

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

READING AND RECEIVING PETITIONS

Clerk: — According to order, I have reviewed the following petitions that were presented on May 31, and under rule 11(7) find them to be in order, and they are hereby read and received:

Of certain residents of the Province of Saskatchewan praying that your Honourable Assembly may be pleased to urge the Provincial Government to stop the provincial GST.

INTRODUCTION OF GUESTS

Hon. Mr. Martin: — Thank you, Mr. Speaker. I rise as the Minister responsible for Seniors today. It is my pleasure to rise to introduce a special person in your gallery, Mr. Speaker — Laurine Milne, who is with her husband Bob. I had the pleasure of meeting yesterday at the kick-off of Seniors' Week at the Regina Senior Centre in Regina here.

Seniors' Week and Environment Week coincide this year, Mr. Speaker, June 2 to 8. Our Senior Citizens' Provincial Council selected the environmental theme of: "Conserving: Yesterday . . . Today . . . Tomorrow" for Seniors' Week. They know how much our older citizens can teach the rest of us about responsible environmental choices, the sorts of choices they made, Mr. Speaker, when they were living on farms in rural areas during the tough times of the '30s.

The council sponsored a "Memories" contest and seniors from across the province wrote to tell us how they used to preserve and how they used to reuse and recycle back on the days on the farm. And women were selected from around the province, and Mrs. Milne, Laurine Milne of Regina — would you please stand, Laurine — was selected from the Regina area. So she suggests, Mrs. Milne suggests, that seniors are really just recycled teenagers.

So I'd please like to introduce Mrs. Milne to the House and congratulate her on the very interesting and entertaining article she wrote on conserving today, tomorrow, and in the future.

Mr. Speaker, please welcome Laurine Milne.

Hon. Members: Hear, hear!

Mr. Trew: — Thank you, Mr. Speaker. It's my pleasure today, on behalf of the MLA (Member of the Legislative Assembly) for Regina Rosemont, to introduce to you 65 people seated, I believe, in your gallery. These 65 people are with the King of Glory Choir, located in the constituency of Regina Rosemont.

They're here to visit the legislature today and I hope they enjoy question period. I will make myself available to them for an MLA visit at 3 p.m. and look forward to

meeting with them at that time. I ask all members to join me in welcoming the King of Glory Choir members.

Hon. Members: Hear, hear!

Hon. Mr. Gerich: — Thank you, Mr. Speaker. Through you and to you and to the members of the legislature, I would like to introduce a group of children, grades 5 and 6, 17 in total from Laird School. They're visiting my colleague, the member from Rosthern. I hope that they find their afternoon educational and interesting.

The teachers that are travelling with them is Jim Golding, Helen Schmidt, chaperons Diane Friesen and Carolyn Regier. Please make welcome our guests.

Hon. Members: Hear, hear!

Hon. Mr. Gerich: — Again for the member from Rosthern, Mr. Speaker, I have a second group. This group is located in the Speaker's gallery. They're from Warman School. There's 68 students — 68 grade 7 students. I welcome them to the Legislative Assembly and hope that they find their afternoon educational and entertaining. And I'd like to ask the members to please welcome our guests.

Hon. Members: Hear, hear!

Hon. Mr. Meiklejohn: — Thank you, Mr. Speaker. I'd like to join with my colleague, the member from Redberry, in welcoming the students that are with us today. But I would specifically like to ask you and all of our other MLAs in the legislature to welcome a very special group from my constituency, 25 grades 5 and 6 students from Brownell School. They're accompanied today by their teacher, Mr. Pope, and I look forward to meeting with them a little bit later for drinks and questions.

They're going to be having a tour of the legislature here shortly, but I hope that they find that this session is informative and will play a part of the regular school studies that I know that they're involved with at this time. So I'd ask all members to welcome this group of students from Brownell School.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Federal and Provincial Taxation Policies

Mr. Romanow: — Thank you very much, Mr. Speaker. Mr. Speaker, my question today is to the Minister of Finance. Mr. Speaker, as I understand it, the Minister of Finance has met today or is about to meet — I think he has met — with Mr. Otto Jelinek, the federal Revenue minister. I notice the Premier's coming in; perhaps the Premier met with Mr. Otto Jelinek. I'll direct it to the government obviously for their answering.

On the issue of cross-border shopping and, Mr. Speaker, I guess my question is — I'll direct it to the Premier and he can either answer it or ask one of his minister's to answer it — Mr. Premier, did Mr. Jelinek repeat to you his

statement of last week, Friday's *Globe and Mail* statement to be precise, where the headline says: "Canadians overtaxed, Jelinek confesses." "We're . . . reviewing that whole thing," Revenue minister tells business men.

Did Mr. Jelinek repeat this statement to you today in your meeting with him, that taxes are too high? And if he did, did he urge your government to repeal the 7 per cent provincial PST (provincial sales tax) in order to give the taxpayers of this province and country a break and to help out our merchants and consumers?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, members of the legislature, I'm not going to try and speak for Mr. Jelinek in terms of what he did or didn't say about taxation. I do recall him saying to the media this morning that he never used the word "overtaxed", but as I said earlier, I'd refer the hon. members to the federal minister to get his precise comments.

What he did tell me is that they would and did give us the commitment for the federal government, that the federal government would on January 1 begin collecting the provincial sales tax when we are fully harmonized. And that meets an important objective of harmonization. It makes the process simpler.

Instead of having two sets of tax collectors and two sets of auditors and two sets of bases and two sets of forms and two sets of deadlines and having the tax collected on a voluntary basis, which wasn't very practical, come January 1, '92, in terms of a simpler process, more effective use of the taxpayers' dollars, not having a provincial government set up another bureaucracy to collect the tax, he did give me the formal commitment and our officials have been instructed to work towards having a single tax collector collecting the harmonized sales tax at January 1, 1992.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Mr. Speaker, I have a new question to the Minister of Finance. Judging, Mr. Speaker, by that answer it looks like the problem of cross-border shopping . . . the solution to that problem, which greatly is caused by taxation levels in Canada, according to the two Tory minister's, their solution is to get a more effective way in which to collect the high tax here in Saskatchewan. Some solution.

Mr. Speaker, I'm not surprised by this however because yesterday a study on taxation was carried out by the Global Economics Ltd. firm for the Canadian Economics Association.

And, Mr. Speaker, it shows that today in Canada for a family of four, there's an additional tax bite of \$2,491 to Ottawa . . .

An Hon. Member: — Ontario.

Mr. Romanow: — No, not Ontario, to Ottawa, thanks to Brian Mulroney and this PC (Progressive Conservative) government in Ottawa. And for the Premier in

Saskatchewan, since the election of the Premier there's been an additional bite of \$1,816 a year in new taxes.

My question to the Minister of Finance, or the Premier if he cares to answer it, is this: in view of this mountain of debt imposed by PC governments in Regina and Ottawa, how in the world can you justify socking it to it again by the 7 per cent provincial PST? Whatever happened to the Tory beliefs of fair taxation and less taxes?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Well, Mr. Speaker, as it relates to taxes and charges — and by that I mean the phone bill, utility rates, car insurance — if you look at and add up all the taxes provincially, and that would include things like for those provinces that have premiums on health care, if you include those, you will see — and it's detailed in this book, *Impact of Harmonization on Saskatchewan* that was tabled in this legislature two or three weeks ago, Mr. Speaker — you will see that for families in that \$20,000, \$30,000, and \$40,000 income category, Saskatchewan stacks up very well.

What do I mean by that? What I mean by that, Mr. Speaker, is at the 20 and \$30,000 level, I think that if you check you will find that we're something like second lowest in the country; I think at 40,000 we're something like fourth lowest. So I think all things considered, Mr. Speaker, it says two things. We have a fair taxation system at reasonable levels compared to other provinces.

Now, Mr. Speaker, the hon. member talked about a mountain of debt, and what that can do both to budgets for business people and governments and home owners, and what it can do to the Canadian dollar and Canadian interest rates. And we only have to look at the recent Ontario budget where they're going to double the amount of debt that they hold within four years.

And it's that kind of action, Mr. Speaker, that quite frankly threatens the plan that our government has under way and that other jurisdictions have under the way to reduce the debt and the deficit, get spending decreased, Mr. Speaker, while providing essential services. And in so doing reduce interest rates, Mr. Speaker, that as well will lead to an effect on the dollar. And that is important as well on the tourist traffic, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Thank you, Mr. Speaker. I have a new question to the Minister of Finance. I actually referred to the mountain of taxes, albeit the mountain of debt created by these people is also a very serious problem. But I notice, Mr. Speaker, that the minister's answer pertains to the question of fair taxation.

And I have here in front of me again Saturday's *Globe and Mail* and I've also looked at a study which is recorded in this *Globe and Mail* that I have here, Mr. Speaker. The headline tells it all: "Taxman goes soft on companies, Individuals pay more under Tories." According to *The Globe and Mail*.

The study that I referred to earlier, which I again remind

the Minister of Finance, points out that under the Brian Mulroney PC government in Ottawa, personal income taxes have gone up by an annual factor of 11.9 per cent whereas the corporate income tax factor for the same period rose by only 3.9 per cent. Here at home, Mr. Speaker, the personal income tax has gone up by 89 per cent while the corporate income tax has been decreased by 12 per cent.

Mr. Minister, how in the world, in the light of those statistics, how in the world in the light of this headline and this widely accepted fact, can you claim that that's fair taxation?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, our tax policy is one that is fair. That was one of the hallmarks when we went to put harmonization in place and it's fair for these reasons, Mr. Speaker. We did not want to penalize families on lower and modest incomes and so there is the family tax credit. And the family tax credit in conjunction provincially, in conjunction with the federal family tax credit, Mr. Speaker, amounts to nearly a thousand dollars, Mr. Speaker. Ninety-five thousand families received a cheque here in April and the benefits on annualized basis, I think, work out something very close to something over \$90 million, Mr. Speaker. So nearly a thousand dollars. And that's to offset the additional tax that families might be now paying on clothing under \$300 — in Saskatchewan's case — reading materials and books and snack foods and those kind of things. So in terms of fairness, we've addressed the lower and the more modest income people.

On the other side of the coin, Mr. Speaker, as the hon. member points out, is that if we're going to deal with the debt and the deficit, business too — because they do get a big advantage out of the input tax credit — must also be expected to pay their fair share in dealing with the debt and deficit. So what was announced, Mr. Speaker, in February and then again in the budget? Point number one, corporate income tax will go up, Mr. Speaker.

The Speaker: — It's a long question this afternoon. The questions and the answers are quite long, and I must interrupt the minister who seems to be in full flight. And he's used up considerable length of time, and now I'm going to recognize the member of the opposition.

Some Hon. Members: Hear, hear!

Mr. Romanow: — Thank you very much, Mr. Speaker. I have a new question. And I'm mindful of your directive; I'll be very brief.

Mr. Speaker, last year in the budget that this Minister of Finance presented right here in this legislature, he acknowledged or appeared to acknowledge that the people of Saskatchewan are being taxed to death and buried in debt. He said that enough is enough; the taxation load by Saskatchewan people is too high. That's what he said last year — enough is enough. But I guess that was last year's promise.

Mr. Speaker, my question to the Minister of Finance is:

when is this PC government . . . for that matter, when are PC governments in Regina and in Ottawa going to start living within our means and start giving the taxpayers of this province a break?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, because we recognize that business too has a role to play in dealing with the deficit, this budget raised the corporate income tax, it raised the corporate capital surtax, and it raised the high income surtax from 12 to 15 per cent because we did want to be fair to everyone, Mr. Speaker.

As well, I said that the tax changes that we have made, as difficult as they may be for some consumers, the reality is it will make our businesses more competitive. And, Mr. Speaker, as a result of this fundamental tax reform, I see this as being largely the taxation system that will carry us through the '90s, Mr. Speaker. And for that reason I was able to announce as well that consumers and business alike would see no tax increases, Mr. Speaker, as part of our three-year plan.

Mr. Speaker, we have a plan to pay the bills in Agriculture. We have a plan to deal with the debt and the deficit. I say to the opposition leader: where is he going to get the money from? How's he going to stabilize the rural economy? Where's the beef, Mr. Question? That's what the people of Saskatchewan want to know, Mr. Speaker.

Cost/Benefit Analysis of Fair Share Saskatchewan

Mr. Tchorzewski: — Mr. Speaker, I have a question which I want to direct to the minister responsible for Fair Share Saskatchewan. My question to the minister deals with today's announcement which was made earlier this morning.

Mr. Minister, in view of the very major implications to our taxpayers that this political strategy of yours entails, will you present today the full studies and cost/benefit analysis of your announcement to move the 83 employees of the Saskatchewan Liquor Board and the Liquor Licensing Commission to Hudson Bay?

And while you're at it, will you also present the full studies and cost/benefit analysis of the moves you announced last week? And will you present the cost/benefit analysis of your complete decentralization plan so that the public can know what you based your decision on, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, the moves to the community of Hudson Bay . . . And I recall and I think all members here will recall a very short number of days ago when there was a delegation in these very galleries here at the legislature from Hudson Bay here to talk to the government, to the Minister of Labour. On that particular day there were groups here, the Federation of Labour and others. Members opposite, including the member who just asked the question, were up on their feet speaking to the group in the gallery, and saying how they supported them in their efforts to deal with their community. We all

recall all of that, Mr. Speaker. Mr. Speaker, the community of Hudson Bay has been under significant hardship. The community of Hudson Bay has been responded to by the government in a way in which the government can respond.

And we've said this entity, the Liquor Board, not the distribution, not the warehousing, but the Liquor Board head office operations which can operate with the technology that's available to us today, can operate from any location, is going to operate in this province from the community of Hudson Bay, in an attempt to stabilize that community which is what it is in significant need of.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — New question to the same minister, Mr. Speaker. Mr. Minister, the people from Hudson Bay who met with your government and the opposition last week said that in the last two years your government's lack of a forestry policy and strategy has resulted in the loss of 600 jobs in that community.

Now, Mr. Minister, today you announced the transfer of 83 Liquor Board commission and Liquor Board jobs to that community. What Hudson Bay, Mr. Minister, needs is a long-term economic strategy for the forest industry. And what the province of Saskatchewan needs is a long-term economic strategy that creates new jobs.

