

EVENING SITTING

ADJOURNED DEBATES

SECOND READINGS

Bill No. 61

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Hepworth that Bill No. 61 — An Act to amend The Education and Health Tax Act (No. 2) be now read a second time.

Ms. Smart: — Thank you, Mr. Speaker. Yes, Mr. Deputy Speaker, the legislation that we're debating this evening, and I was speaking before supper to it as well, has an innocuous title, An Act to amend The Education and Health Tax Act. And this is the legislation that brings in the . . . initiates the largest tax grab in the history of Saskatchewan.

It's the Bill to begin the provincial sales tax expansion to cover all the goods and services that are covered by the GST (goods and services tax). And as I have said before supper, this is a piece of legislation that is very much opposed by the people of Saskatchewan. And we are also, on this side of the House, very much in criticism of the government for bringing in closure on this legislative debate even though I'm only the fourth speaker on this side of the House to address this legislation.

Obviously the government doesn't like what it's hearing. It's doesn't like what it's hearing from the people out there in Saskatchewan, I'm sure, and it doesn't want to hear from us. And so it's bringing in closure for the second time this term — and bringing in closure quickly on this very important piece of legislation that has such drastic implications for small businesses and consumers across the province.

And I'm speaking, in particular, my concern for the constituents in Saskatoon Centre that I'm pleased to represent in this Legislative Assembly; students, young families, single people, people on lower incomes, small businesses, people on fixed incomes, different businesses like restaurants, bookstores and number and numbers and numbers of people that are opposed to this legislation.

And we on this side of the House are going to be very forceful in our opposition, Mr. Deputy Speaker. We are inviting people to get to our offices and pick up copies of our petition, get them signed; it's easy to get them signed and send them in to us here at the NDP (New Democratic Party) caucus office. We have copies at our caucus office. And we are also encouraging people to phone their MLAs (Member of the Legislative Assembly) and let them know what they think about this sales tax and to continue to oppose it in every way they can.

We on this side of the House are opposing it in every way we can, and we are not going to let this government get away with bringing in this legislation and we're not going to let them get away with closure without a terrific fight.

Some Hon. Members: Hear, hear!

Ms. Smart: — We need the support of the people of Saskatchewan to do this. And I'm very pleased, Mr. Deputy Speaker. I've just put out a news-letter into my constituency with a little tear-off form for people to send into me saying that they are opposing this provincial sales tax. And I'm asking them if they would like a copy of the New Democratic Party's paper on fair taxation for the 1990s. I'm getting good response to that request. I know that other MLAs on this side of the House are also getting good response to our opposition, and we want to encourage people to continue this opposition.

Before supper I was speaking in general about this Bill and I moved to speak about the fact that this government opposite is talking about the harmonization of the education and health tax. And I'm very critical of the Minister of Finance for what I believe is his deception of the people of Saskatchewan regarding the process that he follows in bringing in this kind of legislation.

In speaking to this legislation, the Minister of Finance told us that in May of 1990 he had established a provincial advisory committee on the GST comprised of individuals from all sectors of our economy, and he continues to talk about this advisory committee. Obviously the thing that the committee was concerned about was the fact that the education and health tax, provincially, was added on to our bills after the federal goods and services tax was put in place, and people were suffering a tax on a tax.

An Hon. Member: — That's not true.

Ms. Smart: — And the Minister of Finance says this is not true. Well all he has to do is look at his utility bill or his telephone bill and he will see that the Bill adds the federal tax and then it adds the provincial tax on the tax, which makes it more than 14 per cent. And if he doesn't even understand that, Mr. Deputy Speaker, it's no wonder he's such a rotten Minister of Finance.

Some Hon. Members: Hear, hear!

Ms. Smart: — This is what is happening. This is what is happening to people and they're saying to me, my goodness, what's wrong with our bills? We're getting taxed not 14 per cent, but beyond 14 per cent. And that's the reason why the suggestion to harmonize the taxes was made in the first place — for the items that already had the education and health tax on — harmonize it with the GST so that it would be 14 per cent and not 14 per cent plus.

Now what the Minister of Finance has done is he's got this advisory committee that suggested this harmonization, and used them as a front to put forward the expansion of the education and health tax into all these areas which are now being hit, and more areas which will be hit if the legislation should come in, in January 1992.

But I can tell you, Mr. Deputy Speaker, and I tell the government members opposite, that they're not going to have a chance to even bring in this legislation, let alone the legislation for 1992, because the people are opposed to this. And if you ever got up the courage to call an

election you would find out how unpopular this sales tax is.

Now the government this time, in April 1 of 1991, before it had been brought to the legislature, before it had been mentioned in the budget speech, they inflicted this tax on the people of Saskatchewan. What they engaged in, as I said before supper, was taxation without representation, an issue for people in parliamentary democracies for hundreds of years. And it's the reason why parliaments were set up in the first place, that people were opposed to taxation without representation. And this government has inflicted that on the people of Saskatchewan this very year, 1991.

They brought it in by press release in February and then they inflicted it on April 1 before it had ever been mentioned in a budget speech or introduced in the legislature.

And the tax went beyond the education and health tax to include such things now as: adult clothing under \$300 is brought in, children's clothing, footwear, reading materials, non-prescription drugs, snack foods, restaurant meals, residential electricity and natural gas consumed off the farm, tobacco products, and yard goods — all subject now to the E&H (education and health) tax. And I am certain that the advisory committee did not recommend expanding the tax. When you talk about having been recommended harmonization, it did not include expanding this tax.

But that's the way the Minister of Education operates, Mr. Deputy Speaker. And I went back to 1987 when he was the minister of Education, when I was questioning him, as I was explaining before supper, about the cut to the libraries of 10 per cent, and then the addition of a \$500,000 book grant. And he said he'd consulted with the library systems before he did this. It threw the library systems into complete chaos because a 10 per cent cut is a very large cut. And what the minister told me was that he had consulted with the libraries before he brought this in. I was interested in that, because he uses this word "consult" a lot. So I asked him what he had done to consult, and these are his very words, from August 6, 1987. He said — and this was mentioned on the budget day — the hon. minister of Education, then minister of Education, now Minister of Finance, said this:

The very day the budget came down (the very day it was announced, he had) . . . two telephone conference calls with the library system to advise them of the book fund, and to share with them our view, based on the numbers of letters that they had sent to me as to why we had set up this special fund.

To advise them. And he calls that consultation. So he doesn't know how to consult and he doesn't know how to use advisory committees with any honesty. It's part of what I said before Christmas . . . before dinner, is a deceptive government, a vindictive government, and an undemocratic government. Other things that this government has said in speaking to this tax is that they are going to . . .

The Deputy Speaker: — Order. I would ask the member from Regina Centre to rise and apologize for that statement.

Mr. Shillington: — I withdraw the remarks in an unqualified fashion. It wasn't meant as a comment in the Assembly. I was talking to a colleague sitting beside me. In fact I was joking with the colleague sitting beside me, not addressing a comment to the Assembly, Mr. Speaker.

Ms. Smart: — In speaking to this need for harmonization, the government has said in material that is sent out to the business community that this provincial sales tax is going to improve the business competitiveness because business purchases will be tax-free in 1992.

Now we have asked them to table their studies that show how it's going to improve the business competitiveness. What the businesses are saying — the businesses that are hit by this tax now and the ones that are expecting it in the future — is that it does anything but improve their business competitiveness. It makes it very, very difficult for them to continue their businesses.

We go out for dinner a lot from this legislature when we're down here in Regina, and we are hearing it in spades from the restaurant industry that it is not improving their business competitiveness. It is hurting them very badly. Because if the consumers don't have the money to spend, they can't be good consumers, and they don't have disposable income to keep the businesses going.

What the Minister of Finance doesn't seem to realize is that there's a domino effect in all of these changes that topple people one after the other in terms of the impact of it. And this particular tax, as we've said, has been a body-blow to businesses like restaurants and to bookstores. This supposed to reduce the confusion and the complexity because of the two sales, and I've already mentioned the problems of having the tax added to the tax and the problems of collecting them.

But the GST in the first place — the federal GST which this government did not oppose — created massive confusion and complexity which is still with us, and this tax is just contributing to that more. And this tax is supposed to reduce overlap and duplication but it has not done that. It has made it more complicated.

And this tax is supposed to provide protection for the family with a family tax credit introduced this month. The family tax credit is very inadequate to cover the costs of the goods and services tax and it only applies to families. And I'm glad that the families are getting some break, but there's no break, there's no tax credit for single people; there's none for students; there's none for seniors; and that's an unfair tax.

Mr. Deputy Speaker, this provincial GST will have a very harmful effect on the economy. It will not help the economy at all. And there's obvious reason why the government has not introduced its studies, because either they don't exist or they tell the government this.

It's going to cost jobs in the retail, the restaurant, and the tourist industries. Statistics Canada reports that between

1981 and 1990, Saskatchewan had the worst job-creation record in Canada. And this provincial GST will cost us more jobs. It's going to drive businesses into bankruptcy. It's going to have a very harmful effect on the tourist industry, including those businesses whose customers are from out of province — the northern outfitters, etc.

It's having a devastating effect on businesses and communities near the Alberta and the U.S. borders. We've already seen how shoppers are protesting this tax by going over the border to Alberta or down to North Dakota. And the communities on those borders are screaming.

It imposes a huge and regressive tax increase on consumers in a recession which will further dampen consumer spending and economic activity and hurt the businesses that depend on that. So this tax is very harmful to business.

Now the reason for this tax is because the government opposite wants more money. They have not respected the taxpayers' dollars that they've collected already. They have not allowed the books of the province to be audited properly. They have wasted and squandered the people's money in ways that are very upsetting and very shocking to the people of Saskatchewan. And now they want more money.

Well the people are saying that what we need is a change in the government of this province. What we need is what the New Democrats are promising to do when we win the government of this province, and that is to open the books of this province, and to answer the question: where has all the money gone? the money that you have already collected; the money that you have had in your accounts and you have not treated with respect; and you have not spent it well. You have wasted it. You're very guilty of mismanagement.

(1915)

In 1982 when the PC (Progressive Conservative) government opposite took charge of this province, our public finances were in sound shape. We had not had a public deficit in our budget in 20 years. After 11 years under the watchful eye of Allan Blakeney and the New Democrats there was a provincial budget surplus of \$139 million. And our premier, Mr. Blakeney, who was the leader of the New Democrats, had a well-earned reputation as a good steward of the taxpayers' money — something this government knows nothing about. He respected the fact that this money is collected from hard-working people, that it represents a public trust, and that it is given to government to spend wisely, not to abuse.

In 1982 the newly elected PC government itself reported that it had inherited this \$139 million surplus. So that's not just a figure supplied by the New Democrats, but it's a figure supplied by the PC government's own auditor and the province's own provincial auditor. And it was stated in July of 1982, after the PC government took office, in a publication on the economic and financial position of the province, which was put out by the Department of

Finance and signed by the PC government's new Minister of Finance, then Bob Andrew, and endorsed by the deputy minister of Finance, so there can be no question about it.

The government admitted it had inherited \$139 million. And since then, in nine years in office and ten deficits budgets, this PC government opposite has wasted and mismanaged the province's finances so that we now have a cumulative deficit of \$4.37 billion.

You have had all that money, all that taxpayers' money in trust over nine years, and what have you done with it? Where has the money gone? Now you have to turn around and gouge us again with this dreadful provincial sales tax in order to cover even your annual interest charges, to cover the deficit . . . are now at \$500 million a year just to cover the deficit's interest charges, and the total debt of the province has increased from 3.3 billion to 14.2 billion. And people are asking, where has all the money gone?

The PC government's deficit has been caused by the same financial mismanagement that is the cause of this unfair tax increase. The Premier once said Saskatchewan has so much going for it that you can afford to mismanage it and still break even. Well he certainly has mismanaged it and it's very obvious that he has not at any way broken even.

What has this government done with our money? One of the things it's done is brought in privatization, and that has turned a lot of our taxpayers' revenue over to out-of-province interests. Privatization has led to lost provincial revenue. The privatization of Saskoil, which has been mentioned many times in this legislature, and is worthy of mention many times more, is a good example of the failure of the Tory privatization schemes to return good revenue to the provincial treasury. Within one year of the sale of shares, private shares in Saskoil, three-quarters of the privately owned shares were owned outside of Saskatchewan. That was a great loss to the people of Saskatchewan.

In its last two years as a Crown corporation, Saskoil had made more than \$80 million in profits for the people of this province. But since it was privatized, Saskoil has not paid one dime in dividends on the shares that were retained by the province. So that's part of where our money has gone.

And there is also the example, mentioned many times in this legislature, of the privatization of the Prince Albert Pulp Company, sold off to the giant American forestry corporation, Weyerhaeuser. And that was a pretty good deal for the company, but for the people of Saskatchewan it was unfortunately a very bad deal. The Weyerhaeuser corporation of Tacoma, Washington, purchased the Prince Albert pulp mill and related forestry assets for \$236 million on the following terms and conditions: no down payment, 30 years to pay, and eight and a half per cent interest.

Now I'm sure there are a lot of people listening to me tonight, and people across the province, who would like to get something for no down payment.

Some Hon. Members: Hear, hear!

Ms. Smart: — And I'm sure that there are many home owners who would like to be able to get a house at eight and a half per cent interest, and 30 years to pay, and no down payments to be made each year unless Weyerhaeuser's profits reach a certain guaranteed level. And we have explained in this legislature many times to the members opposite that a corporation like Weyerhaeuser, with its head offices outside of the country, has all sorts of ways to send its profits south of the border and never declare a profit reached on, to a certain guaranteed level, here in the province. We shouldn't be surprised that up till now Weyerhaeuser has not yet repaid to the province 1 penny of that \$236 million debt — not 1 penny.

Mr. Speaker, the PC government's privatization records and deals like these demonstrate two things very clearly. A lot of taxpayers' money has gone out of the province because of privatization, and it's because of sweetheart deals like these and the ones with Pocklington and the ones with Cargill, that we say and the people say, that we must open the books.

The PC government opposite has bankrupt the province and now with this two-phase provincial sales tax it is hell-bent on bankrupting the people as well.

