

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.

Mr. Hagel: — Well thank you very much, Mr. Speaker. Mr. Speaker, I passed up the opportunity, quite unintentionally, when I rose to my feet to enter into debate this afternoon — perhaps it was an oversight under the emotion of the moment — but this is, as a matter of fact, Mr. Speaker, the first opportunity that I've had to address the Assembly while you have been in the Chair, sir.

I would simply like to, on the record, offer my congratulations to you on your election as Speaker. That is an achievement that I think many of us in this Assembly do admire and envy, and I simply want to extend my personal congratulations to you.

Also before re-entering into the debate on the subject more formally, Mr. Speaker, based on some calls that we've received in our caucus office since adjournment and over the supper hour requesting copies of some of the information that I've referred to earlier, with your consent, I would simply like to once again make reference to those documents and let people know how they can get a copy of them if they like.

Documents that I referred to earlier were the document entitled *Tax Fairness for the 1990's*; and secondly, *The Economic Impact of the Provincial GST on Saskatchewan*; and thirdly, as well, Mr. Speaker, there may be people who follow the proceedings of the Assembly who are interested in receiving copies of the petition that has been used commonly around the province, expressing their opposition to the provincial goods and services tax and Bill 61 before us now.

Those can all be received, Mr. Speaker, without any cost to citizens of Saskatchewan, by sending . . . either by phone or by mail. If they wanted to address a letter simply to the opposition caucus, or, as I have written on this envelope addressed to me in front of me, Mr. Speaker, to Glenn Hagel, MLA (Member of the Legislative Assembly), Moose Jaw North, 265 Legislative Building, Regina, S4S 0B3. So, 265 Legislative Building, or if they want to phone, my number is 787-1886 — 787-1886. And the opposition caucus does receive collect calls, and we would be happy to send out copies of those documents to any citizens of Saskatchewan who'd like to have them.

Well, Mr. Speaker, if I may just take about 60 seconds to summarize my address thus far, I've said that I stand opposed to Bill 61, the Bill to introduce the provincial goods and services tax, for eight reasons. And so far, Mr. Speaker, I've outlined that I'm opposed because I believe

it to be unnecessary; simply put, that the government has other choices. And without repeating them, I've described in some detail some frivolous or unnecessary expenditures of the government; addressed the matter of tax policies, particularly related to natural resources; and thirdly, have made some reference to other ways of realizing revenue by expanding the economy.

Secondly, my argument being that the goods and services tax, provincial goods and services tax, is unfair because it fails to meet the criteria of being progressive. Thirdly, that the tax is counter-productive. Rather than stimulating our economy it's in fact an economic deterrent here in Saskatchewan. And I'm currently, Mr. Speaker, on my fourth point, that the provincial goods and services tax is ill conceived.

I will, following this then, Mr. Speaker, conclude my remarks by entering into debate my opinion that the goods and services tax is: number five, legally questionable; number six, part of a despicable agenda by the PC (Progressive Conservative) government; number seven, that it is introduced without a mandate; and finally, number eight, it is a tax which people simply cannot afford.

Well, Mr. Speaker, then having put my previous remarks into context, I'd like to conclude my remarks on the point that I make, that I believe the provincial goods and services tax is ill conceived, that as I have previously said and don't need to repeat in detail, that it is faulty in its forecasts, I believe. The Minister of Finance has referred to it as realizing \$440 million worth of revenue, \$260 million of which would be repaid by way of a rebate to businesses. I make the argument, Mr. Speaker, of those businesses being large corporate businesses and not main street businesses on Main Street, Saskatchewan.

I also, Mr. Speaker — and I won't repeat it but just on this point — remind the Assembly that I have made the argument that not only is it incorrect to say, as the government has, that this tax will create 5,000 jobs, as ridiculous as that might sound; that in fact over the next five years this tax will directly lead to the loss of some 7,500 jobs from the province of Saskatchewan.

Let me just conclude then, Mr. Speaker, my reference to the business rebate and the point I was just about completed when we broke, being that I think consistent with that old saying, he who pays the piper calls the tune. The benefactors of the business rebate will be those who would be . . . those that the Conservative Party would most consider to be their friends.

So, Mr. Speaker, let us talk a little Tory talk. Let's talk dollars and let's talk about contributions from some of these corporations to the PC Party. I don't intend to do this in much detail unless the members opposite feel that they need some convincing, in which case I'm prepared to do that.

But maybe if I could just make a few references to Saskatchewan examples, Mr. Speaker, related then to Saskatchewan and recognizing that the rebate would go to those who pay the largest amount of PST (provincial

sales tax) — and those being of course, ventures, Mr. Speaker, which are purchasing equipment and purchasing taxable materials. Not included in that to any large extent at all, Mr. Speaker, are those kinds of businesses that we would call mom and pop operations — mom and pop's corner grocery store or mom and pop's clothing store or mom and pop's book store for that matter, Mr. Speaker. And clearly it would not be the typical small business in Saskatchewan that would be the recipient in any significant way, but it would be the large corporate business that would be the recipient.

And then just tying in too, for example, the Saferco example, Mr. Speaker, it seems to me perhaps more than coincidental, although ultimately that's for people to decide whether it's coincidental, that this tax policy comes from a government that receives . . . a Progressive Conservative Party which receives a donation in 1988 from Cargill Limited of some \$15,000, with their construction being managed by a firm by the name of Stuart Olson, Mr. Speaker, who interestingly enough, Mr. Speaker, was a contributor to the PC Party in 1988 of some \$7,500.

And, Mr. Speaker, coincidentally, they would suggest — I find it a brutal coincidence at a time when the Saferco fertilizer plant was being constructed and the need was there for steel buildings, that a firm in Moose Jaw, Fairford industries in my home community just some 20 miles from the site, was not even permitted to submit a bid to construct those steel buildings. It was given to ATCO Ltd., Mr. Speaker. And people will have to judge for themselves whether it's pure coincidence that ATCO contributed to the PC Party in 1988 some \$25,000.

Members opposite, and I won't single them out, Mr. Speaker, have shouted over to me other names of some of their friends that are part of their plan for developing the economy here in Saskatchewan. I've heard the name Peter Pocklington mentioned. And I find it interesting, Mr. Speaker, when I look here, that Gainers Incorporated — owned by one Peter Pocklington who's certainly been a benefactor of largess, financial largess, of this government — Gainers Incorporated, Mr. Speaker, contributed in 1988 some \$6,462.24 to the PC Party. Also owned by Peter Pocklington — and I don't know if this is pure coincidence or not — the Edmonton Oilers Hockey Club, Mr. Speaker, contributed \$7,000 to the PC coffers.

And, Mr. Speaker, finally, unless the members do want more detail, Weyerhaeuser Canada Ltd., Mr. Speaker, also I would think a significant benefactor of the rebate of the PST — Weyerhaeuser of Canada. Mr. Speaker, Weyerhaeuser Canada Ltd., in 1988 made corporate donations to the PC Party of some \$32,405.08.

Well, Mr. Speaker, if the members opposite would like more detail I'm happy to provide it. We can do it on the record. But assuming that they're pleased with the information they do have now, we'll just stop there. And I think the point has been made, Mr. Speaker, that when I look at where does this kind of policy come from that is attempted to justify reaching into the pockets of Saskatchewan people to the tune of an extra \$440 million a year, with \$260 million of that said to be a stimulator of the economy, where is that money going to go? It's mainly

more than interesting coincidence that it goes to those kinds of ventures which seem to be significant supporters of the PC Party.

Well, Mr. Speaker, finally on this point of the provincial goods and services tax being ill conceived, I simply want to say that it comes to this Assembly and to the people of Saskatchewan without any crystal clear plan seeming to be in place and with it being part of a well developed plan.

I consider it personally a parliamentary slap in the face, I guess is probably the clearest way I can express it. That this is a tax that was introduced in a budget that was presented some three weeks after the tax was actually in place, and in fact introduced in this Assembly some . . . I guess it would be about eight weeks after it was actually announced, Mr. Speaker. But also, Mr. Speaker, that it was introduced in a budget which for the first time in Saskatchewan history . . . for the first time in Saskatchewan history we had the presentation of a budget in this Assembly this year without it being preceded by a Speech from the Throne.

There have been times in past Saskatchewan history where there was a Speech from the Throne in the fall and the same legislative session saw a budget introduced in the spring. But never before in the history of our province has there been a budget presented in this Assembly without it being preceded by a Speech from the Throne. A Speech from the Throne, it seems to me, is something more than just a political nicety or democratic tradition. A Speech from the Throne is the government's statement of its assessment of the problems facing the province and it's game plan for dealing with those problems over the next year.

Interestingly enough then, I think it can be concluded nothing other, Mr. Speaker, than that we are in a legislative session. Perhaps it was not even anticipated to be, and I'll come back to that in a moment.

But clearly it is a session that we are in, dealing with this Bill before us now that has lacked from the very beginning a sense of direction, a sense of vision, a sense of purpose, and all of which I think goes to contribute to the argument that we are debating in this Assembly a tax Bill on the provincial goods and services tax which is not part of a well thought out and well developed plan, and certainly not well communicated and most definitely not well appreciated by the people of Saskatchewan.

Well, Mr. Speaker, let me move then to my next point . . . Well no, just before we do, I would like to read into the record, Mr. Speaker, a couple of clear statements of implication of this tax by some very, very credible sources that I think there is none of us in this Assembly who would discredit. I want to read into the record a portion of a letter addressed to me from the Moose Jaw Public Library, Mr. Speaker, and asking that as member for Moose Jaw, I do everything I can to oppose this provincial goods and services tax on . . . and references to the tax on reading. Let me read in part from the letter, Mr. Speaker, and I quote:

(1915)

The recently imposed taxes on reading materials are having a devastating effect on library materials budgets. The imposition of the GST had an impact of 3.5% after the refundable portion; however, the Provincial Sales Tax at 7% will be far more destructive.

Stop there for a moment, Mr. Speaker. They're saying the GST (goods and services tax) was a real blow but the 7 per cent PST will be far more destructive. It goes on to say:

The enclosed diagrams which use 1990 figures for the Moose Jaw Public Library materials funding illustrate the effect. If the budget for 1991 remains at the same level as 1990, the purchasing power of the materials budget will be substantially reduced. This will mean less items purchased and less material available for the use of residents.

That's what it means to the library. And I just want to read in the record the last sentence of this letter, Mr. Speaker.

The importance of a literate, informed electorate cannot be underestimated.

To which, Mr. Speaker, I simply want to say, "hear, hear!"

The implications of this tax go far beyond, I think, what the government seriously contemplated. I simply can't believe that our provincial government here in Saskatchewan intentionally went ahead to introduce the very first tax on reading in Canada, the very first tax on reading in Canada, without recognizing that what it was going to do was reduce the ability of libraries across the province to provide materials for our citizens. So, Mr. Speaker, I think that again is an indication of an ill-conceived tax.

And finally I'll read into the record, Mr. Speaker, just a small excerpt from a news release, May 23, from the Saskatchewan Alliance Against Tax on Reading. As I said before, this government has been very effective at stimulating all kinds of organizations to spontaneously come together and form coalitions which will have the phrase "against the tax" on them.

This news release, Mr. Speaker, is entitled "Alliance Welcomes NDP Statement." By the way, the Saskatchewan Alliance Against Tax on Reading is made up of a number of provincial and national organizations and agencies which represent writers and publishers and booksellers, distributors, librarians, and readers all across the province. There's a list of some 55 organizations which I won't take the time of the Assembly to read into the record.

And they say in part, and I quote:

The Alliance is pleased that the New Democratic Party has pledged itself not to tax reading. The Alliance will continue to try to get the same commitment from all parties in Saskatchewan.

And I simply say to them, in dealing with the Progressive Conservative Party, good luck. We're with you and we

hope that you're successful. It goes on to say, and I quote:

The Alliance believes that a Tax On Reading hurts everyone. Stopping the Tax On Reading is essential. The attempt to tax reading in Quebec as part of the GST/PST harmonization was turned back by popular protest.

Again, Mr. Speaker, I hope that the same thing will prove to be true here in Saskatchewan. In fact, I think the ultimate victory for the people of Saskatchewan would be to see the Progressive Conservative government come to its senses and simply withdraw the tax before the election and seek a mandate to introduce it in a provincial election.

Well, Mr. Speaker, point number five of my deliberation: I am of the view that the provincial goods and services tax is legally questionable. By that I mean that when we look at the record of how it was brought to bear and introduced in Saskatchewan on February 20 in a news conference, it raised some question about the legality of this tax right from the very beginning. In fact it's kind of interesting and regrettable that here in Saskatchewan part of the public commentary on the tax has been to question its very legality.

It's also I think despicable, Mr. Speaker, that as part of the introduction of this tax the government has already been talking about fining businesses for not collecting the tax, which would strike me as being directly contradictory to the Charter of Rights of our country which guarantees that citizens cannot be punished for legislation which did not exist when they committed an act.

In other words, Mr. Speaker, it was put there to say that no government could come along, make a law, make it retroactive, and then punish somebody for doing something that wasn't law when they did it — which is precisely what our government in Saskatchewan is talking about doing with Saskatchewan business people, fining them for not collecting a tax that still isn't passed in law.

And I simply want to say, Mr. Speaker, that in the normal way . . . I've heard the Minister of Finance say in this Assembly, quite correctly, to say in this Assembly, that ministers of Finance have introduced taxes like taxes on tobacco on budget night, and saying that, effective tonight at midnight the tax is in place. And that happens, and it's occurred a number of times. He's quite correct in that, Mr. Speaker.

However, I point out two things. Number one, when taxes have been introduced that way in the past, they have been introduced right here on the floor of the Legislative Assembly, within the chambers of democracy for the province of Saskatchewan.

But number two — and on this argument, I think the more important point, Mr. Speaker — whenever that has been done in the past, it has always been done by a government, a minister of Finance who is confident that he or she and his or her government enjoys the confidence of the legislature and feels assured that at some point during that legislative session the tax will pass

and then will be enacted retroactively. And then to make effective later on, the tax will go into effect that night at midnight, which is in effect the argument that the Minister of Finance has used in this Assembly.

He says, it's been done this way before; so it's a little odd that I called a news conference and told the news reporters about it before I ever told the legislators or produced any documents. That's a little odd, he says, but it's okay to do it that way. Strangely enough, Mr. Speaker, this is also the highest single tax increase from one single act of the government in Saskatchewan history as well — odd way of doing it.