Mr. Minister, how do you explain this position of yours where you close down 600 jobs and you transfer 83 other jobs? How do you explain this position of yours where you have one foot on the brake and the other foot on the gas pedal, Mr. Minister? How do you explain that?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, you bear with me for a minute. There is a sad irony in the question coming from the particular member who's asking the question. And it is this, Mr. Speaker, it is this. This is the Environment critic of the opposition, the former minister of Finance under the former NDP (New Democratic Party) government, who talks to us about forest management plans in the Hudson Bay or the east side region of this province's forested region. That's what we've heard here. Mr. Speaker, the reason for the shut-down of Simpson Timber in Hudson Bay is for one reason, one reason alone — over harvesting of the forest resource on the east side over a whole period of time when there was no plan; when there was no forest management lease arrangement. That's the case.

The legacy of this government in two-thirds of the forest region — of the central region and the west side — is forest management lease arrangements which make sense and which are sustainable into the long-term future.

That former minister of Finance presided over a burning — hear this, Mr. Speaker — burning of seedlings at the nurseries of Saskatchewan while he was minister of Finance, and not planting them on the east side where they were needed. That was the case, and that's his legacy.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Mr. Speaker, there is no doubt . . . My new question . . .

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

Mr. Tchorzewski: — Mr. Speaker, my new question to the same minister. Mr. Minister, yes, it is true that in the last nine years your waste and your mismanagement and your disregard for the environment has been devastating to Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — And you're applying now the same principle, Mr. Minister, in the policies you're deciding prior to an election with only months, maybe weeks to go, where you're applying this scorched earth policy.

In view of the fact, Mr. Minister, that your waste and mismanagement by your government has accumulated a debt of \$5.2 billion, how can you stand in your place today and refuse to make public your cost/benefit study analysis so that you can justify what you're going to be doing? Or is it that you've never done any and that your decisions are simply made on sprigs of sheer politics, Mr. Minister?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — The member of the NDP, as the NDP does in all cases . . . They did it when GRIP (gross revenue insurance plan) and NISA (net income stabilization account) were being developed. When the GRIP and NISA programs were being developed to stabilize agriculture across the rural, the NDP said it's nothing but politics.

Do you remember it, Mr. Speaker? Nothing but politics, they said everywhere. Oh they'll never happen; there'll be no . . . These programs are a great change for the way agriculture is done across the province. And they were against them all the way along, Mr. Speaker.

But then when the sign-up comes in at a fairly high level, all of a sudden members of the opposition are on to something else. Nothing but politics.

Mr. Speaker, Fair Share Saskatchewan is a legitimate policy. It's a legitimate policy. The Government of Saskatchewan has a responsibility to stabilize the rural economy of this province and communities within this province to the extent that we have an ability to do so.

Fair Share Saskatchewan affords us an opportunity to do that. We've done that with the farm stabilization programs, community bonds, diversification projects in various communities across the province.

Yes, Hudson Bay is in significant trouble because of forestry. We recognize that and we're working hard at it. In the meantime the Liquor Board will be relocated there to help to stabilize a very difficult economy in Hudson Bay.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Mr. Speaker, I have another question to the same minister. Mr. Minister, it is no doubt in anyone's mind that in this province taxes are out of control. A deficit is choking our economy. The government waste and mismanagement is rampant. Surely in the view of that evidence, Mr. Minister, it is not too difficult or unfair a question for you to explain to the taxpayer how this transfer is going to be more efficient for the taxpayer of Saskatchewan, Mr. Minister.

I ask you: if you can defend what you're doing, Mr. Minister, why do you refuse now three times, and I hope not the fourth time, to say that you will make public the studies that you have done that can justify the cost of what you're doing to a taxpayer who is overtaxed and a province which has got a deficit of \$5.2 billion?

Will you stand up and provide that evidence?

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, the benefit of the relocation of positions, government positions to communities, the benefit of the relocation of provincial government positions to the communities throughout the province, communities that are suffering because of an economic downturn by and large in agriculture — in the case of Hudson Bay because of forestry — the benefits are there for all to see.

Mr. Speaker, these guys . . . what is the cost, Mr. Speaker? The better question is, what is the cost of abandoning full-fledged communities, significant communities in this province? The cost of the investment that our people in this province, every taxpayer in the province has made in everything . . . in the infrastructure and all these communities including Hudson Bay and Humboldt and Wynyard and others that have been announced, there has been significant investment by our taxpayers over a long time.

Mr. Speaker, this province cannot, cannot abandon the infrastructure in those communities. This government will not abandon them. That government is schizophrenic. In Regina they're against Fair Share; out in the communities they're for Fair Share. In Regina, they're against most policies; out in the communities they're for the policies, Mr. Speaker.

Some Hon. Members: Hear, hear!

Government Mail-Outs on PST

Mr. Van Mulligen: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the . . .

The Speaker: — Order, order, order. Order, order. Order. The member for Regina Victoria has been recognized. Let us give him the opportunity.

Mr. Van Mulligen: — My question, Mr. Speaker, is to the Minister of Finance. Mr. Minister, it's come to our attention that when people sign a petition opposed to the provincial goods and services tax and provincial GST

(goods and services tax), you send them at least two separate letters and a copy of your *CHOICES* booklet from the budget in a rather clumsy attempt to justify your position.

Can you tell this House how many such packages you've mailed out to the people of Saskatchewan and at what cost?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — Mr. Speaker, I've had a . . .

The Speaker: — Order, order. Order.

Hon. Mr. Hepworth: — Mr. Speaker, I think I've had a number of pieces of correspondence and mail-in cards and those kinds of things sent to me as Minister of Finance.

I think the only instance that I would recall where people would get two letters from myself would be under this circumstance. That number one, I had a number of people write to me prior to the budget, relative to the tax on books and reading materials. I wrote back to them saying that that was something that we were examining. It was part of our looking at the impact on school libraries and university libraries, those kinds of things.

And then out of deference to them, once we announced the offset in the budget, Mr. Speaker, for school libraries and university libraries, for example, that they would not be . . . have their budgets affected by that tax, I wrote back to them outlining what the corrective measure had been. And that's the basis, if in fact there were two letters going out, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Speaker, I have here one such package, and this went to one of my constituents. And all she ever did was sign a petition opposing the GST. And she's got here, one, the postage is a dollar and eighty cents. I would suggest that this booklet cost at least a dollar. An earlier letter, 40 cents for postage, I would say. I would estimate further costs for distribution, data entry, and paper.

Since more than 100,000 people have signed these petitions, it's reasonable to estimate that the cost of this propaganda is going to be about \$400,000. How do you justify a cost of \$400,000 at a time that you're telling people you need more tax revenue? Haven't you ever heard of waste not, want not?

Some Hon. Members: Hear, hear!

Hon. Mr. Hepworth: — I think, Mr. Speaker, that the hon. member would be in error. I don't know of myself sending back letters specifically as it relates to petitions. I think most of the ones that were sent back, if memory serves me correctly, were based on cards that were sent into myself.

But having said that, Mr. Speaker, it is somewhat hypocritical of the opposition to raise the question of costs when this legislature was held up at great expense day after

day with filibustering, the reading of petitions, the ringing of bells, the calling of quorum, Mr. Speaker, and generally the holding up of business on behalf of the taxpayers of Saskatchewan. That's the waste and mismanagement I say that's costing the taxpayers of Saskatchewan their hard-earned dollars, Mr. Speaker.

Some Hon. Members: Hear, hear!

MINISTERIAL STATEMENTS

State of the Environment Report

Hon. Mr. Hodgins: — Thank you very much, Mr. Speaker. It's very much my pleasure today to rise in the Saskatchewan legislature, this being an increasingly important week in the province of Saskatchewan. And for members' information, Mr. Speaker, this is Environment Week in Saskatchewan.

And I do have a very important document that I have tabled in the legislature today, and that is Saskatchewan's very first State of the Environment Report, Mr. Speaker. This report is a result of legislation that was passed in this Assembly in 1990. I believe that this report will provide information that is in high demand from environmental interest groups, from organizations, business people, and individuals all across this province.

There have been 12 different government agencies that have co-operated to produce this report. It provides a lot of information and with minimum interpretation. What we're asking, Mr. Speaker, is for the public of Saskatchewan to look at this report, read the report, peruse the report, and provide us with their information and their interpretation.

There is plenty of facts involved in the report respecting our renewable natural resources, non-renewable natural resources as well as man-made environmental components. Readers may draw their own conclusions about the environmental health of the province, about government policies on environment matters, and even their own personal individual choices as consumers.

This report, Mr. Speaker, will be updated on an annual basis. I have appointed . . . or will be appointing an independent public advisory committee consisting of environmental organizations, business representatives, the scientific community, as well as the media.

Future reports will also have input from the public. You will note in the document, Mr. Speaker, that there is a questionnaire or a survey. This report will be widely distributed, about 9,000 copies throughout the province. I would ask everybody who reads the report to take that extra step, fill in the questionnaire. We are eager to have your comments, your suggestions, your advice, or even a little healthy, constructive criticism.

Mr. Speaker, people in the province of Saskatchewan I think recognize and respect that we have a very healthy environment in the province. It is an environment that we can all be extremely proud of. Our role, I believe, Mr. Speaker, is primarily to protect what we have.

We've been given a good environment. Seniors and others have protected that environment. It's up to us, Mr. Speaker, to look after it for future generations. And it is my hope that by starting with a Saskatchewan State of the Environment Report, people will have the information that they are asking about a very important aspect of Saskatchewan, and that's our environment. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Thank you, Mr. Speaker. Because, Mr. Speaker, the report was only tabled moments ago, I have not had a chance to consider it in detail. But I have had a chance while the minister was on his feet, and he did send me a copy earlier, to go through it. And I want to make the following comments.

Now, Mr. Speaker, anyone who will go through this report can conclude a number of things. It's a cursory commentary on the environmental situation in Saskatchewan, done in a glossy document at great public expense, and it's completely inadequate, Mr. Speaker. It is completely inadequate.

It is nothing more than a public relations document by the government opposite and by the Minister of the Environment.

It does not even have in it scientific analysis or back-up for the statements and the comments which have been prepared to some extent, I am convinced by reading it, Mr. Speaker, by some of the political people in the minister's department, and maybe some of the advertising agencies who make millions of dollars off the Saskatchewan taxpayer.

When the Bill was introduced by the minister last year, Mr. Speaker, I said during the consideration of the Bill that this kind of a study needs to be independently done, separate from the politics of the government and removed from the Department of the Environment in order for it to be adequate.

This documents proves, Mr. Speaker, that the comments I made during the consideration of the Bill were the right comments because there has been a low independence here and it's simply an attempt to try to get some political salvation for the government opposite which has ignored the environment so dramatically.

This report, Mr. Speaker, is one thing. The record of the government which the minister refers to on page 1 of his statement is another thing. The record of this government when it came to the lack of public hearings on the Rafferty-Alameda project, the lack of public hearings on the Millar Western project, the lack of even environmental impact study in the Cargill operation, shows that the interests of this government as it applies to the environment are only there when it's convenient politically.

Whenever it has not been convenient politically, the attitude of that minister and the government is: the department is not important. And so as a result, all we have today — and I will conclude on this, Mr. Speaker —

all we have today is a document that is glossy and expensive and cursory, meant for public relations purposes and does not achieve the very important objective that will provide the kind of scientific information which will prepare the administrations of government to deal adequately with that very important and fragile thing that we all need in order to survive on the face of this earth — our environment, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Speaker, before orders of the day I would like to ask leave of the Assembly to proceed directly to Bill No. 61.

Leave granted.

GOVERNMENT ORDERS

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.

Hon. Mr. Martens: — Thank you, Mr. Speaker. I want to begin my discussion about the Bill 61 on harmonization and the provincial sales tax by making some observations as it relates to agriculture. I want to make some observations as it relates to the resource sector and building and diversifying. And I believe that they are a part of the framework of the taxation and harmonization that we see in the Bill that is before us today.

I want to begin by indicating to the Assembly and others this afternoon that Bill 61 does a number of things that I think are striking and are important. First of all, Mr. Speaker, I believe that Bill 61 puts into perspective the kind of spending that this government believes that the people of Saskatchewan want to have.

We have on one hand the people who would have us collect money and pay down the debt. We have in this province people who would have us collect money and spend more. We have people who would say that we should spend more, borrow more, and therefore we would create for ourselves and for the future of this province a serious problem.

In my mind this Bill gives a balance to the rationalization of taxes within the framework of this province.

Harmonization, I think, is probably the one area of this Bill that is the least understood and I think is the most significant and the most important.

For example, in agriculture the harmonization focus that this Bill will provide will be typical of exactly the same thing as the value and the benefit that the goods and services tax provided to industry, agriculture, and primary production.

I want to point out that primary production is the beneficiary of a lot of the things in the tax credits that are going to be given out in relation to the goods and services tax and also to this harmonization of the provincial sales tax.

Many people in the province believe, Mr. Speaker, that the provincial sales tax is in addition to the health and education tax. It's not, Mr. Speaker. What this Bill does, it takes and harmonizes the goods and services tax along with the provincial sales tax, which is the E&H (education and health) tax. And then, Mr. Speaker, it also places into perspective all of the goods and services that will be provided as of January 1, 1992. That, Mr. Speaker, is the important part of what this Bill will begin to do.

Tax changes are necessary, Mr. Speaker, in order to have those people who are receiving benefits be also allowed to . . .

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

Mr. Lingenfelter: — Mr. Speaker, I wonder if the member would take a question about the harmonization of the tax. He's indicating that this tax harmonizes and I want to clarify how that works in his mind.

The Speaker: — The hon. member has indicated he would request a question, if the minister would take it. Will the minister take a question?

Hon. Mr. Martens: — Mr. Speaker, my remarks will indicate that the observations that I will make will probably result in having his questions answered.

Mr. Speaker, the rationalization of the tax structure within the framework of harmonization and the tax as it relates to Bill 61 are very important for us to consider. And I want to point that out.

The agriculture is a significant beneficiary of the results of the collection of taxes within the framework of this province. I want to point out that as I went across the province earlier this year, together with other ministers, we came across a lot of farmers who were interested in a number of things. One was income security; and the other one was, how do I deal with my debt. That, Mr. Speaker, was very important. It was a very fundamental discussion that we had.

I made a point to the minister of Agriculture at that time, Mr. Mazankowski, that the involvement by the federal minister of Agriculture in setting up a program that would deal with providing a stabilized income in the province also gave opportunity — should give us opportunity — for us to be able to collect the tax or redefine our spending so that we could become involved in a safety net program.

And, Mr. Speaker, the initiative that we have proposed under harmonization and the involvement of the 7 per cent sales tax as it has expanded, has provided an opportunity to do this.