Since 1982 there have been 9,910 business and consumer bankruptcies in Saskatchewan. And of that total, 3,356 have been business bankruptcies. Total bankruptcies in 1981 were 456; and in 1990, 1,957 which is a 320 per cent change. That is shocking. And it's no wonder the people are hurting. Business bankruptcies in 1981 were 162, in 1990, 616; a 280 per cent change. Farm foreclosures — since the Saskatchewan Farm Land Security Board was established at the beginning of 1985, it has received more than 7,000 formal notices of foreclosure. The annual number of notices of foreclosure has jumped sharply from 609 in 1985 to 1,855 in 1990. That's an annual increase of 205 per cent.

This is information that comes from the federal PC government's department of Consumer and Corporate Affairs, Mr. Deputy Speaker. And the information on the foreclosures comes from the Saskatchewan Farm Land Security Board. These are not figures pulled out of the air. These are figures . . . And what they represent is the destruction and devastation, the body-blow that this government has dealt to the people of this province over the last nine years. People are reeling under the affects of this government. And I'm sure that when they do screw up the courage to call an election they will be thrown out of office totally and completely.

The Premier has said in 1982, deficits are just a deferred tax that must be paid by future generations. We're paying the cost of that deficit now; we're paying it in increased regressive taxes like the provincial sales tax and we will be inflicting it on our future generations. And that is a terrible burden for the younger people of this province and it is the cause of great distress to the older people who see the young people having to stagger under this debt.

Now there are several things the government opposite

could have done before it brought in a provincial sales tax, Mr. Deputy Speaker. But over the years the actions that this government has taken have shown clearly that they have no consideration for the hurt and the devastation that taxes inflict on people and they have no consideration for the increased costs that are inflicted on people.

I was reminded, as I prepared for this speech, of the comments made by the government members opposite when we were urging them to oppose the changes in the patent drug Act as long ago as 1986-87. We were pleading with this government to take a stand with the Ottawa government to prevent them from bringing in the changes to the patent Act. And what do we have now? Just what we said was going to happen — increased costs in drugs.

In this budget the cost of the prescription drug plan has gone up tremendously — over \$12 million, as I believe . . . off the top of my head. But it's well over \$10 million. And that increase is caused by the fact that people are now having to pay for brand-name drugs, not generic drugs, even though this government opposite is now trying to force people to only take generic drugs.

Well the patent Act changes that came in in 1986 made it much more difficult for our Canadian drug manufacturers to manufacture generic drugs that would be current because they have to wait now over 10 years for the patent on a brand-name drug to expire. Before, it was a lot sooner. Before, we could manufacture our drugs in Canada and provide people with generic drugs that were much more current than what we have now.

And at that time we said that this was going to cause extra pressure on the people of Saskatchewan, on the drug plan. And the government opposite — oh no, no, we weren't going to . . . you weren't going to cause an increase in the drug plan. What you were going to do was going to bring in multinational drug companies to manufacture drugs in Saskatchewan. We don't have manufacturing of drugs by multinational corporations in Saskatchewan all these years later, and what we have is an increase in the drug-plan costs. And we have pressure put on people to have generic drugs when they might well have name-brand drugs.

An Hon. Member: — Is that good or bad?

Ms. Smart: — If generic drugs . . . The Minister of Finance asked, is that good or bad? We told him when we were speaking in the legislature in 1986 and '87 that it was a bad idea to hurt the generic drug manufacturers by bringing in the patent drug Act.

The Deputy Speaker: — Order, order. I ask the Minister of Finance to allow the member from Saskatoon Centre to make her comments.

Ms. Smart: — Indeed, Mr. Deputy Speaker, he doesn't like what I'm telling him so he's trying to make a lot of noise so that he won't have to listen. And that's all the government is about — making a lot of noise so they don't have to listen to the people, making a lot of noise so they don't have to listen to us here.

Some Hon. Members: Hear, hear!

Ms. Smart: — Making a lot of noise so they can bring in closure in a very bullying technique which is really offensive and very much in opposition to any democratic reform that they might say that they believe in.

And I might want to explain here, I was just remembering in my speech before dinner that I was talking about the fact that they're bringing in this closure. And the minister who is House Leader, the Minister for the Environment, the member from Melville . . . Melfort was yelling about the fact that we had not allowed the House to sit last Thursday.

And it's interesting because people out there need to understand what happened. It was the House Leader that didn't have a quorum in this House that day. And it's his responsibility to have quorum in this House, to make sure that there are enough government members sitting in their seats listening to what we had to say so that you wouldn't be caught with your pants down as you were last Thursday.

Some Hon. Members: Hear, hear!

Ms. Smart: — And we called quorum on you. We left the legislature and we called quorum on you because you only had about 10 members in the House. And you want to blame that on us; and you want to say that that's the reason you bring in closure. We were busy speaking to that legislation and you didn't even have the decency to be in the House to listen to it. You don't even respect legislative debate.

If this government had opposed the changes to the patent drug Act, we wouldn't have the increases in the prescription drug plan, we wouldn't have the need for the provincial sales tax.

If the government had opposed free trade, we wouldn't have the devastation and the recession that we have now in Canada and things wouldn't be as bad as they are for everybody.

And there are other things that the provincial government has done and not done that have led us to this situation where they're now bringing in this sales tax. They have not spoken out against the federal government's policy of off-loading charges onto the province.

Now everybody recognizes that it's the federal government that has the power to bring in income tax and it is the federal government that collects most of the money that the taxpayers pay. And yet the federal government is now off-loading onto the provinces the cost of more and more programs. And we don't have the tax base in this province to pay for it the way we did when the government from the federal level gave transfer payments to the provincial level.

Now I'm sure that half the members over there don't even understand this issue, because if they did they would have been encouraging the provincial government to be really strong in opposing this off-loading. But in last

summer when everything was quiet — except that we were focused on the possible Gulf War; we were focused on the results of the Meech Lake; we had the Oka crisis in Quebec — and the government brought into the legislature in the House of Commons, Bill C-69, and that Bill freezes transfer payments to the provinces for two years and then reduces those transfer payments. And this government opposite didn't say anything about that.

(1930)

You didn't say anything to the federal government about that; you didn't even try to oppose it. You should have opposed that. If you had had the same transfer payments coming as you had in the past, we wouldn't have to have this sales tax. The policies of the Mulroney PC government in Ottawa have shifted an unfair tax burden onto provincial taxpayers and the PC government opposite has gone along with every one of these federal PC government's moves to burden Saskatchewan people with more costs for government programs and more increases in taxes that are unfair, unnecessary, and inhuman.

The federal PC government has arbitrarily forced provincial taxpayers to shoulder a larger proportion of national shared-cost programs in areas like agriculture, social assistance, health care, and education — all the programs that cost us so much at the provincial level — and you did not oppose that. In the 1990 fiscal year alone, this federal tax shift or off-loading has cost the provincial taxpayers in the four western provinces more than \$2 billion. We've already paid for it starting in 1990.

This government has been completely silent. You've got your hand in glove with Brian Mulroney and the federal PC Party. And you've allowed this to happen to us.

Oh you put it under the guise of isn't it nice for the provinces to have more control over their programs, more control over our health care, more control over our education, more control over our social assistance. And you fly in the face of the reality that the tax base that's based on progressive taxation, that's based on income tax, goes to the federal government. And the federal government is now blocking it from coming back to the provinces. That's a very regressive step. That's something that you should have opposed and opposed strongly.

Now this Bill C-69 that was brought in by the federal government last summer and wasn't noticed by people, also was similar to Bill C-61, the one that we're debating tonight, because it had a very innocuous title.

This is what the federal PC government does. The federal PC government brings in An Act to amend Certain Statutes to enable Restraint of Government Expenditures. That was the title of the Bill that froze the transfer payments to the provinces so you wouldn't have to bring in things like a provincial sales tax. And you just copy the PC federal government. You bring in a Bill, An Act to amend The Education and Health Tax Act, and what it really is, is gouging the people with a provincial sales tax which people cannot pay.

Some Hon. Members: Hear, hear!

Ms. Smart: — It's very satisfactory to hit this government hard, Mr. Deputy Speaker, because they deserve it. And I know that the people out there are very angry and they really want an opportunity to sock it to you the way you've socked it to them. You've hurt them so much.

Let's look at taxes. I've already talked about the question of where the money goes and what you've wasted it on. I've already talked about the federal transfer of payments and your complete silence while the federal government sticks it to the people in the provinces. They're still collecting our money, but they're not going to give it back to us. It's no wonder there's a tax revolt in this country.

And now I want to look at taxes, Mr. Deputy Speaker, because in 1982 when the provincial PC government came to power, this Tory government came to power, what did they promise? They promised to cut the income tax by 10 per cent, they promised to eliminate the gas tax, and they promised to eliminate the sales tax. And every single one of those promises have been broken.

An Hon. Member: — Hot air.

Ms. Smart: — Absolutely. They were nothing more than hot air. And I say — and the people of Saskatchewan know — that Tory promises are as hollow as the space between the ears of the Minister of Finance.

Some Hon. Members: Hear, hear!

Ms. Smart: — And that instead of eliminating taxes, the PC government has consistently increased them, and increased them unfairly.

What did this government do? It introduced the flat tax, which has gone up fourfold since it was introduced. And that's an unfair tax, flat across the board, a tax to everybody regardless of their ability to pay.

They reintroduced the provincial gas tax and then they raised it; they didn't eliminate it. And they have increased more than 500 provincial licences fees and charges, so they're getting money there, too. And that's a kind of tax on the tax . . . on the people of Saskatchewan.

They tried to impose a used-car tax and a lotteries tax, but they had to rescind these because of public pressure. And I say that they're going to have to stop this provincial sales tax because of public pressure. And I want to remind people listening that we are talking about the need to increase the public pressure. We put a lot of pressure from the public on this government regarding the used-cars tax and regarding the lotteries tax, and we could put the pressure on them again, and we will. Because this government deserves to be squeezed as hard as it's been squeezing the people of Saskatchewan.

And regarding the provincial sales tax which they promised to eliminate, they didn't eliminate it; they increased it — the education and health tax — from 5 per cent to 7 per cent. So they increased it. And now they've expanded the provincial sales tax. And they're going to tax all the goods and services subject to the hated federal GST by 1992. The people all across the country are

opposed to the federal tax, and yet you go and bring in the same thing here.

Well you're going to hear about it. You are really going to hear about it from the people. Because since 1982 Saskatchewan people have been hit with sharp increases in their property taxes as this government opposite practises the same policy that the federal government practises and you off-load your costs on to the municipal governments. And the municipal governments have no choice but to raise the property taxes, and that's another regressive tax.

Your provincial sales tax is regressive because it hits everybody regardless of their ability to pay. You refuse to get the money from the federal government that has the base of an income tax which is based at least on people's ability to pay. And now you're going to copy the federal government and off-load your costs on to the municipalities and they have to put up property taxes.

And so the increase in property taxes means another tax burden on the people of Saskatchewan, a back-door tax increase imposed by the provincial PC government. It's not the municipal governments' fault; it's the provincial government. And the municipal governments have been putting the pressure on you not to restrict your transfer payments. But you're not listening to the municipal governments any more than you listen to the people of Saskatchewan as individuals.

There are other examples including the inadequate levels of school operating funding so that school taxes have to go up. And because of the heavy burden of this unfair tax increases on ordinary families and single people and seniors, more and more people are demanding that the tax system should be based on the fundamental principle of ability to pay. In other words, a tax system should be progressive, and I am pleased that New Democrats continue to uphold that policy at the federal level and at the provincial level. Taxes should be based on ability to pay. The provincial sales tax grab initiated by this Bill 61 is not progressive, it is not based on ability to pay, and it is not a fair tax.

This new provincial sales tax on top of the flat tax, which has increased fourfold since it came in, is leaving people, as I've mentioned already, with even less disposable income. And where will it end with this government opposite? The people are already taxed to death and they can't take it any more. They are saying enough is enough and they want you to call an election and let them tell you what they think of all these tax increases and especially what they think of this latest attack, the provincial sales tax.

People are going around saying that as far as this government is concerned the people are pissed off . . .

The Deputy Speaker: — Order. I'd ask the member to apologize to the House for using that kind of language.

Ms. Smart: — I apologize for saying that. I know that people are saying PST-off. And if the Minister of Finance doesn't like that, that's . . .

The Deputy Speaker: — Order. I asked the member for an apology and I expect an apology now. Order.

Ms. Smart: — I apologize, Mr. Deputy Speaker.

But I want to remind the government members opposite that according to Statistics Canada, again the government record, between 1981 and 1989 the average wage in Saskatchewan — if you're lucky enough to still have a job — the average wage increased by 29 per cent. But inflation in this province, because of the increased charges on costs and the increased taxes, inflation increased by 48 per cent. And over that same time period, a typical Saskatchewan family's total provincial tax bill jumped by 71 per cent.

Now that's before this provincial sales tax, Mr. Deputy Speaker. Before this provincial sales tax, from 1981 to 1989, Saskatchewan families' total provincial bill jumped by 71 per cent. And this is a government that says it is bringing in protection for families, and they made such a great deal of creating a minister responsible for families. Well to increase the provincial tax paid by typical Saskatchewan families by 71 per cent is some poor protection for families, and it's no wonder that so many young families are hurting.

We've had the sad situation, just these last few days, of the nurses in Saskatchewan having to go on strike for better working conditions. They are terribly concerned about the millions of dollars that have been paid out of the taxpayers' money by this Tory government opposite for health-care facilities. Especially in Saskatoon it's very lavish, and there is no money for patient care, for staff, and for equipment. And that is pathetic.

You are trying to say that you have a plan. What kind of a plan is that — to do that to our health-care system, to spend all that money on capital expenses, and then have no money for the nurses and for the patient care. What you're trying to do is to force us into accepting user fees. You are systematically destroying our health-care system like the federal Conservative government is destroying our health-care system because you want to bring in a two-tiered system. You don't want to have the kind of medical care that we've enjoyed in Canada for so many years.

And you're hurting us and you're hurting us . . . As I watched the nurses on the picket line this weekend and walked with them and talked with them, I heard of their great distress about their working conditions. I heard about what's going on in the hospitals, and I am ashamed that this government would not help the nurses but put them in a position now where they have to strike. I know that that is not an easy thing for the nurses to do. They are desperate. They are desperate for their job security. They are desperate for their patient care, and they are desperate for their working conditions.