But I simply say this, Mr. Speaker. I am not of the opinion that in fact this government does enjoy the confidence of the legislature when it comes to a vote on this tax. Fact of the matter is, there are four constituencies which are vacant in this Assembly. There are some 45,000 people who don't even have representation on the floor of the Assembly regarding the debate of this tax, which causes one perhaps to question the principle of taxation without representation — the violation of the principle of taxation with representation.

But even then, Mr. Speaker, we have to ask ourselves, does the Premier enjoy the confidence of the legislature? Earlier in the debate I read into the record . . . and I recall at the time with much objection from members opposite who objected to reading into the record the names of constituencies which encompassed border communities. Interestingly enough, Mr. Speaker, when I read that into the record, the significant majority of those seats, those constituencies, are represented by Conservative members, the majority of whom, Mr. Speaker, are seeking re-election. And as we are in the times that we're in, Mr. Speaker, we are in the eighth month of the fifth year of a four-year mandate for the PC government. We are . . . (inaudible interjection) . . . Oh no, here they go again, Mr. Speaker. Now they stick up their five fingers. Now they go stick up their five fingers.

Well, Mr. Speaker, they might be trying to . . . Conservative members may be trying to convince themselves that when they were elected in 1986 they got a five-year mandate. If they believe that, Mr. Speaker, they are the only people in Saskatchewan who do.

There is a long and strong Saskatchewan tradition of four-year governments. People of Saskatchewan consider the governments to have a maximum of a four-year mandate. So don't give me this foolishness; don't give me this foolishness of five-year mandate. You can sit there and put up five fingers for all . . . you know, for all night if you want. The fact of the matter is, Saskatchewan people don't believe you.

Saskatchewan people . . . And if you were sensitive to the principles of democracy and to history of democracy in Saskatchewan, you'd recognize it's four-year mandates — four-year mandates. And the only exception to that, Mr. Speaker, the only time that that principle has been abused, Mr. Speaker, was in time of war, and an argument can be made that it was not abused, that it was extended. But the consequences of that, when the election held after an extension over the five-year period, serious extension

of the four-year tradition, Mr. Speaker, is that the government of the day was turfed out almost entirely.

Saskatchewan people have been very strong in considering the mandate of the government to be four years. There have only been, I believe, Mr. Speaker, two governments that have gone more than four years in the history of Saskatchewan. One was turfed out in 1944 when Tommy Douglas was made premier of this province, and the other one, Mr. Speaker, was this current government which went four and a half years from 1982 to 1986.

So, Mr. Speaker, clearly Saskatchewan history says there's a four-year mandate. So one has to ask, Mr. Speaker, when a government is in the eighth month of the fifth year of a four-year mandate, does it really enjoy the confidence of the legislature? What is the will of the PC members? And here we come down to the voting intentions of individual PC members of the Legislative Assembly.

What in effect the Minister of Finance and the Premier is asking his members to do — those who are seeking re-election — he is asking his individual caucus members to come to this Assembly, in the eighth month of the fifth year, and to vote in favour of the largest single tax increase in the history of Saskatchewan; and then within weeks, if not days . . . within weeks, if not days to go back out to their constituents in a provincial election, which must happen by the Canadian constitution, and to ask for them to send them back in here.

Well I say to this House, Mr. Speaker, and I say to the people of Saskatchewan, I'm not convinced that the Premier has the confidence of the legislature. I'm not convinced that there's enough hari-kari mentality on the other side of the House. And I think that there may very well be several members on the other side of the House . . . Maybe they won't have the courage to vote against this tax and to vote with their constituents, but maybe they will find something convenient to do to be away from the Assembly when it comes time to vote, so that they are not on record as having voted for the single largest tax increase in the history of Saskatchewan in the 8th or 9th or 10th month of the fifth year of a four-year mandate.

Well, Mr. Speaker, I am not convinced — I am not convinced — that this Assembly has the confidence of the . . . that this government has the confidence of the Assembly, as a matter of fact. And so it puts into question, Mr. Speaker, for those who are required to collect the tax, the whole question about its legality. Are they collecting a tax that will in fact come to be law or will the government respond, will the government respond as people have said by petition by the tens of thousands, Mr. Speaker? Will the government respond by withdrawing the legislation and seeking a mandate in a new provincial election, which is what it ought to do?

Well, Mr. Speaker, I stand in this Assembly not at all convinced as I watch the members opposite — and I watched their enthusiasm for this topic over the last two or three weeks — I am not at all convinced that the Premier of our province enjoys the confidence of the legislature as he attempts to ram this tax down the throats

of Saskatchewan people.

Well sixthly, Mr. Speaker, I would like to make the argument that the introduction of the provincial goods and services tax was part of the, what I call, despicable political agenda of the PC Party. Mr. Speaker, I think recent history in the province has told us, as machiavellian as it may seem, and as irresponsible as it certainly is, that the PC Party, including the members here and the Premier, has seen it to be to their political advantage to drive a wedge between urban and rural Saskatchewan. I think that's despicable. I think it is totally unjustifiable. But unfortunately, Mr. Speaker, I think it is part of the agenda that's going on in Saskatchewan today and this tax is a significant part of that agenda.

We saw some four years ago in this Assembly, Mr. Speaker . . . three and a half years ago in this Assembly we saw a Bill put through this House to gerrymander the constituency boundaries in Saskatchewan. Members of the opposition referred to it as that, as a gerrymander at that time. Government members said no.

Members of the opposition asked the government whether they thought it was constitutionally defensible. The government said they thought it was. Members of the opposition asked why the government would not test that. Well when some people of Saskatchewan in fact did bring it through legal channels, the Minister of Justice referred that question to the Saskatchewan Court of Appeal which then earlier this year, Mr. Speaker, ruled and said by a five to nothing decision that, you've been caught cheating on the boundaries, the constituency boundaries of Saskatchewan. I think, Mr. Speaker, this was a step, the first step that the government took as part of a re-election agenda to drive a wedge between urban and rural Saskatchewan — to gerrymander the constituency boundaries and hope that the voting patterns of 1986 would repeat themselves, and try to assure themselves re-election, if that were to be the case.

Clearly, Mr. Speaker, I think the government opposite said, what we've got to do if we have any hope at all of being re-elected is to drive a big wedge between urban and rural Saskatchewan. We've got to get rural . . . We've got to manipulate rural Saskatchewan into saying that their only hope for survival is to vote PC in the next provincial election.

(1930)

It hurts me to say this, Mr. Speaker, because this is not politics as it should ought to be done, but I think this is the fact of the matter. Mr. Speaker, while the member from . . . Well, I won't comment, Mr. Speaker. I won't give any more credit to the member's comment than it deserves.

Mr. Speaker, I think as well then, leading up to the introduction of the announcement of this tax, we saw a political agenda which included some involvement in negotiations of the GRIP (gross revenue insurance plan) and NISA (net income stabilization account) programs which are now in place — interestingly enough, Mr. Speaker, with substantially higher per capita contributions from Saskatchewan than anywhere else, any other province in the country. This says to me that the

negotiations from our province in arriving at these federal programs to provide some hope and security for Saskatchewan farmers, the negotiations here were on the hurry-up. It was more important to get a conclusion than it was to get a fair requirement for commitment, financial commitment, from the province of Saskatchewan.

And as a matter of fact we saw, Mr. Speaker, then the Associate Minister of Agriculture and others from the government opposite, trotting around Saskatchewan, speaking to large numbers of rural Saskatchewan people, almost all farmers, who took a great deal of interest in the GRIP and NISA proposals because for them they were talking about survival in future.

I think the government made a tactical error, Mr. Speaker. They thought that large attendance at these meant large support for the PC Party, where as a matter of fact what it meant is a large amount of interest in the very survival of the family farm in Saskatchewan.

So they said, Mr. Speaker, what we have to do to drive that wedge between rural and urban Saskatchewan is, somehow we've got to try and make Saskatchewan people believe — this is not true, by the way, but part of their agenda — they say, we've got to try and make Saskatchewan rural people believe that their only hope for the security programs is to vote PC.

And so what they said, Mr. Speaker, what they said . . . I found it interesting, when introducing this tax — not in the Assembly but in a news conference on February 20 — they said, here's a tax that's going to pay for GRIP and NISA, they said.

Now the reality, Mr. Speaker — we all know this — when people pay the PST it doesn't come into government coffers and go into a little envelope marked GRIP and NISA. I mean is anybody that naïve? When people pay the PST and it comes into the Government of Saskatchewan, it goes into the Consolidate Fund, into the bank account so to speak, Mr. Speaker, to be spent on whatever government spends its money on. It doesn't come in and go into an envelope marked for GRIP and NISA. How naïve, how simple-minded they are.

So what they want to do though, Mr. Speaker, wanted to do was to have people not give a whole lot of thought to this and simply to take them at their word. And it was for that reason, I believe, Mr. Speaker, that they decided to introduce this tax, not in the Assembly where it could be debated and questioned and documents would have to be provided, but to introduce it in such a way that the opposition could ask no questions and no one could demand that documents be provided to see their analysis of the tax, and in fact the budget, as is normally the case.

It's for good reason that the Minister of Finance decided to introduce this tax in Saskatchewan in the closet of his own office.

Mr. Speaker, as much as I hate to say it, I think this tax was introduced to try and drive a wedge between rural and urban people; to try and force rural people to think that somehow if they didn't vote PC that somehow those people in the city who are paying the new tax wouldn't

approve, and they wouldn't get the GRIP and NISA. I think that's what their agenda was about.

And they wanted it to happen quickly, Mr. Speaker, because they didn't want people to begin to understand what was going on here and that, in fact, the tax is just as damaging out in rural Saskatchewan as it is in urban. Everybody's got to pay. What they were betting on, Mr. Speaker, was that people wouldn't have time to think about this because the more you think about it, the more despicable it becomes.

In addition to that, Mr. Speaker, and just to further make my case: after this tax was announced and prior to March 23, Mr. Speaker, on about February 27 — the tax was announced on February 20 — on about February 27, as I recall, Mr. Speaker, they held another news conference and the Deputy Premier was announced to be the person in charge of what they called Fair Share Saskatchewan, their fancy name, nice sounding name for the process of decentralization — a principle which, Mr. Speaker, in itself makes some sense, with a lot of thought and a lot of planning, when you're expanding or introducing new programs.

Mr. Speaker, decentralization was introduced to drive more wedges between rural and urban Saskatchewan — part of a despicable political agenda, not only, Mr. Speaker, to drive wedges between rural and urban Saskatchewan . . . Because what they would like to say and have people believe in rural Saskatchewan is that somehow they can gain if people in the city of Regina lose. Never mind the fact that it cost some 25 or \$30,000 a job to move — never mind that; ignore that fact please, they say.

But as part of that agenda, Mr. Speaker, it was intended, as well, to drive wedges between rural communities, community to community. We're talking the politics of division. That's what's going on in the province of Saskatchewan today. And very clearly when they said that people could bid . . . I recall, Mr. Speaker, hearing them use the word "bid." People could bid for government jobs they said. Bid! And in fact some did, some communities actually bid. They offered money for government jobs to come to their communities.

But the real message, Mr. Speaker, here, is that people in rural Saskatchewan were supposed to bid at the ballot box — supposed to bid at the ballot in the election that was supposed to be coming March 23. Well, Mr. Speaker, it didn't turn out that way. It didn't turn out that way because about March 6, the Saskatchewan Court of Appeal said, you know those constituency boundaries you gerrymandered — not constitutional. You can't have an election on those boundaries.

And so, Mr. Speaker, the whole machiavellian political strategy to drive wedges between urban and rural Saskatchewan came crumbling down — decentralization, PST, all part of the whole scheme — all intended, Mr. Speaker, to be put in place without ever having any debate in this Legislative Assembly. And all intended to be done very quickly before people could begin to really realize and to think through what was going on.

All the members opposite seem to be a little sensitive about this, Mr. Speaker, and I understand that. I understand that, believe me, particularly when I see which members are being sensitive, Mr. Speaker.

And so, Mr. Speaker, we come to a time now in which people have had a chance to understand. Kind of interesting, just with the approach being taken to decentralization this week, the assessment being given by the public. I bring to the attention of the Assembly an article written by political columnist Dale Eisler, in the *Leader-Post* on May 28, entitled, "It's a cruel way to treat people." And what did he have to say, Mr. Speaker, about this government's mechanism for administering its decentralization program? These are not pretty things we're talking about and I wish we weren't, but unfortunately this is part, I believe, of their political agenda, political strategy. Mr. Eisler said this, and I quote:

To make matters worse, anyone with even a cursory understanding of politics in this province knows this decentralization is driven by the Tories' re-election agenda.

Let me just repeat that, Mr. Speaker, and underline it. This is what Saskatchewan's provincial political columnist says about their agenda:

. . . anyone with even a cursory understanding of politics in this province knows this decentralization is driven by the Tories' re-election agenda. It is yet another attempt by the Tories to do whatever they can to consolidate their support in rural areas. (And) if that means uprooting people and re-settling them in rural areas before an election, then so be it.

Well, Mr. Speaker, that's an assessment; that's an assessment by the political analyst in the province of Saskatchewan. It's kind of interesting, Mr. Speaker, that if this is such a wonderful, grand plan that's been thought about and thought through so well, why it is that it's taken them into the seventh month of the fifth year of their four-year mandate of their second term to come up with this idea, introduced within seven days of their introduction of the PST outside this Legislative Assembly.

And so, Mr. Speaker, I don't think in this Assembly we can ignore the fact that seven days apart, seven days apart, this government introduced the PST, announced the PST outside the Assembly, and then announced their decentralization agenda. I don't think it's coincidence that they were that close, Mr. Speaker. These were clearly part of a despicable, a despicable political agenda of the PC Party, one for which there is no excuse and I say that it is in all likelihood the people of Saskatchewan will reject in spades come the next provincial election.

Mr. Speaker, it would not surprise me that in response to their political agenda, which has resulted in their form of decentralization, which has resulted in the introduction of the PST, that the people of Saskatchewan would reject this PC government, similarly to the last time they rejected a PC government, for the next 50 years.

Well seventh, Mr. Speaker, and this won't take long because I've made some reference to it before, I'm of the view, and I am opposed to the PC government's introduction of the provincial goods and services tax, on the grounds that they have no mandate. I won't repeat the argument that I've already made, that here we are in the eighth month of the fifth year of a four-year mandate. We've described that already.