In question period earlier today we had some questions

raised about Fair Share and its capability of restoring some semblance of viability to rural communities. Mr. Speaker, agriculture has had a serious problem for the last seven or eight years — had nothing to do with the government in power federally, had nothing to do with the government in power provincially, because that affected Ontario; it affected B.C.; it affected Alberta; it affected every province in Canada that has an agriculture base. Each one of them were drastically affected by the international market.

(1445)

And in order to provide income stability on the basis of two programs that we've presented — GRIP and NISA — we felt it was necessary as a part of that to provide harmonization with the federal goods and services tax, along with providing the income stability that this tax would provide so that the rural population, the 170,000 people who are directly impacted on — farms and rural communities in this province — would have a necessity and a benefit in the way that they could be addressed through this tax. And we feel, Mr. Speaker, that this does it very directly.

Now the Department of Agriculture and other departments, through very pointed and very definite decisions, decided that we were going to reduce our costs in order to provide a benefit so that this could also be used to offset the cost of these two programs. And GRIP and NISA, I think, are going to provide to the people of the province and to the people in the . . . particularly in the rural a way of stabilizing their income. It was brought to my attention through this past six months that this was an important part of what the people of Saskatchewan wanted to have.

Now you can say, should I pay it out of borrowed money? And the farmers across this province would say no to me and other members of government; it's not to come out of borrowed money. It is to come out of taxes or general revenue or reduction in services or a reduction in providing the dynamics of a reduced civil service, or whatever the concerns and benefits would raise as a part of the benefits to this province as a credit.

Mr. Speaker, there were two areas or three areas that we needed to deal with as it related to support for agriculture. One dealt with the first line of defence, the farmer's own management capacity to deal with things on his own farm. The second line of defence was the GRIP and NISA which, to a large extent, the dollars are going to pay for — that are collected under harmonization and the goods and services expansion. And this in part does that very thing.

Mr. Speaker, there was a great deal of interest in the province during the months of February, March, and in April, as we went across this province talking about the various aspects of a farm income stability program. And, Mr. Speaker, the people of this province, as the Minister of Finance travelled around the province, also gave him a message. They said don't increase the deficit. Don't allow the deficit to go out of control. And the two have to walk as a balance.

And, Mr. Speaker, that's what we have begun to do as a part of our overall strategy in providing a balance between the income and the output of this government.

I want to outline a couple of other things, too, Mr. Speaker, that I found rather interesting. One is that the benefits of harmonization and moving the goods and services tax and the provincial sales tax into a unit together . . . the resource sector is one of those areas that are going to particularly benefit. And I raise that as a point to consider because the oil and gas industry, in my part of the province, are significantly impacted by the kinds of things that this Bill and the policy of the government will do. In my view, Mr. Speaker, it is very important that we deal with it and we deal with it in a frank and candid way.

That's why also, Mr. Speaker, the Minister of Finance has introduced other tax measures that will compensate and give an opportunity for them to carry their fair share of tax and tax responsibility. It's my view, Mr. Speaker, that the way the Minister of Finance has approached the individual tax component of the provincial sales tax is, in my view, a very important feature of what he has presented as an economic base for the province of Saskatchewan.

There are various ways, Mr. Speaker, that we can approach increasing taxation. One, we can say we'll put it on income tax. Another says that we'll put it on land; we'll put it on real estate; we'll put it on various areas.

But I want to point out, Mr. Speaker, that I believe that the sales tax is probably a fairer tax than any of the other taxes, especially in light of some of the things that we are going to do — in light of tax rebates to those people who cannot afford to be taxed on the provincial sales tax level.

But on the basis of a level playing-field for taxation, I believe that harmonization in the provincial sales tax as we have outlined it, is the fairest to the people of the province of Saskatchewan that we have seen for a long time. It's fairer than a number of other things that have been done previous.

I want to point out one tax that really is a negative. Back in the days when I was considerable younger, Mr. Speaker, the federal government in Canada had a tax that was called the estate tax. And, Mr. Speaker, that estate tax had various kinds of negative connotations. That meant when a couple who were farming in Saskatchewan had a loss or a death in the family of the husband, the widow and the children would have to pay the tax to the federal government.

The federal government decided that it was a negative tax. The province of Alberta had benefitted for years, of people who would be willing and prepared to sell their assets in Saskatchewan to someone and move their assets into Alberta so they wouldn't have to pay estate taxes. And that, Mr. Speaker, was going on in the '60s and in the '70s. And, Mr. Speaker, the federal government decided that's not a fair tax; that's a tax on widows and technically, orphans.

And that, Mr. Speaker, was the kind of thing that they collected tax on. As a matter of fact the opposition party,

the NDP in 1970 wanted it on — after the federal government decided to take it off — decided to put it on in Saskatchewan. And that, Mr. Speaker, is a very, very serious and a very problematic tax.

Another thing that I want to point out about taxes in the NDP is that they always say that they never raise taxes. Well, Mr. Speaker, from 1973 on, the tax increase moved from 34 per cent to 58 per cent of the income tax in the province of Saskatchewan.

That is what those people over there did. They say, we never raised taxes. The biggest tax grab in the history of the province did not occur this year, Mr. Speaker, it occurred from 1973 to 1982 when their income tax levels went from 34 per cent of the federal to 58 per cent. That, Mr. Speaker, was the highest volume of tax increase.

Provincial sales tax is not going to be that big a grabber of money that has been portrayed by the people opposite. As a matter of fact, they have piled so much misinformation, one on top of the other, that there are many people in the province of Saskatchewan who believe that they're going to be charged 21 per cent instead of 14. That, Mr. Speaker, is the route of misinformation that has been provided by members opposite. And I want to point that out to the people here in this Assembly.

In 1978, Mr. Speaker, the NDP's provincial income tax position was at 58 per cent. That was the highest that has ever been, higher than it is today. And that, Mr. Speaker, is really where the biggest tax grab in the history of the province occurred. Mr. Speaker, from 1975 to 1982, every year they increased the tax burden on the people of Saskatchewan by \$200 million a year. Every year it went up by that. Plus they added on horrendous amount of increases in the natural gas costs to people of the province, the electricity costs, all of those — the telecommunications cost — all of those costs increased as we went through the '70s.

And that, Mr. Speaker, we have said, and we will begin to provide a process whereby we top off the taxes and the goods and services tax and the provincial sales tax, would be able to begin to do that in a relationship that will provide equity in the system.

It has been mentioned by members opposite that the government here has a lot of waste and mismanagement. And I want to talk about how I view some of this mismanagement. And I want to point out a couple of areas that I believe that the people of the province of Saskatchewan were well served by the taxes that were gathered by this government in relation to what they did in other areas.

I want to specifically mention one community that stands out in my mind as a significant example of what that is. Mr. Speaker, the town of Cabri and the communities and the municipalities around Cabri had for years . . . and from 1975 on I was a reeve of the municipality in an adjacent municipality, and those people came to us and said, would we be willing to support an initiative to provide care for level 4 patients in the town of Cabri.

And as that discussion went on, Mr. Speaker, application was made to the minister of Social Services, and at that point, in 1975, the government of the day, the now opposition party, said there is no more money available for development of senior, level 4 care facilities.

What did that do for that community? Mr. Speaker, it will be my pleasure later this month to open that level 4 care facility together with a hospital in that community. And, Mr. Speaker . . .

Some Hon. Members: Hear, hear!

Hon. Mr. Martens: — That came about by the hard work of the community there, the tenacity of the people that live there, and providing the kind of level of care that these tax dollars that we have provided to the people of Saskatchewan . . . we've asked them to submit them to us and then we've given them back to them. That has given us an opportunity to provide to that community a significant amount of benefit in the health care side.

And that comes, Mr. Speaker, not from waste and mismanagement. That comes from a definite plan of where we're going. There are thousands of beds in this province today which were not here in 1982. Thousands of beds for level 4 care that have been put together not by waste and mismanagement, Mr. Speaker, but by a plan to provide benefits to seniors who have worked hard to build this province to the kind of place it is today. That, Mr. Speaker, is where we need to put the money, and we did.

I want to point out another thing. The town of Herbert had a senior citizens' home and a level 2 and 3 care home and a level 4 care home. Mr. Speaker, they asked for years to allow that home, that level 4 care home, to move the rooms with four in the room. The inconvenience of having four people in the same room, living there constantly, all the time — they asked whether they could make that into a level 4 care facility where you could have some rooms with two, the capacity to have two beds and the majority of them to have one.

Mr. Speaker, from 1975 on they asked: did they get anything? No, Mr. Speaker. That's the kind of things that these people over here have said over and over again are waste and mismanagement. Mr. Speaker, that wasn't waste and mismanagement; that was a careful plan about caring for people. That was the important part of what we did. And that, Mr. Speaker, is what this provincial sales tax and the collection of this money is going to provide — a stable income to rural Saskatchewan in exactly the same way.

(1500)

I want to point something out that has been missed by all of these people over on the other side. Mr. Speaker, there are 170,000 people who are directly involved in agriculture. They themselves are prepared to pay that equivalent sales tax in this province in order to have income stability in the province of Saskatchewan for agriculture. Those 170,000 people care about their future. Those 170,000 people are prepared to pay for their future. As a matter of fact, they're prepared to pay

over \$260 million to secure that future out of their own pocket.

Besides that, Mr. Speaker . . . And that's the premium. And besides that, Mr. Speaker, they're prepared to pay the provincial sales tax in exactly the same way as every urban person in this province is prepared to pay for it. And, Mr. Speaker, they understand what the provincial sales tax is about; they know that it costs money.

But as I travelled around the province for the last six months I have found that they believe that they need income security. And, Mr. Speaker, we talk about stability in places like Hudson Bay which had a problem with the reduction in the capacity to take trees out of the forest because of over-harvesting in the area that a licence had been issued by that government.

We have to take that same component in agriculture and say: is there a way we can save the rural communities in the province of Saskatchewan by the kinds of things that we're prepared to do and the places we're prepared to put this money?

Mr. Speaker, provincial sales tax is going to cover three basic areas — three. It will deal with increased costs in health care, it will deal with increased costs in education, and I believe in agriculture — those three. And I believe each one of them are very, very important to the people of this province.

I have thought about this a lot. I have a number of my family who are school teachers; I have a number of my family who are in the health care field, and we have had these kinds of discussions a lot of times. And, Mr. Speaker, there is in the feeling of the people of this province a very sensitive feeling about health care.

Mr. Speaker, health region number 1 began in Swift Current, Saskatchewan. Health care number 1 was promoted by the government in 1944 on two levels: the municipal government and the provincial government. And on the third level by perhaps something that the other people opposite don't understand, and that it provided a stability, a stable base, by the doctors who were in that region. The doctors in that region provided an — and this may surprise some of them — a bond of \$200,000 in 1944. They provided that kind of a bond because they believed in the health care system at that time. And that came out of health care region number 1 in Swift Current, Saskatchewan. And that, Mr. Speaker, is where I live. Health care is an important feature.

Provincial sales tax has to pay for some of that. The second component of this is education. Mr. Speaker, my family have been involved in government for a long time. As a matter of fact, my uncle worked in this very building from 1948 about till 1953. He was the manager of all of the construction within this building.

My family have worked for this government for a long, long time, Mr. Speaker. And that initiative was carried out by the very fact that that man had an opportunity to get an education at the University of Saskatchewan — plus other places, but at the University of Saskatchewan. That, Mr. Speaker, is a fundamental belief, just like every one of us

here have, that education is a very important part of the component of the culture of Saskatchewan.

And now, Mr. Speaker, the third item is agriculture. My family have been farming for hundreds and hundreds of years, and they have been doing that in Europe, they have done that in the United States, they have done that in Canada. And, Mr. Speaker, we believe in it. That's why the people on this side of the Assembly have those three items very clearly implanted in their minds and their hearts about what they believe in. And that, Mr. Speaker, is the reason that the people across this province know and understand that the provincial sales tax, all of the taxes collected and those taxes paid on behalf of individuals who are in health care facilities, who require health care, people who need an education, people who want an education, and people who are in agriculture, should have some funding provided through the tax base to those people.

Mr. Speaker, I raise these three issues for a very fundamental reason. And the reason is this. If I take the cultivated acres across this province, this 50 million cultivated acres, those cultivated acres, Mr. Speaker, are what people through four or five generations have done across this province, is cultivate the land and put it into production in a way that is second to none.

That, Mr. Speaker, is the volume of production that we have. Fifty million acres, 43 per cent of all the arable land in Canada, is right in this province. We believe in it. People in this province believe in it.

If I took for every dollar of health care cost, for every acre, I would have \$32 of cultivated acre across this province that people are prepared to pay into the health care system. Across this province, \$32 per cultivated acre people are prepared to pay. I pay and I pay willingly. My family pays and pays willingly. Thirty-two dollars a cultivated acre across this province — taxpayers urban and rural pay that, Mr. Speaker. Taxpayers whether they are in primary production, whether they are in any kind of primary production, whether it's mining, oil, agriculture, any of that, service industry — they pay for that health care and it comes to \$32 a cultivated acre. Mr. Speaker, we believe in it and the people of this province believe in it.

Education, if I use the same kind of a formula, people in this province are prepared to pay \$22 a cultivated acre for the ability to have the universities, the schools, the institutions as it relates to technical institutes funded by taxpayers across this province.

That, Mr. Speaker, is the wish of the people, the wish of the people to have those tax dollars — \$22 a cultivated acre — come to the people of the province of Saskatchewan to give them an education.

Mr. Speaker, I have two sons at the university and those two sons are going to get a very distinct benefit from the willingness of the people of this province to pay for that education, along with they themselves being able to do it. That, Mr. Speaker, is a fundamental belief of the people on this side of the House and, I believe, across this province. If you take those two numbers, the 32 and the

22, and you add them together, you have \$54 a cultivated acre that the people of this province are prepared to pay. That, Mr. Speaker, is what the people believe in. And it comes from the education tax, it comes from all of those kinds of taxes — all the way, the broad spectrum of taxation.

Now I want to come to the third item that I believe that we have to consider. Mr. Speaker, the province of Saskatchewan and the taxpayers, in this Bill along with the education and health care, are being asked to consider paying to the province's farmers on the basis of the same calculation, \$4 a cultivated acre in relation to the GRIP and NISA program.