And if you had managed the taxpayers' money better instead of wasting it and mismanaging it, our health-care system would not be forced into the situation it is today, and you would not have had the provincial taxes go up 71 per cent before, before this addition in the provincial sales tax.

(1945)

I want to briefly refer, as I did at my response to the budget speech, to the situation facing seniors because this government is taking money out of the pockets of seniors and using it for their own waste and mismanagement. And I was talking to some constituents this weekend, and they said to me that this government is nickelling and diming them into the poor-house. A package of toothpicks, a cup of coffee, some cleaning supplies, all the things that people want to buy or need to buy have this tax added, added from the federal government, added from the provincial government, and in the future will be added even further.

And that is very, very hard on people who are older. It's hard on everybody. It's very hard when you're on fixed income. But what have you done? You've taken a 25 per cent in the Saskatchewan Income Plan for the very neediest seniors; you've taken money away. You've cut 1.5 million out of the heritage grant program. You've cut the grants to the senior citizen service organizations. You've put in cuts to the hearing-aid plan, and you've added user fees for hearing assessment and for fittings of hearing-aids. You've cut the Saskatchewan aids to independent living program. You've put in an increase on home-care services. You brought in a \$10 per visit deterrent fee for visits to chiropractors, to the foot doctors. And you've increased the drug plan user fee to 25 per cent from 20 per cent. That hurts a lot of people who are chronically ill and it hurts the seniors. And for the first time you've brought in charges on prescription drugs for seniors in nursing care homes.

These service cuts and additional expenses are unconscionable at a time when our seniors are trying to get by on fixed incomes and are already trying to make their dollars stretch further to cover the federal goods and services tax. They can't take this provincial sales tax any more than anyone else can take it.

Now I want to turn to an issue, Mr. Speaker, that's again dear to my heart and one that I know has received a tremendous opposition in this province, and that's the tax on reading materials which came in April 1 — taxation without representation. The legislation hasn't even been passed yet, and yet the tax on reading is in effect.

Let me remind the Minister of Finance what he said in 1986 in responding to the throne speech when he was minister of Education. And this is what he said:

My goal is to have the young people in this province hooked on reading, not on drugs . . . A simple goal — hooked on reading.

Well I say, Mr. Speaker, that this Minister of Finance has hooked the young people all right, but not on reading. He's gouged them. And I know that a lot of single parents trying to buy basic reading materials for their children in grade 1 and pre-schoolers are hurting when they have to pay 7 per cent tax on top of that. You hooked them all right; you hooked them on reading; you stuck it to them.

A tax on reading, according to the Saskatchewan Alliance

Against Tax on Reading . . . And I'm going to quote some of their comments because I think they are very worth putting on the record here and because I totally support them. A tax on reading which the former minister of Education has brought in as Minister of Finance is a tax on information and knowledge. This provincial tax on reading is the only one of its kind in Canada.

And this is the Minister of Finance who, when he was minister of Education, was saying over and over and over again that he was taking us into the 21st century. Well some way to go into the 21st century. This is going forward . . .

The Speaker: — Order. Why is the hon. member from Weyburn on his feet?

Hon. Mr. Hepworth: — Mr. Speaker, I'm wondering if the hon. member would entertain a question to clarify some remarks she made earlier tonight in her speech, Mr. Speaker.

The Speaker: — Will the hon. member entertain a question?

Ms. Smart: — Mr. Speaker, they brought in closure; I didn't. I want the time to speak in this legislature, and I want my colleagues to have time to speak in this legislature . . .

Some Hon. Members: Hear, hear!

Ms. Smart: — . . . even though the members opposite think the time is running out. Time is running out on this legislation and time is running out before you have to call an election.

Mr. Speaker, this tax on reading is going forward into the 21st century, Tory style. And people say, no way with their way. Absolutely no way with their way.

The combined provincial and federal taxes, which add up to 14 per cent, means that readers in Saskatchewan will be among the highest taxed in the world — in the world. And this from a Minister of Finance who, when he was minister of Education, said he was going to improve the quality of life. Well some improvement. Reading and learning foster the development of independent thought essential to a democratic society, and they contribute to the development of a distinct Canadian culture. Reading and learning do that, contributing to the development of a distinct Canadian culture.

And when I read that in the Saskatchewan Alliance Against Tax on Reading's presentation, I reflected that it's no wonder that the Tory members opposite want to tax reading because they have proven over and over again that they have no respect for the distinct Canadian culture. A group of members of a provincial party that would not oppose the free-trade deal is now stinging us in other ways as well.

Before 1991, books and magazines were tax free in Canada, and Canada was a country that promoted and encouraged reading by giving money to artists and writers and support for publications. Now, Mr. Speaker, reading

is important to the people of Saskatchewan. It's particularly important to new immigrants who are learning English and want to have access to reading supplies and who are often, by and large, struggling on very low incomes to manage to survive in this country until they learn the language and can function with skill in the work place. Illiteracy carries social and economic costs which are devastatingly harmful to society. And governments, including the PC government opposite, put our taxpayers' money into literacy campaigns.

In fact, the Minister of Finance, when he was minister of Education, was making a great deal out of the fact that he was putting money into literacy. He said, in 1987: we will be announcing a major campaign against adult functional illiteracy. This silent enemy in our midst has reached unacceptable proportions. We must organize now to overcome it. And he said he will be proposing this to the Canadian ministers of education council when we go there this fall, Mr. Speaker. And he said: I hope it will be the start of a national assault. Well what's been the start of a national assault has been the federal GST. And you've continued the national assault by bringing it here to the province in the forms of a provincial sales tax which we're debating tonight.

And what you have done for literacy is tax the reading materials, and you've also withdrawn funding from the program that the IBM people brought in with the provincial government. So you're not doing anything for literacy after you huffed and puffed and said that you were going to do wonderful things for the province. Just a lot of . . . the minister . . . Mr. Speaker, the Minister of Finance is a lot of hot air and he's huffing and puffing from his seat and he will learn soon that his balloon is going to get pricked.

Reading is not only instructive, it also develops critical and creative thinking. And one of the ways it's really important for that is supporting local publishers of local writers to provide reading material relevant to Saskatchewan. And with this provincial tax on reading, Saskatchewan will face a gradual erosion of Saskatchewan-owned publishing companies and a reduction in the number of books and magazines published in Saskatchewan.

This is what happened before the federal government put money into Canadian publishing, before the Saskatchewan government put money into provincial publishing; there was no publishing of Saskatchewan material or very little. And over the last 20 years it has blossomed and we have had some very fine writers nourished in this province. But the government opposite brings in a provincial sales tax on reading. And they call this economic diversity — to put Saskatchewan publishers out of business? Some diversity.

Now the publishers are very threatened and they may go out of business. Like so many other businesses, like the restaurateurs and the border-community businesses, the publishers may also go out of business. The bookstores are suffering. Students are going to have access to a smaller variety of reading materials, especially if the independent bookstores are forced to close. And maintaining an independent bookstore is not a way to

become very wealthy, it's a way to serve the community. It's a satisfying life if you can provide people with good reading materials, it's not a way to become independently wealthy. But it's very important that we have those independent bookstores, and this tax is hurting them badly.

It's also hurting our writers, and our writers are already near the bottom of the wage scale. They are going to have fewer income opportunities if the bookstores and the publishers are out of business. They will have fewer opportunities in Saskatchewan because of the effects of this tax. This tax is a domino effect as I've explained earlier. You tax the reading material, you hurt the bookstores, you hurt the publishers, you hurt the writers, you hurt the readers. Everybody hurts. Everybody is collapsing under this tax. It demonstrates the domino effects of a regressive tax where it's not based on the ability to pay.

And we ask over and over in this legislature: where is the PC government's economic study of the effects of this tax on writers, on bookstore owners, on publishers, on readers, on students, on immigrants who are coming here to learn English as a second language, etc., etc. Where is your economic studies?

Studies have been done that show that books and magazines are very price sensitive, Mr. Speaker, that a 1 per cent increase in price can effectively reduce sales by 2 to 3 per cent. And that is very bad news for the bookstores.

Projections are that this 14 per cent tax on reading will reduce sales by over 20 per cent and will increase the unit cost of production by 7 per cent; and that will drive the retail prices even higher; and the result will be a decrease in sales of over 30 per cent.

These are the statistics provided by the Saskatchewan Alliance Against Tax on Reading. They say, and I agree, that books and magazine sales keep people in business — not wealthy, but earning a living. A disastrous fall in books, magazines, and newspaper sales will cause a major crisis in the industry.

Saskatchewan's writing, publishing, and merchandising industry, made vital through at least two decades of struggle, will be severely wounded in a few short months. And that's a body-blow to this very important industry. That is another body-blow to the people of Saskatchewan.

The result in the closing of Saskatchewan publishing companies and bookstores will be more lost jobs. More people will leave Saskatchewan because some of our brightest and best people — our creative thinkers, our dedicated publishers, our knowledgeable bookstore owners — will be leaving the province. And Saskatchewan readers will suffer.

The tax rebates to libraries and schools is an attempt by the PC government to divide and conquer the opposition to this tax on reading. But those opposed to the tax on reading are prepared to stand united against the tax. They know that they are interdependent groups of people. Libraries and schools depend on publishers and writers

and bookstores.

And that is why the Saskatchewan Alliance Against Tax on Reading has mounted such a strong campaign. And I want to remind the Minister of Education that the Saskatchewan Alliance Against Tax on Reading includes the following groups of people: the Saskatchewan Library Association, the Saskatchewan Publishers' Group, Saskatchewan booksellers, Saskatchewan Writers Guild, Saskatchewan Playwrights' Centre, Canadian Library Association, the Canadian Booksellers Association, the Association of Canadian Publishers, the Literary Press Group, the Antiquarian Booksellers Association of Canada, the Periodical Marketers of Canada, Mid-Western News Agency in Saskatoon, Regina News agency, Northland Books in Saskatoon, Coles bookstores, Bookworm's Den in Saskatoon, the University of Saskatchewan Bookstore, the University of Regina Bookstore, the Reader's Den, the Burns-Hanley Church Supplies, Canada Book, the Children's Corner Bookstore in Regina, Awarehouse Books in Regina, The Country Bookstore, Broadway Book Merchants in Saskatoon, Sutherland Books in Regina, Mary Scorer Books, the Saskatoon Book Store, the University of Saskatchewan libraries, the University of Regina Library, the Saskatoon Public Library, the Regina Public Library, Southeast Regional Library, Palliser Regional Library, Lakeland Regional Library, the Canadian Plains Research Center, Coteau Books, Fifth House publishers, Thistledown Press, and Western Producer Prairie Books.

That whole long list of organizations reflects a lot of people all across this province and they are very, very angry with your sales tax.

(2000)

Some Hon. Members: Hear, hear!

Ms. Smart: — Don't tax reading, says an editorial in the *Star-Phoenix*, and it says that is lunacy and it should be stopped. Taxing reading is lunacy and it should be stopped. P.A. petitions fight reading tax in Prince Albert.

And all across the province, as we know from the petitions that we handed in, in the small communities and in the large communities, people oppose this tax on reading. They know perfectly well that they are going to be hurting the people who need to learn and want to read and want to develop and to think clearly — something that this government members opposite obviously have no respect for. And it's just too bad that you take such a wide sweep with this increase in the provincial sales tax.

I want to just briefly also talk about the effect of this tax on women. I've mentioned it already and I want to say it again because women pay a greater proportion of tax, making on an average 66 per cent of what men do. Lower average incomes, they pay a proportionally greater amount of their income in tax. And many low-income earners don't file income tax and so will not receive the rebate, but they will have to pay the goods and services tax. And the rebate isn't enough to make up for all the sales tax you have to pay in a year anyway, especially as a single parent with children to support.

A tax on mothers who work outside the home — that's what this provincial sales tax is. Because all restaurant meals, all prepared food, all take-out food is taxed.

A woman who's been working on her feet all day at the hospital as a nurse and wants to take home some food for her family if she's too tired to prepare a full meal, has to pay the sales tax. And it's a special tax for women on supplies that we need as women; it's a tax on everything women buy. It applies to all sorts of things like diapers and children's clothing, haircuts, and beauty supplies.

And you know, you can say that in the past people did without these things, but now it's impossible to do without them. You can't go to apply for a job unless you're properly dressed and decently attired and looking well and attractive. There's so few jobs out there that when people do go to apply for jobs, they have to look their best. And a tax on all the supplies that help people to look their best when they're applying for jobs is a real hurt.

The exemptions are not really exempt and it's going to hurt things like child-care centres and rent on apartments. Taxes on everything for the child-care centre that they buy and taxes on everything the landlord buys, and those taxes will be passed on to the consumer. It means operational costs will increase and so will the bill for child care and so will the bill for rent.

This tax that we're debating tonight makes an unfair tax system even more unfair. It's unfair for women in the first place, and it's more unfair now. Our tax system rewards high-income earners with tax cuts and shelters, but it does not reward the people who do the hardest work and the people who give you their precious tax dollars as money to manage for the best of the whole society. And you've squandered it and wasted it, and it's long time for you to be out of this business of managing — or mismanaging — the people's money.

I've been looking at a report that I received. I mentioned it already in the legislature — *Women and Poverty Revisited*. And it raises again the concerns about the level of poverty that women are under. And we find that the huge poverty burden is on unattached women, and unattached men, who are under 65, and single-parent mothers. They're the ones that are carrying the biggest burden. They're the ones that have had the most expenses, and single-parent mothers are in the worst position of all. They bear 17 per cent of Canada's total poverty gap and yet they make up only 3 per cent of the population. And men and women living singly will get no tax credit from this government.

This PC government opposite gives a family tax credit — a measly amount of money considering the expenses that families will have to endure — but they in no way address the concerns and the very real issue of single people, both men and women, who are living on such low incomes.

This report on . . . *Women and Poverty Revisited* is a report by the National Council of Welfare. It was written in the summer of 1990 and it looks at an issue that was looked at 10 years ago, and finds that the situation is not improved at all. It's important to point this out.

I'm sure that the Minister of Finance would not take the time to read a report like this. But between the statistics you can imagine the suffering of individual people who cannot afford to do what they feel they need to do to maintain themselves in this society — look for a job, inadequate dress, be able to find a job when so many businesses are going under and only offering part-time work. When nurses are forced on to picket lines — nurses providing some of the very best care in the province are forced into this situation — it's really quite unacceptable.