But let me refer to the other form of achieving a mandate. There are two ways of getting a mandate in this province. One is to govern responsibly for four years after an election. That's one way of operating with a mandate. The other way of achieving a mandate, Mr. Speaker, for those things that you can foresee and are part of your political plan, is to tell people at election time what you intend to do. And if you're elected, and if you're elected . . .

An Hon. Member: — Wonderful.

Mr. Hagel: — Oh, well the member says wonderful, and I agree, it is wonderful. It is a wonderful way of doing it. It is the way it was done in this province up till 1982.

Let me just refer then, Mr. Speaker, to some commitments made, political commitments made, to Saskatchewan people at election time, and specifically to do with the sales tax. Does he get a mandate by operating in the normal course of government in the first four years or by delivering on the commitments that you made at election time? That's the way you get a mandate in a democracy, Mr. Speaker. This is not odd.

What's been the record of this PC government with regard to promises that it's made, promises that it's made at election time? Well, Mr. Speaker, we have a PC government which promised in 1982 that it was going to introduce income tax by 10 per cent, or going to reduce income tax by 10 per cent they said. Did they reduce it? No. In fact they increased it by introducing a 2 per cent flat tax which has the net effect of increasing it from some 50 or 51 per cent up to, in many cases, 65 per cent and more, effective as a percentage of federal income tax.

They said they'd get rid of the gas tax, Mr. Speaker. Well they did for a while. Then they brought it back and then they gave it back to people and then they kept half of it and now it's all back, only more. They took off a 29 cent a gallon tax and we now have a 45 cent a gallon gas tax from the PC government. That's reduction in reverse. I think they'd call that, using PC bureaucratese, Mr. Speaker, I think they call that an inverse increase, or inverse reduction. That's what it would be — an inverse reduction.

(1945)

But the point I want to make to this, in bringing their commitment to this particular debate, Mr. Speaker, is this: we have here a PC government which was elected under a promise — get this — under a promise to eliminate, not reduce but to eliminate, the sales tax they said. If elected, if elected, they said we will get rid of the sales tax.

An Hon. Member: — Part of it?

Mr. Hagel: — No. My colleague says part of it? No, no, no. They made this crystal clear. They marched around Saskatchewan and they said, we'll get rid of the gas tax and we're going to drop that income tax and elect us and we will get rid completely of the sales tax from Saskatchewan. That's what they said — all of it completely gone.

That's their mandate. That's their mandate because that's what they committed to the people of Saskatchewan at election time. And the people of Saskatchewan said: you have a mandate in 1982, Mr. Speaker. They said, you have a mandate; they elected them as government. And democratically, they had a mandate — they did. They had a four-year mandate and it took them four and a half years to work on it. And they had a mandate to eliminate the sales tax which is what they said in the election.

Well, Mr. Speaker, what is this Bill all about? Have they eliminated the sales tax? Is this the Bill, Bill 61, to carry out the mandate to do for the people of Saskatchewan what they promised them at election time? Is Bill 61 to get rid of the sales tax from Saskatchewan? Not on your life.

Mr. Speaker, you have to take that argument and turn it up the other way. This is a commitment in Bill 61 not to get rid of the sales tax, not to reduce the sales tax, not to even keep the 5 per cent sales tax that they inherited, not even to keep the 7 per cent sales tax that they raised from 5 per cent to 7 per cent — in spite of having said that they were going to get rid of it completely — Mr. Speaker, in this Bill 61 they are saying: no, we are not going to do what we told you at election time. We are not going to get rid of the sales tax.

Mr. Speaker, in this Bill they are saying, we are going to triple it — triple it. Triple it! That is the financial implication of this tax as compared to the tax that was being collected by the 5 per cent sales tax; the 5 per cent sales tax that was in place when they promised to eliminate the sales tax.

When we go back and check the numbers, Mr. Speaker, Bill 61 says not that they will get rid of the sales tax, it says that they will triple the sales tax in the province of Saskatchewan.

Mr. Speaker, I say in this Legislative Assembly that is not a mandate. It is not a mandate when you have committed yourself at election time to get rid of something and then you come along to introduce a Bill which will triple the revenues from sales tax that existed when you made that commitment.

How in the world there is even a single member of that government opposite who can believe that there is the threat of honesty in their message to the people of Saskatchewan through the introduction of Bill 61, I don't understand. Because they are saying in Bill 61, we are not getting rid of the sales tax we promised to get rid of at election time, we're tripling it.

I say, Mr. Speaker, they have no mandate. There is a way of getting a mandate; it's called an election. And they

have an obligation to call one in the province of Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Hagel: — Well finally, Mr. Speaker, my eighth point. I am of the view that this tax cannot be passed. And perhaps in many ways this is the most important of all. I am of the view that this tax cannot be passed, simply put, because people can't afford it.

I found it kind of interesting when we broke for supper. I went out to grab a sandwich, Mr. Speaker, and I don't know if the two people who were behind the counter were watching the proceedings on the television this afternoon. I don't know. I didn't introduce myself; I just ordered my sandwich. And as I went to pay it, one person behind the counter said, you've got to stop them on that tax; we can't take it. And the woman that was assisting turned, Mr. Speaker, and almost with a sense of despair on her face said, don't they know that we can't take it? Don't they know that we can't take it?

An Hon. Member: — What was the name of the place?

Mr. Hagel: — You know, Mr. Speaker . . . They ask what the name of the place was, and I'll tell them when we're off the record here, Mr. Speaker, because this is not a government which has a track record of dealing very fairly with people who express opposition to them, as we have seen in the news lately. So, Mr. Speaker, I will tell the member privately after, but I'm not going to put it on the record, if he will give me his word that it's in confidence.

Mr. Speaker, I bring this to the Assembly not to say that this is the only time I've heard this, but simply to say, Mr. Speaker, this is the most recent time I've heard this.

As has been my practice since being elected, I've attempted — and I did again this year, Mr. Speaker, before coming to the Assembly — to take a few days to knock on doors in my constituency. Mr. Speaker, as I went through my constituency in Moose Jaw North, to listen to people and to ask them what their concerns were before we began this legislative session, Mr. Speaker, there was no . . . In fact I would say, Mr. Speaker, if I put all the other topics and concerns together, they didn't total the number of expressions of concern and despair that I had expressed to me about the provincial government, the PC government's proposed goods and services tax.

Mr. Speaker, I think we're experiencing in our country . . . I think we're on the verge, in our country, of a tax revolt, largely because of the introduction of the federal goods and services tax. And in many ways, Mr. Speaker, as I've talked to my constituents, the feeling I get is this: these are tough times; Tory times are tough times. It's been said often and unfortunately it's true. Our economy is in a recession, employment is insecure, young people are having a hard time finding jobs and when they do, so often it's at minimum wage, a minimum wage which moves so much slower than inflation, and often even that, part-time work only. That's the reality. And along comes the PC government in Ottawa to introduce a goods and services tax. In many ways, Mr. Speaker, that was the

straw that broke the camel's back.

Brian Mulroney, he was willing to send eight brand-new senators — to use a little wrinkle in the Canadian Constitution — eight brand-new senators, including Eric Berntson, the retired member of this legislature, who is the campaign manager for the provincial PC Party . . . he sent Eric Berntson and others down to Ottawa, to the Senate, to ram through the goods and services tax there. But you had to at least give Mulroney credit, you had to at least give the Prime Minister credit for this point. At least he had the decency, Mr. Speaker, to say that the tax has got to be passed before we start collecting it. Now he was willing to ram through eight brand-new senators by a never before used little wrinkle in the Canadian Constitution to do it. He was prepared to go to extremes to do it, but at least he had the decency to do that, at least we can say that about him.

Here in Saskatchewan, what have we got? We got the highest single tax increase in the history of Saskatchewan introduced at a news conference, and then coming to the floor of this Legislative Assembly three weeks after it's been started to be collected.

People in Saskatchewan, Mr. Speaker, as I talk to my constituents and as I go anywhere in this province, they're saying to me, we can't take it any more; we're taxed out. Saskatchewan people are taxed out. And I say to this Assembly and I say to the Premier and I say to the Minister of Finance, Moose Jaw people are taxed out. And I don't believe that they are any different from people in Tuxford or Watson or La Ronge or Saskatoon or North Battleford or Moosomin. They're taxed out.

And if there is something that we must understand in this place, we come here elected democratically to represent the will of our people. Government should be nothing more than the instrument of the will of the people to achieve what they want in their society. Surely that's what we do in this place. And Saskatchewan people are saying they're taxed out; they can't take it any more.

But that may be a message that some in this Assembly don't want to hear. I can understand that. And oftentimes we will have in our hearts in this Assembly, the desire to do good for Saskatchewan and the costs of money to provide programs and services.

But in 1991 in Saskatchewan, the people in our province are taxed out. I don't think it has to be that way. I've talked earlier in my address about ways that spending can be cut and other ways that revenues can be increased. Some of that can't happen overnight. I understand that. But surely it must be our responsibility in this place to say that we must live within our means.

Mr. Speaker, when I opened the budget document for this year after it finally came to this Legislative Assembly, it said, this year the Government of Saskatchewan is going to receive in revenues over four and a half billion dollars — over four and a half billion dollars; over \$4,500 per person in the province. This is a brief side, Mr. Speaker. It's also alarming. But what that budget also said is that we've got an accumulated deficit — every penny, in fact every penny plus \$139 million accumulated under the

nine, long, lean years of this Tory administration. Nine, long, lean years, Mr. Speaker.

This province, this government has managed to drive . . . in nine years has managed to drive this province deeper in debt than it collects in a year. These are the best minds — the best business minds — of that brilliant PC Party. These are the guys who are running the ship. The ship is running aground, Mr. Speaker. It's running aground.

And so I simply say, Mr. Speaker, it may not be nice, it may not be a pleasant task, but I believe those of us in this Assembly are charged with the responsibility of saying if \$4.5 billion is all that we got this year, if you don't have the guts to get a little more revenue from your natural resources; if you don't have the initiative and you don't have the courage and you don't have the insight and you don't have the fortitude and you don't have the plan to begin to diversify and expand an economy where more people are working and paying into the revenue through income tax because they're working and making money; if you don't have the ability to do that, then call it quits.

Shut 'er down. Call an election. The people of Saskatchewan are saying it's time for an election. You're out of ideas. You're intellectually bankrupt and you're bankrupting the province. And so, Mr. Speaker, I simply say — as difficult as it may be — the members in this Assembly are going to have to learn to live within our means and to make priority decisions to live within our means. And if four and a half billion dollars is all that's coming in, Mr. Speaker, then that is all that can be spent. We cannot reach deeper into the pockets of Saskatchewan people. It's not there to get.

And so, Mr. Speaker, I conclude — I conclude, Mr. Speaker, by saying simply this. After having outlined to this Assembly my objection to Bill 61, a Bill to introduce in Saskatchewan the single biggest tax grab in the history of the province, the PST; objecting because I believe the GST is unnecessary; objecting because I believe the PST is unfair; objecting because I believe the PST is counter-productive; objecting because I believe it is ill-conceived; and objecting because I believe it is legally questionable; objecting, Mr. Speaker, because I believe that the PST is part of a despicable political agenda by the PC government to drive wedges between urban and rural Saskatchewan; objecting because I believe they have no mandate to introduce this tax; and objecting because I believe that Saskatchewan people and constituents of Moose Jaw North simply cannot afford this tax, Mr. Speaker, I conclude by saying that when it comes to a vote — if it comes to a vote — if this government has the courage to bring this to a vote, I will be voting with my constituents. I will be voting for tax fairness. I will be voting for positive economic and employment climate in Saskatchewan. I will be voting for jobs, and I will be voting for the future of Saskatchewan's border communities. Mr. Speaker, I will be voting for Saskatchewan and against Bill 61.

(2000)

Some Hon. Members: Hear, hear!

Hon. Mr. Petersen: — Well thank you, Mr. Speaker. I

appreciate the opportunity to speak in this debate especially after having to sit here for a couple of three hours and listen to the loose jaw from Moose Jaw carry on. It would seem that no matter what we put forward in this Assembly the opposition is simply against it. No matter what it is, they're against it.

We've heard the member go on and on about past history, about what was; taking a look at trying to draw this tax Bill into political contributions. All the muck-raking that's possible for a member opposite to do, he engaged in. It's standard NDP (New Democratic Party) policy, standard NDP tactics, because they're long on rhetoric, Mr. Speaker, long on rhetoric, and very, very, very short on planning. They have no plan except to oppose. They are the ideal opposition party — the ideal opposition party. And, Mr. Speaker, they're going to remain that way for many, many years to come.

Some Hon. Members: Hear, hear!

Hon. Mr. Petersen: — They've had a lot of practice at it; they're going to have to get use to it. Because, Mr. Speaker, while it may be the job of the opposition to make certain that the government is fulfilling on the Acts that we pass in this House and coming through with programs for people, it is the NDP's definition of opposition that they are simply to oppose everything no matter what it is, simply oppose it. Obstructionism has become the order of the day in this House.

Now, Mr. Speaker, with regard to Bill 61, we saw how members opposite upon the introduction of this Bill said, we will never debate it in this House, we will never talk about it in this House, it will never come to a vote. We will use every ounce of energy, every trick, every dirty trick at our disposal, everything that we can do to stop it from coming into the floor of this Assembly.

And it's taken over two weeks, Mr. Speaker, two agonizing, long weeks before the NDP finally relented and said, okay, I guess we'll talk about it. And now tonight, Mr. Speaker, we have the member opposite saying that he hopes that when this vote comes on this Bill — when the vote comes on this Bill; he's acknowledging that the vote will come — that he expects members on this side of the House to run and hide and not be here.

Mr. Speaker, we have been here every day while the sorry exhibition from members opposite on obstructionism went on in this House, ready to work, ready to carry on the work of this Assembly, ready to put forward our arguments on behalf of the government on Bill 61. Every day we've been here. Time and again opposition members adjourned the House while there was still lots of time to work. And when we said, no we won't adjourn the House, they walked out and left the bells ringing.

Blackmail, Mr. Speaker, blackmail. And they were holding you, Mr. Speaker, ransom, hoping that you would have to rule on this. Well, Mr. Speaker, today I'm very, very happy to say . . .

The Speaker: — Order, order. Order, order. With all due respect I ask hon. members not to involve the Chair in debate.