Mr. Speaker, it isn't a contrast between the urban and the rural, Mr. Speaker. It is securing the benefits of rural Saskatchewan with \$4 a cultivated acre on the same basis that the people are prepared to pay \$32 a cultivated acre for health care, on the same basis that they're willing to pay \$22 a cultivated acre for education. All three are fundamental to this province and all have become a part, an intricate part of this community — and the people — that we live in in the province of Saskatchewan.

Mr. Speaker, people ask, where did the money go? Mr. Speaker, where did the money go? And I'll point out, in my constituency it went to a hospital in Cabri; it went to increased health care in level 4 in Herbert; it went to assist in some of the hospital care in Vanguard. That's the health care side. And then to sustain all of the development of the maintenance and the continued care through the whole period of time in the last eight or nine years — that's where the money went, Mr. Speaker. Was it wasted? No, sir, it was not wasted.

I want to point out some other areas that the money went. In education in my constituency it went to a school in Stewart Valley; it went to a school in Success; it went . . . (inaudible interjection) . . . Pardon me?

An Hon. Member: — Is the school still open?

Hon. Mr. Martens: — It's still open, Mr. Speaker, and it will continue to be open. Stewart Valley, Success, Neville and Herbert and Waldeck — those schools have all been built and have all been . . . and work done. Why? Because this government believes that that kind of management is essential to the kind of things that we need to do in this province. Education is a part of the fabric.

That's where the money went, Mr. Speaker. It paid for educational facilities, it paid for educational services, provided for students across my constituency and every constituency across this province. And that, Mr. Speaker, is where the money went. It wasn't waste and mismanagement. It was planned to go to the people of this province who gave it to us to give back to them in areas of education and health care and agriculture.

And I could name you a whole lot in agriculture besides, and I think I will do that. It went to issues like counselling and assistance for farmers; it went to places like farm purchase program; it went to Farming to Win; it went to feed grain adjustment program; it went to feeder loans association program. Mr. Speaker, the list goes on and on.

And in my constituency, that isn't considered waste and mismanagement, Mr. Speaker. That, Mr. Speaker, is careful planning and doing the things right and the things that are supposed to be done with the kinds of money that the people of the province gave us.

I want to point out a couple of other things where the philosophy of those people over there differs from the philosophy over here just drastically. In individual line service in the province of Saskatchewan, Mr. Speaker, when I got . . . when my family got telephone, there were 17 on the line. And, Mr. Speaker, today there is one. And who put that in there? That individual line service became a part of the policy of this government. Was that waste and mismanagement, Mr. Speaker? No, it was not.

I want to talk about individual service for gas. The energy sector in the western side of the province, in 1982 when we took over office, 1982 . . . seven gas wells were drilled in Saskatchewan — seven. In 1981, seven gas wells were drilled. As a matter of fact, Mr. Speaker, the people in my community and the communities to the west had the wells drilled by oil companies which were not allowed to be developed. They were sitting there capped, waiting for somebody to come along in the future and develop them.

We were buying gas from Alberta in Medicine Hat, just across the border, and they were taking it out of our side, and then coming . . . and we were paying them royalties and all of those kinds of things. That, Mr. Speaker, is the kind of waste and mismanagement I believe was evident prior to 1982.

What did we do? As of last year — 700. 1989 — 700 gas wells were drilled in that south-west area. Seven hundred of them, Mr. Speaker. Economic activity all over the place; taxes coming in, provincial sales tax, every sort of tax that you could name. All of those paid for the three components that I talked about earlier — health care, education and agriculture. All of them fit into the fabric and framework of the people of this province.

Mr. Speaker, I want to point out that that opportunity to develop the gas provided for natural gas services for hundreds of thousands of people in this province. They have people all over the province that have had now an opportunity to have gas services. Small communities which did not have the opportunity before, now have that opportunity because agriculture became involved and we got the gas out to farmers and small communities across this province.

What does that benefit, Mr. Speaker? That has allowed money that normally would have gone to higher-cost energy facilities and expenses to be paid out. Now they can use that money for actually developing the area that the people are from. And that, Mr. Speaker, deals with people in agriculture. It deals with schools having less costs. It deals with rinks in this province having less costs. It deals with hospitals having less costs. It deals with municipalities having less costs.

(1515)

And that, Mr. Speaker, is what those people consider

waste and mismanagement. I doubt it, Mr. Speaker. I doubt it very, very much. That is what I call planning. That's what I call looking into the future and preparing a plan for the people and rural development in this province. And I believe that's the right thing to do.

Mr. Speaker, health and education, agriculture, rural communities, urban communities. Mr. Speaker, we have provided tax benefits and breaks and rebates to people across this province on a regular basis. Was that waste and mismanagement, Mr. Speaker, when in 1982 our interest rates were at 17, 18, and 19 per cent and we said, no, it's going to be thirteen and a quarter for home mortgages in this province? Was that waste and mismanagement in your constituency and any of those across the way? No, Mr. Speaker, it was not.

The kinds of things that we have done as it relates to urban people, businesses, and agriculture, health care facilities, education — and you could go on and on — have been planned programs to provide benefits to the people of Saskatchewan, not waste and mismanagement, Mr. Speaker.

And I believe that the kinds of things that we have discussed, leading up to the discussion on this Bill and to the budget and to the dealing with other Bills as we come forward, will show to the people of Saskatchewan that we're planning on balancing the books. We're planning on doing the kinds of things that are important for the people of Saskatchewan — health, education, agriculture, stability in agriculture, and that's, Mr. Speaker, why we think it's important to have this sort of thing.

I want to point out one other thing that is important. We have had people saying that they're against taxes, and I suppose there isn't a person alive that wouldn't be on the side of being against taxes. But they are also the same people that want health care; they're also the same people that want an education; and they're also the same people that want a stable income in agriculture.

I just want to point out why, for example, the Prairie Implement Manufacturers Association would be in favour of a harmonized tax position. The people who build and construct and work in the kinds of things that manufacturing is a part of this province, those people have said to me that harmonization and the provincial sales tax and the way we've planned it, is the right way to go. They've told me that.

As a matter of fact, they wrote to the Minister of Finance a letter saying the Prairie Implement Manufacturers Association wishes to congratulate you on your government's foresight in harmonizing the provincial sales tax with goods and services taxes. That's an important part of the kinds of things that we are doing.

I want to point out the Canadian Federation of Independent Business believe that it's important that we harmonize this tax. That's an important relationship in the process of taxation.

I want to point out in the news today or just recently, Hudson's Bay Company is considering moving out of

Ontario. Hudson's Bay Company moving out of Ontario. Why? Because of increased taxation to the point that it was ridiculous; budget that was overspent that was ridiculous; and the third thing, Mr. Speaker, they did not harmonize.

And what did that no harmonization do? As a matter of fact it's going to push that business down south into the United States. And that, Mr. Speaker, is wrong. Hudson's Bay Company is a part of Canada. It made Canada grow. It's probably just as relevant as the CPR (Canadian Pacific Railway) in this country. And that, Mr. Speaker, would be a disgrace to have the Ontario NDP government push it out of Canada.

That is the kind of things that they would promote. As a matter of fact, they've been on both sides of the fence and they've been on top of the fence on harmonization and provincial sales tax.

Their advertising as I was driving in today, Mr. Speaker, said they're going to get rid of the tax. But I raise this very fundamental question, Mr. Speaker, this very important question. Where are they going to get the money to pay the bills?

I have listened to these people over here talk about, you didn't pay enough money into health care, you didn't pay enough money into education, you didn't pay enough money into the road building, you didn't pay enough into the other. Where are they going to get more money from, Mr. Speaker? It comes out of taxes; that's the only place it comes out of.

Government doesn't have any money on its own. And the very fact that they say, well we have some grand plan . . . what kind of grand plan? They're not prepared to tell anybody about it. As a matter of fact, what they did talk about is they've been on one side of harmonization, they've been on the other side of harmonization. They've been on one side of saying, income tax is the place to get the money. But, Mr. Speaker, the fairest and the most logical place is to consider becoming involved with harmonization as it relates to the goods and services tax.

I could read a whole lot of names into the record of the people who have provided us with a letter of support. And that, Mr. Speaker, I won't do because others have already done it. But that is an important part of the groups that have supported us. I just want to point out a few: Society of Management Accountants, Consumers' Association of Canada, Ipsco — the plant just outside of Regina.

What do Ipsco make? They make pipe, Mr. Speaker, pipe for TransCanada Pipelines, Producers Pipelines, the oil patch, the gas fields. All of that, Mr. Speaker, is used. And do you know why they believe in harmonization? It's because they are able to pass the tax onto the end user — the end user, the buyer. And there is where the key point is: the buyer has discretion. He has the right to choose where he wants to spend his money. And that's an important part of this. It's a discretionary tax, as a matter of fact. It's not like income tax where you pay if you earn dollars; it's discretion. You don't have to pay if you don't want to spend. And that, Mr. Speaker, is why I believe this is a fair tax.

Economic diversification in this province is an important part. And if we neglect to become involved in a matter of harmonization with the provincial sales tax and the expanded base, we, Mr. Speaker, are going to hurt our manufacturing economy in this province. Our primary manufacturing, our secondary manufacturing, all of that is going to be hurt by the very fact that we have not been prepared to harmonize.

In construction, Millar Western pulp mill in Meadow Lake, the impact in this is going to be significant. Great Western breweries in Saskatoon, the Shand power station, the Manitou Springs Mineral Spa, Impact Packaging in Swift Current, the greenhouse industry in this province, the Saferco, the manufacturing opportunity in fertilizer — all of these are going to benefit from our harmonization and a position as it relates to the benefits of a goods and services tax, as it relates to them being able to market competitively throughout the world. Mr. Speaker, these are some of the reasons why I believe that what we are doing is the right thing to do.

Mr. Speaker, the focus of attention on whether we like to pay tax or whether we don't like to pay tax is a matter that I believe everybody feels the same. That when it comes to ask them the second question: do you believe in health care and are you prepared to pay? The question is equally, yes. Do you believe in education and are you prepared to pay for that? And the answer is yes. Are you prepared to pay for a stabilized rural Saskatchewan? And the answer is yes.

And the people of Saskatchewan who have been saying to this government and to this Assembly: I don't want to pay any more tax; I don't want to pay any more tax, I believe their feelings are right there and they're real. I don't like paying more tax. But however, Mr. Speaker, health, education, and agriculture need to benefit from the kinds of opportunities that we are going to provide.

Mr. Speaker, the people in this province who are in rural Saskatchewan — 170,000 people that I talked about earlier — have just completed investing \$1 billion in what we call a seeding program. They have taken money out of their own pocket and put it in the ground to have the seeds planted. And that, Mr. Speaker, costs in the neighbourhood of a billion dollars every spring. That is a ritual with rural Saskatchewan. These 170,000 people have invested a billion dollars in saying that they're prepared to make an investment in the future. On top of that, Mr. Speaker, they're prepared on a premium basis to pay another \$260 million into a program that gives income stability. That, Mr. Speaker, is what they have done. And I want to point out to you and to the Assembly, that they have done it with just as much apprehension as anyone collecting a tax would.

And that, Mr. Speaker, they have said in spite of the fact that I don't like to pay taxes, in spite of the fact that I don't like to pay a premium, in spite of the fact that the international market is to blame for the kinds of economy we have in the province. In spite of all of that, the rural communities in this province and the farmers in this province have said, I'm prepared to pay a tax, a premium, on the basis of the wish to have income support in the

province of Saskatchewan. I'm not only prepared to pay a tax, I'm prepared to pay a premium on top of that in order to have stability.

Mr. Speaker, when agriculture gets finished paying for the volume of dollars that they are required to pay, it will be equivalent to about \$400 million, \$450 million for GRIP and NISA. And that, Mr. Speaker, is through premium and taxation.

And I have very few people who I have run across who are adamantly opposed to that. Because that gives them an opportunity to get benefits into their local communities that they would never have had before. That also provides for them an opportunity to pay those bills that they do not believe that they have any right to neglect.

And that, Mr. Speaker, is why I rise on this matter on discussing this tax and say to you and to this Assembly that it's a very important part of the kinds of things that we need to do in the province of Saskatchewan, because it's a part of agriculture, it's a part of education, and it's a part of health care. Thank you.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Thank you, Mr. Speaker. Mr. Speaker, it's my pleasure to rise and participate in this debate. It's not a pleasure because I support the tax; to the contrary, I very strongly oppose the Bill that's before us — a Bill which would impose a 7 per cent goods and services tax on top of the federal goods and services tax that's already in place in Saskatchewan. The Bill would seek to legalize a tax imposition which started on April 1 but was announced in February, outside of the Legislative Chamber; would seek to legalize the further imposition of a tax on services which have never been taxed before in Saskatchewan, and tax them a rate of 7 per cent — a Bill which would see the imposition of a tax load of an additional \$445 million, to say the least, on Saskatchewan taxpayers. And a tax that I will submit, Mr. Speaker, is wrong.

Mr. Speaker, I rise not because I really think that my words here today will have a great impact on the population and their assessment on the tax. To the contrary — or contrary to what the previous member had to say — it's my firm belief that 80 per cent of Saskatchewan people, if not more, strongly oppose this tax. And no amount of secondary questioning about tax increases makes them want to support this tax because they believe it's a wrong tax, Mr. Speaker.

I rise, Mr. Speaker, on the off chance that I might be able to convince some government members, not necessarily to stand up in the House to oppose the tax, but to impose on government members to come to their senses and to impose on cabinet ministers who are pushing this unpopular tax and this unpopular Bill through the Legislative Assembly, to hopefully see those back-benchers, those members of the governing party, Mr. Speaker, talk to the cabinet ministers who are pushing this thing in the hopes that they might convince the cabinet to hold off on this.

And, Mr. Speaker, in hopes of that, I'm going to propose

an amendment at the conclusion of my remarks to the effect that this Bill . . . or a reasonable amendment that this Bill should be postponed in consideration for some six months.

But I want to make a few comments before I move that amendment. And a few comments that I hope, Mr. Speaker, the members opposite will take to heart, listen to, and honestly question themselves the kinds of questions that we have had to put concerning this tax and the kinds of questions that people of Saskatchewan have put concerning this tax. And I would submit, Mr. Speaker, that this provincial GST, that this is the wrong tax at the wrong time by the wrong government, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Deputy Speaker, I want to show the members opposite that this is the wrong tax, that this is a regressive tax. And given the array of taxation measures, given the array of revenue avenues that the government could pursue, that this is very much the wrong way to go; that there are other opportunities that are available to the government in terms of a search for revenues; that there are other opportunities for government to cut back on some of its expenditures, as a way of reducing expenditures, so as to eliminate the need for additional revenue if the concern here, Mr. Speaker, is to maintain the *status quo* in terms of the budget.