I also found it very interesting . . . I've mentioned already the tax on reading. I've mentioned already the tax on restaurant meals and how that's hurting the restaurant industry which is composed of many, many businesses in the province.

Also I want to, as the critic for housing, refer briefly to the problems around the sales tax for the housing industry. The housing officials in the building association, home builders association, fear the development of an underground economy to bypass the goods and services tax. This is something that we've mentioned before when we were urging you to oppose the tax federally. We said look, this kind of value added tax, when it comes in, just creates an underground economy where people try to get around the tax. And who can blame them for doing that?

But what it means again is that the system that we've set up crashes down. Home builders are in a very bad way. House construction has been very low in the province, down 62 per cent in Saskatoon and in Saskatchewan, and almost no housing starts anywhere in the province. And this government has contributed to that by bringing in a sales tax on business supplies.

When we visited with the real estate association, Mr. Speaker, they also expressed their very great worry about the impact of a sales tax on their services. And one can understand that because the real estate association depend on the charges that they can collect on the sale of a house. And if they have to also collect the GST and the PST, they will find that people will negotiate private deals and bypass the real estate association.

And I'm also reminded of the fact that one of the areas of waste and mismanagement . . . and when I think about housing I think about the government's home improvement program that they brought in, the PC government. And we found out last November, only through asking in Public Accounts, that there's been \$10 million lost of the taxpayers' money because of defaults on loan payments on the home improvement grant. Now that was a good example of mismanagement when you can lose \$10 million of the taxpayers' money on that program, and probably another reason why you've had to bring in the provincial sales tax.

All the money that you've collected so far over the last nine years has drifted through your fingers to Guy Montpetit, to what other scams in wastes and mismanagement, to high contract salaries, to feeding the patronage for your pals, and not to giving good administration of the public money to the people of Saskatchewan.

You had choices. Mr. Speaker, this government had choices. It wasn't a result of drought or grasshoppers or all these other things that the PC government has been blaming things on in the past. It's been a result of your wrong choices. Taxes have gone up scandalously in this province. People are under a very big burden because of your mismanagement.

And we are encouraging people to let us know about their opposition. We are encouraging people to phone their MLA if they're in opposition to the sales tax, to phone the Premier's office, to sign the petition to protest this tax in any way you can, to help us keep up our pressure here in the legislature, because our pressure is strong. The people's pressure is strong, and if the people really let their voices be heard they will be successful, I'm sure, in overturning this tax.

But people are discouraged right now. People are just waiting for an election. People are saying that this PC government has failed to provide fair taxation, has failed to control the deficit, has failed to control waste and mismanagement, has not improved the economic base of small towns, and it has not provided sufficient job opportunities for young people. For all those reasons, this government is a government very low in the polls. And with this provincial sales tax, this government is even lower in the polls.

This government is so sunk in its own mud hole that it will never be able to see the light of day. It has no right to impose this new tax without letting the people vote on it in an election first. And therefore I say this legislation must be opposed here in the legislature and by the people outside the legislature. This government must have no right to impose this new tax without letting the people vote on it in an election first.

And I'm sure as soon as the people get that opportunity to vote on it in an election, you will be out of office and we will have a New Democratic government in the province of Saskatchewan — a government that will treat the people's money with respect, a government that will be treating the taxpayers' dollar as a hard-earned dollar, a dollar that deserves to be well spent on health care, education, agriculture, and social assistance.

We will form a government that stands up to the federal government and opposes the decrease in transfer payments to the provinces. We will not be a government that off-loads all its costs onto the municipal government. But right now, caught in a squeeze — caught in a squeeze by the Tory governments, caught in a squeeze that we must overthrow.

We must get rid of this government. We must oppose this legislation. We must speak out in opposition to closure which is a terribly undemocratic action for a government to take. We must speak out against taxation without representation — the fact that you brought in this tax before you even had the legislative authority to do so. You're a vindictive, deceptive, undemocratic government, and you're a government with a very few days left — thank goodness.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Thank you, Mr. Speaker. Well you know, Mr. Speaker, when I was elected I knew that this would be a difficult job. But I'd never believed that I would have to sit and listen to so many NDP go on for so many hours and say nothing, Mr. Speaker.

I mean this is maybe why we are paid such a low pay. Because I really don't know how much you pay people to sit here and listen to the kind of debate we have heard here today.

The member who just spoke before us spoke before dinner, spoke after dinner, spoke for one and three-quarter hours or more. And the member says, well we just want to speak; we just want to speak against this tax. Well fair enough. Nobody is happy to pay tax, Mr. Speaker. I'm not happy to pay tax. But I'm proud to pay taxes. I am proud to pay for what we get in this province. I'm proud to pay my share and I think the majority of people in Saskatchewan understand and realize that they have to pay their share for their services. And I think they're proud to pay for what they get — and they get a lot, Mr. Speaker.

And the opposition says it's never enough. It's never enough. I challenge the opposition to tell us how much is enough. They won't tell us anything. They will whine about a tax. They will whine about not enough for health care, not enough for education, not enough for agriculture, not enough for small business, not enough, not enough, not enough, not enough.

But will they ever tell us how much is enough? No they won't, Mr. Speaker, because if they could every ascertain how much is enough, then they would have to tell us how they would pay for it. And when they determine what is enough, then they would have to think. They would have to calculate. Maybe they'd even have to count on their fingers to see how they would raise the money, Mr. Speaker.

That's the problem they had in Ontario when they got elected. They decided they were going to do enough and then found out that to do enough someone has to pay the price. The taxes have to be paid, Mr. Speaker.

Well I think what you've seen here, Mr. Speaker, in the last few days, is an example of who might govern this province if the people of Saskatchewan believe that there is a free lunch, that you can get something for nothing, that you can get health and education, and somebody else will pay. We, all of us in this province, have to pay our share. This is a fair tax, Mr. Speaker, and I'll go on to explain why it's a fair tax.

Well let me say that what you've seen of the members opposite speaking here, Mr. Speaker, I don't think it gives you or anyone in this Assembly or anyone in this province confidence that those people over there who spent weeks and weeks whining and snivelling with no alternative to what is to be done . . . I don't think anyone has any confidence that they would know what to do. I would think that the members opposite who want to be government have no plan or if they have a plan it is so bad they won't even tell us what it is.

(2015)

Well, Mr. Speaker, I don't think you've seen from the opposition the kind of leadership it will take to bring this province into the next decade, the 1990s, or bring this province into the next millennium. I don't think the people opposite think beyond 10 o'clock recess today, Mr. Speaker. I don't think that they have a plan of any sort other than to grab power and take care of their special-interest groups at the expense of the province as a whole, Mr. Speaker.

I think that they have a very narrow-minded approach to how you govern. You take the majority and you pull them down, and you pull them down to your level and you make everybody as poor as you are, and that's fair. Then everybody is equal. Everybody is poor. That's what they have in mind. They have their pet projects. They have their favourite groups that they want to take and stuff money in their pockets when there is no money.

Wealth has to be created, Mr. Speaker, and the members opposite have no idea how to create wealth. They can't even say the word profit because to them it's a dirty word. They can't even say the word efficiency because to them it's a dirty word; it would mean that someone would actually have to produce. Production is another dirty word for the members opposite. They cannot say it. They can talk about sharing, but they have no plans for creating the wealth to share.

Now this tax system is fair and reasonable and I'll explain why. But the members opposite say they want time to speak. Well the first problem, Mr. Speaker, is that on this tax Bill they have had lots of time to speak. The problem is they speak so long. And when they speak, they repeat themselves. They delay. They dilly-dally. They get on topics that have nothing to do with the taxation Bill at all.

The members opposite have not changed, Mr. Speaker. I went to NDP conventions as a member of that party from 1972 to 1975, four conventions. You know what? This sounds just like their convention; they don't know when to stop talking. They go on and on. They repeat themselves. I remember going to their conventions. They were against doctors; they wanted to drag them down. They were against lawyers; they wanted to drag them down. They were against accountants; they wanted to drag them down. They were against big farmers, drag them down; middle-sized farmers — too big — drag them down as well. They say, give us a land bank, make everybody a little farmer. Then all the little farmers can be happy being poor together and sharing their misery with each other. I was at four of those conventions. I saw this 15 years ago and I see they haven't changed at all, Mr. Speaker.

Well let me say that when they get a chance to speak, what do they do? They call quorum because they don't want to debate this tax because they have no alternative plan. They have no plan for balancing a budget. Their leader says, well we would balance the budget, but he won't say how.

So what do they do? They call quorum. Now let me

explain to those people that might be in the gallery or might be watching somewhere that the NDP are encouraging to phone in — let me explain to those people what a quorum is. A quorum means that we have to have 15 members in this Assembly. The NDP sneak out and leave two members. They leave two members to speak for one and three-quarter hours and expect Conservatives, 13, to sit here and listen to that and keep a quorum so that they can carry on with their filibuster. And they sneak out. They call quorum.

Do they want to speak on this tax Bill or do they want to fool around? They want to repeat themselves. They want to delay and they want to goof off. And I think, Mr. Speaker, you have seen the ultimate goofing off in the Assembly today. Members opposite repeating themselves, distorting facts. They believe their own stories. They start these stories and they get them rolling around. And they get Weyerhaeuser going in their head and they say, Weyerhaeuser, Weyerhaeuser, and they get themselves fired up. Oh and then they start believing the little fibs they tell, and they get bigger and bigger, and by the time they are finished telling a story about a corporation like Weyerhaeuser, Mr. Speaker, it is nowhere near the truth.

They don't understand what's going on, but they have passion in their hearts; they hate somebody that's successful, somebody that's creating jobs in this province. I have seen it. I have seen that party for the last 20 years try to tear down everybody who's successful.

Well let me say, on this tax, this tax, they have flip-flopped. There they sit; they repeat the flip-flop, Mr. Speaker. On this tax they said it would be best to harmonize it if we're going to have to have this kind of tax in Canada. Now they say, oh no, can't harmonize it.

Mr. Speaker, on Thursday night the NDP had, of all things in the constituency of Melville, a pancake supper — flip-flop, flip-flop. Their taxation, their menu, it is consistent — flip-flop. They have no policy. I'm not so sure how they ate those pancakes. Did they eat them half-baked, the way the party likes them, or . . . I don't know if the pancakes were like their policy, flip-flop, half-baked, half raw, or mostly dough. I don't really know how they ate them but I think that that is an example of how the NDP are at least consistent in their flip-flop.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — I can tell you, Mr. Speaker, that it is a lot easier to get elected than it is to govern. And if you have . . . what you've seen here tonight is an example in the opposition of how easy it is to get elected, because you can fool some of the people some of the time but you can't fool all of them all of the time.

And I'm quite happy, Mr. Speaker, if they speak longer on this tax Bill, to display to the people of Saskatchewan that they have no policy, no alternative, that they are experts in whining, snivelling, complaining. If it's negative, the NDP have got it down to a science, Mr. Speaker. It's a lot easier to get elected than it is to govern.

I have to go back to 1975, when I in my misguided youth

helped those people get elected in 1975. And I remember . . . there is a member there who was elected at that time. But I remember, Mr. Speaker, that one of my great rewards for helping them get re-elected was to meet with half the cabinet at a private function, and at the time there was an increase in the price of oil.

Now, you talk about their plans. Half the cabinet was present and they were discussing what they had done the previous day, they had set an energy policy for Saskatchewan, and finally they came around and they said to me, a young lawyer: Grant, what do you think of the oil situation in the world? And I said, well I don't know a lot about it — just what I had read from *Time* magazine. And to my amazement, I knew more about oil from reading *Time* magazine than the cabinet of Saskatchewan under Allan Blakeney knew about it after they had made the decision on our energy policy.

Some Hon. Members: Hear, hear!

Hon. Mr. Schmidt: — Well I went home and I said to my wife, it's a lot easier to get elected than it is to govern. And I think those people, while their hearts are pure and they mean well, don't have the faintest idea of how to run a government. That was the second last straw in my conversion to what the world functions on, the free-market economy.

An Hon. Member: — Tell us about the last straw.

Hon. Mr. Schmidt: — Well I don't want to tell you about the last straw, because the last straw was buying holes in the ground for potash mines.

Well, Mr. Speaker, let me say this: why would we impose this type of tax, a provincial sales tax, in a spring when everyone knows we are going into an election in the very near future? Why would we do that? Well the members opposite would be cynical. They would say, because those Conservatives are stupid. They've just raised taxes and the people will punish them; the people will hate them.

That's not what we had in mind, Mr. Speaker. What we had in mind was telling the people the truth about the economic situation in Saskatchewan, telling people that the deficit has got to the level where we have to pay our way from day to day. And that's why, even with this tax increase, Mr. Speaker, we will still not eliminate the deficit this year. But it puts us on the road to eliminating the deficit in three years.

Now the question is, what would the NDP do? They don't give us an indication of how they would solve this problem.

An Hon. Member: — Oh yes, they did. They said they're going to raise income tax.

Hon. Mr. Schmidt: — Well one of my members . . . one of my colleagues says, well they said they would raise income tax. Well good for them. They're starting to come clean. They're at least telling us what is in their secret little plan — raising income tax.

An Hon. Member: — But they forgot to tell what other taxes they were going to raise.

Hon. Mr. Schmidt: — Well yes, and that's the question. What other taxes would they raise?

Well let me see. Why would you, Mr. Speaker, why would a government raise taxes before an election? Number one, because we have health care, we have education, we have government services here that the people are accustomed to, and those government services have to be paid for. And we are telling the absolute truth that if we wish to continue those services we have to pay for them. And this Bill provides a fair way of paying for those services.

The members opposite say, well eliminate government waste and that would solve the problem. Well I can say, Mr. Speaker, that in the last nine years we have eliminated a lot of government waste. We have reduced the number of people in the civil service while we have increased the number of nurses. Is that a waste? No. We have taken the priority from bureaucracy to health care.

The members opposite say, you don't spend enough on health care; don't raise the taxes. In the same time today they say, the nurses are on strike, you should give them a raise. Last fall the teachers were prepared to strike. They said, give them a raise. We gave them a raise.

The civil servants have received a modest raise. Now we are limiting them under the budget to 2 per cent increase in the future. But those raises have been there. But the economy has been struggling through international grain wars and what do the members opposite say? Spend more money, eliminate the deficit, do not raise taxes, and that can all be solved by the elimination of government waste.