Hon. Mr. Petersen: — Mr. Speaker, I apologize if I've involved the Chair in any way, shape, or form. But we also know that in this Assembly that you cannot do indirectly that which you are not allowed to do directly. And, Mr. Speaker, the obstructionism that the opposition resorted to did in fact place an onerous burden upon this Assembly.

Now, Mr. Speaker, Bill 61 is what we're here to talk about. And the question is, why do we need Bill 61? Well, Mr. Speaker, if you took a look at the budget that the Minister of Finance put forward, he outlines why we need Bill 61, why we have to expand the education and health tax.

And, Mr. Speaker, I would certainly hope that in the future members opposite would refer to this Act, or this Bill, as Bill 61, and to the Act that is being amended by Bill 61 as The Education and Health Tax Act, and not some variation that they've thought up of the GST, or the PST, or whatever they want to call it. It's almost as bad as the member from Moose Jaw North talking about privatization. Mr. Speaker, they certainly like to hear their own words. They like to use plays on words. They like to indulge in rhetoric. And, Mr. Speaker, they never want to get directly to the issue.

Well the issue, Mr. Speaker, is that Bill 61 provides the necessary arrangements to raise the funds that are needed to carry on the work of the province of Saskatchewan. Members opposite say, oh no, that's not true. They say, no, no, don't need this tax, can't do this. And then somehow, somehow, Mr. Speaker, they say they're not going to allow it to pass. And at the same time they say, and we're in the eighth month of the fifth year of our mandate and we've only got four months left, and we shouldn't be introducing this tax.

Well, Mr. Speaker, it doesn't make any sense to me that they're opposing this tax because, Mr. Speaker, to my way of thinking, if they really thought this was such a bad tax and they thought that the voting public was really going to rebel against this, Mr. Speaker, they'd let us pass it. They'd let us pass it and then that supposed swell, that ground swell of opposition from the voting public, would come into play. And in the next election, which does have to come, Mr. Speaker, we would be out of office and they would achieve their ends.

So, Mr. Speaker, it doesn't make any sense to me that they have not allowed this Bill to be debated. It makes no sense to me that they stand in their places and carry on long filibusters about the Bill and its passage. To my way of thinking, Mr. Speaker, it makes no sense on their part to do this. They should simply let the Bill pass and then obviously the things that they are talking about would come to pass.

Unless, unless, Mr. Speaker, unless they know in their hearts, they know in their hearts that the people of Saskatchewan understand that this Bill, this tax Bill, is a necessary item; unless they believe that people in Saskatchewan have come to the conclusion that you get what you pay for, and if you get something you have to pay for it.

Now, Mr. Speaker, if they have come to believe that, they are on the verge of losing what they thought was a comfortable lead in the polls. If they believe that the voting public understands why we have to introduce a tax measure, they've lost the only piece of ammunition they have left for any kind of an attack in an election at all. Because when it comes to the other issues, those of diversification, they have no platform. When it comes to agriculture, they have no platform, they have no plan, they have no idea. It's merely: me too and just a little bit more. Me too and just a little bit more.

Now, Mr. Speaker, we have got a number of organizations and a number of individuals that support Bill 61 and its implementation. And, Mr. Speaker, I'd just like to read the list of some of those to you. A harmonized sales tax system, Mr. Speaker, is supported by the Canadian Federation of Independent Business, the Society of Management Accountants, the Consumers' Association of Canada, Ipsco — Ipsco, one of the major employers in the city of Regina think this is a good idea — Regina Chamber of Commerce, Regina Home Builders' Association, Saskatchewan Wheat Pool. Garf Stevenson said that a harmonized tax may not be so bad, but of course he represents Sask Wheat Pool, which is a vertically integrated, multinational company now, albeit it started out as a co-op and it still operates as a co-op.

But it is one of those companies that the member who just preceded me in speaking said was going to be one of our friends who is going to benefit greatly from this tax change. Well, Mr. Speaker, I'm a member of the pool. I'm a pool member; I haul grain there. And my company that I own partially, because I'm a member, is going to receive a benefit from this tax Bill. Fair enough. They should be able to provide me with better services. I can live with that.

But the member opposite — I don't think he is a pool member. I doubt that he is. He likes to talk about being a member of this co-op and that co-op, but I don't think he's a member of the pool.

Mr. Speaker, I'll continue. The Western Canadian Wheat Growers Association — they think this is not a bad thing to harmonize. You know, there are a number of organizations, including the Saskatchewan taxpayers' association . . . they gave qualified support to it. It didn't give total support to it because they said it would be fine to implement this harmonization if the money went to the right places, like the farm safety net, the farm Bill, like the farm Bill. And that's where it's going, Mr. Speaker. It's going to do that.

Now, Mr. Speaker, when you take a look at the number of people that support this tax measure and you look at the arguments put forward by the member opposite, which were not arguments . . . he spoke for over two hours. He spoke for over two hours and did not talk about reasons that he did not want this tax Bill to come in. He went into ancient history. He tried to draw in every bit of slander and muck that he could find at his disposal and put it forward in this Assembly in the worst possible light. But he did not deal with the issues because they have no plan — no plan.

Members opposite, when they're in one town, talk about the fact that, well we don't need this tax; we're going to fight it. When they're in another town they say, well we might need this tax because we've got to help the farmers. Now that depends on where they're at and what they're doing.

It reminds me of yesterday, Mr. Speaker, when we were looking at a decentralization announcement that occurred. And that too will provide significant benefits to rural Saskatchewan and provide a better tax base for rural Saskatchewan. I was in Wynyard, and the member for Quill Lakes stood up when he was questioned as to what the NDP government would do if they were elected, with regard to decentralization, and he said, oh we'd continue it. It's a good thing for this community, it's a good thing for this area, and I support it whole-heartedly. And I've got him on tape.

Then I found that their other members in the city of Regina were saying, it's a terrible thing, it's a terrible thing; it's awful, and we would never stand for it. Now, Mr. Speaker, the member for Humboldt, an NDP member for Humboldt, made the same comments about the decentralization move of Agriculture into Humboldt. Again he said it was a good idea and he was in favour of it. It was going to be a good thing for Humboldt.

And as a matter of fact, Mr. Speaker, just to go back to the member for Quill Lakes at Wynyard, he said that the NDP were the ones who started decentralization years ago anyway, and we were really just carrying on what they had started. And wasn't it a wonderful thing that he was such a wonderful MLA because three of the projects were in his constituency. Well I pointed out to him that it had a lot more to do with geography than his particular performance, but he was trying to take some credit for it, Mr. Speaker.

But what I'm trying to point out to you is that the NDP say one thing in one town and one thing in another.

Well let's see what the member opposite talked about. Where did the money go, he said?

An Hon. Member: — Where did it go?

Hon. Mr. Petersen: — Where did it go, the member wants to know? Well I'm glad you asked that question, because I just happen to have a little list as to where the money went and why we need to bring Bill 61 into place in order to keep up the type of funding for the programming in the province of Saskatchewan.

Where did the money go? Well to agriculture. You'd agree with me that money went to agriculture, would you not? Well how much? Well 78.5 into counselling assistance; 107 million to the farm purchase program; 14.1 million to the feed grain adjustment program; 203.8 million to the feeder association loan guarantee program; 12 million to the livestock facility tax credits; 43.7 million to the livestock investment tax credit program; 900,000 to the Save our Soils program, a very good program, Mr. Speaker; 58.5 million through the farmers' oil royalty program, Mr. Speaker. Mr. Speaker, that was the program

that allowed some of the royalties the province collected to be funnelled directly back into the agriculture sector in the form of a rebate program.

Twenty-three point six million through the grasshopper control program. We're very, very interested, Mr. Speaker, in pests in agriculture today, and we'll make sure that we don't have one more pest to keep bothering us in the future just after the next election; 8.3 million in irrigation assistance; 2 million to the livestock moving program.

Mr. Speaker, when we had a drought in the province, we said, fine — we'll move the cattle to places in the province where there is feed, abundant feed, and we'll help the farmers move those animals. And we did — to the tune of \$2 million.

(2015)

Sixty-three point four million to the 1985 livestock drought assistance program. Again, 54.9 million to the 1985 . . . pardon me, crop drought assistance program. So, Mr. Speaker, what I'm saying, in just a few of these things, is that the money went to purposes in agriculture that were needed, Mr. Speaker, definitely needed. And most of it had to do with drought.

But, Mr. Speaker, let's see what else we might have in agriculture. Well let's see. There was a provincial stabilization program — 244 million went through the provincial stabilization program. Isn't that interesting, Mr. Speaker?

Thirty-five million to the Saskatchewan water supply program; 90.8 million to the provincial contributions through crop insurance; 67.9 million to the production loan interest subsidies, Mr. Speaker, trying to provide farmers with a rate of interest that they could live with when they badly needed cash they could not get from financial institutions.

And that just brings me back to the difference between members on this side of the House and on that side of the House. When the now Leader of the Opposition was asked back in 1981, when interest rates were 21 and 22 per cent, we've got to do something about agriculture, sir; can't you do something? He said: I'm sorry, that's not a provincial responsibility — tough luck.

Well, Mr. Speaker, I don't think that was the appropriate response, and in 1982 the farmers, the people of the province of Saskatchewan, didn't think so either because it not only was in agriculture but in the housing industry as well where people were suffering, and the members opposite did nothing; they did nothing. And they paid the price.

Mr. Speaker, we've also had 442 million through the agriculture development fund — 442 million. Looking towards tomorrow, Mr. Speaker, looking forward — agriculture colleges, Mr. Speaker; work on diversification projects in agriculture; work on projects that allow us to process the products that we have here in Saskatchewan, Mr. Speaker, and to provide the jobs for our children that we need.

Under the NDP, Mr. Speaker, they couldn't get the stuff out of the province fast enough. The quicker, the better. They didn't want people to be diversified, Mr. Speaker. They wanted us to grow wheat for ever. Just load it in the train and away it would go and it would take care of itself and they would be the saviours of whatever had to happen in the province of Saskatchewan.

Well so much for agriculture. Where did the money go? To economic diversification, Mr. Speaker. Let's see — 235.4 million in equity funding for the Co-op heavy oil upgrader in Regina. Let me read that again. It can't be true, Mr. Speaker, because the member opposite who just spoke ahead of me said, we don't care about co-ops. Let's see; 235.4 million in equity funding for the Co-op heavy oil upgrader in Regina, that they didn't have the guts to build; that they didn't have the ability to foresee, to envisage, because they have no vision. They don't look forward; they look backward. Their vision, Mr. Speaker, is limited to say the least.

And I guess I'll just back that up by going back to some quotes about where the money went and where. We were trying to figure out where the money went after we took office in 1982, and we were trying to find out how come there was unfunded liabilities in teachers' superannuation funds and all the rest of it.

And I guess, Mr. Speaker, the quote from the member from Regina Centre, the quote from the member from Regina Centre . . . And you've got to remember at the time that this was going on, the member for Regina Centre was the chairman of the Public Accounts Committee. That's the committee, Mr. Speaker, that we opened up to the public for the first time of course, when we took office.

Now here's what the quote is, and it goes back directly to what I mentioned earlier here about the NDP not having any vision. And what happened was a former colleague of ours, Mr. Katzman, who was the member for Rosthern at the time, uncovered a hidden deficit, the unfunded liabilities, and he was questioning those things in the proceedings of Public Accounts Committee.

And I quote the member from Regina Centre when he was questioned about that. And he said:

This is a lesson on how not to set up a pension plan. This is an apt lesson on how not to set up a pension plan. The difficulties with pension plans are that we politicians tend to live for the moment. Our time horizons are normally next month, sometimes next year but never beyond the next election.

And that is a direct quote from *Hansard*, Mr. Speaker, from *Public Accounts*, from the member of Regina Centre, the member from Regina Centre. Ned Shillington said those words, Mr. Speaker. The member for Regina Centre said those words in Public . . .

The Speaker: — Order, order. Order, order. Order. The hon. member, I know in the course of enthusiasm, made a slip and mentioned another member's name. I just wish to bring it to his attention.

Hon. Mr. Petersen: — I apologize, Mr. Speaker. I got carried away briefly.

Well it's no wonder that the opposition doesn't have a plan to offer the people of Saskatchewan, Mr. Speaker. Their time horizon is a month from now, to say the very least, and usually it's hindsight, 100 per cent.

But the member for Regina Centre said some other things that day, and well I think I should read those into the records as well. And he went on to say, and the member whose name I won't use, but the member for Regina Centre said further in those proceedings:

The problems with these things is that it's a very long-run problem. You can do something today which is not terribly responsible, and you are not going to pick up the tab for many years to come. (You are not going to pick up the tab for many years to come.) That's why the idea of having pensions negotiated between employees and the government of the day . . . is not a wise one because the problems come back to haunt you so far in the future and we politicians aren't always cognizant of what's going to happen in the next decade. We have this terrible fear that it may be our worst enemies who have to face the problem in 10 years time. Therefore, why worry about it?

Well, Mr. Speaker, obviously for members opposite, the government, the PC government is their worst enemy. And you're right, Mr. Minister from Regina Centre, the time has come when we have to face your irresponsibility to the tune of billions of dollars.

Some Hon. Members: Hear, hear!

Hon. Mr. Petersen: — So why do we need Bill 61? Well we not only need it to fund agriculture that's had some extremely difficult times . . . And I'm going to go on and read where the money went some more, Mr. Speaker, but I just thought I'd stop briefly there and also point out to the viewing audience and to people in this Assembly that we have to pay for the mismanagement of the NDP as long ago as 10 and 15 years. So that's why we have to put the tax in place, Mr. Speaker.

Where did the money go? Well, let's see. We've got a number of places in diversification — \$222 million for the Lloydminster heavy oil upgrader. Well, Mr. Speaker, not only did we provide 235.4 million for the upgrader in Regina, we found 222 million for the Lloydminster heavy oil upgrader. Half a billion dollars, Mr. Speaker; half a billion dollars that we put into economic diversification for projects that had not previously existed, that provide hundreds and thousands of jobs in the construction period and will provide hundreds of jobs for years to come.

The NDP idea of diversification is to buy potash mines that already exist. And if we're talking about mandates, I can go back to the debates in this House and I don't recall in 1972 ever hearing any of the NDP candidates wandering around saying that they were going to set up a land bank or that they were going to set up a proposal to

nationalize the potash mines. So if you want a case of the pot calling the kettle black, we have one right there.

