, we can get some results. Thank you.

Some Hon. Members: Hear, hear!

The committee reported progress.

The Assembly adjourned at 5:02 p.m.