Well, Mr. Speaker, I don't believe the people of Saskatchewan are as simple as the opposition make them out to be. The people of Saskatchewan realize that there is not that much government waste, and I'll admit there is a little, there always is a little. As Minister of Social Services I recall reducing the expenditures by \$13 million per year and we did not decrease the benefits. Yes there was a little waste, we rooted out a lot of that. There still is a little here and there, there always is.

Last year, when we consolidated my department we eliminated 40 jobs because we had overlap and duplication. I think we could consolidate even more. There are ways of eliminating a little more waste. But they will not solve the deficit problem in this province because health care grows at an annual cost of up to 12 per cent per year. Well let me say that what the government has done is to come clean with the people and say, listen, there are bills to pay, taxes will have to be raised to pay them.

Now we're in a nurses' strike. We will negotiate that contract, but when it is settled, Mr. Speaker, the bills will have to be paid and where will that money come from? It certainly will not come from the members opposite standing in the legislature asking people to phone in and complain about paying taxes. I think it will come if the members opposite ask people to phone in and contribute

to health care. And the fairest way of doing that is to put in a fair tax system.

Well let me explain this tax system. Why a provincial sales tax that is comprehensive? There are several reasons. First of all, Saskatchewan has a changed economic base. Fifteen years ago, when the NDP governed this province, we had a windfall in resource revenue. That windfall is no longer there. We had grain prices that were the highest in recent recorded history. Maybe in the 1920s, adjusted for inflation, grain prices were higher, but not since the 1920s did we have as high a grain prices as in the 1970s when the NDP governed.

And they think . . . they haven't changed their policies, they haven't had a new idea since 1932 when they wrote up the **Regina Manifesto**. They haven't changed those policies to adjust to the world. Our economic base is changing. It's changing from production of raw resources and grains, to processing and manufacturing, to oil upgrading, to manufacturing, to processing our food products in this province. With that changing base it's necessary to change the tax base.

The second reason is simplicity. When this system is fully harmonized with the provincial goods and services tax, we will have one system. It will be easier to understand, Mr. Speaker. People have had a difficult time understanding tax systems over the years. I was a lawyer, I did a lot of work in income tax, and even lawyers don't understand it fully. Even the Department of National Revenue doesn't understand it fully. You need to get a ruling from them, which takes you three months, and sometimes . . . so they can tell you what's going on in the tax system.

Well the next reason for the change in this tax system; efficiency. They talk about waste and mismanagement. Up until now we've had a provincial tax collection system and provincial auditors; federal tax collection system and federal auditors. Under a harmonized system the work-load is divided so that the federal government collects the tax, the provincial government audits the tax, eliminating a lot of waste that would otherwise be put to use on health care, education.

(2030)

Members opposite want to eliminate waste but they don't want to eliminate the jobs where the waste is in progress because above all they believe people should be paid to do a job whether it's necessary or not. They are not prepared to change with the world, adjust, create jobs in other areas. Simply build the bureaucracy higher, and higher, and higher, Mr. Speaker.

Well the next reason for changing the tax system is competition and competitiveness. This particular tax change will mean that the end user will pay tax, and that if you export a product you will not be charging yourself a tax to ship it to the United States or to Alberta.

It will make our businesses more competitive. It'll mean that our contractors will have a better opportunity to bid on projects, even in the province of Saskatchewan, where an Alberta company does not have to pay sales tax on

their equipment and a Saskatchewan company does.

And it's no coincidence, Mr. Speaker, that in places like Lloydminster, businesses are on the Alberta side. Because they have had a disadvantage in competition on the Saskatchewan side. This will make us more competitive — \$260 million, Mr. Speaker, will come into the hands of the businesses to be more competitive. And the tax will be passed on to the people who actually spend the money, people who actually consume.

And that means it's spread across a broad base. And it's not harsh on the poor because there are rebates to the poorer people of Saskatchewan. But those people who spend money and have more money to spend will pay more tax. It will not punish people for earning income. It will not punish people even more for making a profit. That profit will be available to be ploughed into expanding the economy of Saskatchewan.

Saskatchewan had 16 per cent increase in investment in our business infrastructure last year. It was the highest in all of Canada, Mr. Speaker, and that's what it takes to compete.

The members opposite complain that it will hurt business. It will not hurt business; it may change business patterns for a brief period of time.

Their number one complaint is that it's hard on the restaurant trade. Well yes, there is some difficulty for the restaurant trade, but first of all you have to remember, Mr. Speaker, that restaurants do not pay this tax. The consumers pay that tax. And time will show that the restaurants will not suffer. Those restaurants that are competitive will prosper.

Yesterday was Mother's Day, Mr. Speaker. We have two mothers in our family and we went out twice to eat yesterday. Both times there was a line-up in Melville — complete line-up that it was almost impossible to get a chair in a restaurant in Melville, Saskatchewan, yesterday.

People will still spend money on restaurant meals when we have an economy that can afford to have people spending on a little extra. And you have to build that kind of an economy. Some hotels in Melville have indicated that their restaurant business has actually increased in the past few months. And so when the members opposite say that everyone is suffering, that every restaurant is going broke, that is not the case. Nobody likes to pay the extra tax, but everybody likes the health care when they need it. Everyone likes a school when they need it.

Mr. Speaker, in my family I have two children in public school, and it costs \$9,000 a year for them to go to school. And I have a family of four, and it costs \$6,000 a year for health care for that family of four. Now our family was healthier and our expenditure was only \$238. I don't mind using some of that taxes that I pay for other people who are not as fortunate. But that system is there to protect my family just the same as everybody else's family.

And so just alone in our family we have 9,000 a year for

education and 6,000 for health care — \$15,000 a year for a family of four. And there are many families of four and there are many families of one or two, and there are many families that have expenditures on health care. I know a lady in my constituency was surprised. She was surprised. She said, why are you putting this tax on it? Then she got her statement showing that her knee operation had cost \$18,000 last year, and she was no longer surprised as to why we were putting a tax on food at restaurants or why we were putting a tax on clothing. Then she understood.

And, Mr. Speaker, the next reason for this tax to be put in place is fairness. It taxes consumption, not earning. And in this country if we tax people who earn more than we tax . . . than other parts of the world tax, for example the United States, Great Britain . . . Great Britain found that out many years ago when they raised their income tax to rates from 75 to 80 per cent. And they found out that anyone who made any large amounts of money or built a new factory would look outside of Britain to put that factory. And what happened was that their economy sank and they slumped below Italy. And that's a question of how you count, because in Italy their tax system was such that people were also dealing in the black market.

So in Britain their economy went to pieces because of taxes. In Italy it went underground. But the best estimate is that Italy surpassed Great Britain who once had a great empire because Great Britain had a tax system that punished people for earning income. It punished people for working. Now what you have to have is a tax system that taxes consumption.

In addition to the fairness, there's a credit of \$200 per child. A family of four with two children, if their income is under \$24,355, will receive \$400 per year. They will in effect not pay the harmonization cost of this tax because it'll be rebated to them. Higher-income families will pay some of the tax. The lower-income families will not be taxed. There's a degree of fairness to it.

The members opposite constantly ask for a progressive tax system. This system is progressive — the more you spend, the more you pay. It's just like other consumption taxes — the more you smoke, the more tax you pay; the more alcohol you drink, the more tax you pay; the more you drive, the more gasoline tax you pay; the more you consume, the more tax you pay.

If you save your money and save for your future, that earns income, that's interest. You pay tax on the income; that's a contribution. So people make contributions either through consumption or through working or earning or investing. This adjusts the tax system in favour of a fair system where people are taxed for consumption. They're taxed not quite as much for income. They are not punished for working. They are not punished for creating jobs.

The member opposite from, I think it was Saskatoon Centre, she said that people can't find jobs. Well that's the opposition's mentality. Everyone should have a job — that sounds fair. But who should everyone work for? You have to have employers. You can't have people insulted and called names. You can't shout and scream at multinational companies, international companies, big

provincial companies, small Saskatchewan companies. They have no respect for employers, Mr. Speaker. Employers are the people who create jobs and there must be an incentive for employers.

As I indicated earlier, the \$260 million per year in the tax structural change will assist employers in creating a better economy. And the Regina **Leader-Post** understands it. They have a very interesting headline: "Saskatchewan gets an A for economic growth." It says: "Saskatchewan will be one of only three provinces to have real economic growths in 1991 . . ."

The members opposite say that this tax will stifle growth, yet the investment dealers of Canada, who are independent — their name is independent investment dealers of Canada — they indicate that Saskatchewan will be one of three provinces with economic growth and that, as indicated in our budget, when this tax is implemented, the harmonization will help the economy — primary industry nearly 3 per cent, food and beverage only about one-third of one per cent. But that's not a production area; it's a consumption area. Manufacturing up nearly 1 per cent, construction up nearly 2 per cent, transportation up 3 per cent, services up 2 per cent. Total is about a 2 per cent increase in growth.

Members opposite say, where is your study? Well the study is right here in the budget. The study, *CHOICES*, a very interesting document, gives you an indication of what our plan is, the plan of this government for the future of this province. It sets out the plan for the next three years. I am setting out a plan for the next 10 years, and that is more growth, more diversification, so that when Saskatchewan gets an A for economic growth, those A's will continue and this province will continue to grow.

The article goes on to say, for the benefit of the opposition who still don't understand:

A lot of people, even in this province, don't realize how diversified this province has become despite agriculture doing so poorly.

This tax will assist in the diversification of this province. It will make us more competitive in international markets. It will make us more competitive to earn dollars from outside of Saskatchewan to help us build our economy.

As I indicated earlier, another reason is to raise revenue for the social programs we have.

An Hon. Member: — How about GRIP (gross revenue insurance plan) and NISA (net income stabilization account)?

Hon. Mr. Schmidt: — Another reason for this tax is so that . . . Well the members opposite ask, how about GRIP and NISA? Yes, Mr. Speaker, this tax will go a long way to raising the money required for GRIP and NISA to keep agriculture afloat.

An Hon. Member: — It can't be both, Grant. It's either health care or GRIP and NISA.

Hon. Mr. Schmidt: — Well the members opposite want

to know if it's for health care or if it's for GRIP and NISA. We don't know if it'll be for GRIP or NISA till we know the results of this year's crop. The members opposite can't do that kind of a calculation.

I can tell you, though, that with a deficit of over \$200 million the money certainly is needed, and hopefully there will be a crop and not as much will go into GRIP and NISA this year.

But the GRIP and NISA programs have to be paid for. The members opposite don't like GRIP and NISA. The members opposite don't understand that there is a provincial share in GRIP and NISA. The members opposite say that oh, GRIP or NISA is not good enough, that they would renegotiate it.

I submit that the people of Saskatchewan should be concerned that the members opposite are not committed to backing farmers, are not committed to backing GRIP and NISA. The people of Saskatchewan should be concerned when the Leader of the Opposition says, oh, he would renegotiate GRIP and NISA. I submit, Mr. Speaker, that the Leader of the Opposition would wreck GRIP and NISA because his members have clearly indicated that the assistance to farmers is too much and that it's some sort of a crime to help farmers in this province.

Well let me say, Mr. Speaker, that above all this tax will give people an understanding that you have to pay for the services that are provided by a government. And if people keep demanding more and more services from government, they will have to understand that the people will have to pay. The government, the government stands here, Mr. Speaker, the government has no money. The government only takes money from the taxpayers, spends it on the taxpayers. The more that the taxpayers want spent on themselves, the more the government will have to take.

Above all, Mr. Speaker, let me say in conclusion that the members of the opposition, the NDP in Saskatchewan, say this tax is bad; this tax is wrong. They have a whole litany of what is wrong with this tax. But, Mr. Speaker, what they do not have is an alternate plan.

The members opposite are part of the NDP party, and it's best to look at Ontario for what they would really do if they were elected. Ontario has an 8 per cent tax, not a 7 per cent tax. Did the NDP lower it? No. Ontario has a 2 per cent payroll tax which Saskatchewan does not have. They have a tax on people who employ people of 2 per cent. That's probably what they would do in Saskatchewan. Members opposite have indicated they would raise income tax. I hope the people of Saskatchewan ask how much. When the members opposite say, not enough, not enough, not enough, then I think the people of Saskatchewan should ask the NDP how much. How much will you raise this and how much will you raise that. How much will you raise the income tax. There is no magic. Members opposite want to have it both ways.

Yes my colleagues do remember the tax on widows and orphans, succession duties. I stood up at the NDP's

convention, and I told them not to tax people because they had saved money. I told them not to chase people to the province of Alberta. I convinced one person. The members opposite have it as part of their policy, that federal members have indicated, they would put on a tax on succession duties, a tax on gifts to your children. That was really a tax on widows and orphans. Those are the kind of things that the NDP are not telling us about, Mr. Speaker. Those are the kind of things the NDP don't want to talk about.

In Ontario, where they are government, did they lower the tax from 8 to 7 per cent? No. Did they take it off food? No, it's always been on food in Ontario. They left it at 8 per cent. In Ontario did they take it off clothes? No. Here they are opposed to a tax on clothes; in Ontario they left it at 8 per cent. What did the NDP do in Ontario? Well I think you see the future. They increased the welfare budget by 40 per cent.

Now what did they do to increase the welfare budget by 40 per cent? They went out and borrowed money. Yes, Mr. Speaker, we have a deficit in this province. It was run up for health, it was run up for education, it was run up for agriculture. There are limits as to how much you can run up that deficit. But it was not run up on welfare payments. It was run up on production, building production, taking care of people's health and their education. It was not run up on just opening the bank and saying come and get it — 40 per cent increase in the welfare budget in Ontario.

What did the NDP do? Oh they have a plan in Saskatchewan. They would eliminate food banks. What did the NDP do in Ontario? In their first eight months in government the number of people attending food banks increased by 50 per cent. So even where they have a stated policy, clearly their actions show that they cannot deliver on that policy.

Well let me say just in conclusion — because I have heard such phenomenal stories here that have nothing to do with truth — let us talk about the economic base. I've heard the members of the NDP tell Weyerhaeuser stories; those are their favourite stories in Moose Jaw but not in Prince Albert. And I've heard them tell Saferco stories, their favourite stories in Prince Albert but not in Moose Jaw.