Well let's see, we've had over 20 million in tourism development project grants, Mr. Speaker. Tourism. Tourism. It is the one thing that we've had overlooked in this province since time immemorial. It took this government, Mr. Speaker, to get Saskatchewan on some of the maps of world tour guide companies or world tour packages.

The NDP didn't want anyone to know about Saskatchewan. They believe that if they could keep this inside the boundaries of Saskatchewan, they'd have their own private fiefdom, their own socialist utopia. And if nobody from the outside world came in here and talked to us, none of us would know any different and we would all think we were happy for ever.

Well, Mr. Speaker, we've tried to bring people in, not only to invest in this province but also to participate in much of the natural beauty of this province, as well as the history and the heritage of this province, Mr. Speaker. And we've been quite successful, and I'll leave it up to the Minister of Tourism when he gets up to speak in this Bill to go back into the last several years that we've been in office, and to show you how that \$20 million investment has paid off time after time after time in jobs and diversification, Mr. Speaker, and in taxes coming into our province. And I'm sure he'll be getting into this debate in the not too distant future.

Well let's see, I could read off a list of several hundreds of millions more dollars we've put into diversification and not just, Mr. Speaker, not just with companies that are deemed by the opposition to be Tory friends. I doubt, Mr. Speaker, that there are members opposite who would stand up and say that all of the businesses that we've been involved with and that we've worked with are all Tory friends because if they are, Mr. Speaker, we certainly don't have anything to worry about for the next election, if we have all those friends.

Mr. Speaker, health care. Where did the money go? Health care. Well since 1982, Mr. Speaker, we have committed and we have spent on behalf of the people of the province of Saskatchewan, 9.2 billion — billion — in health care. That's a lot of money. In Saskatchewan, 9.2 billion is a lot of money in health care. Now of course if you're in the province of Ontario that's just kind of one year's deficit under an NDP administration, but we're trying to stop that kind of thing, Mr. Speaker.

We're trying to hold the line in places and we have. We have trimmed things back, Mr. Speaker. We have curtailed programs. We have trimmed off any excess fat that we could possibly find. Mr. Speaker, we've done it in the fifth year of our mandate of our second term and we've done it because we have to be responsible, Mr. Speaker. You have to be responsible.

Mr. Speaker, I want to just briefly comment to the members chirping from the opposite side about eighth month and seventh month and all the rest of it and third trimester and you name it, about the government and our system. Unfortunately, Mr. Speaker, the members

opposite spent too much time in Nicaragua, Ecuador, and other countries, minding their business in those countries instead of learning about the political system in this country. Mr. Speaker, the political system in this country provides for a five-year mandate. Read it; it's in the books. It doesn't imply a four-year mandate or a three-year mandate or a mandate of 4 months and 72 seconds, it says five years.

(2030)

We are not in the United States of America, although there are some members opposite who would be more acquainted with that system than this one, but they chose not to stick around in that country and exercise their franchise there. They came here instead and they didn't bother to learn that we have a five-year mandate here — five years, five years. We are a different system than the Americans — we are a different system — just so you understand it. And, Mr. Speaker, we are going to fulfil our duty and our obligation as a government during the five years of that mandate.

And our duty and our obligation, Mr. Speaker, is to the people of this province and to future generations. And when we travel and we talk and we consult with the public, as the Minister of Finance and others of us have done, we heard people saying, you have to get the deficit under control. Spend where you need to, spend where it makes sense; cut where you have to, trim where you can, but you have to control the deficit.

Now, Mr. Speaker, for a government to be in the fifth year of its mandate and to introduce a tax increase, a broadening of the base of the E&H (education and health) tax as we have done, has been called suicidal. It is not the normal thing for a government to do. It is not the normal practice, especially not of the NDP, to be responsible. They can't understand why we're doing it. Mr. Speaker, when you look at the expansion of the education and health tax that we have put in place, you will see that it makes eminent sense.

A thousand years ago, Mr. Speaker, we had taxes. You gave so many sheep to the lord, so many men to the king, and that was a form of taxation. And, Mr. Speaker, over the years property taxes held on as a traditional way of raising revenue. 1917 came along in this country and somebody said, boy, we got to raise some money to fight the First World War. Income tax was introduced as a temporary measure. And that, Mr. Speaker, was a designation of a particular group of people who could pay tax.

It was arbitrarily deemed, originally in ancient days, that if you had property and if you wanted to hold that property, you could and you should pay a tax. 1917, it was deemed that if you had income you should be helping to pay for a war at that time. To fight a war, you should be paying your share. And it was deemed that if you had income, you should be paying tax on that income.

Mr. Speaker, what we saw further was in our tax structure, just briefly, varying groups throughout the years were deemed to be able to pay tax. Property holders, as the

original one went, were deemed to be able to pay tax. Then income earners were deemed to be able to pay tax and then they went to various sectors.

Okay, we've all heard about the sin taxes that we have — alcohol, tobacco taxes — and those taxes, Mr. Speaker, were put on arbitrarily as luxury taxes. The theory was if you could afford the luxury and you want it, you'll be prepared to pay some tax for it. And if you can afford to buy the luxury you can afford to pay the tax.

Businesses, Mr. Speaker, especially under the NDP, were deemed to be able to pay taxes. The oil industry, the resource sector, was deemed to be able to pay taxes. Now, Mr. Speaker, they took varying forms — royalties, taxes, tax increases, surtaxes. And, Mr. Speaker, under the NDP you were also deemed to be able to pay taxes if you died — an inheritance tax.

So let's see. We've got everything from property owners to income earners to corpses paying taxes under the NDP, right through. They believed that you could take a particular sector and say, yes, that sector shall pay tax. Well, Mr. Speaker, what we've found is that while that may have been entirely true at the inception of those taxes, it does not hold true today.

Varying economic changes have seen to it that property owners may not be able to indeed pay taxes. If you are a farmer in the province of Saskatchewan and your cash flow has dropped off because of drought and/or tough economic times caused by world prices for grain, although you may hold several quarters of land in your title, in your name, you may not be as readily able to pay taxes on that property as you once could when you had a reasonable cash flow.

The same thing holds true for other businesses. The machine implement dealer, for example, Mr. Speaker, will pay anywhere between 10 and \$15,000 in taxes if they're in a small town in Saskatchewan. Whereas, Mr. Speaker, someone who is in another type of profession, let's say, oh, accounting — it doesn't take a lot of property to be an accountant. You need an office, you need equipment, you need staff, but not a lot of property. May not have a lot of property tax to pay, but may end up with the same or better take-home income than that implement dealer. So property taxes have been viewed for years as becoming more and more unfair.

Income, let's take a look at income as a source of taxation. Well, Mr. Speaker, the truth is in our society today we have an increasing number of seniors who are generally out of the work-force, and we have a group of people who are not employed, who pay very little taxes, if no tax at all as a matter of fact. And as has been pointed out a number of times, there is a narrowing band of people who are actually paying taxes to support the functions that people in society demand in general. That group of people who are able to pay income tax is narrower and narrower.

And members' opposition will say, well that's fine we can tax the rich — and maybe there are tax loopholes that some people take advantage of. But the truth is, Mr. Speaker, that the rich comprise an extremely small portion, an extremely small portion of society. And fair

enough, let's tax them, let's tax them a little more. Let's make it a progressive tax. But they have to face the fact that on income tax a narrower and narrower band of people are in that taxable area.

Now, Mr. Speaker, when you've done that, you've looked at that and you've looked at the vagaries in the industries of agriculture and machine dealerships and so on and so forth, property taxes no longer fill the bill, income taxes no longer fill the bill, death taxes . . . well, we won't talk about those. The NDP talk about bringing them back; I'm not too sure. Members opposite say they won't bring back the death tax, but that's fair enough — we'll let them tell us what their plan is if they have one. You have nowhere to go, Mr. Speaker, except to a broader base of taxation.

Mr. Speaker, in Saskatchewan we are experiencing extremely low grain prices because of world price wars — subsidy wars, Mr. Speaker, caused by countries like the European Economic Community are made up of, who have a value added tax, Mr. Speaker. And a value added tax is similar to our GST, similar to our education and health tax, except it's at about 30 per cent.

Now what it has done in the European Economic Community, Mr. Speaker, it has allowed the governments involved in that community to have a large enough source of revenue so that they can actually challenge our entire grain industry in Canada — and especially the province of Saskatchewan — by subsidizing us to death. And they do it by utilizing a value added tax on everything.

Well, Mr. Speaker, it stands to reason that if all these other sectors I've mentioned are having greater and greater difficulty in raising tax dollars or being seen as being capable of paying taxes, or of some form of taxation, and we look at the European Economic Community where everybody pays a certain amount of tax, right through the piece, and they are able to cripple our agricultural economy by utilizing the power of that kind of a tax, Mr. Speaker, it makes some sense to me that we should look at the advisability of entertaining our own type of value added tax, or what have you, in our own country so that we can have the wherewithal to fight those subsidy wars.

So, Mr. Speaker, that is what we have done in Saskatchewan. The federal government implemented the GST. We said fine, we think you could do it simpler, we think that there are other things that you could do, but if you insist that this is what you plan on having, if you think that the European model is a reasonable one, so be it. Let's make it simple. If we're going to have a GST and we're going to have a provincial sales tax, let's harmonize it.

And the member for Regina Centre . . . Again, I'm sorry to pick on you tonight, but it's just you've been so . . . provided such a wealth of comments that I have to use you because, Mr. Speaker, the member for Regina Centre was a spokesman for the NDP with regard to tax issues when the GST was implemented. And he said the province of Saskatchewan should harmonize. He said it should harmonize.

Of course that was last week or last month or last year. This week or this month or this year, harmonization is a bad thing because the NDP have seen that indeed people of Saskatchewan accept it as a measure that makes some sense. And the NDP are saying, holy cow, we don't have anything else to fight on; let's keep this one stirred up as long as we can and maybe, just maybe we can put the old scare tactics out there to people and maybe we can trick them. Maybe we can trick them.

Maybe we can tell them that as the NDP, should they become government, maybe the NDP won't put in a harmonized sales tax. They don't tell you how they're going to raise the money except through the old adage about waste and mismanagement.

They're going to do away with government advertising or information services, which provide information to people of Saskatchewan on the programming that we have, positive programming. Not advertising for our family of Crown corporations or anything like that, but instead, solid information as to how people can apply for varied programs, what the programs mean, what it costs, so on and so forth.

They plan to shut down about 80 per cent of the province's small-town newspapers that rely upon that type of advertising as part of their revenue. But they don't think about that because, I don't know . . . I don't know and I don't believe that they ever go outside these hallowed halls, or certainly not outside of Regina, because if they did then the members for Regina would not be disagreeing with the members for Quill Lakes and Humboldt on decentralization as they have.

Those members said decentralization is good. Members in Regina say it's bad. The old flip-flop: say one thing out there and the other thing in here.

So what I'm saying, Mr. Speaker, is if they ever went outside of Regina, they would see that people understand why you have to come through with some tough, hard measures. They don't want their grandchildren and their great-grandchildren to bear the debt that we create in the future. They want their grandchildren and their great-grandchildren to have a province that is at least capable of paying its own way, at least capable of managing its deficit — 12 cents out of every tax dollar today, Mr. Speaker, goes to service the debt in the province of Saskatchewan. Isn't that enough? Haven't we moved through some difficult times? Haven't we provided billions of dollars of help for agriculture? We held on, Mr. Speaker, in agriculture until we could put the farm safety net into place.

Now, Mr. Speaker, all that remains is for us to pay our provincial share of that farm safety net program and farmers will have a program in place that they pay for, the province helps to pay for, the federal government shares in, and they will have the insurance that they have longed for for so long. They will have the insurance they need to continue farming. All the farm families in the province of Saskatchewan want and need that security, Mr. Speaker.

And through Bill 61, by raising those extra tax dollars, we will be able to meet the provincial commitment for our

share of that program. And I can't see that as being a bad thing, Mr. Speaker. Because our share of the program, about \$126 million provincially, will generate \$1.3 billion back into the hands of farmers in this province. And when farmers have money, small business has money, everybody has money, the province does well economically. When people have money, when business is booming, you have tax dollars generated.

Yes, Mr. Speaker, it will come back to the province down the road. But members opposite don't understand the concept of having to put seed in the ground in order to get a crop a little further down through the year. They can't see that concept.

They don't understand the concept of feeding a cow for a year in order to have a calf and to be able to get milk from that cow. They'd just as soon shoot the cow now and have a big feast and enjoy it, and let somebody else worry about tomorrow. That's what they believe. And that's what they've done. And that's what members have said they've done. The member for Regina Centre admitted it.

Time and again, Mr. Speaker, we see this short-sightedness; time and again we saw this short-sightedness, Mr. Speaker.

(2045)

The members opposite tonight in their speeches said exactly that same thing. They have no plan, no plan for the future. The most that the member who spoke ahead of me could say was that there's been waste and mismanagement and it's a terrible thing, and if they had been government it would not have occurred.

He talked about patronage, Mr. Speaker. He talked about patronage loud and long. He had himself an excellent little few moments there on one of his five or six points, whatever they were, talking about patronage.

Well, Mr. Speaker, if you want to talk about patronage, you know, you could take a look at that member himself, that member himself, Mr. Speaker. Let's take a look at some of the interesting people that have been placed on a payroll when the NDP were government, Mr. Speaker.

Let's see. We have EAs (executive assistant) to . . . Well I guess I can't use the member's name, but anyhow he was an EA to the former . . . well to a Speaker of the Assembly. The name is Doug Archer. How about that? How about that? I believe he's the mayor of Regina now.

Then we have the member for Saskatoon who was an investigator in the Rentalsman's office. She was the former NDP vice-president. And Roy Atkinson should be proud of his daughter.

Mr. Speaker, let's see what else we might find here in my interesting, interesting little . . . Well look at that. The NDP member for Moose Jaw North, Mr. Speaker. Mr. Speaker, he, from the Department of Education in the year 1981 and the spring of 1982, received an honorarium for \$5,700. The member for Moose Jaw North, who just got up in his place and called down the PC government for patronage, got a payment of \$5,700 in

one shot — and we don't know what he did. An honorarium? An honorarium? Mr. Speaker, I'm not talking about a loan. I'm not talking about a loan. I'm not talking about a loan, Mr. Speaker; I'm talking about an honorarium.