So I want to show that there are options available and show that this tax is the wrong tax, that it's a regressive tax, Mr. Speaker.

I also want to point out in the time that I have available to me, Mr. Speaker, that this is the wrong tax at the wrong time. And that even if one were inclined to believe that somehow a consumption tax like the 7 per cent provincial goods and services tax is a good tax to the exclusion of other revenue measures, I will submit, Mr. Speaker, that given the tenuous state of the Saskatchewan economy, and that's to put it mildly, but given the state of the Saskatchewan economy, that not only is this the wrong tax but it's the wrong tax at the wrong time, Mr. Speaker; that we need to think very carefully about the impact that this tax will have at this point in time.

Now there may be some who will point out that there may be better times to impose a consumption tax. Perhaps there will come a time in the future, Mr. Speaker, where people will have so much disposable income at their disposal that to impose a consumption tax at that time will not necessarily impair or damage the economy. Or any impairment or damage that is done to the economy at that time might be mitigated because the economy is strong and is buoyant and is growing and therefore the tax will not have any major or lasting effect on the economic situation. And that is not the case with this tax.

(1530)

And even if the government believed that, somehow they believe that this is the right kind of tax, I will submit, Mr. Deputy Speaker, that this is very much the wrong kind of tax for the wrong time. That it should not be done now. That they need to be looking at some other time to

implement this tax if it's their want to implement this consumption tax, Mr. Speaker.

Finally, Mr. Deputy Speaker, I want to point out that this government is the wrong government to be imposing the tax, the wrong government to be imposing the tax this time. This tax is being brought in by a government, Mr. Deputy Speaker, in the dying days of its mandate. It has no business in introducing major new initiatives that will impact on the people in the future in the closing days of its term in office. And that it's therefore the wrong government, the wrong government to be introducing this.

Even if one were to elect some other government and this government made known its plans about introducing a major new tax or felt that some major new tax, even if it didn't specifically describe it, was necessary, then I think the people of Saskatchewan are more apt to support what some new government might do, Mr. Speaker. Not that we're recommending any such stand. In fact to the contrary, Mr. Speaker, as I will point out in my remarks, the members of my side of the House are avidly opposed to this tax. And should we be so fortunate as to form the government in Saskatchewan, Mr. Deputy Speaker, we will repeal the tax. We will put an end to the tax.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — We will say no way to the PC tax, Mr. Speaker. And I guess again the comment I would have, Mr. Speaker, it's the wrong tax, and I will show that, at the wrong time, and I will show that, and it's being brought in by the wrong government, Mr. Speaker.

So even if some other party were to be elected that supported this, perhaps they would have some support from the public to introduce such a measure. But I tell you, it won't be our party, Mr. Speaker. And I don't think that this government has any business putting forward some major new tax hike on the public of Saskatchewan with five months left to go in their term of office. I mean it's just unheard of.

I've never heard of a case where government, after four years or after the time that elections would normally be held, decides that it wants to foist some major new tax grab on the public that it's there to serve. I mean any government in its right mind would say, boy that's a major initiative.

And we should be asking the public what they think about that. We should put this out for some discussion so that the public has a chance to say that, you know, yes that's the way we want to go, or no, we'd prefer to go some other way. But this government is doing it in its dying days, Mr. Speaker. So I will submit that this government has no mandate.

Now, Mr. Speaker, as I indicated at the outset, I'm hoping that my remarks might yet encourage the government members to speak to their cabinet colleagues, the ones that are foisting this tax on the people of Saskatchewan, in the hopes that they might be able to convince those cabinet colleagues to in fact put a hold on this tax, to take another look at it to see where revenues might come from

in terms of other revenues or to look for hopefully even ways to cut back on expenditures, and this way, you know, not impair the deficit projection that they have put forward in the budget, Mr. Speaker. But hopefully we'll be able to convince them of that.

I would go so far as to point out, Mr. Speaker, that it's almost imperative for any of those members that if they want to be re-elected in the next election, then in fact they should be seen to be opposing this tax.

I tell you, Mr. Speaker, my sense is that 80 per cent of the people in Saskatchewan are just dead set against this tax. They don't want this tax and they're not going to look kindly upon some member of the legislature who's taken upon himself to champion the need for this tax and who's been speaking strongly in favour of the tax, Mr. Speaker.

They're likely to say that that person shouldn't be re-elected because that person didn't look at alternate ways of getting the money; they didn't look at cutting back at some of the waste and expenditure that we see over the last number of years. And if some member stands up and opposes this tax because we don't want this tax, then we might see fit to re-elect him.

Now I'm not saying that the members necessarily have to get up in this House, Mr. Speaker, to rise up and to speak in opposition to the tax. But I tell you they could do worse than to somehow signal their opposition to the tax as far as their constituents are concerned. Because I tell you the people that elected them in 1986 don't want this tax and they're not going to re-elect them in 1991, Mr. Speaker, if they see that their member of the Progressive Conservative Party in fact voted for the tax. They want to see those back-benchers over there also expressing their concern and their opposition to the tax.

Now we just had a cabinet minister stand up and say that the people of Saskatchewan want this tax. He's saying that people of Saskatchewan want good education and they want good health care and because they want those things they're prepared to support the tax. Well the members over there don't believe that. In fact very few of the members over there believe that — that kind of spin that the cabinet minister is attempting to put on his remarks, Mr. Speaker. No one would believe that. And they don't believe that over there.

When you listen to them and when they get up to speak in terms of this tax, they don't speak with any strong sense of conviction about the rightness of the tax, the appropriateness of the tax as compared to other tax measures. They don't speak with any strength and conviction that this is the right time to be implementing such a tax measure. They don't speak with any real strong conviction in any way, shape, or form, Mr. Deputy Speaker. In fact it's a half-hearted attempt on their part.

And mostly it's a lot of slamming my leader, the member for Saskatoon Riversdale. And I'm not surprised by that. I can think back to some other debates we've had in this Legislative Assembly where members get up supposedly to support some initiative that their government is putting forward and, that is, take the opportunity to slam the Leader of the New Democratic Party, the member for

Saskatoon Riversdale because the kind of party they are, and that's the kind of politics they indulge in and engage in in Saskatchewan.

I don't think there's a person in Saskatchewan, Mr. Deputy Speaker, that would like to hear more from the government about why the tax is necessary as opposed to hearing more radio advertisements and then . . . on what's wrong with the member for Saskatoon Riversdale. Well there's nothing wrong with the member for Saskatoon Riversdale, Mr. Speaker. There's everything right about the member from Saskatoon Riversdale because the member from Saskatoon Riversdale is strong and solid in his opposition to the tax. And he's made it clear to the people of Saskatchewan that he's going to put an end to this tax, Mr. Deputy Speaker, no if's and but's about it.

Now, Mr. Deputy Speaker, I sincerely hope that the members on that side take my remarks and the remarks of my other colleagues to heart and do some soul-searching about whether this tax is the right way to go.

They know that this is some tax that the Minister of Finance dreamed up, and he and a few cabinet colleagues said, well this is the right way to go. We'll put on this big tax. We'll put on this big tax and people will complain a little bit, but we'll put on this tax and we'll tell everybody that all the tax money is going to go to support the farm programs. And then all of the farmers in Saskatchewan will support us because we say that this tax is going to go for the farm programs, and that's how we'll win the election.

And that's how they convinced themselves that the tax was a good tax and that they should impose this tax on Saskatchewan people. But the back-benchers over there know that this is just some idea that got a little bit too far, and now, you know, before they really had a good chance to study it and to assess the impact that the tax might have on Saskatchewan people, it's gotten too far. And now the tax is before us even though they know that the public of Saskatchewan don't want it, that no one is buying their argument that somehow this tax is necessary to raise money for GRIP and NISA, the farm safety net programs, Mr. Speaker.

I mean, I've looked at the Bill. I've gone through the Bill, every line on the Bill, and I don't remember any reference, Mr. Speaker, to say that the money that's raised by this Bill, that all of the revenues that is raised by this Bill, Bill 61, is going to be taken by the government and put over in the Department of Agriculture or wherever it goes, to pay for farm safety net programs, to pay for GRIP and NISA. In fact there's no reference in the Bill anywhere to GRIP and NISA. But somehow they're putting on this political spin that the tax is necessary to pay for GRIP and NISA.

Well it's not necessary to pay for GRIP and NISA, Mr. Deputy Speaker. There's any number of things that they could do to increase revenues if they wanted to, or to reduce other expenditures if they wanted to find the money for GRIP and NISA. But they insist. And it's somehow that they seem to have some belief that if you say things often enough that somehow the people of Saskatchewan are going to believe them, even though it

ain't so.

They keep saying: well the money from this tax Bill is going to go to pay for GRIP and NISA. But again I look at the Bill and there's nothing there that says GRIP and NISA. But again I suppose in their typical Tory way they hope that if they say it enough times that somehow that someone's going to take this one, Mr. Deputy Speaker, hook, line, and sinker.

But I tell you, like I've got some news for them, that the people of Saskatchewan don't want this Bill — 80 per cent of them don't want the Bill. They don't want the tax. They're opposed to the tax and there's nothing that the government can do or say. And they can say it over and over and over and over and over and over again, how the money from this Bill is going to go to pay for GRIP and NISA.

No matter how many times they say it, people ain't going to believe them, Mr. Speaker, because the government has no credibility. Their credibility, when it comes to taxation and fiscal policy, is zero. They have none. No one believes them on anything any more. I mean they've gone to the well too often in terms of pulling out some drastic stunt or another and trying to put some political spin on it for the Saskatchewan public and having the Saskatchewan public, or at least enough of them, support them or believe what they say.

But the Saskatchewan public isn't going to do it any more because they know that just about anything that the government does now, you really can't believe them because a lot of what they do is just a lot of spin doctoring, political spinning about well, yes, we . . . on the face of it this might seem to be the case but in fact it's something entirely different than what you see before you.

And no matter how many times they say that white is black, well the people of Saskatchewan aren't going to believe them this time, Mr. Deputy Speaker. You know, they've fooled some of the people in the last election but they're not going to fool all those people again this coming time. And they're not fooling anyone with this tax, Mr. Deputy Speaker.

The people of Saskatchewan know that if you need to find money in your budget to pay for something, you can do it in one of two ways. One is to increase revenues, but not necessarily by any imposition of a major sales tax like this. Or the other way is to cut back on some of your other expenditures.

And I think the public of Saskatchewan are convinced, Mr. Deputy Speaker, that there is some opportunity there, some opportunity for reduction in some of the waste and mismanagement that we've seen over the last number of years from this PC government. And there's just no end to that, Mr. Deputy Speaker, that the Saskatchewan public knows about.

(1545)

So I'm hoping, Mr. Deputy Speaker, that the government members will take my remarks to heart and understand that the public of Saskatchewan are avidly against this

tax, don't want the tax. They think that it's the wrong time to have the tax. There's all kinds of business groups and other groups that are against this tax because of the damage that they believe it will do to the Saskatchewan economy. And they say for that reason alone that we should be thinking twice about this tax and perhaps look to some other time to impose the tax, if such a tax is indeed necessary.

And I'm hoping that the members might listen and then impose on those cabinet colleagues who are trying to force this thing through the Tory caucus and trying now to force it through the Legislative Assembly, so that, you know, we might get this tax stopped. I mean, that's the only way we're going to do it.

I don't expect the Tory back-benchers, Mr. Speaker, to rise up and revolt and to stand up and vote against a Bill, but hopefully they can impose on their cabinet colleagues behind doors to tell them that, you know, you've gone too far on this and we should rethink this tax measure and, better yet, support the amendment that we're going to be putting forward which suggests a way out. And that is to put the consideration of this Bill off for some six months and consider it at that point and maybe get some further input from Saskatchewan people — including an election — to see whether or not a tax like this is necessary, Mr. Deputy Speaker.

Mr. Deputy Speaker, I indicated earlier that I thought that this was the wrong tax. This tax is a tax on consumption, so that whatever it is that people consume in the way of goods and services, they're going to pay taxes on. Now we've always had . . . or I want to qualify that; I don't think we've always had a sales tax in Saskatchewan, but for as long as I can remember, Mr. Deputy Speaker, we've had what's called an education and health tax which for many years was at the 5 per cent level. I'm not quite sure, Mr. Deputy Speaker, who imposed the education and health tax, the E&H tax, as it's called. I'm not sure whether it was the CCF (Co-operative Commonwealth Federation) government or whether it was the Liberal government or whether it was the NDP government that first imposed the E&H Tax, Mr. Speaker.

But I would say that the amount of money raised by the old E&H tax, the 5 per cent tax, was a lot less than the revenues that are proposed to be raised by this 7 per cent goods and services tax. It was a modest tax. And even though it was modest, my mind doesn't necessarily say it was the right kind of tax.

But for whatever reasons, I think governments got hooked on it. The revenue was there. They've been reluctant to change it. Although I would point out that the members opposite were elected on a very clear promise, first in 1982. They made no bones about it. All of the members that ran in 1982 made it clear in their literature that they were going to eliminate the sales tax; that we weren't going to have this 5 per cent E&H tax any more; that Saskatchewan people had had enough of that tax and . . . well I agreed with them, Mr. Speaker. And I still agree with them, that it's the wrong kind of tax.

Well of course we know, we know that they've gone the other way; that is, opposed to eliminating the 5 per cent

E&H tax, we now have a 7 per cent E&H tax. And they're proposing to extend this 7 per cent tax, not to a few more items, but to the whole array of goods and services that are now covered by this federal goods and services tax, so that our provincial education and health tax simply becomes a provincial goods and services tax — it's identical.

In fact when people go to pay the harmonized tax, as it's called, they just simply pay one tax — 14 per cent. And that's remitted to Ottawa and then Ottawa sends its 7 per cent back to the provincial government, as opposed to the shopkeeper or whoever it is taking 7 per cent tax and sending it on to Ottawa and exacting another 7 per cent tax and sending it off to Regina to pay for the provincial tax.

Shopkeepers will be collecting the one tax, sending all that money to Ottawa, Ottawa will then be sending the money back again, much the same as we do with the income taxes, Mr. Speaker. We just make out one cheque to the federal government, to Revenue Canada. Revenue Canada calculates how much of the money that we're paying them or how much of the money that's been collected on income tax belongs to the province, and they then remit those revenues to the provincial government, so that we don't have two tax collection agencies. And I guess if there's any merit, any merit at all to a harmonized tax, Mr. Speaker, it will be that, that it would simplify some of the bookkeeping for shopkeepers, Mr. Speaker.