(2045)

Well let us look at the Weyerhaeuser corporation — purchased a pulp mill that was nationalized by the NDP — buying an existing pulp mill to give a company . . . (inaudible) . . . the money so that they could go build one elsewhere and then the province owns a pulp mill. Now the socialist wonders of the world were going to run a pulp mill.

When we took over government that pulp mill was losing \$91,000 per day, Mr. Speaker. The members opposite say, nonsense. I did the calculation myself. Do you want to step outside and recalculate? Do the members of the NDP . . . Can they add and subtract? Ninety one thousand a day. You take the annual report of that corporation, you divide it by 365 — 366 in a leap year for the benefit of the opposition — and you get \$91,000 a day. And they say

oh, it couldn't be true. Of course it could be true if the members of the opposition could add and subtract. But they have no idea what a profit or a loss is. They simply say, oh the government has to own a pulp mill. Well the government did own a pulp mill; it cost us \$91,000 per day in losses.

And what has happened since we sold it for \$238 million? Sixty-five million dollars has been paid to this government. There will be more paid when the pulp prices go up.

Three hundred and sixty-one million dollars has been invested — not the taxpayers' money but Weyerhaeuser corporation's money — has been invested in the building of a paper plant, in the installation of a sheeting machine, in the installation of a machine to make computer paper. There are now 415 new jobs in Prince Albert at the Weyerhaeuser pulp mill. They also support a child-care centre. These are the people they accuse of being heartless multinationals. These are the people who support a child-care centre in Prince Albert.

And in addition, Mr. Speaker, we now have paper that's made in Saskatchewan. The report of the Crown Management Board of Saskatchewan is printed on paper made in Saskatchewan. The NDP won't believe it. It says so right in the report. The NDP say it isn't true. Well maybe we can find the watermarks in here somewhere — see the big W just so that they'll believe it; hold it up to the light. They don't believe anything unless it is socialist and unless it is a negative or unless it's a disaster. That's all they are interested in — negative discussion.

Let us look at the Saferco plant. They say a gift to Cargill. Now our partner in that fertilizer plant is Cargill Grain, a very successful company. They are successful, so according to the NDP they must be bad. We own 49 per cent and Cargill owns 49 per cent. We have \$65 million committed to the construction of that plant; Cargill has \$65 million. And the profits will be divided equally between Cargill and the province of Saskatchewan. The balance of the money is borrowed money. Borrowed not by Cargill, borrowed not by the province, but borrowed by Saferco. The NDP, if they would have built a fertilizer plant, they would have done it differently. They would have owned 100 per cent of the plant, and they would have lost \$91,000 a day. That's their style. Or like in the case of potash mines, they would have borrowed all the money.

Saskoil, they don't like privatization; they don't like private companies. They say these companies don't pay taxes. This tax Bill, on this Bill they have talked about the rip-off. Let's talk about the rip-off in Saskoil. Saskoil was worth \$285 million. We privatized it. I think they can say the word privatized. They're doing it in Poland. They're doing it in the Soviet Union, but we can't do it in Saskatchewan. It's bad to do it in Saskatchewan. Well we privatized it. It was worth \$285 million. Today it has assets of 1,300 million. For the benefit of the opposition, \$1.3 billion. It has a head office in Regina; a brand new head office was opened here. It has 400 employees when it had 150 before. These are those bad corporations the NDP talk about who don't pay their fair share of taxes. Those companies pay their fair share of taxes but that isn't

enough. We need this Bill, the consumption tax, so we have enough to pay for health care.

Corporations don't get sick, Mr. Speaker. They don't use any health care, but corporations do pay taxes. Well the people have to pay taxes to cover those costs of health and education. But they don't mention companies like Prairie Malt, where we sold half of it to Schreier Malt of the United States, a family company like Cargill, owned by the Americans. They don't talk about the rip-off on Prairie Malt, because their partners are Saskatchewan Wheat Pool. So they couldn't talk about that.

They don't talk about WESTBRIDGE Computer Corporation which is now joining with International Business Machines, IBM. They don't talk about that. They don't talk about NewGrade with the Federated Co-op here in Regina, where we are 50/50 owners. We are 50/50 owners in NewGrade with Federated Co-op. That is good. We are 50/50 owners with Cargill and Saferco. That is bad.

That is bad, dumb politics is all it is, Mr. Speaker. It is ideology before business. It is ideology before farming. It is ideology before people because the members opposite can only think of one thing — taxing the corporations out of Saskatchewan. Then who will pay the tax? Then how high will the provincial sales tax be? Will it be 8 per cent? Or will it be 10?

When the NDP have no corporations to tax because they've chased them away, how high will the provincial sales tax be? Who provides all the jobs in this province? It's corporations. It's not the NDP. The members opposite never employed anybody in their life, and if they did, it wasn't with their own money. It would have been with taxpayers' money.

That's the kind of people we have opposite here who wish to govern this province, that think they know how to do it. They know how to do it without a plan. Oh no, sorry. They do have a plan formulated in 1932 in Regina, Saskatchewan — *The Regina Manifesto*. They haven't changed that plan. Stalin was running the Soviet Union then and the NDP had a plan in 1932.

You know what, Mr. Speaker? Under a socialist system in the Soviet Union, they don't have taxes. And do you know what, Mr. Speaker? The people have nothing to tax. I submit that we should create wealth and then the wealth has to be shared through a fair tax — a tax on consumption, along with our taxes on income tax, our taxes on corporations, our taxes on alcohol, our taxes on tobacco. All of those taxes have to contribute to a system whereby we have the room to grow, the room to create wealth — the room to create enough wealth so that somebody can afford to pay taxes.

Mr. Speaker, we have a plan. Our plan is to diversify this province. Our plan is to build this province. Our plan is to have a fair tax system. Our plan is to have a fair tax system that gives people an incentive to grow, a fair tax system that allows people to build a prosperous Saskatchewan. And in a prosperous Saskatchewan, no one will object to paying taxes. Thank you, Mr. Speaker. It's a pleasure to be in favour of this Bill.

Some Hon. Members: Hear, hear!

The Speaker: — Order, order.

Mr. Koenker: — Mr. Speaker, I'd like to start out by saying that we now know why the government opposite has no credibility as we listen to the Minister of Economic Diversification and Trade. And he basically indulges in half-truths and misrepresents the facts.

I'll give just but one example. He talks about the fact that Weyerhaeuser . . . that the P.A. pulp mill was losing \$91,000 a day. And he says that that's the facts. And yes, Mr. Speaker, those are the facts, that Weyerhaeuser, the P.A. pulp mill, was losing \$91,000 a day. But people need to know that it was losing that money in the last year that the government was running it, and that every year it was owned and operated by the New Democratic government of Allan Blakeney, it made money. A clear example of a half-truth and a distortion and a misrepresentation, and that is why this government is going to find itself out of office.

Some Hon. Members: Hear, hear!

Mr. Koenker: — Now, Mr. Speaker, people might ask, why are we here debating the provincial goods and services tax when the tax is in effect? I've met many people these last weeks who have asked that question, who are under the understanding that the provincial GST has already passed the legislature. And that's not the case. People need to know that the provincial GST has not passed the legislature, and that's why we're here tonight debating it. That's why the government wants to invoke closure, so that the truth about this Bill doesn't come out.

People of Saskatchewan will recall that it was back in February that the Minister of Finance introduced the provincial GST and the notion of harmonization with the federal PST, and he did it by way of a press release budget. And the reason that he did this, Mr. Speaker, people will realize, is because he thought that there was going to be an election before there would have to be an accounting. And now here we are tonight with an accounting, an accounting of what this tax is going to do to the provincial economy, the kind of accounting that the Premier and the Minister of Finance would just as soon not hear and that's why they're invoking closure.

It's important also to understand, Mr. Speaker, that not only is this provincial goods and services tax the single biggest tax grab in Saskatchewan history, but it's Saskatchewan that is the first English-speaking province, outside of Quebec, that is implementing this harmonization of the provincial GST with the federal GST. And is it little wonder, Mr. Speaker, when we've seen the government of this Premier jump on the bandwagon of Meech Lake. Saskatchewan was the first province to support the Mulroney government in its ill-fated journey to Meech Lake and also one of the first provinces to jump on the bandwagon of free trade.

And here we are again in the very dying days of this government's mandate, with a new tax initiative for which they have no studies and no mandate and no

support. What a far cry from nine years ago, from April of 1982, when this government won in the provincial election on the strength of their promise, first of all to eliminate the provincial sales tax all together and secondly to reduce provincial income tax by 10 percentage points.

In fact, the Premier of the province at the time, the newly elected Premier said in New York to investment dealers and bond dealers that Saskatchewan has so much going for it that you can even mismanage it and still break even. And that's why he was goofy enough to talk about eliminating the provincial sales tax.

The Speaker: — Order, order, order. I would like to ask the hon. member to refrain from terms such as goofy as directed to other members.

(2100)

Mr. Koenker: — I'll take that as very good advice and appropriate advice, Mr. Speaker . . . (inaudible interjection) . . . Some members are suggesting it might have been hare-brained, it certainly wasn't levelling with the Saskatchewan public back in 1982. And what a far journey the province has been taken on in the past nine years from those bold and brash promises of tax rollbacks to the point now, on the verge of an election where we have tax increases, the single largest tax increase in Saskatchewan history.

But enough of the history, Mr. Speaker, I want to talk tonight just briefly on the impact of this tax on Saskatchewan families. I think it's very easy for people to understand that this provincial goods and services tax will mean 7 per cent more out of their pockets for virtually everything they buy, not only the goods that they've been accustomed to paying the E&H tax on — that's been extended as we know to books and reading materials and also to restaurant meals — but that translates also, Mr. Speaker, to an increase in the provincial tax take for the next year to a \$185 million, \$185 million more in a tax grab from this government in the dying days of its mandate, on top of the \$530 million collected in the E&H tax.

Another way of looking at it is to say that in generating \$185 million a year more for the provincial treasury from this tax is to take the million people in Saskatchewan and say that each person will have to pay \$185 more in taxes because of this provincial GST. And this is why people are finding it harder and harder to make ends meet. The problem with this tax then is basically that it's blind to the realities that Saskatchewan is facing, and it bears no relationship to the ability of the people to pay this tax.

And I want to comment just briefly on the fact that the government itself has jumped into this venture as a very blind initiative. The Minister of Finance, questioned about the matter of what kinds of studies he had done before announcing the implementation of this tax, would only say — according to an article in the *Star-Phoenix* on May 2 of this year — would only say that he believes the expanded tax will benefit Saskatchewan business by promoting expansion and new jobs. In other words, he asks us to take this new provincial goods and services tax

as a good thing, as an article of faith, and to trust him. Well people know better than to trust a Tory.

Just in the last week, a day, in fact a day after the Minister of Finance asked the people of Saskatchewan to trust him, to take it as an article of faith that the provincial goods and services tax would be a good thing for the province without any studies whatsoever to substantiate that claim, the very next day there's an article in *The Globe and Mail* that indicates that the federal GST was going to cost families, Canadian families, an extra \$570 a year — a figure 50 per cent higher than earlier estimates that had been done by the federal Department of Finance.

According to the information office which was set up by the federal government to monitor the effect of the GST federally on consumers and prices, the cost of living for a family earning \$48,000 annually would increase by 1.15 per cent a year, or about \$570 because of the federal GST. And yet the Finance department, in trying to sell this federal GST last year to Canadians, said that the extra cost, compared with the old manufacturer's sales tax, would only be \$365 — a 56 per cent less projection than the increase offered by the office set up to monitor the actual impact of the federal GST.

Well the provincial government here in Saskatchewan says even though they haven't done a study on the impact of this tax and asks us to trust them, has said that they will mitigate the impact of this regressive form of taxation, this unfair tax, they will mitigate its impact on low-income families, by means of a \$200 a year family tax credit.

What they don't tell people, Mr. Speaker, is that only children qualify for this family tax credit, unlike the federal GST tax credit. And not only does it not apply to adults without children, it hits low- and fixed-income people disproportionately hard. And this is why we on this side of the House are so against this tax. It hits disproportionately hard: seniors on pensions, students living off of student loans, people earning minimum wage and working hard to earn that, and people who are receiving social assistance payments. And there's no indication from the Minister of Finance that this provincial tax credit will be indexed to inflation and moreover the credit is cancelled out, phased out at a rate of 5 per cent of family income over \$24,000 a year. Which means in practical terms then that a family of four, earning \$32,000 a year eclipses their \$200 tax credit per child. What a wonderful tax we have here in Saskatchewan on the backs of working people and low-income people, people on fixed incomes. It's no problem to the Minister of Finance, but it's a big problem for the people of Saskatchewan. And it's no wonder that the government has big, big problems peddling this tax across the province because it's causing such big problems for Saskatchewan people — major, big problems it's causing for Saskatchewan people across the province.

I want to give just one example of the kinds of problems people are going to experience with respect to this tax when they go to purchase a new home, for example. If we take a \$70,000 figure for the cost of a new home, under a provincial GST, 7 per cent would be added to the full price of that new home, and where a consumer or

purchaser of a new home would now pay \$1,750 in E&H tax, that same consumer, under a provincial GST, would pay \$4,900 in provincial GST on that same house. Why? Because the tax wouldn't be charged just on the materials, the components of the home, but would be charged also on the services provided in terms of legal services, surveying services, and all sorts of other services associated with the construction of a new home — would pay that tax on the land and the material and the labour involved in building a new home. Well that's really then an increase in \$3,150 in the cost of a \$70,000 home — a 180 per cent increase just because of this provincial GST on a \$70,000 home.

The fundamental problem then, Mr. Speaker, with this provincial GST is that it's a consumer-based tax and it's unfair. It's not based on ability to pay.

It's important to understand in this regard that businesses will no longer be paying any provincial GST because they will receive input tax credits for the full amount of GST that they pay on their goods and services purchased. And what this means then is that businesses will actually receive a tax deduction of some \$260 million, and consumers will be paying for it. Somebody has to pay for that loss of revenue, and basically it will be consumers who will pay for it. Now the really big, big business players are really quite delighted about this kind of input tax credit. Companies like Ipsco and Cargill, Weyerhaeuser, the big players of the provincial economy, are rubbing their hands with glee because they'll be able to write off all sorts of tax paid presently on materials that they use in their manufacturing process.