But you know what I really find interesting, Mr. Speaker . . . Mr. Speaker, I really find it interesting that that's how little they thought of them. It was only \$5,700.

Then we get into, Mr. Speaker, the illustrious list of Koskies. Now, Mr. Speaker, the illustrious list of Koskies — and I have a couple of pages worth, Mr. Speaker — have been maligned enough in this House. It's bad enough that they have to be related to the member for Quill Lakes without having me go through their names in this House as well.

But, Mr. Speaker, we could just take a look at a number of things. The member for Regina Centre, too, shared in the largess of the NDP government. After he was a defeated NDP candidate, he became an EA to the attorney general, October 22, 1971. Well, Mr. Speaker . . .

The Deputy Speaker: — Order. Why is the member on his feet?

Mr. Koenker: — The current topic under discussion . . .

The Deputy Speaker: — Does the member . . . Order, order. Order. Does the member have a point of order?

Mr. Koenker: — Point of order, Mr. Speaker. I'm wondering what the present subject under discussion . . .

The Deputy Speaker: — Order, order. I'd ask the Minister of Finance to allow the member from Saskatoon Sutherland to put his point of order.

Mr. Koenker: — Mr. Deputy Speaker, I'm wondering what the present topic of discussion by the Minister of Highways has to do with the Bill under consideration — Bill 61, the provincial PST.

The Deputy Speaker: — The point of order is not well taken. The member from Moose Jaw opened this part of the debate up in his remarks, so I think the minister has the right to respond.

Hon. Mr. Petersen: — Thank you, Mr. Speaker. And yes, indeed, I would not have gone into this had the member from Moose Jaw North not brought this topic up in his comments. But while we're at it, Mr. Speaker, and getting back to honorariums, the now critic . . . the Health critic, the Health critic who was nominated . . . or sought the nomination for the NDP in Regina North West in 1979, received \$7,100.04 from the attorney general's department as an honorarium in 1981, spring of 1982.

Now, Mr. Speaker, those kinds of things, you know, that I find in my notes here lead me to sort of wonder how the member from Moose Jaw North could stand up in this House, and with a straight face, talk about patronage and waste and mismanagement in a PC government when their own government when they were in office were 10 times worse. Blatant. Okay, I relent, maybe they were

only seven times worse.

But, Mr. Speaker, on and on and on again, defeated CCF (Co-operative Commonwealth Federation) MLA; defeated NDP MLA; defeated MPs (Member of Parliament) time and again here.

Now, Mr. Speaker, waste and mismanagement, patronage — I think I've proved to you, Mr. Speaker, tonight that the NDP were masters of that art, masters of that art, and we are left to pay the bill today. We are left to pay the bill.

And when we talk about Bill 61, harmonizing our tax situation, trying to make sure that we have a balanced budget, we don't say we'll balance it this year. We can't. We admit it. But we do say, yes we made a darn good shot at it. Yes we've done some tough things. And again I say to you, Mr. Speaker, that is not normally the case of a government in its fourth or fifth year of its mandate.

Mr. Speaker, members opposite go on about the eighth month of the fifth year, or whatever. I believe a member wishes your attention, Mr. Speaker.

The Deputy Speaker: — Order. Why is the member on his feet?

Hon. Mr. Hodgins: — Mr. Speaker, I'd like to ask leave of the Assembly to introduce some of our visitors in the gallery.

Leave is granted.

INTRODUCTION OF GUESTS

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. Just sitting here, Mr. Speaker, I drove up to the legislature a short while ago and noticed a group of young people out front and out back of the legislature. And a number of them are wearing very colourful sweat-shirts — Right to life, and I love life. And basically I would assume, Mr. Deputy Speaker, that we have a group of young pro-life people in the gallery. And I would ask all members to heartily join with me in welcoming them to our legislature this evening.

Hon. Members: Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

Bill No. 61 (continued)

Hon. Mr. Petersen: — Well, Mr. Speaker, I'm certainly glad to see that there are people who do take an interest in the proceedings of this House and I compliment our guests on their stand. It takes a lot of courage to stand up for what you believe in.

Mr. Speaker, that is one thing that I have tried to continue with through my entire comments, is that the NDP do not stand for anything. They will say one thing when it makes political sense to them in Regina and another thing when it makes political sense to them in Prince Albert. One

thing when they're asked about the Saferco project in Moose Jaw, and in the Assembly and in Regina they say it's a bad thing. One thing in Regina when they're talking about the Fair Share Saskatchewan program and another thing when they're out in the Quill Lakes and in the Humboldt constituencies about the Fair Share Saskatchewan. And totally opposing views, Mr. Speaker — blatantly opposite.

I don't know how they can justify their stand, Mr. Speaker. Time and again on Bill 61 we have seen flip-flops back and forth. The member for Regina Centre said we have to harmonize, we have to harmonize. The member now stands and says harmonization is a bad thing. The Leader of the Opposition turns around and says, well we're not going to be able to support this tax measure; it's going to be a tough thing to do and we aren't going to tax people. And then in another place and another time he says, we're going to tax the oil companies, we're going to tax those big bad resource companies, the vertically integrated multinationals. Mr. Speaker, that is the type of hypocrisy that the opposition have engaged in.

Now, Mr. Speaker, while it might be tough and it might be hard to do, and indeed, Mr. Speaker, we are laying our political future on the line when we make some tough decisions, I believe they are the right decisions. And, Mr. Speaker, just like those young people that joined us tonight in the gallery, we put our position out where people can see it and we don't change it from place to place. We maintain our plan, we maintain the same type of theme throughout all of our programs.

The Premier does not dodge; he does not flip-flop; he does not hide. He stands up; he says what he believes, Mr. Speaker. I believe that we have laid a plan out to the people of the province of Saskatchewan. The Minister of Finance did that in his budget speech and we will pass this tax and we will be judged accordingly, Mr. Speaker. I will be supporting Bill 61.

Some Hon. Members: Hear, hear!

Mr. Kowalsky: — Thank you very much, Mr. Speaker. Mr. Speaker, I rise to make a few remarks with respect to this Bill, the Bill which government has introduced to introduce a tax, extend a tax, a sales tax of 7 per cent to children's clothing, to yard goods, to books, to restaurant food, to the residential electricity and to residential natural gas, and virtually all services after January 1, 1990, Mr. Speaker.

And I want to say at the outset that I am unequivocally opposed to this tax. I believe that it is wrong in principle, Mr. Speaker. I believe that this tax will bring economic ruin to the province of Saskatchewan, and furthermore, Mr. Speaker, I believe that the people of Saskatchewan want this tax repealed.

Mr. Speaker, before I go in with the arguments that I wanted to talk about on this, I want to just pay my compliments to the member who spoke previous to me about this, the member from Kelsey-Tisdale. I would say with all of the arguments that the member gave, he did in general talk about the need and his belief in the tax. In

fact, he gave a very . . . during his remarks he gave a very compelling, a very compelling argument for an election.

He said he wants the tax, and he is going to vote with the government to insist that this tax goes in. By doing so, Mr. Speaker, he is clearly against the wishes of 80 per cent of the population of Saskatchewan. He is paying no attention to the negative economic impact that this tax will have on the province of Saskatchewan. He is paying no attention to the loss of jobs that this tax will have on Saskatchewan, and he is paying no attention to the unfairness of this particular tax, Mr. Speaker.

So I think he has given us a good reason, a good argument for having an election, because if he and other members on that side refuse to back down on this tax, it appears the only answer will be for the people of Saskatchewan to come through with an election and kick these people out. That way we'll be able to get rid of this unfair tax.

Some Hon. Members: Hear, hear!

Mr. Kowalsky: — Well, Mr. Speaker, at least the member had the courage to get up and defend the tax, even though I don't believe his arguments made much sense. But, Mr. Speaker, I must say that I don't expect the Premier to get up here and argue and defend this tax. I really don't. I think that the Premier will expect the Minister of Finance to get quite a few members, back-benchers, to come up and try to defend this tax, but I don't think that he, himself, will be exposed in this thing.

I don't think he's got the courage to do it. I think the Premier is going to stay and he'll hide because he knows what people are saying. He knows what people are saying about him. People are saying that there's no difference between this Premier and premier Vander Zalm, got kicked out in British Columbia in the type of government that he's run, the waste and the mismanagement in the governments, and the scandals.

In fact, Mr. Speaker, there is a question that people are asking. They are asking, what is the difference between this Premier and premier Vander Zalm, the former premier Vander Zalm of British Columbia? And the answer to that question people are expecting is, the difference is only five months, Mr. Speaker, five months.

Some Hon. Members: Hear, hear!

Mr. Kowalsky: — That is how cynical people have gotten about politics, about politicians over the last four to five years since the governing of this province and of this country by PC governments, Mr. Speaker.

(2100)

I return now, Mr. Speaker, to dealing with the issue at hand, and that is the issue regarding the tax. I say it's time, Mr. Speaker, to restore faith in politics in this province. And one way to restore faith in politics and the job of politicians and the job the politicians have in doing the best they can with the money that they are given, is to stop this tax, because people feel that they are being overtaxed. And people are giving us these signals with petitions. They are giving these signals with letters, with

letters to the editor, with phone calls to MLA offices.

And the public are saying in all of these petitions and in the letters and in letters to the editor and in their phone calls, they are saying that instead of ramming this PST through, what the government should be doing first is correct this wasteful spending and examine other sources of revenue that they've got at hand that they are not using.

They are asking, Mr. Speaker, where has all the money gone that this government has already got? They are asking, isn't \$4.5 billion enough revenue for a province of less than a million people? They are saying, Mr. Speaker, it's time the government opened its books before you tax us some more. It's time.

That is why, Mr. Speaker, that my leader has given a commitment that one of the first acts of the government, should a New Democratic government be elected in this coming election, is that we will open the books, Mr. Speaker. We will open the books to show the government record, see where money has been wasted on privatization, see what has happened and how the monstrous debt has been accumulated, and just how much is still owed that might not be showing at this time.

Mr. Speaker, I say that this tax, this 7 per cent PST, is a Bill that we are receiving from this government after nine years of waste and mismanagement; nine years of continued preaching from the mountain top; nine years of lost services; nine years of taxes going up, property taxes going up, income taxes going up, gas taxes going up, the flat tax, the lottery tax, the used-car tax and now the PST — broken promises I might indicate; nine years of increased deficits; nine years of privatization. This tax is being imposed after nine years of falling bond ratings; nine years of increasing business bankruptcies. This tax is being implemented after last four or five years of population drain.

Mr. Speaker, it is because while this government has been in power we've seen increased taxation, decreased services, increased debt, loss of farm families, loss of population, that people are wondering, what's going on? Is there no limit? Is there no limit to the amount they're going to tax? Because people know that this government's revenue, during their term of office, far exceeded inflation. And they also know that this government's spending exceeded its revenue. And they're saying, surely you should be able to do with \$4.5 billion for a population of 1 million.

I say to this government, you should pull this tax, you should change this tax, you should listen to the people of Saskatchewan. It won't necessarily save your political hide but at least it will save the province — at least it will save the province.

In my remarks today, Mr. Speaker, I want to talk about the question, whether or not there is a need for a new tax or is there other ways. I want to relate evidence about the economic impact that this tax will have on Saskatchewan. I want to relate that this tax represents a broken promise to the people of Saskatchewan. I want to compare this tax to other tax increases that this government has brought to the people of Saskatchewan. I

want to show something of public response to this tax. I want to talk about the concept of fair taxation, Mr. Speaker. I want to talk about this government's record of taxation and increased deficits and the sad state of the economy of the province that this government has led us to. And last of all I want to make a comment of the social impact of this tax, Mr. Speaker.

Firstly, Mr. Speaker, is there a need for a new tax? Is there really a need to a new tax? Let us keep in mind, Mr. Speaker, that this government has increased its revenues year by year by year. Now we're at \$4.5 billion of revenue. People say, well, if you've increased taxes that much and if you've had these Crown corporations and the government has been talking about and has been actively selling all this time, where has all the money gone? Where has the money gone? Well where has the money gone? Because we shouldn't have to increase the tax.

They're defending the tax because they need the money. I say they don't need more money because there are places here that we can identify readily that has clearly been . . . money has clearly been wasted; some due to carelessness and a lot due to mismanagement. Some people may be more harsh than that.

Mr. Speaker, when I look at some of the cities that the minister, the Premier, the Hon. Premier and the other members of the government of the cabinet . . . and I have a page here that has well over a hundred places where the premiers have travelled. And I'll just read a few of the places.

I wonder why we had to have cabinet members going to Reno, Nevada; or Phoenix, Arizona; or Port of Spain or New Orleans. I wonder why we had to have plane trips to Palm Springs in California or Thailand or Honolulu.

Now I'm just reading a few of these, Mr. Speaker. There's a whole page but I've just chosen six or seven.

I wonder why we had to have government members, cabinet ministers and their entourage travel to Rio de Janeiro or to Paris or to Vienna or to Singapore or to Brazil or to Tokyo or to Moscow.

Mr. Speaker, we ask the question: as a result of all this world travelling, what have we benefitted in Saskatchewan? Have we benefitted from some kind of an inflow of immigration? Has any inflow of investment come as a result of it? What has been the net effect? If the net effect had of been yes, then the deficit would not be where it is, Mr. Speaker; the deficit would not be where it is. It would certainly would have been quite a bit different, Mr. Speaker.

Mr. Speaker, if you look through some of the other sources of waste and mismanagement for which this government has to bear the responsibility and for which this government is now asking the people of Saskatchewan to pay an additional tax, presumably so they can carry on in the same fashion that they have in the last nine years, one of the things that really sticks in the craw of the people of Saskatchewan is the fact that they've decided to pay the president of PCS, the Potash

Corporation of Saskatchewan, a salary of \$740,000 a year.

That is a very symbolic, very symbolic thing, Mr. Speaker. It's symbolic because it represents the kind of money that they're willing to pay their friends, those that are close, while at the same time not caring about what happens to the wages of the poor, or those on minimum wage, or the general population of Saskatchewan. There are some people who have done well. But the middle income group in Saskatchewan and the lower income group have not done well by this government, Mr. Speaker.

There are other things, Mr. Speaker. The member that spoke before me referred to patronage. I'll look at the same thing. Mr. Speaker, this government has come up with a new art form when it came to patronage. Let me mention just a couple. These names which I will read off, I wonder if anybody could identify for me where these names come from.