But I tell you this sales tax is to me, is still the wrong tax. And the reason I say that, it's a tax on consumption, and compared to other taxes it's regressive. And I say that it's regressive because . . . maybe I should explain that term, Mr. Speaker.

People who study taxation look at taxes as being either progressive or regressive. And they speak of taxes being progressive if there's some relationship between the taxpayers' ability to pay and the taxes that they end up paying, so that the person who makes twice as much money as the next person will end up paying twice as much tax as the first person. The theory being that it's progressive; it's based on the ability to pay as opposed to other taxes which are more regressive.

One regressive tax I can think of is medicare premiums as an example, Mr. Speaker. Many provinces have them. We don't have them but medicare premiums are a tax which is charged to every individual regardless of the income that they have. Regardless of the income that they have, they all pay the same medicare tax, as it were.

And that is a regressive tax because there's no relationship between what it is that people pay or what it is . . . the income that people have and the tax that they end up paying, which was one of the problems that the Maggie Thatcher government had with the so-called poll tax in England, Mr. Speaker, which was also a highly regressive tax. It suggested that all people in a municipality should pay exactly the same tax no matter their financial circumstances.

So you had this ludicrous situation developing there,

talking about regressive taxes, where you had millionaires paying exactly the same property taxes as people who had very little income, Mr. Speaker. And everybody in Britain rose up in opposition to the tax and the government there has now changed the approach to the tax and is trying to make the tax more progressive and tried to tie the tax into, not necessarily an income in the way of property taxation, but at least to the value of the property that you have. Inasmuch as I guess people think that there's some relationship between the value of property that you have and the tax that must be paid and ability to pay. We know that that's not the case either. Property tax is also usually held up to be a regressive tax. The relationship between ability to pay and the taxes that are actually paid is a spurious one, that is that there is no strong relationship and one doesn't necessarily lead to the other.

You can point to many examples — and I have in the past in this House — about cabinet ministers who own . . . you know, a cabinet minister owns one of the better houses in Regina and pays a good, healthy property tax on that property — as he should — and compare that to say a widow, a pensioner, in my constituency.

And what we know about her income and the cabinet minister's income, we're able to point out that in relative terms the cabinet minister was paying about half as much in property taxes as the widow was paying in my constituency, Mr. Speaker. Because her income was limited, her house was also very modest, and she lived I think in one of the least taxed areas of the city, but nevertheless the percentage of her income that went to pay for the property tax was far higher than the cabinet minister's percentage of salary that went to pay for his property taxes.

So we have these differences in taxes. And income tax is usually held to be a progressive tax because the more you make, the more it's assumed you'll be able to pay. People have seen a number of changes to the income tax system over the years, so that those who make a lot of money are able to make use of extensive loopholes in the taxation system to avoid paying taxes, so that the concept of a progressive taxation that is supposed to be there for the income tax has been lost over the years.

And we find the case of where people who make a lot of income somehow end up paying no income tax at all while the poor, the middle class, and especially those who are salaried employees and have their taxes deducted at source, always seem to end up paying more than their fair share of taxes in this country, Mr. Speaker.

So this consumption tax, this goods and services tax, this sales tax, to us is also the wrong tax because it's a regressive tax. Because you can take some items — let's take shampoo as an example, Mr. Speaker — you could have a millionaire, you know, buy the same amount of shampoo as a person who makes \$30,000 a year. They're going to use about the same amount of shampoo. Both of them are going to shower once a day. They're going to buy shampoo, what, a container every two or three weeks or whatever it takes, or a month? A millionaire isn't going to buy any more shampoo just because they got more money. Well they might I suppose pay a little bit more for

better quality.

But the point is that whether you're a millionaire or whether you're someone on fixed income or low income, you're using about the same amount. You're consuming about the same and you end up paying the same tax. A millionaire spends \$5 on shampoo; a person on fixed income spends \$5 on shampoo. Maybe they get a good deal somewhere; they got some coupons and they pay \$4 for shampoo. But both of them are going to end up paying 7 per cent. Yet the millionaire's income is far and away greater than the person on fixed income and could probably pay 5, 6, 10, 20, 30, 40, 100 times more in tax than the person who has a limited income or a fixed income, Mr. Deputy Speaker.

But that's the nature of the sales tax. It's not a progressive tax. You pay tax on what you buy and there's nothing to suggest from any credible studies that have been done, that just because you have more income that necessarily you're going to be consuming that much more or you're going to be paying that much more in taxes to make up for the fact that people on lower incomes also consume, also end up paying taxes.

So we believe it's the wrong kind of tax to have, Mr. Deputy Speaker. We would hope that the government would look to other sources of taxation as opposed to this one. The goods and services tax is not a tax that's favoured by the people of Saskatchewan. It especially hits hard at a number of groups in our province and I'll get to those.

And I'm not the only one that's saying those kinds of things, Mr. Deputy Speaker. I note that the government in February 20 when it first announced the tax, published a paper. They published this paper called *Reform of Saskatchewan's Provincial Sales Tax*. It's a curious choice of terms, Mr. Deputy Speaker, to call a \$445 million imposition on taxpayers some kind of reform. I think most people would feel that those are reforms we can do without. And it's giving the term "reform" a negative connotation that most people would never put on it, Mr. Deputy Speaker, but that's the way of the Conservative Party in Saskatchewan.

(1600)

Mr. Speaker, I remember that they set up this department to privatize and sell off government agencies, and they called it Public Participation. And now this is the reverse of what most people would think, and so it is with this reform paper on taxes that the government put forward. I don't think that anyone shares their impression that this is a needed or necessary reform.

Most people when they look at the word reform, they think of it positively; they think of it as meaning some improvement in some condition or some aspect of life. And I don't think that anyone in Saskatchewan would call a \$445 million tax grab a reform or an improvement in their way of life, Mr. Deputy Speaker.

But just getting back to the point that I was making, even the government, in this paper that they published on February 20 this year in support of the provincial sales

tax, even the government recognized that the sales tax is not a good tax. And they say, and I want to quote the Minister of Finance in that document. He says that:

Harmonization of the provincial sales tax, by itself, would increase the taxes paid by lower income families. This is contrary to the Government's perception of fairness.

Now let me just say that again:

Harmonization of the provincial sales tax, by itself, would increase the taxes paid by lower income families. This is contrary to the Government's perception of fairness.

Now I might say, first of all, Mr. Deputy Speaker, that even though they recognize that increasing the taxes paid by lower income families is not fair and it is contrary to their own perception — so they say — of fairness, it hasn't stopped them. Even though they admit that this is not fair, it hasn't stopped them. They're carrying on with something that they themselves recognize to be unfair and contrary to what they say is their own perception of fairness.

Now they say that the way that they're going to deal with that, is they're going to introduce a family tax credit which would also support, or strengthen their support for the family. How getting people to pay a whole bunch more in taxes on the one hand, and then saying, we're going to give you some tax credit back and that's going to make up for it and that's support for the family . . . Well there's no one that I know of full of that kind of convoluted thinking about taxation that would say that, well gee, that's support for the family, Mr. Speaker. But the family is a big thing with the government and it's part of their spin that they put on things as being seen to be in support of the family. Therefore everything they do is couched in those phrases, as being in support of the family.

In any event, they're going to introduce a family tax credit which is supposedly going to give money back to consumers for additional taxes that they're going to be paying. But they're only going to do this for families with children. They're only going to do this for families with children. They're going to miss some others. They're going to miss . . . and I point out here to an article in the *Leader-Post* in February a day or so after the government announced this program, where it stated that very poor people will be partially compensated but the lower middle income people will be hit really hard. I don't think this amounts to support for the family at all.

Now that's a quotation from Saskatchewan Action Committee on the Status of Women. Then they point out that this family tax credit is even more miserly than the federal goods and services tax credit which is available to all low income individuals with or without children.

So here's one problem. We've got a government that proposes to give a tax credit as a means of mitigating the unfairness of the tax but refuses to give it to the low income family that don't have any children. Now people might say that, well, so what? I mean, if they don't have

children they don't count on our books and they'll find the money somewhere, and they should pay for it just like anyone else.

But the point is that again that we have people on low incomes who don't have children and they're being expected to pay more than their fair share of taxes by this tax Bill, a measure which the government itself says that is unfair. So this government is pressing ahead with a tax Bill that they say is unfair, is recognized by others to be unfair, yet they want to push ahead with it.

There's another group of people, Mr. Deputy Speaker, that will be hit by this tax, and this is a group of people who in the main have low incomes, fixed incomes, but who do not have children that they support — and I speak of Saskatchewan seniors, Mr. Deputy Speaker.

You know, seniors are being asked to pay extra for services such as prescription drug program, chiropody visits, home care, and even entrance to provincial parks. Many are living on fixed incomes at or below the poverty level, but seniors won't qualify for a low income sales tax rebate because that is only paid to families with dependent children; or a sales tax rebate as anticipated by the government, what they call a family tax credit, because that's only paid to families with children.

So that senior citizens, Mr. Deputy Speaker, are definitely going to be hit by this tax, and there's no help for them. But that again, the government has always had a rather curious sense of what's fair and what isn't fair. And Saskatchewan people know that to be the case. And when the government opposite speaks of fairness, Saskatchewan people don't necessarily support the government when it tries to explain what fairness is.

Because they recognized here on February 20 that the tax was an unfair tax, but say we're only going to try to mitigate the unfairness of that with those that have children, and we're not concerned about senior citizens; we're not concerned about other people with incomes.

And I'd also point out, Mr. Speaker, that the tax credit that they want to rebate really doesn't go far enough. It only goes to people with I believe an income of less than \$32,000. Now that might at first blush seem like a lot, but it's really not very much. It says that it's going to issue a credit of \$200 per child to families whose income is \$24,000, and will make smaller payments on a sliding scale to families whose income is less than \$32,000.

So if you're above \$32,000, if you're at \$32,500 income a year for your family, you're not going to get any tax rebate. Neither is someone who's making \$60,000 a year. Cabinet ministers is an example, Mr. Speaker, cabinet ministers who make what? — 70, 80, \$90,000 a year. Cabinet ministers won't be getting any tax credit from the government for the purchases that they've made or to mitigate the imposition of the GST, but neither will someone who's making one-half of what they make or one-third of what they make. Those people won't get it either. They'll be expected to pay exactly the same tax on consumption as cabinet ministers in this Legislative Assembly make, Mr. Speaker.

So we would say that it's somewhat unfair, as the government themselves has recognized, to say that someone who's making 90 or \$100,000 a year is expected to pay the 7 per cent GST on all the things that they consume and someone who makes \$32,500 a year would also be expected to pay exactly the same tax. In anybody's books, Mr. Speaker, that would be seen to be a regressive form of taxation, and it's a form of taxation that we will not support, Mr. Deputy Speaker.

Now I know the members are saying that, well, when the NDP was in government we had a 5 per cent E&H tax. And again, I'm not sure how that tax arose, whether the CCF put that tax in place prior to 1963 or whether the Liberals first imposed the E&H tax, Mr. Speaker, or whether it was the Blakeney government in 1971-72 that first put the E&H tax in place, Mr. Deputy Speaker. My sense of history, I must admit on that point, is somewhat weak and I can't recall.

But I tell you the NDP didn't go out of its way to extend the E&H tax, because philosophically the New Democratic Party believes that it's a regressive form of taxation. And even if you were dependent on the tax you didn't set out to extend the tax or to have people pay even more through that form of taxation, Mr. Speaker. So we believe it's the wrong kind of tax.

Mr. Speaker, I have an article here from the . . . I believe it's from *The Globe and Mail* which points out just the thing that I've been saying, that the . . . And this comes from the GST consumer information office in Ottawa, Mr. Speaker, where the federal government set up a consumer information office to publish facts and figures about how the goods and services tax was going to impose on Canadians and also to, in this way and other ways, put pressure on industries that might not necessarily be passing along the savings — the savings of the goods and services tax to consumers.

They set up this office to monitor the imposition of the goods and services tax and according to this consumer information office, they estimate that the goods and services tax will cost the average middle income family an extra \$570 a year. And they say the figure is about 50 per cent higher than the estimate produced by the federal Finance department in comparable studies that back the need for the new 7 per cent levy.

So here we have a case of average middle income families already paying an extra \$570 a year in taxes, probably the same tax that's going to be paid by someone who's making . . . who's an upper income earner, Mr. Speaker. So we've got people, no matter what end of the scale they're at, they're paying an extra \$570. And we again say that that's unfair. That's the wrong tax, Mr. Speaker. It's not the right kind of tax for our situation. And that it's a regressive tax, Mr. Speaker.

Mr. Speaker, I want to go on, but before I do, I just want to come back to this consumer information office that the federal government set up to advise on the goods and services tax. And I think you have to remember that the goods and services tax was purported by Ottawa to be a replacement for another tax that was in place, which was the manufacturers sales tax.

And the federal government said that manufacturers are paying thirteen and a half per cent on many of the input costs they have in their manufacturing industry and so therefore their final product, even when they sell it outside the borders of this country, is going to be thirteen and a half per cent higher than need be, and that people in the States . . . or in order to improve their competitive position we should eliminate the manufacturers sales tax and replace it with a broadly based consumer tax, a goods and services tax at 7 per cent. This would tend to make Canadian industries and manufacturers more competitive in the world environment.

And we need not see any increase in prices as a result of that change-over because they said, they said — and I underline said — not that anybody would necessarily believe that, but they said that there would be no additional money coming from the 7 per cent GST after the elimination of the thirteen and a half per cent manufacturers sales tax, a tax which wasn't applied to all items but to a fair number of items that were part of the mix of input costs for industries and manufacturing concerns in the country, Mr. Speaker.

(1615)

But in any event the government said that it wasn't going to raise any additional money. Well nevertheless they set up the consumer information office to evaluate the impact that this goods and services tax would have on Canadian consumers so that they could get the message out to consumers about what was actually happening, and also to put pressure on to monitor industries who might be seen to be taking advantage of this tax, who might on the one hand realize a benefit from the elimination of the thirteen and a half per cent manufacturers sales tax; on the other hand would still put on the 7 per cent increase, wouldn't necessarily decrease their prices by that amount, and therefore instead of passing on the savings to consumers, were passing it off to their own shareholders and to their own companies, Mr. Speaker.