So it isn't just that consumers will be saddled with the initial bill of \$180 million . . . or \$185 per capita. If you add the business tax reduction that will be coming from this provincial GST, you add the \$260 million, you have a \$445 million total cost for the provincial GST, almost half a billion dollars that this tax will cost Saskatchewan people. Or to put it in simple terms, \$500 for every man, woman, and child in the province. And that's why people are so dead set against this tax.

But it isn't just consumers, I might add, Mr. Speaker, that are dead set against this tax. Ironically enough, or interestingly enough, the small-business community in Saskatchewan, the family-owned business community, isn't crazy about this tax either, and they're lining up to oppose it and they realize that it's going to be killing the circulation of money no matter which part of the economy they're in.

I have here a study, a brief presented to members of the Legislative Assembly on May 1 this year from the Saskatchewan Real Estate Association. They met with members of the legislature on Wednesday, May 1 and presented their analysis of the harmonization of the federal and provincial GSTs, and they indicate in their study:

Harmonization of the provincial sales tax will have a further negative impact on the industry (this is the real estate industry, I add parenthetically) and especially on first-time homebuyers.

And they go on to say, and I'll quote again:

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

This is a severe negative impact on the provincial economy from members of the Saskatchewan Real Estate Association in their brief to members of the legislature on both sides of the House.

And they go on to talk about the fact that the government has put forward the argument that the provincial GST will not cost businesses more money because they can claim input credits against the GST that they have to pay. But they point out that the main problem associated with this additional 14 per cent tax on housing-related services is the impact on the consumer. In other words, that this is going to kill the goose that lays the golden egg. It's going to dry up the provincial economy. It's going to be a body-blow to the housing industry when house starts are at a 20-year low. There's only something like 60 or 70 new homes that are under construction in the province this year — an all-time low for new housing construction.

And it isn't just that the members of the Saskatchewan Real Estate Association are dreaming pipe-dreams. The member of the association that interviewed me, Mr. Deputy Speaker, indicated that when they went to pay the . . . to organize for the federal GST, January 1 of this year, it cost them \$30,000 just to print new real estate forms for the Saskatoon Real Estate Board to comply with the different calculations and provisions of the provincial . . . the federal GST — \$30,000 in administrative costs just to print new forms for the Saskatoon real estate association. They weren't very happy about that and they weren't very happy about having to reprint new forms again this year with an added cost of \$30,000 to comply with a provincial GST if it takes affect.

So the problem with this provincial GST is that it is going to drive small businesses out of the province. It's going to drive the economy underground. It's going to drive tourists away from Saskatchewan, and we're going to see Saskatchewan residents driving out of province to do their shopping to avoid paying this country.

We see it already with the line-ups at the border crossing. And that's why people are saying, across this province, that it's not just the provincial GST that has to go, it has to go along with the PCs.

Some Hon. Members: Hear, hear!

(2115)

Mr. Koenker: — People know full well across this province, they fully realize while the GST comes in this year — is proposed this year at 7 per cent — that with this government and its chronic, habitual inability to manage the taxpayers' interests, that that GST within a year will be up to 10 per cent, or 12 per cent, or 15 per cent, to pay for their mismanagement, their waste and their corruption. And there's every indication that with the massive debt we have and their habitual incapacity to manage the provincial economy, we are going to see this provincial

GST go up and up and up, just like we saw the education and health tax increased, we saw the flat tax increased, we saw the used-car tax introduced, and a lotto tax introduced on to Saskatchewan residents.

Now the bottom line is that this 7 per cent provincial GST is a tax that Saskatchewan can ill afford. It's no solution to the problems we presently face, and it allows for no ability to rebuild or restructure the provincial economy to get us out of the mess that we're in. And that's why we on this side of the House are so opposed to this PC tax increase.

And I want to put it . . . in the rest of my speech, I want to put this tax increase into the larger framework of Progressive Conservative tax policy, which in a word, Mr. Deputy Speaker, is designed for the rich. It's designed for the rich, to give tax breaks to those who have money and want to salt it away for their own selfish purposes. And it's designed also, incidentally, to use as an excuse to get rid of medicare and social services, which these Progressive Conservatives hate so much.

The key element in the Conservative strategy of redesigning the Canadian tax system, is to redesign it in such a way that it favours corporations and the rich, at the expense of almost everyone else. The central thrust of the Mulroney tax policy, since 1984 when he was first elected, has been to abandon the long-established Canadian principle of progressivity in the tax system — to abandon that, to throw it out.

And that principle of progressivity is the principle that the larger a person's income, the larger proportion of it one can afford to pay in tax. In a very short time, Progressive Conservatives both federally and provincially have managed to take the Canadians' tax system and make it regressive. And they have done this basically in two ways — two ways, Mr. Deputy Speaker: by flattening tax rates and by relying more on sales taxes.

Flattening tax rates, we've seen that with the collapsing of income tax categories on the federal level, the old system federally, before Mulroney did what he calls a tax reform. The old system had 10 federal tax rates, ranging from 9 per cent to 34 per cent. And that was replaced in 1987 with only three rates. From 10 different rates, based on a progressive principle of ability to pay, from 10 different rates down to three rates, ranging from 17 to 26, and 29 per cent, leaving little distinction between the rate paid by someone at the top of the income ladder and someone lower down on the ladder — the difference being only between 17 per cent and 29 per cent. Not much of a gap, Mr. Deputy Speaker, when the old system used to have a gap from 9 per cent for low-income people and a high of 34 per cent. But Brian Mulroney wanted to collapse that, on the federal scene.

And what did we see provincially? Basically the same thing, a flat tax introduced here in Saskatchewan; a flat tax along with the flat earth society, the first introduced in all of Canada. Saskatchewan is now one of only three Canadian provinces to charge this additional, personal flat tax. And it's calculated on net income in such a way that it allows the rich to avoid paying taxes because they can claim deductions for frontier oil exploration, MURB

(multiple unit residential building) apartment units, and all sorts of other tax dodges or loopholes. They can salt their money away very nicely under the Progressive Conservative flat tax here in Saskatchewan and avoid paying income tax on it and then calculate their net income while the rest of the Saskatchewan population — who doesn't have disposable income, who may have two children or three children — first calculates their net income and then goes on to claim deductions for spouse and for children and for charitable contributions.

What an unfair outrage, Mr. Speaker, that our tax system here in Saskatchewan should be so patently unfair. And that's something that New Democrats are going to change when they come into office here in Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Koenker: — The flat tax is going to go the way of the flat earth society, Mr. Deputy Speaker. It is gone.

Now the picture gets much worse once we get beyond the income tax system and we look at the sales tax system. For all its flaws and for all of the Tory redesign of the tax system, income tax still maintains a somewhat progressive tax system. Even though it's been collapsed. Even though there's — federally — even though there's a flat tax component provincially, the millionaire and the low-income worker both pay the same 7 per cent every time they buy. When it comes to a sales tax like the GST, it doesn't matter whether you're a millionaire or a low-income worker or someone who's unemployed or on a fixed income, you still pay the 7 per cent every time you buy a light bulb.

Furthermore the low-income worker must spend virtually all of their earned income because they are a low-income earner. They spend virtually all of it on goods and services just to maintain a decent standard of living and so is constantly hit by sales taxes, federal GST, provincial GST, every time they turn around. The people know this. They now buy a postage stamp and they get hit with tax. They get a hair cut; they get hit by tax. The millionaire can handle a hair cut with tax on it. The senior citizen on a fixed income can ill afford to take a hair cut and pay flat tax on it, and then pay provincial GST on it as well.

The millionaire can nicely avoid tax by saving money or investing money. And incidentally I'll get to this in a minute, Mr. Deputy Speaker, but I can't not say it right now. One of the things that the federal GST and the provincial GST nicely ignores, because it comes from the Progressive Conservatives, is any kind of tax on stock market transactions. And that's a loophole that we could nicely close and make the tax system a bit more fair for Canadian people.

The question then when we talk about the provincial GST, this Bill No. 61, is fundamentally a question of fairness. Why are we moving to such a heavy reliance here in Saskatchewan on a tax that has the same rate for someone making \$2,500, \$2,500, or \$250,000? Why are we moving in the direction of that kind of tax system here in Saskatchewan? Because we have a PC government; that's why we're moving to that kind of tax system.

And I want to tell Saskatchewan people that just as soon as they put their X on the ballot, they can move away from that kind of tax system to another kind of tax system that's predicated on fairness. It isn't that there aren't going to be any taxes to be paid, but people are going to pay fair taxes. They're going to be paying taxes based on their ability to pay, and not paying through the nose disproportionately hard when they're on low and fixed incomes.

And there are alternatives, Mr. Deputy Speaker, and I want to just sketch briefly some of the alternatives to this PC GST that we have here in Saskatchewan. One alternative is to eliminate the fat-cat tax breaks that characterize the present tax system. I'm talking about the kinds of tax breaks that investors and speculators in the stock market enjoy presently under the GST regime. And it won't be touched if the GST is implemented provincially and harmonized. We'll do something about that. We'll take care of that kind of fat-cat tax break.

We have that same kind — just to illustrate for people — we have that same kind of fat-cat tax break in the federal tax system, believe it or not, when the business entertainment expense deductions are still allowed. Oh yes, business people will still take their friends out to wine them and dine them over lunch. But the federal tax law still allows these same business people and self-employed professionals to deduct 80 per cent of the cost of their business entertainment so that they can even deduct expenses like the rental or the leasing of a box at the SKYDOME, from which they can watch Blue Jays baseball games and entertain their friends and lavish parties there.

It is estimated, incidentally, that this kind of fat-cat tax break — the business entertainment deduction federally — if that were eliminated it would be a net gain in revenue to the federal treasury of \$1 billion in one fell swoop. So there are alternatives. There are alternatives here in Saskatchewan as well.

Another alternative is to restore the progressive tax rate to the income tax system. And that's something that's got to be looked at. That's something that has to happen both federally and provincially. We need to look at restructuring the whole tax system and making it progressive and not regressive. And that's going to happen with a New Democratic government both federally and provincially.

Another thing that we could do provincially and federally is to clamp down on tax cheaters. These guys are real easy on the sleazies, real easy on the sleazies, the people like Guy Montpetit, and the people like Lawrence Nesis who was behind Joytec, and Michael Simpson, the principle behind M.A.S. But if they would do just a little bit of accounting and protect taxpayers' investments, and they could take care of a lot of tax cheating by doing some auditing.

Another alternative, a fourth alternative that we could implement . . . Mr. Deputy Speaker, I'd ask that you call the members on the opposite side to order please.

The members opposite don't want to hear this. The member from Melville who talked before I did, who spoke to the House before I did, as I said, engaged in half-truths. What he didn't tell us about Weyerhaeuser . . . Not only was it the \$91,000 a day that the P.A. pulp mill was losing, was when the Progressive Conservatives were running the pulp mill and not the New Democrats, what he also very conveniently failed to tell the public about was that Weyerhaeuser's deal with the PC government sees Weyerhaeuser with paying no down payment on the purchase of the Big River saw mill, the Prince Albert Pulp Company, the Saskatoon Chemical company, and 10 million acres of our northern forest area. What the member from Melville very conveniently neglects to point out to the taxpayers of Saskatchewan — because he couldn't dare let this cat out of the bag — is that for 25 years, according to the deal that that government signed with Weyerhaeuser, for 25 years taxpayers will build 25 miles of roads and bridges in the northern forest area at public expense for Weyerhaeuser.

Mr. Deputy Speaker, what the member for Melville, the member responsible for economic development in this province, fails to say about the Weyerhaeuser deal is that Weyerhaeuser has 30 years to pay back the money to the provincial government, that they get eight and one-half per cent provincial interest rate, and they have made no payments on the \$236 million that they borrowed, or they owe the provincial government. And we pay them for roads. Well what a cushy deal. Well what could we do about the tax system? I say we could go after some of the fat cats like Weyerhaeuser.

(2130)

Some Hon. Members: Hear, hear!

Mr. Koenker: — And it isn't just Weyerhaeuser. It's some of the nice little privatization deals that this government has made with their friends. I want to talk about WESTBRIDGE Computer. I think the people of Saskatchewan should know that in 1988 WESTBRIDGE Computer made \$5.5 million pre-tax profit, \$5.5 million pre-tax profit. And you know how much tax they paid that year? The big zero. The big zero.

The next year, in 1989, WESTBRIDGE Computer Corporation made \$7.2 million worth of pre-tax profit. And you know what tax they paid the next year? The big zero. That's WESTBRIDGE Computer, right here in Saskatchewan, the child of the PC government's privatization agenda, making \$13 million worth of profit in two years and paying taxpayers not a penny.

Well, such a deal. And we can't do anything to make the tax system more fair and more progressive? You bet we can, Mr. Deputy Speaker. And the public of Saskatchewan can bet their bottom dollar that New Democrats will do just that.

Some Hon. Members: Hear, hear!

Mr. Koenker: — The people of Saskatchewan should know that in their cushy little deals with their friends, the Progressive Conservative government likes to push uranium development here in Saskatchewan. Well in

1987 Amok corporation made \$12.4 million; \$12.4 million in pre-tax profit made by Amok corporation in 1987. And you know how much tax they paid? The big zero. Amok corporation. That's real tough on Amok corporation.

And then Saskatchewan people, the good people of Saskatchewan are asked to cough up 7 cents on every dollar every time they turn around and get a haircut or take a restaurant meal — and Amok gets a free ride.

Well the member from Melville said in his introductory remarks that there are no free lunches. I say that Amok has a free lunch; I say that WESTBRIDGE Computer gets a free lunch off of this government, and the people of Saskatchewan get stuck with the tab when they have to pay a 7 per cent GST.

Some Hon. Members: Hear, hear!

Mr. Koenker: — The member from Melville said in his opening remarks that people are proud to pay taxes for what they're getting. Not what they're getting from this government, Mr. Deputy Speaker. They're proud to pay those taxes when companies like North Canadian Oils are getting off the hook entirely. North Canadian Oils, 1988, made \$30 million in pre-tax profit and you know how much they paid? The big zero. But let's give them the benefit of the doubt. Let's go to 1989. In 1988 they made \$30 million, they paid zero in taxes. In 1989 they made \$35 million and maybe they paid some tax, Mr. Deputy Speaker, maybe they paid some tax, North Canadian Oils. No they didn't, the big zip, the big zero again.