There is one Graham Taylor who's now in Hong Kong. There is now a Bob Andrew. There's a Paul Rousseau, a Larry Birkbeck, a Paul Schoenhals, Gordon Dirks. There's a Sid Dutchak. There's a Jack Sandberg, Keith Parker. There's a Ralph Katzman — his name was mentioned once before today. There's a Louis Domotor, Tim Embury, Myles Morin, Bud Smith, and Gordon Currie. And then there's one to top them off, Eric Berntson.

Now what do you think all of these people might have in common? Two things, Mr. Speaker, two things that they have in common. They were all elected members of this government at one time or another. That's one thing. And the second thing they have in common is that they have all received patronage appointments by this government. And some of them at rather interesting salaries.

Take Eric Berntson, for example. Eric Berntson, when he was a member of this government, was receiving a cabinet salary. When he resigned from this government, he received a severance pay of approximately, shall we say 70, \$80,000. And at the same time when he went to the Senate, he got a raise in pay to the equivalent of what a Senator gets, which I would expect would be in the vicinity of 100,000, Mr. Speaker. And then why did he go there? Well we got the double whammy there, Mr. Speaker. We have to pay him as a patronage appointment. On top of that he's the one that they sent down there to push through the GST, the hated GST.

I use as evidence of my remarks here and as a back-up to my remarks, an editorial from *The Estevan Mercury*, Mr. Speaker. This was written in August 1990, and I will just quote a small portion of this if I may. This is from *The Estevan Mercury* of August, 1990, and the title of the editorial is labelled "Patronage pain". And I quote:

Patronage appointments escalated to a new high last week when a former Conservative MLA received an early Christmas present.

And it goes on:

Larry Birkbeck of Moosomin received a 10-year appointment to the Saskatchewan Municipal

Board at a starting salary of \$57,820.

Well, Mr. Speaker, I guess that's the problem, is we have these former ministers who while they're in government talk about private business and the virtues of private business — which we all agree with to some extent — but what do they end up doing? They end up going on the public dole, Mr. Speaker, because they really cannot survive in the free market-place, Mr. Speaker; don't know how.

A couple of other examples, Mr. Speaker. In my home constituency there is an office on Central Avenue. It's called the Premier's office, Mr. Speaker, the Premier's office. I don't know why the Premier needs an office in Prince Albert when he's got a member who has an office. A member from Shell-Torch has an office in Prince Albert, Mr. Speaker. There are government offices, in Mac (McIntosh) Mall in Prince Albert, Mr. Speaker. I don't know why the Premier has to have an office. But do you know how much that office in Prince Albert . . . He's got an office in Saskatoon; he's got two or three offices here in Regina, Mr. Speaker. But in Prince Albert instead of going to the government-owned building, he decided that he had to spend a little more money — another case of waste, mismanagement. The annual lease for that Premier's office is \$46,000, and that's before you hire anybody and put anybody in it, Mr. Speaker — before.

(2115)

There are other examples, Mr. Speaker, of wasted money. And the point I'm trying to make here, Mr. Speaker, all along, is this government is saying over and over again that they need this tax money. They say they need this tax money and they ask people well, where would you get the money. I say that that is the wrong question. The question is not where would you get the money; it is where has the money been going?

Look at your own books first. Every one of us, every family in Saskatchewan, every farmer, every business has got to learn to live within his or her own means. This government's got to learn to live within its means — \$4.5 billion ought to be enough. There are other examples, many other examples, Mr. Speaker.

I don't want to go on with all of them, but I just want to mention a couple of other things. Supercart, a loss of \$212,000; GigaText, we know that \$6 million loss, part of it was to rent a luxury condominium in Regina for Pierre Paillet — \$137,000 gone; and part of it for his Mercedes-Benz — \$1,000 a month, Mr. Speaker. Well the list goes on and on and on.

And, Mr. Speaker, the point here is that there is lots of money to be found where the government is right now, but they've got to look inward. But they don't know how to do that, Mr. Speaker.

Oh, Mr. Speaker, where has all the money gone? They did a lot of privatization, this government did. They did a lot of privatization. Did you know that they spent . . . that they paid \$64,000 to a British merchant bank, N.M. Rothschild & Sons, for two months of privatization consulting? A lot of good that did the people of

Saskatchewan. They paid \$26,000 to the PC Party's advertising company for advertising cost related to chamber of commerce conference, promoting free trade, Mr. Speaker.

There's a continual debate, Mr. Speaker, as to the need . . . as to where a government . . . its money and where it should target its money and where it should perhaps get its money from.

One of the arguments is that governments . . . or the cause of debt, national debt, are because the governments have got themselves involved in too many social programs. And we hear that argument all the time. I don't happen to subscribe to that, although I do say that there is a limit to the number of social programs you can or should have. But on the other hand, there is the argument that one of the reasons that governments are in debt is because they are not taxing those people that they should be taxing.

Well I want to quote from the *Winnipeg Free Press* from '91. And this was a study done by Statistics Canada, a secret study that was done by Statistics Canada which was leaked to the *Winnipeg Free Press*. The government would never admit to having this, but the *Free Press* reporters apparently got a hold of it and reported it in '91. So I quote from this study, Mr. Speaker.

The study, which StatsCan officials say exists but can't be made public, (You see the secrecy of the PCs; they are not allowed to make it public.) shows that 44 per cent of Canada's colossal, \$400 billion, national debt is due to tax breaks for corporations and the wealthy.

Another 50 per cent is caused by the compounding growth of interest payments piled on interest payments and on those revenue shortfalls.

Well the point they're making here, Mr. Speaker, is that the upkeep of education and health and social services is not the cause of increases of taxation and of the national debt, but the real cause is where they're letting the money drain out of the country that the national treasury should be getting a hold of.

What's happened, Mr. Speaker, at the federal level . . . and this impacts on us here in the provincial level because one of the problems is that this government has given up considerable money in tax money, has given up tax money by not fighting the off-loading of the federal government. They have let the government go ahead, the federal government go ahead with their off-loading on education and health. And they are allowing the federal government, by providing rebates, allowing them to provide rebates to many corporations who have made millions, literally millions of dollars in profit. And not a cent or a hearth of tax to the coffers of the Government of Canada or to the Government of Saskatchewan.

Just a couple of examples, Mr. Speaker. I have a page with approximately 15, 20 examples here, but I'll just read a couple. There is a company called Ocelot Industries who had profits in 1988, of \$432 million. Now if you made profits of \$432 million how much do you think you

should pay in taxes? Should the company be required to pay at least something in taxes? It would seem reasonable that anybody who makes \$432 million in profits in a particular year should pay some taxes. This particular company, Ocelot Industries, paid zero in taxes according to the record, according to the record. This is no secret study. This you can get from any place, any place in Revenue Canada. It's readily available.

In fact, Mr. Speaker, during 1968 there were 60,000 corporations that paid absolutely no taxes. Some of these companies have businesses here in Saskatchewan and should be paying some tax here, Mr. Speaker.

In fact some of these companies . . . here's one a lot of people are familiar with, Goodyear Canada. Goodyear has operations throughout Saskatchewan. They do a good business. They made profits in 1988, of 11 million. But what did they get in taxes paid? They paid zero taxes. But in addition to that, they got a tax credit of 1.4 million.

Well this is the kind of operation that is run by Tory governments. They are putting and raising taxes on consumers in Saskatchewan while at the same time allowing this kind of tax system to go on at the federal and provincial levels by not taxing those who have the ability to pay.

Mr. Speaker, I talked about other ways of taxing, briefly, but I wanted to mention also a little bit about the internal workings of the government. When we asked them to open the books and to take a look at . . . we had good reason to do so, Mr. Speaker. If we could force the government to take a good look at its own books things might be different. And even if they allowed their own back-benchers or if their own back-benchers and their own cabinet ministers took some time and took a look at their own books, I think things would be different.

Why do I say that, Mr. Speaker? Why do I say that? Because here we have, Mr. Speaker, several headlines. There are headlines which appeared in all of the papers, all of the major papers across the province, probably in every paper, and this is headlines regarding the auditor. The auditor, Mr. Speaker, is a person who was hired by the legislature. The auditor is not to be hired by the government members or by the opposition members; he is hired by the legislature.

His purpose, Mr. Speaker, is to take a look at the way money is being spent in the province and to give judgement. Is the way the government is spending money, is it being done legally and is it being reported properly according to proper auditing rules?

Well these headlines, Mr. Speaker, that we saw over the last couple of years read like this: Tory actions break the law, auditor says. Here's another one, another headline, this is from the *Regina Leader-Post*: government not accountable, says the auditor. Here's another one: Saskatchewan broke the law, the auditor says.

What has happened, Mr. Speaker, is the auditor, when looking at the books, found that things were not in order — found that they were not in order. And he was doing his job in doing so. And I quote a couple of remarks that the

auditor made in his report. One of them says: with the appointment of more private sector auditors, the Provincial Auditor now sees about 50 per cent of the expenditures from the public purse. And he says: I cannot effectively carry out my role to watch over the public purse for my client, the Legislative Assembly.

Those are statements of the Provincial Auditor when he found out that the government was siphoning off part of the books and giving them to their own private auditor so that he could not access them and see whether the money was being properly spent. Well it makes you really question why the government members want to do this. If they really believed in public, open government, they would have made that readily available and they wouldn't be changing the rules and taking that money and those accounts and giving them to a private auditor.

The auditor said: in my opinion, I have been interfered with in the execution of my duties. Mr. Speaker, now they come up with a tax. They come up with a tax and they expect people to say, yes, we'll give you the tax because they need more money. Mr. Speaker, the question that has to be answered first is, where did the money go? That has to be answered first. And surely 4.5 billion ought to be enough.

Well we remember what happened when the auditor said that, Mr. Speaker. The government turned and attacked the messenger — the auditor — which was a rather unfortunate thing. But, Mr. Speaker, the point being made here is that surely the government, before it adds a new tax which is quite likely going to kill the economy of Saskatchewan, they ought to be looking internally at where they can save first of all, Mr. Speaker.

Well, Mr. Speaker, I want to turn now to the impact that this tax will have on the province of Saskatchewan, and what I believe the impact will be.

The question to be asked then, Mr. Speaker, is, will this tax have a positive effect or will it have a negative effect on the Saskatchewan economy? And particularly, what effect will it have on job creation? The second question that could be asked is, is this new tax fair? Is it the kind of tax that should be implemented in Saskatchewan?

But let's deal with the first one, the first question, and that is, what is its effect going to be on the Saskatchewan economy. Well the government members have given arguments that this new provincial GST will create 5,000 jobs over the long term. They seem to be basing this on two arguments. The first argument that they're using is that because they impose this tax, somehow businesses will be relocating to Saskatchewan from other provinces. Now they base that on the argument that businesses will be getting an input tax credit, therefore they will not have to pay taxes on their inputs.

There's a second argument that they're using, and that is that somehow is that the removal of the provincial business . . . provincial sales tax from their business inputs will lead to increased investment. And of course, if you have increased investment, they say that's going to be job creation. Well, Mr. Speaker, I contend that those arguments are both false, based . . . They're complete

bogus and have nothing to do with fact whatsoever. As a matter of fact, if you look at their impact study — and their impact study is available to anybody in the public that might want it and I'm prepared to supply them with a copy of the government impact study — you can see how false, what false premisses these arguments are based on.

(2130)

Mr. Speaker, in the province of Saskatchewan, there are really three categories, what could be called three categories of jobs, Mr. Speaker. There are jobs related to agriculture, there are jobs related to other primary industries and manufacturing, and then there are jobs related to what I will call the domestic economy, and that involves things like construction, transportation, communications, utilities, trade, finance, insurance and real estate, service such as restaurants, and public administration. Well, Mr. Speaker, there were the three main sources of jobs in Saskatchewan. If you look at each one independently, and try to examine how the tax will affect each one of these, you can get a pretty good idea of the economic impact of this particular tax.

Let's look at agriculture first. Now first of all, in Saskatchewan, the agriculture economy, agricultural sector, accounts for about 10 per cent of the gross domestic product of Saskatchewan and about 18 per cent of the total employment of the people of Saskatchewan. Now we know that the agricultural sector is most heavily influenced by world prices; it's very heavily influenced by the exchange rate and by interest rates. And this new provincial GST, because farmers had the tax credit from it and were already exempt from the provincial sales tax, will likely not have much effect one way or the other on the agricultural sector — very little effect on it. The only effect it will have will be on the agricultural . . . on consumption by people who live in the agricultural sector. But the agricultural farm sector itself, that 18 per cent of the province will likely have very little affect. So we can just put that out of the picture, whether there will be more employment in farming or less.

But let's take a look at the other primary industries in manufacturing. This is the part of the economy that includes oil and gas and mining and forestry and fishing and trapping, and that accounts for about 7 per cent of our gross domestic product, or about 26,000 jobs all together in Saskatchewan — about 6 per cent of our total employment. Slight bit less than farming, about a third of that that isn't farming.

Now, the claim is that the new provincial GST will create more jobs in this particular sector. Now right now, if you take that sector and add it to the first one, Mr. Speaker, then you'll have a total of 38,000 jobs. And they're claiming that it's going to increase this particular sector. Well let's take a look at the record of this sector over the last 20 years.

Everybody knows, Mr. Speaker, that in the manufacturing sector, that is in the oil, gas, mining, forestry, fishing, and trapping, that the number of jobs has steadily been decreasing. As these industries become more and more capitalized, the number of jobs has been decreasing. It is true that the output in manufacturing in Saskatchewan

has been on a steady increase — that is true — that has happened over the last 20 years, but the number of jobs in that field has been steadily decreasing.

Let me give you an example, a more specific example. In forestry, for example, which is northern Saskatchewan and about half of it is out of our city of Prince Albert. But if you take a look at the trend from 1979-80 to the year 1988 and '89, and count all the people that were employed in forestry, you'll see that the numbers decreased from 3,060 jobs in 1979-80 to 2,423 jobs at the current time. Why has this happened? And this has happened, Mr. Speaker, even at a time when production in that field has gone up. Production has gone up but our labour force has gone down by about a third. My argument here, Mr. Speaker, is that there has been an uncoupling of . . . between the investment and production on one side in these industries and employment on the other side. While production in these industries has gone up, employment has gone down because everything is becoming more and more mechanized.