And that wasn't the intent of the change-over from the manufacturers sales tax to the goods and services tax. At least that's not the way the federal government saw it. So they set up this consumer information office to monitor that.

Now people of Saskatchewan might well ask who's monitoring this one. I said this about the no additional revenue because whatever might have been said about Ottawa, there not being any additional revenue anticipated from changing from the manufacturers sales tax to the goods and services tax, that certainly can't be said for the situation here in Saskatchewan, Mr. Deputy Speaker. In fact this tax is going to take an extra \$445 million out of pockets of consumers. A major new tax bite, Mr. Deputy Speaker.

And even though the government is talking about input tax credits, there is just no guarantee, no guarantee that any of that money is going to lessen prices of the cost of goods and services in Saskatchewan. In fact we'll talk about it later. The federal experience from this and a lot of

this information comes from this consumer information office is that it hasn't done that.

But the question remains for me and for people of Saskatchewan: what kind of monitoring is going on here in Saskatchewan? Who's monitoring the introduction and the imposition and the impact of this provincial GST? Who's doing the job here?

We haven't had one word from the Minister of Consumer Affairs in this matter to say that, well you know I've taken some of the people in my shop and we've reorganized ourselves to monitor the imposition of this sales tax, and here's how we propose to monitor the situation. Here's the kinds of things that we'll be looking at. And if we see industries or others getting out of line, that is to say that they're not passing along any savings that they might get, here's the action that we propose to take at that time either through regulatory ways or through persuasion to convince those people to pass along savings to consumers.

Well there's none of that. None of that in this Bill or any of the legislation I see before this House that would suggest to the Saskatchewan taxpayers that they're going to get some kind of break from the government on this matter, Mr. Speaker. No one believes the government.

The least that they could do is to say to the Saskatchewan consumers, well we know that there's some scepticism about this tax and as a way of dealing with that, we're going to set up a little unit within the Department of Consumer Affairs to monitor the situation so that you'll have some belief that we're on the job in monitoring the impact of this tax, Mr. Speaker.

So I think that the government has erred by . . . and I think politically it's kind of a stupid thing to do too is to not give any credibility to concerns that consumers might have about impact on their purchasing.

But you know this is a government that's quit listening. This is a government that doesn't listen any more or doesn't seem to be listening any more to Saskatchewan people, Mr. Speaker. And therefore I guess this should come as no great surprise, great surprise that in this way too that they don't listen and seem to be moving ahead without any due regard to what Saskatchewan people might be thinking in this matter or the harm that a sales tax might do to Saskatchewan consumers.

And I know that in their own sort of twisted logic that they think that a 7 per cent sales tax is a win, win, win situation and it's going to do nothing but good for people in Saskatchewan. Well I'll tell you, there's not very many people with any credibility at all that believe that. You can count them on one hand. But again they've closed their minds to what Saskatchewan people are saying. They no longer listen.

Even in the Legislative Assembly, when we try to make points about a shortcoming and something that they might pick up on even if, you know, just for political reasons, it seems to me that it'd be a sensible thing to do and a smart thing to do is to let consumers know that you're concerned about the impact of this thing and

you're going to do what you can in this way or that way to mitigate the impact of that. But they just don't seem to be listening.

This is a government, Mr. Speaker, that very definitely is asleep at the switch, Mr. Speaker, very much asleep at the switch. In fact I see some of the members going to sleep already, Mr. Speaker, but that's their prerogative.

I personally think that they'd be far better off to make some notes about what I'm saying about this tax, and to talk to their cabinet colleagues after I've finished and to try to convince their cabinet colleagues that this sales tax is not wanted by the Saskatchewan public; and that the government might be better off, if for no other reason than just for electoral chances, to put an end to this tax Bill and to say to the public, you know, we see that there's some opposition to it so therefore we're going to put it to you at election time and you can decide then whether, as we think as we do, that it's a good tax.

But I don't know. I would hope that they would do that, Mr. Speaker, but there's no way that they seem inclined to do that. They're fast asleep in their seats, and I think Saskatchewan people agree with me when I say that they're asleep at the switch too, Mr. Speaker.

Mr. Speaker, I want to move from my talk about the regressive nature of this tax. And I think that it's been clearly demonstrated, not just by me. I mean you can read any number of books you want by any number of experts in the field on taxation, people who have no political axe to grind, who will say to you that a consumer tax or a consumption tax, a sales tax like this, is the wrong kind of tax to have if you're interested in progressive forms of taxation. That you do not set out to tax everything that it is that people consume, but you try and find some alternative. And so that there's lots of suggestion and things that have been written to say that this is the wrong kind of tax, Mr. Speaker.

Mr. Speaker, it's my feeling and a feeling of many other people in Saskatchewan that the government should be looking to get the revenues that it thinks it needs, and that's a question in itself. I think there's some things that have been said by this side, and others that suggest that the government, in order to pay for its programs, doesn't need additional tax dollars but it should be cutting out some of the waste and mismanagement that is now taking place.

But even if you believe that you couldn't get everything that you wanted through eliminating waste and mismanagement, well there's a whole host of other revenues that they might look at, or some combination of the two, Mr. Speaker. It seems to me that the government should do that.

And I just want to run through some of these revenues that the government might look at and see what potential there is there, perhaps to get some additional tax dollars that the government says that it's needing. And again I want to make clear I'm not necessarily advocating that they get additional revenues. I think that they should look to balance their budgetary concerns by eliminating some waste and mismanagement.

Mr. Speaker, you look in the budget documents the government has. On page 8 we see a summary of revenue for the combined funds, and it gives a listing of all the various revenues that the provincial government has. And I'd just like to take a few minutes to run through this and just briefly discuss where alternate revenues might come from, as opposed to this 7 per cent GST.

Because I think it's important for members to understand, for the public to understand that, gee you know, maybe there is other ways that we can get the money without doing it through this provincial GST, and that's therefore a good reason to vote against Bill 61. So I'd just like to briefly run through this.

First of all, these revenues are broken down into taxes — receipts from government enterprises, something called other own source revenues, and receipts from other governments. Now taxes, we have 1, 2, 3, 4, 5, 6 — 6 different kinds of taxes in Saskatchewan, and another one called other, and I don't know what the other stands for, Mr. Speaker. I'm sure someone has some explanation for that, but there's one called other. And you have a corporation capital tax, and you have a corporation income tax, and there's a fuel tax, individual income tax, sales tax, tobacco tax, and the other.

And let me say about the other, I couldn't tell you whether you could get more money from that one at this point in time because frankly I'm not too clear as to what this other tax is all about. And perhaps someone will have an explanation of that.

It's not a big item, given the other taxes that are imposed in Saskatchewan. It only brings in \$35 million out of the \$2 billion in taxes that are imposed here in Saskatchewan, so I'm not suggesting in any way that we would get revenue from there.

Corporation capital and corporation income. They raise about 200 million, one-tenth of all the tax revenue that is raised in Saskatchewan. And whether one should increase corporation capital and corporation income tax as opposed to the increase on the goods and services tax as a way of finding additional revenue, I'm not even prepared to suggest that, Mr. Speaker.

I think that — and I'll point it out later on — I think that there is some potential to get additional taxes from corporations, but not necessarily at the provincial level but at the federal level, which may also have some impact then for the provincial revenues.

But that's something I'll get into later, Mr. Speaker, when I talk about receipts from other governments and I'll put it in that context. But I think that there's a lot of work that needs to be done at the federal level to go after any number of companies that make healthy profits but never pay 1 cent in taxes — never pay 1 cent in taxes.

In fact, Mr. Speaker, there are companies that make healthy profits that are also given federal help. So that not only do they have profits and not pay any tax, they get federal assistance on top of that, which is not a bad thing if you can get away with it, Mr. Speaker. And I guess most

people would like to know how you can get away with something like that. But there's a few companies with very creative bookkeeping and accounting people that are able to accomplish that.

And as I'll point out later on, I think that there's some potential to look at that as a means of getting additional revenues for the province of Saskatchewan. And again, I want to qualify that. I'm not saying that that's necessarily the way that we should be proceeding, Mr. Speaker. I think that we need to look at cutting out some waste and mismanagement and some of the expenditures that are in place now before we look to other revenues.

Fuel tax. Well I don't think that we can be increasing the fuel tax at this point, Mr. Speaker. The fuel tax is estimated to bring in about \$200 million this year, which again is about a tenth of all the total taxes — the \$2 billion in taxes that the government is going to raise. It's going to bring in \$200 million. And I don't frankly think that the government is inclined in that way, and I know we're not inclined in that way.

I know that the government in 1982 got elected because it would eliminate the fuel tax. And then it did eliminate the fuel tax, and then it brought the fuel tax back, but it brought it back with an abatement thing so that when you bought gas, you had to save all your receipts and you had to fill out a form and send the receipts in, and you get some money back again — some convoluted way that the government likes to approach taxation, Mr. Speaker.

Someone reminds me that I think it was one of the members opposite was at a country fair and people were going through the line, and they're paying 50 cents for a cup of coffee. And they came to the government member who's a cabinet minister and said, that'll be a dollar. And he said, but you're charging everybody else 50 cents, how come you're charging me a dollar? Well you can sort of get a rebate later on for the other 50 cents.

(1630)

Well that's about the way the government approaches these things, Mr. Speaker, but that's not the way that we would want to do things. But they're not going to increase the fuel tax, because they abolished it once, then they brought it back. And when they abolished it in 1982, the fuel tax was at 6.6 cents a litre, and the fuel tax is now 10 cents per litre. So the fuel tax is 40 per cent higher than it was in 1982.

I think the perception of most people is that the fuel tax is about as high as it should go in Saskatchewan, and that we should not be increasing the fuel tax. So I don't think that there's much alternative there to the goods and services tax in terms of additional revenue.

Individual income. I don't think so, Mr. Speaker. I don't think we should be looking at individual income tax as a way of increasing revenues. Saskatchewan people, it's my understanding, pay the highest income taxes in Canada. And again the government when they got elected in 1982, they said that they were going to reduce the income tax by 10 per cent. In fact, what we've seen is a 10 per cent increase in the provincial income tax.

The Speaker: — Order.

Hon. Mr. Meiklejohn: — Mr. Speaker, I beg leave to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Meiklejohn: — Mr. Speaker, it gives me a great deal of pleasure to introduce to you and other members of the Assembly, a group of 48 grades 5 and 6 from Brownell School. We had a group from Brownell here earlier this afternoon. And they are accompanied today by teachers Lillian Gauthier, Cheryl Hill-Hampson; and chaperons Mr. Abernathy, Mr. Schenstead, Mrs. Hendersen, Mrs. Goertz, Mr. Lesko. We've got a whole raft of them here up in that Brownell area.

So they're visiting here at the legislature as well as other facilities in the city of Regina today. So I would like all members to join with me in welcoming this group. And we hope you enjoy your stay in Regina today and have a safe trip home.

Some Hon. Members: Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

Bill No. 61 (continued)

Mr. Van Mulligen: — Thank you, Mr. Speaker. I might say that as members we always appreciate the opportunity to sit down and to have someone make introductions, especially if we've been on our feet for awhile. So don't be shy if there are any other introductions that need to be made, Mr. Speaker.

Mr. Speaker, I was speaking about the personal income tax and whether the personal income tax might be seen as a reasonable alternative, that is increases in the personal income tax might be seen as a reasonable alternative way of getting the revenues that the government feels it needs as opposed to doing it through the goods and services tax.

But the personal income tax has been increased through the imposition of the flat tax, Mr. Speaker, in a very major way. Saskatchewan now has the highest income tax in Canada for middle income families. Between 1981 and '89 there has been an increase of 10 per cent in provincial personal income tax.

So I would not suggest, Mr. Speaker, that personal income tax is a desired way to increase revenues in Saskatchewan, because Saskatchewan people in middle income brackets are already the highest taxed in Canada and I don't think that we should be looking to increase that. I think Saskatchewan people say that enough is enough.

I think there might be changes that might be made to the way we collect personal income taxes. I note that we have a flat tax that taxes, supposedly taxes everyone at an equal rate.

But still those people who are able to claim certain kinds of exemptions, whether it's for venture capital or what have you, are exempted from — or at least in that portion of their investment — are exempted from the flat tax.

And I think that any government that was concerned about fairness would want to look at those kinds of things. People that have five, six kids can't claim them as an exemption before paying the flat tax. And perhaps we need to be looking at a range of items such as that. That might bring in some more revenues but probably not a great deal. Again the personal income tax, individual income tax is not a desirable one for me.

The sales tax of course is the one that we're talking about and we think that we should not be increasing the sales tax.

Tobacco tax, Mr. Speaker. Last year the government raised, oh, it's estimated to be about 103 million or about \$100 million in tobacco taxes. This year they're projecting \$107 million. And I know that it's something that most governments try to do is to jack up the cost of cigarettes and tobacco products by a few cents here and there every tax year and get a few additional dollars.

But my guess is that we've probably gone as far as we can go in that one, that we've reached a point at what social scientists call a point of diminishing return. And that is that if you were to tax tobacco any more, people will just quit buying them. Or if they don't buy them here, they'll buy them across the border. So you're not going to get the revenues anyway; in fact you may lower your revenues. So I don't think that tobacco taxes are necessarily going to . . . or increasing tobacco taxes would necessarily get us the kind of revenue that we're looking for, Mr. Speaker.

In fact if advertisements in the papers are to be believed and the emanations from certain groups, it looks like there's an actual smokers' revolt taking place out there, Mr. Speaker, against the taxes that people are being asked to pay every time they smoke some tobacco product or, I guess, chew it. So I don't think that's a source that we should be looking to.

Receipts from government enterprises. There's two listed here: one is the Crown Investments Corporation of Saskatchewan, estimated to bring in a quarter of a billion dollars this year; and the Saskatchewan Liquor Board which is estimated to be bringing in \$150 million this year.

I don't know if that \$150 million takes into account the recently announced move to Hudson Bay, Mr. Speaker, of that organization. My guess is that there'll be some tremendous cost to the Liquor Board, so that we may not quite get the kind of revenues that we're looking for from the Liquor Board that the government hopes to be looking for. So that there's perhaps little or no alternative to get additional money from the Liquor Board in terms of additional revenues. I may be wrong on that, but my guess is that we will not get additional revenue from the Liquor Board. Although why the revenues last year were 190 million and this year is only 150 million, I can't say, Mr. Speaker.