Now hold on to your hat, Mr. Deputy Speaker, because you won't believe this one. Nova petro chemicals, this is just to show the scale of the tax rip-off and why the public is so outraged at Progressive Conservative governments who have been running the country into the ground since 1984 federally and since 1982 provincially. Hold on to your hats for this one. This is just one example, one year's profit for Nova petro chemicals. In 1988 they made more than a half a billion dollars. They made \$528 million in pre-tax profit.

An Hon. Member: — They must have paid some taxes.

Mr. Koenker: — And they must have paid some taxes, one of the members here says, the member from Regina Victoria said, they must have paid some taxes. Well they did, they did, this time they did. They paid 2.3 per cent on half a billion dollars. Isn't that wonderful, Mr. Deputy Speaker. That's outrageous, Mr. Deputy Speaker. If only Saskatchewan people could get the benefit of the doubt from their government when it came to taxes to the tunes that some of these big corporations pay.

And I've got pages . . . I've got two . . . Gee I've got . . . I must have 300 different corporations here, a list, and if anybody wants a list, I say this, Mr. Deputy Speaker, they can write me here at the Legislative Assembly, I'm the member for Saskatoon Sutherland, and I'll provide them with about 10 or 15 pages list of pre-tax profits for corporations from across the country and the lack of taxes they pay. They can write me here, just the member for Saskatoon Sutherland at the Legislative Assembly.

Now I want to sort of just conclude, Mr. Deputy Speaker, by saying there are alternatives to the kinds of tax gouging that Saskatchewan people are experiencing.

In a recent article in the *Winnipeg Free Press*, March 13 of this year, Frances Russell, a well-known Manitoba columnist and editorialist, comments on studies done by StatsCan officials, secret studies that can't be revealed in paper to the public but which none the less StatsCan officials will talk about, showing that 44 per cent of Canada's \$400 billion national debt is due to tax breaks for the corporations and the wealthy.

Of the \$400 billion national debt she says StatsCan studies show that half of that is due to tax breaks given the wealthy and the corporate sector. And she goes on to talk about the tax system and what's happened since the Progressive Conservatives have taken office federally.

She says, for example, that the \$500,000 life-time capital gains exemption was lifted. And they lifted about \$6 billion worth of energy taxes away from Canada's oil patch. And it goes on to talk about the collapsing of the various graduations in the income tax scale and how that skewed the tax system against low- and middle-income wage earners in favour of the wealthy and the corporate sector.

And she talks about a study done by Allan Maslove, a Carleton University economist, who has found that the only beneficiaries of Tory tax policies have been the highest 1 per cent of income earners. I better quote this so that people don't take it as an article of faith from me. She goes on to write:

In a report commissioned by the Institute for Research on Public Policy, Maslove said that Canadians with incomes over \$114,000 had their taxes cut by \$1,570 a year, while virtually all other Canadians experienced a tax increase.

This from Progressive Conservative government federally. I'll go on to quote what she has to say from Neil Brooks, who teaches tax law at York University's Osgoode Hall Law School, and she writes that he:

... has projected that the reintroduction of progressivity into Canada's tax system could raise \$13.2 billion more revenue each year.

Thirteen point two billion dollars a year more federal revenue if we interjected more progressivity into the tax system. There's the solution to our problems here in Saskatchewan with the tax system. The answer doesn't lie in a GST; it lies in a progressive, fair tax system, and that's what Saskatchewan people are going to see if they elect a New Democratic government.

Some Hon. Members: Hear, hear!

Mr. Koenker: — And she goes on, Frances Russell in this article, to say that basically the Conservatives federally have:

... revolutionized the nation's tax system away from ability to pay, (and they've provided

secondly) ... an excuse to get rid of Canada's social safety net.

Its health and education and social programs as an excuse because of the high tax burden that they've foisted off on Canadians.

Well I want to conclude by saying, Mr. Deputy Speaker, that New Democrats across this province, not just in this legislature but across this province, are going to do everything possible to ensure that this provincial GST, this PC GST does not become law before the next election here in Saskatchewan. Why? We say because it's fundamentally unnecessary and it's fundamentally unfair. Unnecessary because of the waste and the mismanagement that's endemic in this government and that has to be cleaned up. No amount of money coming into the provincial government coffers, no amount of money coming into this PC government's coffers would make any difference with the way it goes out the back door. The money comes in the front door in the form of taxation and they waste it and they mismanagement and it blows right out the back door in payments to people like Bob Andrew and Graham Taylor. And that's got to stop and we can stop that kind of waste and mismanagement.

Some Hon. Members: Hear, hear!

Mr. Koenker: — And therefore, Mr. Deputy Speaker, if after an election we should form the government, the very first thing a New Democratic government will do will be to appoint an independent auditor to go through all of the provincial books and let the people of Saskatchewan know exactly where they stand.

Right now we have an auditor's report that was tabled in the legislature for the year ended March 31, 1990 that was just tabled a few weeks ago, that contains a page with a listing of some more than 20 government agencies that have not tabled their reports in the legislature, that he has not been able to see — agencies such as SGI (Saskatchewan Government Insurance), Saskatchewan Heritage Fund, the Housing Corporation, and the notorious Future Corporation. Well those books are going to be opened, Mr. Deputy Speaker, by a New Democratic government. And we say waste not, want not, and we are not going to waste taxpayers' money.

Some Hon. Members: Hear, hear!

Mr. Koenker: — People are asking, where did the money go? We're going to find out where the money went. We're going to open the books and we're going to reform the tax system. And once that's done, we're going to start to economize by trimming the waste and the mismanagement and the fat out of the provincial government. There are legislative secretaries galore on the other side of the House. There's a loaded cabinet that has been at the trough far too long, and we believe that with responsible management that puts public priorities first and not private interests, not selfish, personal interests first, we can find the lost revenue so that we won't have to implement the provincial GST, and this GST will not be a curse on Saskatchewan people for years to come.

Basically, Mr. Deputy Speaker, our tax policy can be summed up very simply: we're going to live within our means. Saskatchewan families have learned to do that; we believe we as a provincial government can do exactly the same thing.

Some Hon. Members: Hear, hear!

(2145)

Mr. Koenker: — That's the first point of our tax policy. We're going to live within our means. We're going to cut the frills and we're going to pay the bills.

Secondly, we aren't going to implement any further tax burdens on Saskatchewan people. We're going to implement a fair tax system. The Tory way is the old way of the '80s that's predicated on greed and selfishness, that says me, me, me. And that is an old and dead philosophy. The '90s are here. It's time for a new philosophy and a new government which will do away with an unfair, regressive form of taxation that hits those least able to pay, that cripples the economy, that breaks the back of Saskatchewan's small-business community, and is exactly the wrong way to rebuild this province and take it out of debt. And that's why New Democrats will do everything possible to stop this tax, why we will fight it, because it will ruin this province.

The time has come for a fair tax policy. People in Saskatchewan are taxed to death and buried in debt. And there's only one thing, Mr. Deputy Speaker, that will stop the provincial GST, one thing that will stop it when all is said and done. And that won't be signing a petition, although the petitions are going around and we ask people to sign those petitions. That in and of itself isn't going to stop the provincial GST — signing a petition. The only thing that will stop the provincial GST dead in its tracks will be when an election is called and the good people of Saskatchewan consign this government to the ash heap of Saskatchewan history.

Some Hon. Members: Hear, hear!

Mr. Koenker: — The only thing that will stop this provincial GST will be when the good people of Saskatchewan rise up and say, we want a government as good as Saskatchewan people. And that day will come soon enough, and that government will be a New Democratic government. Thank you, Mr. Deputy Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Gerich: — Thank you, Mr. Deputy Speaker. We are discussing a Bill tonight, Bill 61, An Act to amend The Education and Health Tax Act. And this is to raise more tax dollars. And people would say, why. Well it's likely because we need it. We need it for social programs that we now have and that we're using and used over the last few years. We need this for our health programs and our services such as continuing care, home care, special-care programs, long-term care in hospitals, hospitals with new beds, new facilities, new CAT (computerized axial tomography) scans, new hospitals that have been built in the last few years; for operations and surgeries to patients

that are up to date and state of the art. We spend \$1.5 billion in health care in this province. Now they talk about services, Mr. Speaker, and I'd like to maybe give a description of some of the services that are provided through this \$1.5 billion expenditure in taxpayers' dollars.

Continuing health care, for example, is responsible for home care and special-care programs within the province. This branch funds programs and sets and monitors policies and standards and it provides leadership in managing the long-term care system. Local boards provide these services, Mr. Speaker. And this is without . . . This is with cost.

Now continuing care will also be responsible for the administration of The Personal Care Homes Act which was passed in 1989, to ensure care and the safety of residents in privately operated personal-care homes. Personal-care homes provide a combination, meals and supervision, and assist in personal care to adults not related to the operator. Well these services, Mr. Speaker, cost money. And without tax dollars, who's going to pay for these?

Carrying on in the continuing-care branch, services are provided to people who need more care and support than can be provided by family and other informal care providers.

Services range from occasional support services in the home to full-time residential care, and designed to maximize the individual's physical and social and psychological independence. The members opposite never talked about the cost of health care or that tax dollars are needed to support these programs. Not at all.

I'll go on. Access to continuing services is on an assessed-need basis. These people that are out there that need care has to be supported by tax dollars which provide an agency or facility making final admissions and decisions. And our district co-ordinating committees who work quite a bit on a volunteer service have been informed in most parts of the province to co-ordinate assessment and long-term care services at cost.

These voluntarily formed committees of representatives from hospitals, special home care, special care and housing sectors, and many special-care homes relying on DCCs (district co-ordinating committee) . . . to prioritize entries to long-term care beds. Home-care districts often perform assessments for these district co-ordinating committees.

Another, the home-care program, which was a home-care program established in 1978, and I'm sure the members opposite were in power at that time. And these provide acute and supportive care to help people remain independent at home. The home-care program is available in 45 districts in the southern half of the province, about where 97 per cent of the population lives.

Now each home-care district is served by a non-profit, home-care corporation with an elected board. These people dedicate their volunteer time to this board to help

co-ordinate the services in the area for the people that need the services. But without tax dollars this cannot happen, Mr. Speaker. And these services are a great help to the people of the area, whether you're in northern or southern Saskatchewan.

Nursing. We've got a problem now with nurses being on strike, Mr. Speaker. They're asking for more wages. Where do those more wages come from, Mr. Speaker, if not from extra taxation and tax dollars?

Home-making, another personal-care service which is given by the Department of Health. Assistance in bathing and grooming and care to bed-bound clients — activation.

One of the members opposite mentioned foot and nail care. Home-management services, home and household cleaning, meal preparation, laundry, and other aspects of operating a household. Meals on Wheels. Home care maintenance and helping installing Saskatchewan Aids to Independent Living program equipment and handrails and non-skid surfaces.

This is all part of the cost of \$1.5 billion to the Department of Health, and without these kinds of services, where would the money come from? Hospital services branch — and I could go on here with the estimates that come from the Department of Health, but we'll let the opposition look at these. Quote from the *Moose Jaw Times-Herald*, April 30, 1991:

Saskatchewan spends more money on health care and has more hospital beds per capita than any other province.

The member from Lakeview refused to answer questions about what the Minister of Health could do and what her party would do for health care in the province, nor would she comment on where the NDP stood with the nurses' wage demands. And this was in the *Leader-Post* of May 9, 1991. And why is that? No definite plan. No definite plan as to what's going to happen or what they would do to raise tax dollars to pay the nurses' demands.

Another expenditure, Mr. Speaker, was education, \$888 million in this last year. New programs in core curriculum through kindergarten to grade 12, grants to the University of Saskatchewan, and grants to the University of Regina, new facilities, and the updating and remodelling of buildings. And this does not go without cost, Mr. Speaker. It takes tax dollars to build these up. Research and development programs to bring together information that can be used in future years; the new College of Agriculture that was a much needed agricultural research program — that wasn't built in the years when the NDP were in. And why wasn't it built in those good years, those fat years when the NDP were in power? Well they were too busy buying holes in the ground, Mr. Speaker.

I was talking about management. We could tie that to no management skills, Mr. Speaker. And I'll quote from *The Globe and Mail*, April 30, 1991: Ontario's first socialist government plans to run up a bar tab of \$34.8 billion, more deficit accumulation in the province than it has amassed in the previous 125 years of Confederation.

Why is this? Well, their justification for this is the bankrupt ideas that government spending and deficit create jobs. They've got no ideas on how to run a business, Mr. Speaker — none at all; how to use taxpayers' dollars or where to go with these taxpayers' dollars, Mr. Speaker.

Now we go over to the minister, or the member for Regina North, the NDP Energy critic. Well, he says on an interview with CKCK television on Saskatchewan, May 2, 1991 that we are a different New Democratic Party than we were 15 years ago. The circumstances and the economy have changed remarkably.

Well I can hardly believe that statement, Mr. Speaker. I see the same old ideas, a lot of the same old faces, the same old faces that were around in the '50s and '60s. They're represented by a lot of old ideas, by union people. They have four or five lawyers over there, one or two social workers, and five or six academics, and these . . . (inaudible interjection) . . . could be one draft dodger. But they have a problem in how they think and how they work, Mr. Speaker.

I've been asked in my riding to give me an example how the NDP think of new economic development or how they would use the tax dollars that they have. Well I don't know and I don't think half the people know, because there's no definite plan.

Over the years, Mr. Speaker, I could see some of the problem that they've had in handling the tax dollars that we accumulate through The Education and Health Act. We were governed by a majority of people and these people were in cabinet, Mr. Speaker, that never made a living on their own. Now how could I . . . maybe you'd like me to clarify that. I say, make a living on their own, through their own management skills or business. Generally speaking they received most of their incomes from either a government source, some sort of union payroll or a subsidy, or other occupations that prey on the weaknesses of the laws, or people's feelings, or people's wants. And you would think that they'd want to pay — in their socialist way of thinking — for the health and education programs and services that actually looks after the people of socialist thinking.

They should be in the forefront of supporting this Bill. Honest, Mr. Speaker, have a look at those people across the way. I would think that they should be standing up right tonight before 10 o'clock and voting on this Bill. But again, it's a flip-flop. And I'd like to read . . .

The Speaker: — Order. It being 10 o'clock, the House stands adjourned until tomorrow at 2 p.m.

The Assembly adjourned at 10 p.m.