So clearly, Mr. Speaker, any time you invest money in this field, the record has been over the last 20 years, and I don't expect it to change, that if you put money into manufacturing, any of our primary industries, the result is not going to be more jobs, its going to more production and fewer jobs.

So the argument that the government makes that somehow this is going to create more employment is absurd. Their argument is absurd because this tax, if it benefits anybody, if it benefits any sector at all in the province, will benefit those sectors who have high input costs in term of machinery and equipment and supplies. Those are the people that it'll benefit because they will be able to deduct, deduct those expenses from their . . . deduct those purchases from their income.

So, Mr. Speaker, what this tax does and what their arguments say is exactly the . . . what this tax will do is exactly the opposite of what this government says it will do. Mr. Speaker . . .

Some Hon. Members: Hear, hear!

Mr. Kowalsky: — Then the question comes, well is this a good argument then? Is this a good way to help those large mega projects and those businesses, by giving them tax rebates on this proposed provincial GST? Is it the best way to help these people?

Mr. Speaker, what is it that the province's largest corporation, some of our largest manufacturers, say helps them or hurts them the most? One of our province's largest manufacturers, which is Ipsco, reported in '89 that in 1989 its export sales were curtailed because of the high exchange rate. The thing that hurt them most was not the tax they were being charged on their goods or on their inputs; it was their exchange rate. It happened to be because of the dollar value.

Clearly the government would have done much better if it was able to convince the federal government that the problem for Ipsco could be easily solved if the exchange rate — that is the value of the Canadian dollar — was

decreased, and the money that they had to pay in interest would be decreased if they would have brought the interest rates down.

The same kind of statement is made by the Potash Corporation of Saskatchewan. They reported that the changes in exchange rate between '88 and '89 cost their company, Potash Corporation of Saskatchewan, by \$13 million. They are not going to be saved by this PST, by being able to deduct the cost of this PST, Mr. Speaker.

It's clear, Mr. Speaker, that what has happened is that there has been uncoupling between the jobs created and the increase in input in the manufacturing sector. So if the government was concerned about increasing jobs, they would not have imposed this tax — they would not have imposed this tax. They would have done something completely different, and they still can, Mr. Speaker. They still have the opportunity to pull this tax; they still have an opportunity to amend it. I don't know if they will, Mr. Speaker. If they're smart they will, but if they don't, the people will have a choice and they will have that choice in the election.

Mr. Speaker, I want to talk briefly about the domestic provincial economy and what the effect of this tax is going to be on the domestic provincial economy. In a nutshell, Mr. Speaker, the effect on the provincial domestic economy is going to be one of disaster. We have evidence of that already, Mr. Speaker — companies going broke; restaurateurs coming to this legislature; business people coming to this legislature; working people coming to this legislature; car dealers, people that are concerned about the tax on reading coming to this legislature; people from around the borders, the west and the south borders of Saskatchewan, concerned about cross-border shopping, coming to this legislature pleading with this government to drop this foolhardy idea of this tax before it completely ruins the province of Saskatchewan and makes it the basket case of Canada.

Mr. Speaker, let's take a look at the provincial domestic economy. This part of the economy accounts for about 77 per cent of our gross domestic product. In it there are employed people to the number of 329,000 jobs — about 73 per cent of our total provincial employment. And I'm talking about the people in the domestic part of the economy — people that are in construction, people that are in transportation, in the communication services and utilities; those who have small businesses around this province, the grocery stores and the confectioneries and the hairdressers; those that are into finance, those that sell insurance and real estate; those that are into the educational services and the social services and the health services; and those that are in public administration.

Mr. Speaker, these are the sectors that are particularly susceptible to declines within the province in disposable income. People in the retail services depend on the people of Saskatchewan having some money in their pockets to spend it domestically. They're very dependent on consumer spending; they're very dependent on consumer confidence.

Now we know right now that many businesses are being

very hard hit by the combined effect of the federal GST and on top of that the provincial GST. They're just simply saying that 14 per cent of tax is too much.

We know that there are other businesses as well, that is the credit unions and insurance agencies which will be adversely affected also by the provincial GST. Even though they are themselves exempt from charging GST, they do have to pay GST on their inputs. The only way they're going to be able to offset that is to increase their costs. So the consumer once again will bear the price through the financial institutions.

So what happens, Mr. Speaker, is this has been recognized by many people across Saskatchewan. In fact the Saskatchewan section of the Alliance of Canadian Travel Associations has analysed the impact. And they have said that, and I quote: the tourism in this province will suffer greatly as a result of the PST and that the end result would be lost jobs and ultimately lost revenue for the province of Saskatchewan.

Now that side of this Assembly, the government side, somehow argues that by putting this tax on, they're going to create 5,000 jobs. You know, it doesn't make any sense at all. But I've had some people say, well gee, if a 7 per cent tax will create 5,000 jobs, why didn't they double it? They could have 10,000 jobs out of it. It just shows, Mr. Speaker, that nobody, absolutely nobody believes him when they say that this tax is going to increase the number of jobs in Saskatchewan.

Now, Mr. Speaker, let us concede that there may be a slight increase in the number of jobs in the manufacturing sector under the best of luck. Under the best case scenario let's concede that there might be a half a per cent per year. Let's see, there might be a half a per cent per year. If you did that and you took a half a per cent per year, that would amount to 760 jobs. Nowhere near the 5,000 jobs, nowhere near the 5,000 — it would come out to 760 job increase. That's in that one sector that might benefit. But if you take that same half a per cent decrease over this domestic sector that I've talked about, this large portion of jobs of 329,000 jobs, this domestic portion, and you take one half of one per cent, that would mean a loss of . . .

Hon. Mr. Hepworth: — Mr. Speaker, would the hon. member take a question relative to their study?

Mr. Speaker: — Would the hon. member take a question?

Mr. Kowalsky: — Can I have the floor, Mr. Speaker? Thank you. I would say, Mr. Speaker, that I will be very pleased to ask the minister questions during the third reading of this Bill, and he will be able to pass the question to me, and we'll have a good dialogue at that time. But at this time I have a few remarks I want to make and I'd like to go on. But I thank him for his interest.

Some Hon. Members: Hear, hear!

(2145)

Mr. Kowalsky: — Now, Mr. Speaker, we are . . . I was saying that given the best case scenario there may be 760 jobs gained in the manufacturing sector, but if that holds

true, there will also at the same time be a loss, a net loss, in the domestic sector, the service sector, of 8,225 jobs using the same analogy over that period.

Now if you take a gain of 760 jobs and at the same time a loss of 8,225 jobs, what have you got? What you got happening to the province of Saskatchewan? You got 7,500 jobs lost in the province of Saskatchewan. What's that going to do to the provincial economy? What's that going to do to the provincial population, Mr. Speaker? What's that going to do to the rest of us that are left to pay the taxes and the debt of this province? Mr. Speaker, this is a boneheaded tax. It is absolutely boneheaded. There is no economic argument that makes any sense whatsoever as a defence of this tax, Mr. Speaker, absolutely none.

Mr. Speaker, we know that as a result of having this tax for . . . own in place and being charged only one month, that there has already been an effect which has been measured on consumer prices. In fact, in April, the month that the first stage of this provincial tax was imposed, the consumer price index in Saskatoon rose by 1.3 per cent and in Regina by 1.4 per cent, in one month. And that was at a time when across the nation in Canada, by contrast, the increase was zero. So you might ask yourself, why did it increase in Saskatchewan? What was going on different in Saskatchewan than any place else? There is only one answer to it: the PST — the PST. What else was happening? Why should it be that the consumer price index went up in Saskatoon and Regina by 1.3 and 1.5 per cent while the CPI (consumer price index) across the country was at zero?

Mr. Speaker, there was another precedent for the very same thing. When this government broke its promise and increased its provincial sales tax in 1987 from 5 per cent to 7 per cent, there was also at that time an increase in Saskatchewan consumer price index which was about twice the rate of increase in other parts of the country. As a result of that, that year Saskatchewan's CPI, even though we were not in some kind of a great big boom in Saskatchewan in that year, 1987, our CPI increase was a full per cent over and above the national prevailing inflation rate, Mr. Speaker.

Well they might argue, Mr. Speaker, that there will be some kind of an increase in some other sector. I ask you what's going to happen to housing. Will the amount of housing be going up or has it been increasing as a result of this new tax?

What has happened is there has been some housing increase as a result of the lowering of the interest rate. But there are many people that are feeling that as a result of this new tax — and know full well when the tax is going to be applied in addition to materials that it will be applied to services to housing — that this will have another detrimental affect on the cost of housing, which will keep a restraint on the number of housing increases.

Mr. Speaker, what about business bankruptcies? What has happened to the number of business bankruptcies in Saskatchewan?

I want to bring to the record, Mr. Speaker, that during the nine years of this government the number of business

bankruptcies in this province has increased four times . . . has multiplied four times, by a factor of four. When they got into government the number of business bankruptcies were 162 and at this stage last year the number of business bankruptcies increased to 616. That's four times the number of business bankruptcies as there were some short nine years ago, Mr. Speaker.

Well, Mr. Speaker, this new provincial GST, what will it do to the number of business bankruptcies? Because most of these retail businesses depend on consumers, and on consumer spending, and on consumer confidence which is being curtailed by this PST, there can only be one thing happen — that this is going to put additional pressure on businesses and that's why there are so many businesses that are so opposed to this tax.

In fact, Mr. Speaker, many of the businesses, the retailers who traditionally tended to in the past vote for this government — but probably won't any longer — are in the leadership of opposing this tax. They're in the leadership of this.

Mr. Speaker, let me turn now to the last argument that I want to make about the economic impact of this tax, and that argument has to do with cross-border shopping. Mr. Speaker, more and more people — you know this, government knows this, opposition members know this, in particular our retail sector knows this — more and more people are travelling across the Saskatchewan border to Alberta and to the United States of America. More and more people are travelling across the border to shop. And part of that, and a large part of that, is as a result of this PST.

Here is a print-out from the Saskatoon . . . from the *Leader-Post*, Mr. Speaker, April 29, 1991. And the statement here is that shoppers returning from spending sprees in the United States or the popular West Edmonton Mall are technically required to pay the tax on items that they bring home. Well technically they're required to, but why are they going there? They're going there for the reason that tax is just pricing the goods out of their reach.

This same article says, Mr. Speaker, that increasing numbers of Canadians cross the U.S. border to take advantage of lower prices and to avoid the federal goods and service tax. And I take it, Mr. Speaker, also that would apply to the provincial GST.

Mr. Speaker, this government talks about a level playing field. That was their slogan here for a year and a half — they talked about a level playing field. I ask you and I ask members of the government, if this tax puts the retailer in Saskatchewan on the level playing field? The retailer in Saskatchewan has to charge an extra 7 per cent more than his counterpart in Alberta and 14 per cent more than his counterpart across the American border. I ask this government if that's putting our retailers on a level playing field.

It's a result of what they've done, that people are crossing the border. In fact here is an article written partly by Mark Wyatt and partly by Chris Varcoe in the *Leader-Post*. And they say this, and I take it that their research is valid. They say that the number of people crossing the 10 border

entries in south-eastern Saskatchewan has risen by 38 per cent in the past two years, with 971,224 leaving the province during the past 12 months ending in April. That's a 38 per cent increase in cross-border travel over the last two years.

Now I doubt very much if that's Americans coming up to Canada to shop because of the bargains and because of the new tax here. And I think it has everything to do with the increase in taxation in the province of Saskatchewan and in the country, our national country in Canada.

Mr. Speaker, this cross-border shopping which was started as a result of the federal GST, which was sort of the precursor . . . and this government wants to harmonize with them, you see. They want to harmonize with the feds. I mean they think if they can get together with the feds, things will be all right. In other words, if they can add their 7 per cent to the federal government's 7 per cent, boy, that'd be a great thing for Saskatchewan somehow.

The Canadian Press has an article here where the title of the article says the anger over GST could break up Canada. And this is a report on a survey which says almost half of Canadians surveyed last month — this was written in April 17 — surveyed last month cut personal spending because of the GST, spurring a warning from the business lobby last Tuesday that anger over the tax could help break up Canada.

The question that was asked of these people in the survey was: how has your household reacted to the new 7 per cent GST? And they found that 45 per cent of those surveyed cut their spending in response to the GST. This was before the PST was even implemented.

That's why I'm saying, Mr. Speaker, that the impact, the economic impact, of this tax, this 7 per cent PST, coupled on top of the 7 per cent federal GST, is a disaster for this province. In fact, Mr. Speaker, what is known as one of Canada's national magazines, *Maclean's*, in their April 15, 1991 edition, wrote a major article about the effect of the GST. And this magazine is known to do its homework. It's known to have some reputable researchers. They report that last week StatsCanada reported that retail sales in January plummeted by 4.1 per cent compared to a year ago, which was the worst monthly decline since 1961. Why?

There's only one reason, Mr. Speaker. There's one main reason, and that is the effect of this unfortunate move to go to a GST, a sales tax, when across the border there is no sales tax. And now this provincial government wants to follow them into this same kind of madness, Mr. Speaker. Same kind of madness.

Well, Mr. Speaker, I have dealt with the concept of the economic impact on the province of Saskatchewan. And everywhere I look, I summarize by saying that the economic impact will be negative, that there will be a loss of jobs, a net loss of 7,500 jobs, Mr. Speaker. That this loss of jobs will not be offset by any gain to the manufacturing sector; in fact the net result will be a loss of jobs. This loss of jobs will lead to a loss of population. The effect will snowball, Mr. Speaker, and the province simply cannot afford it. Mr. Speaker, that would be a loss of population

on top of the some 20,000 people we've been losing over the last three years as a result of this government's waste and mismanagement in this particular province.

In the moment I have left, Mr. Speaker, I want to address one more question. And that is, is this a fair tax? Is this the best way? This government says it's a fair tax in this sense. They say, hey, by doing this we're making it fair because those people in the border communities, they can now buy their tills for the same price that the people in Alberta or across the U.S. border can buy them.

Now that might be comfort, but what kind of comfort I ask you, is it to anybody along the border if they've got the tills at the same price, if they've got no money ringing into those tills and that's what they're after. And you know and I know that the best thing for business is more business and what you're creating is a situation where business is getting less and less business, Mr. Speaker. So I say that this is not fair. It is not fair, Mr. Speaker, because of what it's going to do to businesses, particularly along the borders . . .

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

The Assembly adjourned at 10 p.m.