But it may well be that the management of the Liquor Board is mirroring the management of the government, and they're just not able to do the job right and need some improvement to get revenues back up again. Or it may be a reflection that people are drinking less. And maybe they're drinking less because the taxes are already too high on liquor and beer products, Mr. Speaker. I don't know, but I'm not optimistic about us getting additional money from Saskatchewan Liquor Board.

There's also a category called other in terms of receipts from government enterprises projected to bring in \$21 million. I don't know if that . . . I'm not sure what those other receipts are. But certainly given that level of magnitude, there is not much opportunity I would suggest, from the face of it, to get the additional revenues we're looking for.

That's not to say that on all items that you might not increase them by a marginal amount, and by small increases on the many you get the thing that you're looking for. Not that I'm advocating that, but that's always a possibility.

But that thing that . . . the one that I wanted to look at in terms of receipts from government enterprises is the Crown Investments Corporation of Saskatchewan. Now the Crown Investments Corporation as you know, Mr. Speaker, is a government entity which receives the revenues from all Crown corporations with the exception of a few Crown corporations that were set up to deliver government services *per se*, such as Saskatchewan Housing Corporation was and some others. But those Crown corporations, the major Crowns we think of — SaskTel and Saskatchewan Power Corporation and other investments that the government has in corporations, business corporations, or equity in other private corporations, Potash Corporation, Saskoil is an example.

Profits that are made or dividends that are paid from profits made by those enterprises are paid to the Crown Investments Corporation, and the Crown Investments Corporation in turn will give money to the government to assist it to pay for government operations. And this year that's projected to be \$250 million or a quarter of a billion dollars, down from \$310 million last year.

And there's already some concern that, as we've seen in the last few months, that the government has stripped the Crown corporation of every penny of dividends possible.

SaskTel and SaskPower I think were two examples that come to mind where the government has taken every cent possible and told those corporations to take almost all of their profits and pay it out as dividends to the Crown Investments Corporation, and therefore putting those corporations in somewhat of a tenuous position in terms of future growth and the ability to grow without incurring debt to borrow money to undertake necessary enterprises.

But it's the point that I'm making there, in terms of some of the Crowns it seems to me that there's limited opportunity to expect any additional revenues because the government has stripped those corporations in the last

number of years for every penny that it could get. In fact it got to such an extent, I can recall a headline in the *Leader-Post* where in response to one of our members making his comment that the government was taking too much in dividends from, in that case, the Saskatchewan Power Corporation, that the president of the Saskatchewan Power Corporation agreed with the member on our side, the member for Rosemont, who was saying this.

And I have never, never, never, Mr. Speaker, never, never thought that I would see the day that the president of the Saskatchewan Power Corporation, George Hill, would agree with the member from Regina Rosemont. But there was the headline in the paper and the headline said: SPC (Saskatchewan Power Corporation) president agrees with Lyons. And that's a quote from the headline, Mr. Speaker. He agreed that the government had taken too much in dividends from the Saskatchewan Power Corporation.

And there was some suggestion that the former president of SaskTel quit because he too felt that the government was taking too much money out of SaskTel in the way of dividends and wasn't leaving SaskTel the kind of financial flexibility that a corporation like that requires in terms of moving ahead and providing the services in doing the job that it's supposed to do.

So that there's some real concern here about whether there's money from some of the traditional Crowns, whether that money's available.

But one of the things that the government hasn't looked at is some of the blunders that they've made in terms of investments that they've made or privatization deals that they've entered into — some of the blunders that have occurred and where perhaps there is some potential for money.

Look at the Weyerhaeuser corporation as an example. Here's a case of where the government took a paper mill which was making money in 1981 and '82 before the government was changed, made profits of 23 and a half million dollars in 1980 and \$24 million in 1981 — money which looks very nice to us these days, Mr. Speaker — but the government decided that it didn't want those profits or the potential for any profits, didn't run the company right and then gave it away. It gave it away. Here's a pulp mill which is valued at \$248 million, priced at \$248 million, and you gave it away. They gave it to the Weyerhaeuser corporation of Tacoma, Washington, in the U.S. and they gave it away.

Now let me qualify that — they didn't quite give it away — what they said is that you can have it, not for \$248 million, but you can have it for \$236 million — for \$12 million less than what it's worth. And you don't have to pay us any money for 30 years on it. And even then, you know, if money . . . you don't have to pay any more than 8 per cent on what you owe us, which is a nice deal if you can get it. I mean most companies and businesses in Saskatchewan would like to get a deal like that, to get an 8 per cent and you don't have to pay any money for 30 years. And it paid no money down and they're not required to pay unless their profit margin of their operations here in Saskatchewan exceeds 12 per cent in

any year. So unless they make a 12 per cent profit, they don't have to pay any money.

You know, the net result of it, Mr. Speaker, is that even though we've given them this facility which is worth \$248 million, we've given them this facility that's worth \$248 million, we've had no money. Not 1 cent, not 1 cent has come back to Saskatchewan taxpayers as a result of this gift that we gave to the Weyerhaeuser corporation.

(1645)

Now it seems to me that if the Crown Investments Corporation, the government, was doing its job . . . Mind you they're the government that signed this crummy deal to begin with. But a government that had its wits about it might look at that deal and say that there's something wrong here. And here you have one of the largest forestry companies in the United States. It's got lots of money — always been a very profitable company — comes into Saskatchewan. We give them a facility worth \$248 million, and they haven't paid us 1 cent, not 1 nickel — nothing. Well you know a government that had its wits about it, Mr. Speaker, might enter into some discussions with this Weyerhaeuser corporation about perhaps them paying up some money.

There's other things such as Saskoil. Saskatchewan people used to own all of Saskoil when it was a Crown corporation. It had profits in '83 and '84, before it was privatized, of \$80 million. Since it was privatized it hasn't paid 1 cent in dividends to taxpayers, because taxpayers still own about 30 per cent of that corporation. We haven't had any money back.

Well it seems to me the government might want to take a look at that and exert its influence on that company. Even though it's increasing its assets and what they own mightily — they've doubled that — we're not getting any money. We're not getting any cash flow, and it seems to me that makes no sense at all, that the point in owning those shares is to get some money back. And we need to look at that, Mr. Speaker.

The Potash Corporation, same thing. Here you've got a corporation that made lots of money. Now it's not paying us any money. We don't own 100 per cent of it any more. We own a lot less than that, but we're not getting any money. The computer corporation . . . I think we should be putting some pressure on WESTBRIDGE Computer, Mr. Speaker.

We used to own all of Saskatchewan Computer Utility Corporation, and that Computer Utility Corporation used to make a modest sort of return and profit, paid a dividend to taxpayers of Saskatchewan. Well then the government decided, as part of its privatization, that it would take this SaskCOMP and some other aspect of government operations and include them with some private businesses and call it WESTBRIDGE, and the government owned a certain percentage of that. And the idea was that this new company would have such tremendous growth and so on in Saskatchewan that we would get even more money coming back.

Well we have, you know, since that's happened, Mr.

Speaker . . . Saskatchewan taxpayers haven't seen 1 cent, 1 cent in dividends come back to the Crown Investments Corporation or to the combined funds as a way of supporting government services.

And it used to. It seems to me that government that has that amount of equity in that corporation would want to enter in some discussions with that company, WESTBRIDGE, to see how we might increase our dividends, how we might get some money for all the investments that have been made.

And they've made some . . . the government's made some real dumb moves on that one. I mean they decided they would take this guy from Ontario that . . . He didn't have 1 nickel to put into WESTBRIDGE but they said that he's got such tremendous contacts in the computer business, we'll call it goodwill and we'll value that as \$16 million and that will be his share of forming a company. Well now that IBM has bought into the company, they don't recognize that goodwill and they say this goodwill should be written off.

So here's a case again of a gullible government here in Regina listening to what some smooth talker from down East has got to say and going along with it, much to the regret of Saskatchewan taxpayers. And we've lost another \$16 million it would look like on that one, Mr. Speaker.

But the list goes on of privatizations that have occurred and perhaps where there's some opportunity to get some money back. There's other investments that the government has made such as the Cargill plant. Why anyone in their right mind would want to invest \$65 million along with Cargill . . . and Cargill certainly has all the money that they need, far more money than the Saskatchewan government has to invest into a fertilizer plant. And not only are we putting in money, but we're being expected to pick up a lot . . . or to guarantee a lot of the debt load of this fertilizer plant. And why Cargill wouldn't do that or at least do their fair share of that is beyond me and beyond the taxpayers of Saskatchewan.

But it seems to me that liabilities and investments like that need to be examined to see whether or not there might be some return to Saskatchewan taxpayers, because, I'll tell you, there sure hasn't been under this government. They've been great people to put money into everything, but they haven't been very good at getting returns on our investments, Mr. Speaker.

So perhaps there's some opportunity here for the Crown Investments Corporation with a more astute and patient government to get some additional revenues, as opposed to hiking up the E&H tax to a new goods and services tax, Mr. Speaker. So that's an issue that I think needs to be examined.

Mr. Speaker, one other . . . well that's about it for receipts from government enterprises, but we also have what's called other owned source revenues. And these are royalties and fines and interest and premiums and licences and sales and service and service fees, which amounts to about \$675 million.

For example, for the sale of agricultural land or for rental, I

suppose, of agricultural land, the government gets \$29 million a year. In fines and forfeits and penalties, it gets about \$10 million a year. I don't think that there's very much opportunity to increase those areas to get the additional revenues.

Then there's non-renewable resources, royalties from coal, natural gas, oil, potash. Now I think there may be some opportunity here in the way of oil to get additional revenues because the government is projecting, although it's forecasting \$300 million in revenues last year, this year it's projecting \$252 million in revenues, Mr. Speaker.

You know, it's interesting that when the government was elected, they had a number of promises. They said, we'll eliminate the sales tax, we're going to eliminate the gasoline tax, we're going to reduce the income tax by 10 per cent, and we're going to reduce the royalties paid by oil companies.

Well the gasoline tax is back on. The sales tax, they didn't cut it out, but now they're looking to expand it in a major way. The promise of 10 per cent tax in income tax hasn't happened. In fact, it's gone the other way. We've seen a 10 per cent increase in income taxes.

Well I'll tell you, the reduction in royalties paid by oil companies certainly has proven to be the case. Mr. Speaker, they certainly kept their promise to the oil companies even if they didn't keep them to Saskatchewan people. They kept their promise to the oil companies to cut out some of the royalties being paid by the oil companies.

In 1981, the year prior to the PCs taking office, large oil companies paid the province 64.9 of the value of production in royalties. In 1981, they paid 21.7 per cent. So they're paying about a third of the value of production that they paid in 1981. So yes, they got a good reduction in their royalties. In 1981, the province received \$532 million in royalties — half a billion dollars. This year, Mr. Speaker, I think I've indicated, we are budgeted to receive \$252 million even though the value of production is much higher than it was 10 years ago.

Well it seems to me, Mr. Speaker, that this is one area that a government might look at. That we have a case here of an industry paying one-half billion dollars almost 10 years ago now is paying half that this year. It seems to me that this is one area that you might want to look at to see if you might increase revenues from that source instead of hitting Saskatchewan consumers with a 7 per cent GST. You know it makes sense to me to go to those big oil companies.

And they're not hurting. I mean everybody knows . . . I can't remember, I can't recall, Mr. Speaker, of one large oil company going belly up. Now I'm sure there was a few in Alberta that were over extended, but the major oil companies, they've always been profitable, they've always made money, they've never gone belly up.

Now why the government wouldn't want to go after the oil companies, you know, to see if some additional revenues might be realized from that source, even if it was

a small amount to partially offset the need for this GST . . . even if it was a small amount, it seems to me, again would be one step further to eliminating the need for this 7 per cent increase or this 7 per cent provincial GST. It seems to me that would be a preferred way to go. After all, it's our oil, and if somebody wants it they should pay what we can reasonably expect to get.

And the member opposite, the minister who's in charge of apologizing for the oil companies in this legislature, says they are. But I tell you, like in 1981, 10 years ago — 10 years ago — and discounting inflation, all that, oil companies paid twice as much as they're paying this year to the taxpayers of Saskatchewan.

I don't know of one other group of taxpayers in Saskatchewan, I don't know of one other group of taxpayers in Saskatchewan, Mr. Speaker, that's paying one-half of what they paid in 1981 — that's paying one-half of what they paid 10 years ago.

I tell you, are Saskatchewan consumers benefitting from the promise that PCs made in 1982? Are they paying any sales tax? Yes, they are. They're paying all kinds of sales tax and they're expected to pay more. In terms of income taxes, are Saskatchewan people paying less in income taxes like they promised? No way. Are they paying one-half of what they paid in 1981? No, sir. What about the fuel tax? Is our fuel tax one-half of what it was 1981-82? No, in fact it's almost twice as much as it was in 1981 and '82. Now it's 10 cents a litre; back then it was 6 cents a litre.

So, you know, like I don't know of any other group of taxpayers that's paying one-half of what they're paying 10 years ago. But the Minister of Energy, the minister — we like to call the minister in charge of apologizing for the oil companies — would have us believe that boy, the oil companies are in terrible straits. They can't pay 1 cent more. They're taxed to the hilt. It's gone about as far as it can go.

Well we'll see. We'll see, Mr. Speaker. But again, my feeling is that this is one area, one area that the government might have looked at to increase revenues. Even if they got an extra \$15 million from the oil companies, that would offset the need for this GST by about 10 per cent. Did they do that? No way. They didn't do that, Mr. Speaker.

But again, you've got to remember that the government gets a lot of donations from the oil companies. They support them. And so I guess it's the old thing of he who pays the piper calls the tune, and the oil companies don't want to pay the taxes. They'd rather see the additional profits, and that's what's happening in Saskatchewan, Mr. Speaker.

Well, Mr. Speaker, in terms of the third category here — receipts from other governments — I think that there's some potential here. This is receipts from other governments or receipts for the Canada Assistance Plan, equalization payments, something called established programs financing — EPF; that's financing that comes back to the province for health and education programs.

There's been arrangements struck with Ottawa in the past that for certain kinds of programs, Ottawa will fund a certain percentage. And perhaps there's some opportunity there. There's also statutory subsidies in other federal-provincial programs. But that's the area that I really want to take a look at and rather than starting now, Mr. Speaker, I beg leave to call it 5 o'clock.

Leave granted.

The Speaker: — It being near 5 o'clock, the House stands recessed until 7 p.m.

The Assembly recessed until 7 p.m.